T.C
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES

THE EVALUATION OF THE CORPORATE SOCIAL RESPONSIBILITIES OF NIGERIAN BANKS

MBA THESIS

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Department of Business Administration

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İSTANBUL AYDIN ÜNİVERSİTESİ
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I hereby declare that all information in this thesis document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results, which are not original to this thesis.

Wemimo Iyiola Samson.

DEDICATION

This thesis is ultimately dedicated to the Almighty God for His grace and enablement to complete this phase of my academic pursuit. I also dedicate this thesis to my late dad for his efforts and commitment to ensuring that I attain the academic height that many factors denied him.

I am also dedicating this thesis to my lovely brother Mr. Femi Adebayo, for his support, assistance and encouragement. I feel blessed to have you as my brother.

And lastly, this thesis will be dedicated to my wife, Mrs. Sevil Samson. Thank you for making the translation part easy for me and thank you for coming into my life.

August, 2019 **Wemimo Iyiola Samson**

FOREWORD

At first, I would like to sincerely appreciate my thesis advisor, Associate Prof. Dr. Erginbay Uğurlu, for his continuous support for this thesis through his patience, motivation, and immense knowledge. He is always available to guide and help me in all the time of research and writing of this thesis. I am most grateful to tap from his wealth of experience during this thesis writing.

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Wemimo Iyiola Samson

NIJERYA BANKALARININ KURUMSAL SOSYAL SORUMLULUKLARININ DEĞERLENDİRİLMESİ

OZET

Kurumsal Sosyal Sorumluluk (KSS), kurumsal işletmelerin çevre, toplum ve diğer paydaşların sürdürülebilirliğini sağlamadaki rollerini tanımlamak için yaygın olarak kabul gören bir kavram haline gelmiştir. KSS'yi çok yönlü bir olgudur; bunlardan bazılarına örnek verilmek istenirse etki, algı veya taahhüt alanları verilebilir. Bu araştırma Nijerya Bankalarının KSS harcamalarını değerlendirme ile sınırlandırılmıştır.

Uygulama aşamasında panel veri kullanılmıştır. Veriler yatay kesit verisi olarak altı farklı bankadan ve zaman serisi olarak da on yıldan (2008-2017) oluşmaktadır. Örneklem seçiminde kolay ulaşılırlık ve kullanışlı örnekleme tekniği sağlayabilirliği dikkate alınarak Nijerya'daki ilk altı ticari bankanın seçilmiştir. Kullanılan bankalar Zenith Banka, First Banka, GuarantyTrust Banka, Access Banka, United Bank forAfrica veTheDiamond Bank'tır. Kullanılan veriler yıllık ve/veya dönemsel olarak elde edilen brüt kazanç, vergi sonrası kar ve bankaların KSS harcamalarıdır. Uygulama aşamasında bir bağımlı iki bağımsız değişkenle Panel Veri Modeli kullanıldı. Kullanılan bağımlı değişken KSS; iki bağımsız değişken ise PAT ve brüt kazançtır. Hausman testi sonuçları Rassal Etki Modeli'nin doğru model olduğunu göstermektedir.

REM modeli sonuçlarına göre; en önemlisi, vergi sonrası karın KSS üzerinde negatif ve belirsiz bir etkisi olduğu keşfedildi. Bununla birlikte, brüt kazancın KSS harcamaları üzerinde pozitif ve belirgin bir etkisi olduğu kanıtlandı. Bu nedenle Nijerya bankacılık endüstrisinin sosyal refah seviyesine bağlılığını arttırabilmek için KSS giderlerini düzenli bir şekilde yürütme ve ölçülendirmen yapılması tavsiye edilir.

Anahtar Kelimeler :*ortak sosyal sorumluluk, vergi sonrası kar, brüt kazanç, bankalar*

THE EVALUATION OF THE CORPORATE SOCIAL RESPONSIBILITIES OF NIGERIAN BANKS

ABSTRACT

Corporate Social Responsibility (CSR) has gradually become a widely acknowledged concept for describing the roles corporate businesses play in ensuring the sustainability of their environment, society and the other stakeholders. Evaluating CSR is multifaceted: it could be in the area of impact, perception or commitment. This research limits itself to the commitment aspect of evaluation by assessing the expenditures of Nigerian banks on CSR.

A methodological approach was adopted through panel data of cross sectional six banks and time series of ten years (2008 -2017). A convenience and purposive sampling technique was used to arrive at top six commercial banks in Nigeria for this purpose. The banks are Zenith Bank, First Bank, Guaranty Trust Bank, Access Bank, United Bank for Africa, and the Diamond Bank. Thus, the gross earnings, profit after tax, as well as the CSR expenditures of the banks were extracted from their annual and/ or CSR reports for the periods. The Hausman test was conducted to arrive at the Random Effect Model for the regression analysis of the dependent variable (CSR) and the two independent variables (PAT and gross earnings).

Most importantly, profit after tax was statistically discovered to have negative and insignificant impact on CSR. While, gross earning was proven to have a positive and significant effect on CSR expenditure. It was therefore recommended that a uniform framework for executing and measuring CSR expenditures be created in order to improve the level of Nigerian banking industry commitment to social welfare.

Keywords: *Corporate Social Responsibility, Profit after tax, gross earnings, banks.*

CONTENTS

ABBREVIATIONS

CSR	: Corporate Social Responsibility
CBN	: The Central Bank of Nigeria
PAT	: Profit After Tax
GE	: Gross Earnings
GTB	: Guaranty Trust Bank
UBA	: The United Bank for Africa
CAMA	: Companies and Allied Matters Act
SME	: Small and Medium Enterprises
CC	: Corporate Citizenship
CAC	: Corporate Affairs Commission
CFP	: Corporate Financial Performance
EFQM	: The European Foundation of Quality Management
NSE	: The Nigerian Stock Exchange

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1. INTRODUCTION

Nigeria is a third world country. It is plagued by many negative indices that the government alone cannot curb or eliminate. For this cause, there has been an increased call for improvement in the CSR initiatives and expenditures of companies to complement the efforts of the government in reducing the level of degradation in social welfare of the people.

1.1 Background of the Study

Corporate Social Responsibility (CSR) activities are well publicized in the media as a competitive marketing strategy in Nigeria. So, they are not strange to many citizens of Nigeria. By definition, corporate social responsibility was seen by the European Foundation for Quality Management EFQM (2004) as a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their corporate actions. It encompasses respect for human rights, the just treatment of workers, customers, and suppliers, and being good corporate citizens of the communities which business organisations operate as well as the conservation of the physical and natural environment. It would be very wrong to take investors and customers as the only stakeholders of firms, just because they are more visible and accessible. In fact, business operations cannot be smooth when the interest of the investors and customers supersede that of the host community. This drives down to the view that firms are not only structured to solve economic problems alone but help in ameliorating social problems as well. Hence, business organizations always intend to strike a balance between economic and social goals, where resources are used in a rational manner, and social needs are addressed responsibly through corporate social responsibility. Thus, the workforce, customers, suppliers, and the business environment constitute the stakeholders that are affected by the activities tagged CSR of companies.

Gone were the days when commercial banks in Nigeria were in the hands of sole proprietors and partners. Since the 2005 re-capitalization exercise in the banking industry, commercial banks have been restructured to be joint stock companies. Companies are business entities that enjoy corporate and legal existence outside of their owners. Generally, there are private limited liability companies (Ltd) and public limited liability companies. Nigerian commercial banks are public limited liability companies and as such are under the regulation of the Companies and Allied Matters Decree (CAMD) of 1990 under the auspices of Corporate

Affairs Commission (CAC). Since, banks as companies enjoy the basic characteristics of being a corporate entity, it has become expedient to extend their influence to the stakeholders through corporate social responsibility (CSR).

The efforts of commercial banks in social responsibility have the tendency to produce multiplier effect on the economy of developing countries. This is due to the fact that the governments of third world countries are over burdened with the need to provide numerous projects despite having limited funds and battling the challenges of corruption in the utilization of public funds. Thus, the efforts of the government are always complemented by companies through CSR to improve the standard of living of the people either in the area of taxes and levies paid, employment, health services, sports, arts and culture community development and the likes.

1.2 Statement of the Problem

Financial service providers in Nigeria are growing in assets, capital and profitability all thanks to the cashless policy of the Central Bank of Nigeria and other related regulations. Banks come out with new innovations daily such as USSD, internet and mobile banking with a bid of gaining larger share of depositors' funds. Examining how these have impacted the society through their expenditures on CSR is vital to this research.

Meanwhile, global competitiveness and the desire to remain relevant have been two of the reasons banks partake in social responsibilities. Unlike, other companies that partake in industrial activities that visibly affect the environment and the society they are sited; banking activities are hardly traceable with negative environmental impacts. As a consuming nation than a producing one, Nigerian banks gulp huge revenue from the citizens than what manufacturing industries that rarely exist could get. But we cannot be so certain that the expenditures of banks on CSR are commensurate to what they rake-in from the populace. It has therefore become expedient to ascertain the fluctuations in the expenditures of banks on CSR in relation to their declared profit and gross earnings.

1.3 Objectıves of the Study

The main aim of the study is to identify the CSR initiatives and expenditures of the Nigerian banks. However, the specific objectives are grouped into four:

The first objective is to compare the CSR expenditures of the commercial banks under study for the period

The study is also poised to ascertain the variation in the annual expenditures of the top six banks on CSR for the period

The third objective is to determine the percentage of gross earnings spent by the commercial banks on their CSR activities.

Fourthly, the study is set to identify the relationship between banks' profitability and CSR expenditure

1.4 Research Questıons

The following questions formed the basis for this research and these are in line with the objectives of the study.

What is the total CSR expenditure of the top commercial banks in Nigeria?

What is the variation in the annual expenditure of the top commercial banks in Nigeria on CSR activities?

What is the percentage of gross earnings spent by the banks on CSR?

What is the percentage of profit after tax expended by the banks on CSR?

1.5 Research Hypotheses

The following hypotheses provided support for this research:

Hypothesis One: Profit after tax has no significant impact on CSR expenditure

Hypothesis Two: Gross earnings has no significant impact on CSR expenditure

Hypothesis Three: There is no significant relationship between the percentage of profit expended on CSR and the percentage of gross earnings expended on CSR

1.6 Significance of the Study

Commercial banks in Nigeria should not be exempted from the global trend of complementing the efforts of the government to improving the lives of the people through social responsibility. Inter-bank comparisons of CSR expenditures and objective will make these findings worth going through by other competing ends of the banking industry not just in Nigeria but in Africa as a whole. Also, business organizations which come in contact with this study will find it valuable in relating the experience of the case study to theirs.

More importantly, this study will make a significant contribution to the growing body of literature aimed at improving the developing countries in terms of the contributions of joint stock companies to their socio-economic development

1.7 Scope and Delimitation of the Study

The research is centered on the top six commercial banks in Nigeria and it would take extra effort, time and resources to extend this kind of research to the twenty-one commercial banks in the country. This study focused mainly on CSR expenditures and initiatives of the banks. As such, identifying the level to which they have been successful in its implementation is beyond the scope of this study. Also, ascertaining public views on the subject matter through primary data may constitute another aspect for future research.

2. LITERATURE REVIEW

This chapter reviews the existing literature on the subject matters in recent years. For the sake of clarity, the review of literature was grouped under the following headings.

2.1 The Importance of CSR

The meaning and perception of individual organizations differ as regards CSR in Nigeria. Amaeshi, Adi, Ogbechie, and Amao (2006) pointed out that indigenous firms perceive and practice CSR as corporate philanthropy aimed at addressing socio-economic development challenges in Nigeria. Content analysis of the web reports of the samples confirmed this preference to interpret CSR in terms of philanthropy.

Adeyanju (2012) considered the imperative benefits of CSR to the Nigeria society. Exploring CSR activities in the banking and communication industry, the correlation and regression results reveal a strong and significant relationship between CSR and Societal Progress. The Banking and communication industry fared well in the areas of sponsoring of development programmes, donations of equipment and books to schools, donations to NGOs and community-based organizations, funding of research activities, a donation to humanitarian causes, sponsoring of quiz/ debate/ essays, the building of school blocks, road construction and maintenance. Over-reliance on the state is one of the reasons for Nigeria's underdevelopment. However, when businesses show that they are concerned with their communities and appreciative of the revenue streams the community provides, the society will be better for it.

Akindoyin (2014) took it upon himself to find out how CSR is being practiced in Nigeria and how it has been able to solve some major social issues in the country using the banking industry in Nigeria as a focus of study. Commercial Banks in Nigeria engaged in corporate social responsibility in order to satisfy stakeholder interest especially those interests that relate to employees and community. The need for government to design a measure for tracking corporations' engagement and investment in social responsibility activities in the society by the setting-up of a special agency was a vital recommendation in this study. Government regulation of CSR activities will help monitor the expenditure and dimension of CSR initiatives in the country.

Financial exclusion is the tendency to alienate certain individuals from benefiting from the business and non-business activities of firms. The financial exclusion driven by illiteracy and poverty can serve as opportunities for financial services providers in Nigeria to further expand their market, brand themselves and enhance self regulation. This was the summation of Amaeshi, Ezeoha, Adi, and Nwafor (2007) who examined the seeming implications of financial exclusion for financial institutions operating in Nigeria. Findings revealed that SME and rural dwellers have little access to loan facilities provided by Nigerian banks. Financial exclusion of the illiterates and the poor is a serious concern for CSR. Banks pay little attention to poverty alleviation as well as increasing school enrolment, rather providing facilities for existing schools. Expanding CSR initiatives to the mass of illiterates and poor citizens that constitute over 65% of the population, should improve a company's brand image.

Studying the commitment of foreign as well as local businesses in achievement of corporate social responsibility in Nigeria, Ananaba and Chukwuka (2016) explored the problems and prospects of CSR in the country. It is becoming increasingly evident that the inability of Nigerian government to enforce CSR into Law has made corruption and selfishness, lack of interest in implementing CSR, political and social insecurity pose as a serious obstacle for effective implementation of CSR initiatives by companies.

Anyagbah (2017) carried out a comparative analysis of corporate social responsibility practices in some selected banks in Ghana and China. The investigation involved two year annual report analysis of the Bank of China (BOC), Agricultural Bank of China (ABC), Agricultural Development Bank of Ghana (ADB), and the GCB Bank. The findings revealed that corporate social responsibility has a positive effect on the society which in the long run, provides sustainability for the banks. He also emphasized that despite the wide acknowledgment of corporate social responsibility, it still deserves greater responsiveness and more commitment from corporate organizations especially in the developing economies.

Caramela (2018) established that a responsible firm appeals to socially responsible consumers. This explains why every firm strives to focus on areas that stimulate consumers' interest. Such include environmental efforts, philanthropy, ethical labor practices as well as volunteering. Consumers are part of society. They are aware of the gains made from them by these companies. As such, socially responsible consumers find socially responsible firms appealing for loyalty and patronage.

Lichtenstein, Drumwright, and Braig (2004) established a positive effect of CSR on donation behavior of consumers. Consumers have the tendency to donate to charity and other nonprofit courses when they have good knowledge of companies doing such. It would not be difficult for socially responsible firms to encourage their consumers to contribute to noble CSR gestures.

Luper (2012) examined how socially responsible are the Nigerian banks in enhancing the economic growth of Nigeria through Small and Medium Scale Enterprises (SMEs) financing. It was evident in his findings that bank consolidation in Nigeria has led to a decline in SMEs financing to less than one percent on average in the study period, and there is no significant improvement in SMEs financing in Nigeria before and after bank consolidation. He recommended the necessity for a code of CSR to be introduced and enforced by the Central Bank of Nigeria and the Federal Ministry of Trade and Investment. The essence of such code is to provide a guideline on the discharge of the CSR of banks, paving the way for monitoring team to ensure compliance by banks and applying appropriate penalties in order to discourage non- compliance.

Terungwa (2011) on his own part investigated how socially responsible the banking system is in terms of responding to vital developmental issue through Small and Medium Enterprises Equity Investment Scheme (SMEEIS). The study investigated lending habit of commercial banks and how it affects SMEs in Nigeria from 1993-2008. The banking industry in Nigeria is not just committed to donations and charitable contributions, funding SMEs is vital as well. SME is a direct measure of poverty alleviation. Lack of capital is the basic reason why many of these SMEs are out of business or limited in expansion. The Small Medium Enterprises Equity Investment Scheme (SMEEIS) was introduced in 2001 to enable banks to contribute to the funding of SMEs in Nigeria. But according to the finding of this study, SMEEIs has not made any significant impact on loan disbursement to SMEs. This is undermining the CSR efforts of banks in Nigeria as regards supporting the activities of SMEs.

Zora (2011) investigated whether the ethical ideologies (idealism and relativism) of the customers have an effect on the customer evaluation of CSR practices of the top two active banks in Turkey. The results of the study showed that ethical ideologies do not have a significant impact on the customer evaluation of CSR practices. The relationship between overall CSR and CSR components under study appeared to be significant. The highest effect on overall CSR is the natural environment variable, followed by customer, society-sustainability and economic-legal variables. Customers act more on what they see, that explains why many of the respondents rated CSR activities on the natural environment to be of utmost importance in their evaluation.

Dobers and Halme (2009) identified the different capacities of organizations and their managers to understand and address pressing CSR issues in different cultural contexts in developing countries. CSR is more of consumerism and industrialism in the developed countries, while in the Less Developed Countries; it is more of attaining business growth. The need for globalizing CSR in order to promote social justice, environmental protection and poverty eradication should be the focus of all stakeholders in the issue of CSR.

2.2 CSR and Financial Performance

Abiola (2014) examined the practice of corporate social responsibility (CSR) in the Nigeria banking industry with emphasis on their CSR initiatives, endeavors and expenditures. Six banks were sampled by the researcher which includes First Bank, Guaranty Trust Bank, Access Bank, First City Monument Bank, Unity Bank, and Diamond Bank. The result reveals that on the average, the six banks sampled spend less than 3% of their profit after tax on CSR initiatives. To a large extent, the current volume of CSR expenditure should be maintained, sustained and improved upon on a regular basis.

Adedipe and Babalola (2014) in their study deduced that social responsibility is a by-product of profitability. They stressed the importance of fusing the dual responsibilities of profit maximization and being ethical would make banks get their business priorities right. Thus, making a conscious attempt to solve certain basic problems faced by the society through CSR can influence the perception of the general public about Nigerian banks, despite pursuing their profit maximization objective.

In her own capacity, Adegbola (2014) highlighted the impact of corporate social responsibility on marketing strategy in an organization. Sampling 120 staff of Zenith bank of Nigeria Plc, it was discovered that there still exist some areas in CSR that organizations are not mindful of, which tend to negate the interest of consumers. CSR is beyond maintaining a corporate image; it is more of retaining customers' loyalty, which is the goal of every marketing strategy. Since corporate social responsibility has an impact on customers' loyalty and patronage; it becomes very necessary for businesses to explore the marketing potential of effecting viable CSR initiatives.

Ajide and Aderemi (2014) use the multiple regression analysis to test whether corporate social responsibility disclosure has impacted on the corporate returns in Nigerian bank industry. Data were sourced from annual reports and accounts of twelve (12) selected banks in Nigeria for 2012. The finding revealed that Banks' size and CSR disclosure score have a positive relationship with bank profitability. On the other hand, owners' equity has a negative association with bank profitability.

Amole, Adebiyi, and Awolaja (2012) as well examined the relationship between corporate social responsibility and profitability in the Nigerian banking industry using First Bank of Nigeria(FBN) Plc as a case study for a period of 2001 to 2010. The researchers in their findings corroborate previous researches that there is a positive relationship between banks' CSR activities and profitability. More specifically, every unit increment in the CSR expenditure will lead to .945 or 95% increase in the profit after tax of the bank. Worthy of note is the fact that the importance of the commitment to CSR still remains overwhelming irrespective of the challenges faced by the Nigerian banks. Customer patronage and loyalty are bigger than any other reasons why banks remain committed to CSR.

Guler, Asli, and Ozlem (2008) came up with two basic findings in their quest to investigate the relationship between CSR and firm financial performance of 100 quoted companies of the Istanbul Stock Exchange (ISE) between 2005 and 2007. A relationship was established between the size of a firm and its CSR expenditures. Nevertheless, the study found out that there is no significant relationship between CSR and financial performance/ profitability of the firms under study.

Mcwilliams, Siegel, and Wright (2006) ascertained the variety of perspectives that have been brought to bear on CSR. One of the findings of this work is that there is a neutral relationship between CRS and profitability. There exist probabilities that firms that incur CSR expenditure may not make a better profit than firms that do not. Using various market structures as the basis for the verification of the findings, monopolist tends to be favored most by this perspective. A concept was also coined by Mcwilliams et al (2002) called, "Resource-Based View (RBV)". RBV described the competitive advantage that firms need to build upon by supporting their CSR strategies with political strategies. If a firm implements CSR with an expectation of competitive edge in mind, then it is expected that such a firm can escape the neutrality assumption of CSR and profitability.

Oladipo, Aremu, and Lawal (2015) came out in their findings that CSR spending by banks does not commensurate with the profit they make. They emphasize that companies that are socially responsible will always consider their impact on their communities and find ways to meet the needs of stakeholders with that of profit-maximization. As a matter of fact, the primary objective of maximizing profit that guides activities of companies definitely conflict with that of corporate social responsibility. This is due to the fact that expenditures on socially-induced activities with the expectation of little or no gain in return mathematically reduce the profit of companies. Notwithstanding, acting socially responsible has been proven by several researchers to help companies overcome the business and environmental risks that could affect their survival as well as profitability. There is no greater business risk than having an unhappy environment, which if not well taken care of may constitute a severe risk for the success of a company. By implication, companies undertake activities that are tagged 'Corporate Social Responsibility' by not minding the expenditures on them but with the motive of reducing the risk that is associated with not being socially responsible. Thus, this justifies the saying that the end may definitely justify the means.

Scott and Ofori-Dankwa (2013) applied the Institutional Difference Hypothesis to explore the relationship between firm availability of financial resources and CSR activities and expenditures in Ghana. It was discovered that Firms with higher return on sales clearly allocated a lower amount to CSR, in spite of their huge access to financial resources. This provides strong support for the hypothesis that greater financial resource availability leads to less CSR expenditure of firms in some countries.

Ogujiofor and Ofor (2017) investigated five (5) banks and five (5) manufacturing companies for a period of ten years covering 2005 to 2014, with the motive of comparing the relationship between CSR and financial performance in Nigeria. Basically, the findings revealed that there is significant relationship between CSR and financial performance of both banks and nonbanks. However, it was established that manufacturing companies spend more on CSR than banks.

Uadiale and Fagbemi (2012) examined the impact of CSR activities on financial performance measured by Return on Equity (ROE) and Return on Assets (ROA). The study confirmed other similar findings that CSR has a positive and a significant relationship with the financial performance measures. It can be deduced from the results that for each additional naira spent on community performance, environment management system and employee relations, ROE increases on the average by ₦0.30, ₦0.32 and ₦0.24 respectively holding other explanatory variables constant.

2.3 Financial Disclosure of CSR

The need for CRS reports to be separated from the annual reports was the findings of Idowu and Towler (2004). Critically examining 17 firms across many industries in the UK, the researchers discovered that CSR reporting in the country is still at a very young stage. A non-comprehensive CSR report leaves room for companies to make exaggerated claims that may be unverifiable.

Khan (2011) investigated the corporate social responsibility (CSR) reporting information of Bangladeshi listed commercial banks and explored the potential effects of corporate governance (CG) elements on CSR disclosures. The content analysis of the CSR reports of the 30 commercial banks in the country established that CSR reporting by Bangladeshi private commercial banks are rather moderate. The varieties of CSR items and initiatives are really impressive and commendable. The essence of CSR reporting is to ensure financial disclosure of the activities of firms on non-operating expenditures. The non-beneficiaries of the CSR initiatives will definitely have every course to appreciate the CSR disclosure of these firms.

Marshall And Macdonald (2010) opined that CSR and Corporate Accountability are different but geared towards the same objective. Financial disclosure of CSR makes corporate accountability an effective instrument of promoting CSR.

Vogel (2005) believes that providing legal disclosure and reporting requirements for the global practices of CSR could improve the capacity of governments to monitor firms' behavior. This is not far from the fact that the multidimensional nature of CSR is believed to complicate the task of evaluating firms. Just like human beings, companies cannot be too certain to be consistent in their moral or social behavior. As such, assuming a general stance for all countries to honor their own part of the implied social contract may be misguiding. Companies may behave better in some countries than in others or have more responsible environmental policies but less responsible labor practices.

2.4 CSR and the Law

Amao (2008) emphasized that there are opportunities under the Nigerian law for the effective control of Multi-National Corporations (MNCs) with respect to CSR. The Companies and Allied Matters Act of 1990 that governs companies in Nigeria has weak provisions for the implementation of CSR by MNCs, which dominate the business scene of Nigeria. This explains the hostility in the Niger Delta area of the country, where the host communities battle with multinational oil companies for not fulfilling certain obligations that could be termed CSR.

In their paper, "Corporate Social Responsibility and the Legal Regulation in Nigeria", Mordi, Iroye, Mordi, And Ojo (2012) showed that environmental institutions affect how CSR is appreciated and utilized in Nigeria. It is very obvious in Nigeria that the legal regime on the practice of CSR is not effective and known by many. Most times, this constitutes problems and challenges for the effective implementation of CSR. CSR in Nigeria is more an issue of morality than an issue of law. If it is an issue of law, then enforcement will be required.

3. THEORETICAL FRAMEWORK

This chapter presents the required information and relevant data about the variables under study. These include CSR and the Nigerian banking environment.

3.1 Information and Definitions of CSR

Corporate Social Responsibility (CSR) is also called corporate sustainability or corporate conscience or corporate citizenship among others. It is the way companies impact the society positively through their economic, environmental and social actions.(Adedipe and Babalola, 2014). Also, Baker (2004) defines CSR as the instrument through which companies manage their business processes to produce an overall societal impact. Companies benefit from the society through the production and distribution of goods and services in exchange for profit; as such they are also expected to give back to the society through CSR. The World Bank (2004) defines CSR as the totality of the obligations of firms towards their contributions to sustainability and economic development. This is achievable by working with employees, their families, the local community and society in order to improve their lives in ways that are good for business and for development.

In modern day, Corporate Social Responsibility (CSR) has gone beyond a corporate ritual. It is a business process that a company adopts beyond its legal obligations in order to create added economic, social and environmental value to society and to minimize potential adverse effects from business activities, which includes interactions with suppliers, employees, consumers and communities in general (Luper, 2013). This was supported by Vogel (2005) who emphasized that CSR is more expansive than the traditional view of philanthropic donations to the society. It is more of companies playing a wide role in solving many social and environmental challenges that plague the society. Thus, CSR does not have to come in the form of a response to the demands of Non-Governmental Organizations' (NGOs), it is a conscious effort made by firms to improve the socio-economic conditions of the people around them.

Consequently, the reality is that some of the benefits of CSR to a firm, such as higher employee morale or a better reputation never appear on a balance sheet. For firms that seek profit-maximization, allocation of resources for CSR is at the discretion of such firms. But while profitability may not be the only reason corporations will or should behave virtuously, it has become the most influential in the modern world. Thus, CSR has been anchored on the view that, “Doing well is a good business” (Vogel, 2005).

Akindoyin (2014) emphasized that CSR is a form of corporate governance, sustainability and responsibility that highlight three roles played by every company. These include economic responsibility, social responsibility, and environmental responsibility.

1. Economic responsibility focuses on companies maintaining integrity, engaging in good corporate governance practice, improving the economy, being transparent in dealings with customers and other stakeholders, avoiding unethical behavior and corruption, paying taxes and levies to the appropriate authority, purchasing responsibly, and employing locally.

2. Social Responsibility lays emphasis on human rights, labor rights, training and development of local labor force, contributing expertise to community programs, and fulfilling other ethical and discretionary responsibility.

3. Environmental responsibility deals with the methods of taking precautions in the use of the environment. It involves preventing or minimizing the adverse impacts of business operations on the environment, championing good initiatives, boosting substantial responsibility on environment, as well as building and promoting environmentally friendly technologies.

Another research takes into consideration social and environmental issues of CSR. In 2015, Cone Communications and Ubiquity Global CSR carried out a study on their expectations of companies in solving social and environmental challenges. From the findings, 91% of global consumers expect firms to act responsibly by addressing these socio-economic issues. Also, 84% of them say they seek out responsible products wherever possible (Abd-Khaliq, 2018). It is evident that the role of Corporate Social Responsibility (CSR) in the overall success of any business has gained momentum and is well documented. Little wonder that many businesses across different sectors now take CSR reporting very seriously. Nigeria has 88% reporting rate of CSR (ranking 13th out of 49). As at 2017, financial service providers, which the banking industry is a vital part of, had 71% corporate responsibility reporting rate (KPMG, 2017).

Over the years, CSR as a concept have been interchangeably used with or associated with one or all of the following terms:

Corporate philanthropy, corporate citizenship, corporate sustainability, corporate accountability, corporate moral agency, and social entrepreneurship.

Philanthropy is defined as concern for humanity through charitable gifts, aids or donations. As such, corporate philanthropy involves a company's donations to goodwill or activities that are aimed at promoting humanity. Most times, it is difficult to separate corporate philanthropy from CSR. In fact, many organizations donate cash, souvenirs and gift items to the needy in the society as their own contributions to CSR.

Basically, citizenship is a two-way relationship between the citizens and the state. Citizens fulfill responsibilities in exchange for the rights that they enjoy from the state. By implication, a company being a corporate citizen is expected to give back to the society in exchange for its activities in the environment. Thus, corporate citizenship refers to the contribution of a firm to the society or community where it operates. Corporate citizenship is a term that embraces all the facets of corporate social responsibility, responsiveness and performance.

Joshi and Li (2016) describe corporate sustainability as the ability of business enterprises to behave in an economic, environmental, and socially responsible manner. It involves firms understanding the impacts of their activities on the society and the environment, and identifies possible ways to improve the welfare of their internal and external stakeholders.

Corporate accountability is the continuous and systematic communication of the decisions, actions and outputs of companies to the public and various stakeholders. It is a form of moral or ethical communication that is aimed at providing the necessary information to those that are directly or indirectly affected by the activities of a company. Corporate accountability is a company's social responsibility to explain its actions in a meaningful and accessible way to the society (Pava, 2008).

Agency is an agreement between a principal and an agent, in which the agent agrees to act on behalf of the principal to execute certain responsibilities. Corporate Moral Agency is a principle that views corporations as moral agent that executes moral responsibilities on behalf of its stakeholders. Hence, the principle of corporate moral agency is a philosophy that a company is tasked with the responsibility of doing what is right in its bid to promote the welfare of its stakeholders.

Social entrepreneurship is a model that explains how organizations pursue goals that are aimed at building value for the society in which they operate. Although, the concept is applicable to all kinds of organizations, whether public, private or non-governmental, it is all about identifying societal problems with the goal of providing a lasting solution to such problems. Corporate organizations imbibe this principle in a bid to attach their business motive with achieving CSR. Thus, it will not be wrong to say that companies whose CSR initiatives are targeted at solving societal problems are social entrepreneurs.

CSR can be defined in a broader sense to mean an argument that corporate institutions ought to substantiate their existence by contributing to the society rather than pursuing profits alone (Bohdanowicz and Zientara, 2008). By implication, companies are expected to behave ethically by promoting societal good in addition to profit-maximization.

3.2 The Drivers

The role of the driving forces that geared companies towards carrying out CSR initiatives and their choice of projects cannot be overemphasized. It is believed by Marsden (2001), that CSR constitutes the behavior of companies towards their stakeholders and being responsible for their operational effect on the society. As such, being socially responsible goes beyond just being philanthropic, it entails having positive socio-economic impacts on the society at large.

According to the International Institute of Sustainable Development (IISD, 2018), shrinking role of government, demands for greater disclosure, increased customer interest, growing investor pressure, competitive labor markets and supplier relations are some of the drivers pushing business towards CSR.

It is getting clearer that the role of the government in mandating businesses to fulfill certain social and economic obligations is on the decline. Governments have in the past relied on legislation and regulation to deliver social and environmental objectives in the business sector. The falling of government revenue, together with poor regulations, has led to the searching of voluntary and non-regulatory initiatives of meeting the needs of the people. This paves the way to see CSR as complementary to the effort of the state. The country at large benefits from companies' implementation of CSR. The government cannot be everywhere doing everything. Public-private partnership helps to reduce the overdependence on government. And this is achievable through CSR (Verma, 2015).

In the opinion of O'Dwyer (2000), the financial disclosure of CSR now serves as a motivation for building a corporate reputation, which helps the management to drive better shareholder value and improved customer loyalty among others. People seek and appreciate the information. Activities of firms are no longer required to be conducted in confines. All stakeholders want corporate accountability. Since these stakeholders are the ones directly affected by CSR, there is a high demand for disclosure of the CSR initiatives of corporate establishments. Through financial disclosure, relevant information regarding CSR is disclosed to the stakeholders. It is therefore important for business organizations to communicate about their objectives as regard CSR in order to continue to win the trust of their stakeholders (Bronn and Vironi, 2001).

Gone were the days when customers were only interested in basing their buying decisions on the pricing and quality of goods and services. There is evidence that the ethical conduct of companies now exerts a growing influence on the purchasing decisions of customers. Customers now judge businesses by the volume and quality of their CSR initiatives.

Ethical concerns are gradually making a wave in investors' perception of companies' performance. The investors want to be sure of the sustainability of the companies they invest in. They also understand that socially responsible companies have the potential to have averted certain business risks that are associated with not being socially responsible.

Workers are not exempted in the drive to encourage companies to be more socially responsible. Employees are gradually looking beyond their wages and other remunerations; they are becoming mindful of employers' philosophies and operating practices that match their personal ethical principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions and CRS initiatives. They prefer to render their services to those companies that have good CSR initiatives. Employees, as stakeholders, want to work with firms that guarantee their personal and career development, have plans for their retirement, and understand their needs (Verma, 2015).

Companies are dictating the rules when it comes to their relationship with the suppliers. Some are introducing codes of conduct for their suppliers with the motive of ensuring that other suppliers' policies or practices do not tarnish their own reputation. (IISD, 2018)

All the above emphasize the importance of CSR to every stakeholder of a company. Stakeholder as a term does not mean shareholders only. The employees, management, customers, suppliers, community and the environment are the other stakeholders that companies must also compensate in their business decisions. This is because they are all affected by the actions and inactions of the companies. In Nigeria, companies are guided consciously and unconsciously by the stakeholder's theory of CSR. This explains why they promote the welfare of their employees, seek better services for customers and reward customer loyalty, adopt environmental protection measures, as well as give sparingly to the society in their philanthropic efforts, as well as ensure that shareholders are compensated with rewarding dividends.

Companies embark on CSR for various reasons among which include adopting it as a strategy, defense or as an altruism. Those that adopt it as a strategy believe in the capability of CSR initiatives to create a competitive edge for them, thereby leading to greater market share. The companies that take CSR to be defense mechanism are of the opinion that the best way to protect their interest and infrastructure is to be socially responsible (McWilliams & Siegel, 2001). Since the best form of attack is defense, CSR enables many firms to gain public and consumer loyalty, which protect the businesses from destructive and unhealthy competition. However, there are other companies that implement CSR because they believe it is just the right thing to do without any ulterior motive. Those are the ones that adopt CSR for altruistic reason.

From another point of view, Aluko, Odugbesan, Gbadamosi, and Osuagwu, (2007) opined that the arguments offered in favor of companies with regards to social responsibilities are that:

Business cannot exist without the society. Since business is an outcome of the society's exploration and creation, it is expected to respond to the needs of the society. The society provides the necessary environment for businesses to thrive. A chaotic society cannot accommodate a business. Samson and Daft (2009) believe that corporate culture cannot be separated from social responsibility. As such, good business manager must be abreast of the knowledge that adopting viable projects for the good of the society is as good as promoting the corporate culture of satisfying all the stakeholders that are being affected by the operations of the business.

- Businesses can create the required credibility through social obligations. CSR promotes the image and reputation of companies' brands. This often manifests through the positive perception of consumers towards a socially responsible company. Getting good acknowledgement from the mass media and the public is definitely one of the best methods of advertising a company. In accounting, provision is made for Goodwill. Goodwill is a fictitious asset of a company which is gathered over time through brand image and reputation. Hence, gathering goodwill through CSR is an indirect way of promoting the image of a company.

- The long-term self-interests of the business are best served when businesses execute their CSR. Every firm aims at operating on a very long term. This becomes realistic when such a firm gains a good public image through its CSR. Customers are very volatile. They can suddenly withdraw their loyalty for a company when it is perceived to have lost the respect of the society. This buttresses the idea that the society has a very crucial expectation from companies, which may affect their survival.
- Social values are directly associated with economic activities. To be socially responsible is the moral and right thing to do as businesses. Since, business activities do not promote immorality; CSR becomes a moral ground for the execution of the moral aspect of every business.
- Complementing the effort of the state to maintain orderliness in the society is essential for businesses. This is achieved through CSR (Luper, 2013). Also, the concept of CSR has recently been more used to investigate the relationship between business organizations and the society (Schwartz & Carroll, 2003).

Graafland and Van de Ven (2006) pointed out that the drivers for CSR can be grouped into two. These are strategic motives and moral motives. The strategic motives consider profitability as a drive for CSR. It is believed that companies undertake CSR initiatives with a view of gaining larger market share, which translates into a higher profit. On the other hand, the moral motives constitute the belief that CSR is driven by the view that supporting the society and other stakeholders is the right thing to do by any right thinking company. Gone were the days that companies were assessed based on the financial gains achieved for the shareholders, they are now being judged by their contributions made to the society.

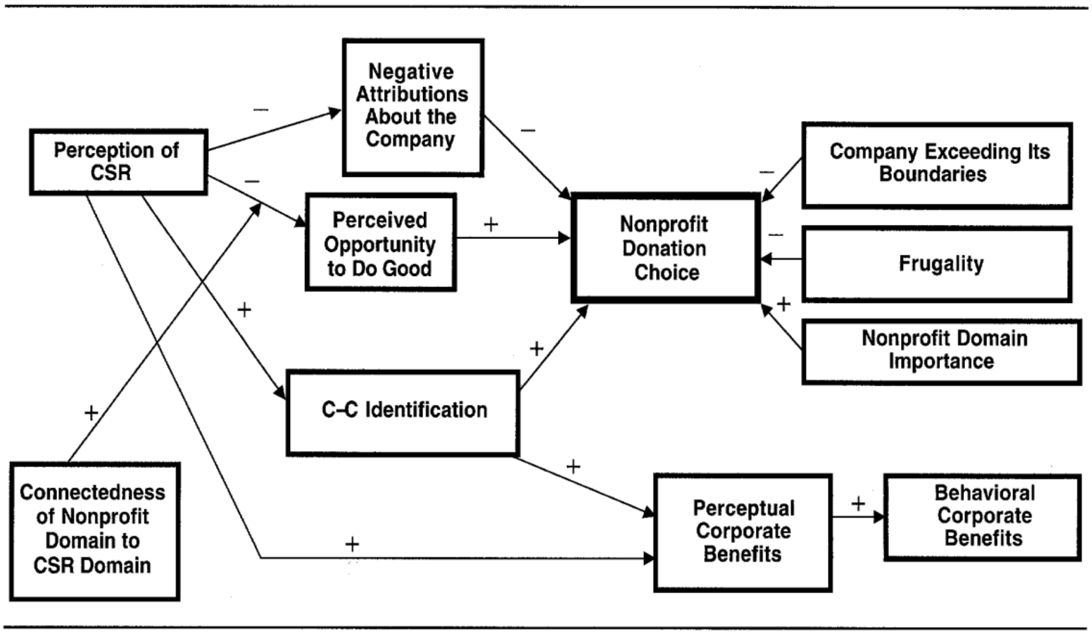

Figure 3.1: The effect of perceptions of CSR on corporate and nonprofit benefits (Adapted from Lichtenstein, Drumwright, and Braig, 2004)

Figure 3.1 is an illustration of the effects that the perception of CSR have on a firm in terms of corporate benefit (profitability) and nonprofit benefits. The study by Lichtenstein, Drumwright, and Braig (2004) provides a very strong support of direct and indirect benefit of CSR to corporate organizations. In the same guide, the nonprofit benefits derived from CSR may attract some negative perceptions if not well managed.

In the view of Matten and Moon (2004), the fundamental idea of corporate social responsibility is that it reflects the success of companies. However, the dimension and nature of the depth of the CSR depends on the companies' discretion. There are no laws enforcing CSR, as such, managers of companies take it upon themselves to determine the components and compositions of their CSR initiatives and expenditures on the basis of some discretional policies and measures put in place by the management. Large companies have the tendency to spend huge on CSR, while small and medium scale companies execute CSR on a small and medium scales as well. How successful a business is ultimately determines its CSR expenditure.

3.3 Theories and Models of CSR

Over the years, there have been numerous theories and models that try to provide a normative backing for CSR. However, this study attempts to review just a few of them.

3.3.1 Social Contract Theory

In the early years, social contract theory has been used to justify human rights. Many western countries built their laws around this theory. They believe that the relationship between the state and its people is that of a social contract. And in contract, two parties are involved. CSR as a concept has many theoretical foundations; social contract theory stands out in its bid to explain the relationship between companies and their stakeholders as a two-way contract. With regards to CSR, the companies and the societies are the two parties that are concerned in social contract. As, businesses exploit the society to maximize profit, they are also expected to implicitly contribute to the growth and development of such a society.

The idea and workings of the social contract is far from being new in the world of ethics. Philosophers such as Thomas Hobbes, John Locke, and Jean- Jacques Rousseau were prominent in this regard. What makes social contract different from a literal contract is the implicit agreement that exists between the people and the state (or companies, which constitute the basis for CSR). Social contract is enforced through the system of collectivity or collective responsibility (Adams, 2011). Thomas Hobbes 'State of Nature' portrays only a situation that is hypothetical by suggesting that individuals need to create civil society to achieve social contract as of utmost necessity to override the selfish nature of individuals that may be catastrophic for the development of the society. According to Adams (2011), Hobbes identified that resources are limited and there is no authority that exists to force individuals' cooperation towards a common goal of promoting a better society. As such, individuals are subjected to reasoning to uphold social contract as a means of escaping underdevelopment (Heugens, Oosterhout, and Vromen, 2003).

Abiola (2014) cited Lantos (2001) to explain that social contract theory view businesses and the society as mutual partners. Companies do not exist in isolation. They operate in communities. As such, the social contract theory opines that companies are obliged to follow the law of nature by giving back to the communities that house them. Also, Bradley (2018) states that, "In business, social contract theory includes the obligations that businesses of all sizes owe to the communities in which they operate and to the world as a whole". A business is expected to be serious about its social contract by recognizing the value of giving back to the society. This explains why some companies in Nigeria identify the need of their immediate society before ascertaining the nature and kind of CSR activities they intend to embark upon. In the area of business ethics, companies embark on social responsibility initiatives to fulfill their own part of implicit social contract that determines and affect their relationship with the society.

In practical sense, the multidimensional nature of CSR is believed to make difficult the task of evaluating firms with regards to their part of the social contract. Just like human beings, companies cannot be too certain to be consistent in their moral or social behavior towards their environment or the society. As such, assuming a general position for all countries to honor their own part of the implied social contract may be misguiding because companies may behave better in some countries than in others or have more responsible environmental policies but less responsible labor practices (Vogel, 2005). Simply put, the yardstick to evaluate social contract of CSR remains a course for future researches.

3.3.2 Utilitarianism theory

In philosophical thinking, providing answer to the question of what is morality gave birth to Utilitarianism. Utilitarian believe that what is morally right is that which is beneficial to the majority. Than every other theories of CSR, the utilitarian theory is considered very important because it focuses more on the practical consequences of an action with the primary intention of determining its rightness or wrongness. Thus, an action is only measured good when its consequence(s) bring about the happiness or satisfaction of majority of the people (Fernando, 2010).

With regards to the concept of corporate social responsibility, utilitarianism is of the view that every business enterprise has a moral obligation to promote the best possible outcome of maximizing happiness not only to the owners and workers but to the larger section of the society. Frederiksen (2009) posed a vital question to certain respondents in order to attend to moral issues of CSR. The question was, do you believe that your company's social obligations are stronger in its local area than in distant places? In his findings as regards the question, all the relevant respondents from the three companies sampled (Coloplast, Danfoss, and TrygVesta) preferred to help locally rather than to help twice as many people at a distant location. This definitely negates the utilitarian theory. Embarking on CSR activities that promote the wellbeing of the greatest number of people is an axiom that the utilitarian principle emphasizes in CSR. Also, the utilitarian theory rests on the premise that the businesses need to accept social duties and rights in order to participate in social co-operation. A company is part of the economic system with a primary goal profit making. The investment of companies in the economy should not only be profitable to the investors but as well as to the larger part of the society (Babalola, 2012).

Practically, CSR policies and initiatives in many countries are not based on utilitarian thinking, but on some kind of common-sense morality. The principle of proximity adopted by many companies in their execution of CSR initiatives often limits their insight into global issues that warrant their contributions. And this has created a wide gap between theory and practice of the Utilitarian theory. The basic idea behind the clamor for a more improved CSR in the business circle rests on the assumption that businesses should be held responsible not only for their legal responsibilities to people and society that they have contact with, but they are ultimately expected to acknowledge and take responsibility for the noneconomic consequences of their operations to the society and the environment (Robbins, 2005).

3.3.3 Stakeholders Theory

The stakeholder theory emphasizes the creation of values and fulfillment for the internal and external factors and parties that are being affected by the operations of a business. Every business organization is established to provide goods or services getting certain inputs from the environment. Expectedly, business organizations exchange the final products with the customer and consumers that come from outside the business environments. In order to compensate for the use of an environment's resources to cater for customers that are not within the immediate environment, it is expected that business organizations act in an ethical manner in their interactions with different stakeholders that constitute the immediate business environment. The economic transactions with stakeholders should achieve a common good for the organization, as well as for the society at large (Fernando, 2010).

Just like answering the basic problems of economics, one issue that has frequently been addressed is the question of what and for whom companies should actually direct their CSR initiatives to. Most recently many people have argued that companies should be responsible for all of their stakeholders, take greater responsibility for the society and seek to solve social and environmental problems within and around their vicinity of operation. Carroll and Buchholtz (2003) pointed out that the stakeholders of companies are categorized into primary and secondary stakeholders. The primary stakeholders consist of shareholders, employees, customers, business partners, communities, future generations and the natural environment. While, secondary stakeholders comprise of the local, state and federal government, regulatory institutions, civil society groups, media and competitors.

The stakeholder theory has two basic perspectives; they are normative and positive perspectives. The normative perspective is the moral aspect of the theory. This perspective believes that the stakeholders of a company have the moral right to be treated fairly. Here, the consideration is not about the influencing powers of stakeholders, but as a matter of moral obligation, companies must treat their stakeholder right and well in all fairness. On the other hand, the positive perspective explains the managerial effort of companies in ensuring that the expectations of stakeholders are met in order to gain from the influence of the stakeholders (Deegan, 2001).

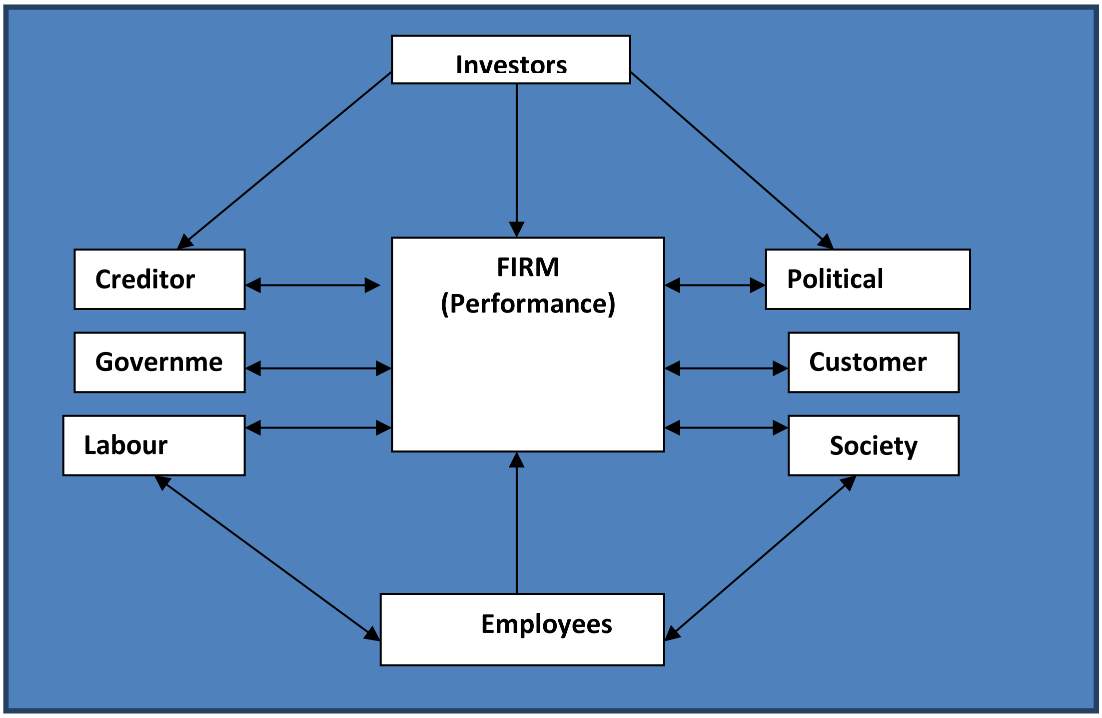

Figure 3.2: The stakeholder model (Owolabi, 2012)

Figure 3.2 above highlight how the performance of a firm affects its stakeholders and how those of the stakeholders also affect the firm in return. Abd-Khaliq (2018) explained that the 21st century business environment has placed an enormous task on companies to give back to the societies they are operating in through Corporate Social Responsibility (CSR). Zenith bank on its CSR page stated that its stakeholders are those individuals that have direct or indirect impact on the attainment of its corporate goals and objectives. Also, these stakeholders involve those whose social, economic and environmental wellbeing are also impacted directly or indirectly by the bank. They include the employees, customers, shareholders and investors, government and regulators, host communities, suppliers and vendors and the media (Zenith bank, 2018). In reality, there cannot wider scope of stakeholders than the ones mentioned above.

The European Foundation of Quality Management (EFQM) criteria for assessing the social and environmental responsibilities of companies also take cognizance of the stakeholder theory.

Figure 3.3: EFQM CSR weighing criteria. (Source: Kauffmann and Olaru, 2012)

Both implicitly and explicitly, all the stakeholders are well represented in the assessment criteria established by the EFQM in Figure 3.3. Stakeholder engagement in the activities and counter-activities of companies is described as trust-based collaboration by Andriof & Waddock (2002). The trust can be explicitly spelt out through documentation or implicitly known by the company and its stakeholders.

Therefore, the stakeholder theory places an enormous task on companies to identify their stakeholders, identify and analyze their individual needs, and channel their CSR initiatives to meet these needs. What more would you expect from a firm that adequately satisfies the needs of its stakeholders? Adopting the stakeholder's theory in the implementation of CSR enables companies to benefit from the idea of promoting a better business environment.

3.3.4 CSR Models

The work of Geva (2008) is very vital to providing clarity to the three CSR models. To this end, the author used some assumptions to compare and contrast the conceptual structures, the methodological tools, and the managerial implications of the three basic CSR models—the pyramid, the intersecting circles, and the concentric circles. It was established from his findings that the alliance between social concerns and profit making depends to a large extent on the surrounding cultural and institutional framework that companies find themselves.

There are four basic components of CSR. They include: Philanthropic, ethical, legal and economic components.

Table 3.1: Brief Description of the four components of CSR.

Responsibility	Societal Expectation	Examples
Economic	Required	Be profitable, maximize sales, minimize costs, etc
Legal	Required	Obey laws and regulations
Ethical	Expected	Do what is fair, just and right as a firm
Discretionary (Philanthropic)	Desired/ Expected	Be a good corporate citizen

(Curled from Carrol and Buchholtz, 2003)

The economic and legal responsibilities are mandatory for companies to execute as summarized in table 3.1. On the other hand, the ethical and philanthropic responsibilities are necessary but not mandatory. The totality of these four components constitutes the CSR of a company.

The relationship among these components is the basis for the three different CSR models (as indicated by figure 3.4).

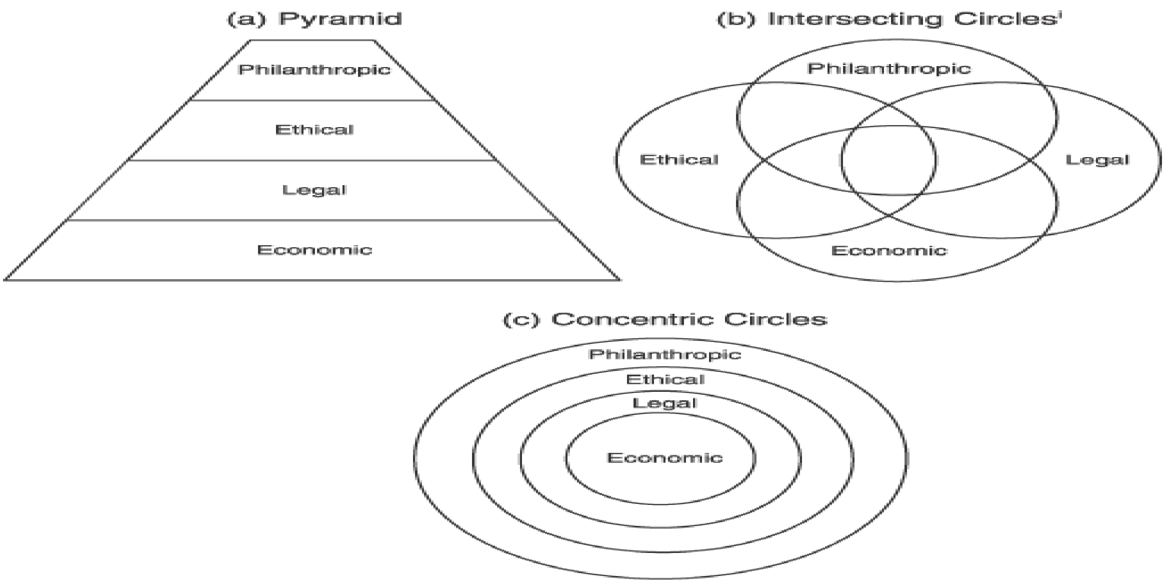

Figure 3.4: CSR models (Adapted from Geva, 2008)

According to Figure 3.4, the pyramid model (a) emphasize that the components of CSR are in hierarchical order; the philanthropic aspect of CSR is the most important, followed by the ethical aspect, then the legal aspect, while the economic aspect of the CSR is the least important. The proponents of the intersecting model (b) argued that CSR components are nonhierarchical set of intersecting responsibilities. They are being implemented individually in no particular preference and they have points of similarity. The concentric circles model is identified with the integration of responsibilities; all sharing a central core of promoting brand image and reputation. The distinguishing features of the three models are summarized in table 3.2 below.

Table 3.2: Comparison of the three CSR Models.

	CSR Pyramid	Intersecting circles	Concentric circles
General Description	Hierarchy of separate responsibilities	Nonhierarchical set of intersecting responsibilities	Integration of responsibilities; all sharing a central core
Theoretical Assumptions			
Nature of CSR	Normative restraints of responsiveness	Classification framework; no normative guidance	Incurred obligation to work for social betterment
Scope of Responsibilities	Narrow	Split	wide
Total CSR	Conjunction	Disjunction	Integration
Order of importance	Hierarchy; Economic responsibility first	No prima facie order	Inclusion system; economic circle at the core

Table 3.2 (continued): Comparison of the three CSR Models.

Role of Philanthropy	"Icing on the cake"	Subsumed under economic/ ethical responsibilities	Integral part of CSR
Research Implications			
Operationalization	Constant-sum method	CSR portraits	Representative range of measures
CSR–CFP relationship	Positive	Positive, Negative, or Neutral	Nonlinear
Managerial Implications			
Justification for CSR	Ethics pays	Strategic considerations	Normative obligation

(Geva, 2008)

Table 3.2 distinguishes among the three models in a more explanatory mode. In terms of the relationship between CSR and Corporative Financial Performance (CFP), the pyramid establishes a positive relationship between them. For the intersecting circle model, the relationship can be positive, negative or non-determinable. The concentric circle model believes that there is a non-linear relationship between CSR and CFP.

3.3.5 Impact Pathways

Theoretically, there has been a growing claim from various literatures that CSR have positive effects on the society. But there is little to buttress this claim in developing countries with the level of poverty and underdevelopment still high. Blowfield (2007) identifies certain areas that CSR is expected to impact the society. They include peace, security, human development, employment creation, fair prices, support for SMEs and the likes.

The impact pathways tend to provide a theoretical model for describing the outcomes, impacts and effects of CSR initiatives and expenditures on the society, environment and other stakeholders. It is believed that efforts of firms towards social responsibility exhibit causal chains of effects. By definition, pathways demonstrate how CSR policy interventions create certain socio-economic impacts both in the short, medium and long terms.

According to Van Tulder and Van Der Zwart (2006), there are four kinds of CSR policies that create societal impacts. They are endorsing, partnering, facilitating and mandating. Endorsing involves support given to stakeholders either directly or indirectly. There are civil society groups that have lofty ideas on how to improve the society. All they needed is support from companies. Thus, companies can make their CSR initiatives more impactful by endorsing such ideas and organizations through adequate financial and non-financial support. Partnering is a kind of CSR policy that involves companies working hand in hand with other stakeholders and the government to impact the lives of the people. Partnering could be in the form of sharing resources, dialogue, public-private partnership, and agreements.

Facilitation is way of ensuring that CSR initiatives are effective, through the process of adopting self-governing agenda that promotes awareness of the public towards the contribution of firms to socio-economic development. This involves capacity building, enabling legislation, and dissemination of vital information to the public. Information, they say, is power. Through facilitation, CSR initiatives are geared towards empowering stakeholders through information. Fourthly, mandating is summarized as a 'command and control' means of ensuring that CSR initiatives make impacts. It manifests in the form of legislation, inspection and regulations on the required standards and modalities for the implementation of CSR. This definitely helps to guide companies not just to spend on social projects, but to also monitor the effects of these spending. Mandating is the most popular kind of CSR policy that is being adopted by many developed countries of the world.

CSR policies represent a form of intervention in the relationship between the state and the people. This intervention would be baseless if it is not aimed at having a positive impact on both the state and the people. CSR expenditures involve inputs that are expected to yield outputs, which are tangible actions or reports. These outputs manifest in every organization, and are expected to influence further decisions of such an organization. What is the essence of spending more on social projects when the previous ones expended cannot be accounted for in terms of impacts?

The outcomes of CSR initiatives and expenditures can be noticed at different levels such as the individual, household, community and the economy at large. Tulder and Da Rosa (2011) grouped these outcomes into four categories on the basis of the characteristics of the CSR approach employed. They include inactive, reactive, active and proactive outcomes. The inactive outcome refers to the various effects of CSR that are felt only by the company alone. In this regard, the society may not be end beneficiary of the CSR policy. This often manifests in the CSR initiatives directed towards company's employees and other internal stakeholders. The reactive measure is targeted mainly towards the social responsiveness of a company to societal demands. For instance, repairing a damaged road due to the complaints of people is a reactive outcome of CSR. The active aspect of CSR occurs when the outcomes of the expenditures and initiatives match the expectation of the CSR interventions of companies. In this case, companies and the society are satisfied with the impacts of the former on the effort of the latter. Finally, the proactive is a kind of outcome that results from partnering with third parties in the implementation of CSR initiatives. Through this kind of outcome, factors such as culture, politics, and business environment play an important role in determining the extent of the impact that CSR expenditures and initiatives have on the society.

Summarily, the impact pathway as a model is very relevant in the first world economies. This may be as a result of the CSR framework put in place in these countries to guide the initiatives and expenditures of CSR of companies. There has been a high demand for third world economies to also follow suit in their efforts to ensure that CSR is impactful.

3.3.6 Triple Bottom Line Model

The triple bottom line is a strategy of evaluating the performance of a corporate entity by measuring its profitability, environmental sustainability and social responsibility. The model explains that profit-orientation should not be the main goal of every business; emphasis should also be placed on achieving goals that are associated with the society and the environment. Marrewijk (2003) used the concept of 3Ps to describe the triple bottom line. These include People, Planet and Profit.

Figure 3.5: Corporate Sustainability, CSR and the three P's (Marrewijk, 2003)

The relationship of the three P's, CSR and Corporate Sustainability is depicted by figure 3.5. It is evident from the figure that the three Ps are used to achieve the goals of CSR which ultimately facilitates corporate sustainability.

Profit: Profit-maximization comes before every other objective of business organizations. The profit made from business operation serves the purpose for fulfilling other business objectives. As such, profitability is the economic aspect of CSR.

People: An organization cannot function without people. People generally include employees, shareholders, and customers. Treating these people right will promote profitability and ensure the continuous existence of the firms. 'People' as an entity represents the social aspect of CSR.

Planet: The planet signifies the environment. Activities of companies affect the environment negatively. As such, companies are expected to compensate for these negative impacts by contributing meaningfully to the sustainability of the environment.

Adeyanju (2013) describes the concept of triple bottom line as the three components of sustainability. By practical implication, triple bottom-line emphasizes that managers and owners of businesses should focus more on building organizations that are sustainable in economic, environmental, and societal activities. Organizations will not just be judged by their financial impact in the economy; they are assessed by the overall degree of sustainability that they have achieved through their combined accomplishments in the three Ps.

3.4 Banking and Business in Nigeria

The role of Banks in shaping the economic wealth of a country cannot be overemphasized. Not minding the numerous challenges they face, Nigerian banks, especially the commercial banks, are very noteworthy in their contribution to the economic growth of the country. Commercial banks are the financial institutions that accept deposit from the public and grant credit facilities with the primary motive of making profit. They cover a very wide scope since they are retail bankers that reach the entire population with their numerous branches.

3.4.1 Nigerian Business and Socio-Economic Environment

Nigeria is the most-populous country in Africa. Its large population is believed by many to provide a large market for domestic and foreign firms. However, to better understand Nigeria as an external, it is important to highlight the summary of the recent economic and social indices of the country as at 2017. The country witnessed a very slow GDP growth which turned out to be an economic recession from a high of 6.2% in 2014 to -1.5% in 2016. The general decline in gross foreign currency reserves since 2013 to as low as $45 billion in 2018 was an indication of continuous Central Bank of Nigeria's intervention in the foreign exchange market in order to keep the exchange rate at the range of ₦350 and ₦370 per dollar (CBN, 2018). Inflation is also on the rise peaking at 18.7% during the first quarter of 2017 but 11.44% as at the close of 2018 (Trading Economics, 2019). The North East of Nigeria is ravaged by the activities of terrorists with over 8.5 million people in need of humanitarian assistance or aids.

Furthermore, the rate of unemployment in Nigeria stands increased to 22.9% in 2018. This is one of the reasons why almost two-thirds (62.6%) of the population is classified as poor, while 27.9% of the population is classified as multi-dimensionally poor with a deepening inequality – *Gini Coefficient* of 43% (Trading Economics, 2019). In the aspect of health, there is a high disease burden with malaria incidence of 99 per 1,000 populations per year; 264 new HIV infections per 1,000 uninfected population. Education is also not following the right direction in Nigeria. An estimated 10 million children are out of school; there is low participation rate of youth and adults in formal education and non-formal education and training at 52% and 49% for male and 49% and 51% for female, respectively (Orelope-Adefulire, 2017).

Doing business in Nigeria is very tasking and challenging. Nigeria was ranked 146th out of 190 countries in 2018 by the World Bank in terms of Ease of Doing Business. The ranking takes to account, trading regulations, property rights, contract enforcement, investment laws and availability of credit (Thisday Newspaper, 2019). It is important to note here that despite this, the Nigerian banks have remained prosperous even in the face of adversity. The World Economic Forum ranked Nigeria 115th in the Global competitiveness index.

Table 3.3: Global Competitiveness Index 2018 (Nigeria)

S/N	Pillar	Index
1	Institutions	127th

2	Infrastructure	124^{th}
3	ICT adoption	123^{rd}
4	Macroeconomic stability	130^{th}
5	Health	119^{th}
6	Skills	124^{th}
7	Product market	99^{th}
8	Labour market	73^{rd}
9	Financial system	131^{st}
10	Market size	30^{th}
11	Business dynamism	83^{rd}
12	Innovation capability	93^{rd}
	OVERALL	115^{th}/ 140

(World Economic Forum, 2018)

Table 3.3 indicates the ranking of Nigeria in many areas of competitiveness. The ranking pillars above placed Nigeria 127^{th} in institution, infrastructure 123^{rd}, health 119^{th} and the likes despite having a large market size (30^{th}). These are not good economic indicators as far as the ease of doing business in Nigeria is concerned.

All the industries in Nigeria are faced with intense competition from Multinational companies (MNCs). But, the Nigerian banks are all domesticated and have international extensions with no threat from Multinational banks. In the global world of banking, some of these banks are making wave. For instance, First Bank of Nigeria ranks 320^{th} in the ranking of top 500 Global Brands, Guaranty Trust Bank ranks 389^{th}, Zenith bank 392^{nd}, whereas the United Bank for Africa ranks 447^{th} (Ojekunle, 2018). The future is bright and the tendency to have more of the banks included in this ranking in foreseeable future is very high.

3.4.2 History of the Nigerian Banking Industry

The Nigerian banking industry has developed over the years undergoing various transformations from the colonial era to the modern day, all in a bid to continue to earn public confidence and remain strong in the financial sector of the economy. The era of the slave trade placed less significance on the evolution of banks since the slaves were the basic means of exchange for items like guns, mirror and the likes. The advent of paper money as legal tender through colonialism brought with it the need to develop a measurable means of exchange. The British pounds and shilling were the official currency used by every country in

West Africa under British colonial rule. Thus, there was the need for a bank to be created in the 19th century.

The first commercial bank to do business in Nigeria was opened in Lagos in 1892, which was the African Banking Corporation (ABC). However, two years later, a mutual agreement between the colonial government of Lagos and the ABC led to the establishment of The Bank of British West Africa (BBWA, now First Bank of Nigeria) which started operation in 1894, in Lagos. The BBWA was renamed the Bank of West Africa in 1957, Standard Bank of Nigeria in 1965, and finally First Bank of Nigeria in 1979. The BBWA enjoyed monopoly for six years before another bank, The Anglo-African bank commenced operation in 1899. The Anglo-African Bank had its headquarter in Old Calabar to avoid unfavorable competition with BBWA in Lagos. The Anglo-African Bank changed its name in 1905 to Bank of Nigeria and later merged with the BBWA to create another monopoly in the banking in Nigeria (Oluduro, 2015). Expected competition started again in 1916, when The Colonial Bank was established, but was taken over by the Barclays Bank (now Union Bank) in 1925.

The call for nationalism in all sectors of the Nigerian economy was responsible for trial efforts of indigenes in the banking industry. For instance, the Industrial and Commercial Bank (ICB) was established in 1914 but it collapsed in 1936. The National Bank was founded in 1933 but collapsed in 1952. Agbonmagbe Bank was also established in 1945 but was nationalized in 1969 by the Western State government. Consequent upon the need to have a regulator, the founding of the Central Bank of Nigeria (CBN) became non-negotiable. On the 28th of March, 1958, the legislature deliberated on a banking policy and ensured the implementation of the act on July 1, 1959 to give birth to the Central Bank of Nigeria (CBN).

As the economy grew, foreign banks find their way into the shore of Nigeria and indigenous banks also emerged. The British-French Bank (now United Bank for Africa) came-in in 1948, while the International Bank of West Africa was established in 1959. The adoption of the SAP (Structural Adjustment Program) in 1986 brought about a wide range of liberalization and deregulation measures, in which the banking sector was not exempted from. Over 80 banks were established in the late 1980s as a result of the implementation of the SAP (Akindoyin, 2014).

3.4.3 The Current Issues and Information about Nigerian Banks

Before the 2005 recapitalization exercise mandated by the Central Bank of Nigeria (CBN), the commercial banks in the country were eighty nine (89). The CBN in 2004 gave a

December 31, 2005 deadline for banks to increase their capital base from ₦2 billion to ₦25 billion. This led to the merger, acquisition and extinction of majority of the banks. As at present, there are twenty one (21) licensed commercial banks in Nigeria. They include:

Table 3.4: Information about the current Nigerian Banks

S/N	Bank	Date of license	Head Office	Executive Head
1	Access Bank Plc	17/1/1990	Lagos	Mr. Herbert Wigwe
2	Citibank Nigeria Limited	8/10/2004	Lagos	Mr Akin Dawodu
3	Diamond Bank Plc	31/12/1990	Lagos	Mr. Uzoma Dozie
4	Ecobank Nigeria Plc	24/4/1989	Lagos	Mr. Jibril Aku
5	Fidelity Bank Plc	2/1/2006	Lagos	Mr. Nnamdi Okonkwo
6	First Bank Nigeria Plc	1/1/1900	Lagos	Dr. Sola Adeduntan
7	First City Monument Bank	11/11/1983	Lagos	Mr. Ladipupo Balogun
8	Guaranty Trust Bank Plc	17/1/1990	Lagos	Mr. Segun Agbaje
9	Heritage Banking Co. Ltd.	27/12/2012	Lagos	Mr. Ifie Sekibo
10	Key Stone Bank	2/5/2001	Lagos	Mr. Hafiz Bakare
11	Polaris Bank	3/1/2006	Lagos	Mr. Tokunbo Abiru
12	Providus Bank	1/1/1900	Lagos	*Mr. K. Aigbokhaevbo*
13	Stanbic IBTC Bank Ltd.	2/1/2006	Lagos	Dr. Demola Sogunle
14	Standard Chartered Bank	9/6/1999	Lagos	Mrs. Bola Adesola
15	Sterling Bank Plc	25/11/1999	Lagos	Mr. Razack Adeola
16	SunTrust Bank Nigeria Ltd	12/3/2009	Lagos	Mr. M. Jubrin

Table 3.4 (Continued): Information about the current Nigerian Banks

17	Union Bank of Nigeria Plc	2/1/2006	Lagos	Mr. Emeka Emuwa
18	United Bank For Africa Plc	2/1/2006	Lagos	Mr. Kennedy Uzoka
19	Unity Bank Plc	2/1/2006	Abuja	Mrs. Tomi Somefun
20	Wema Bank Plc	17/1/1945	Lagos	Mr. Segun Oloketuyi
21	Zenith Bank Plc	20/6/1990	Lagos	Mr. Peter Amangbo

(CBN, 2018)

It is evident from Table 3.4 that aside from Unity Bank PLC, all the remaining twenty (20) commercial banks are headquartered in Lagos state. This explains why the state is tagged the commercial hub of Nigeria. The most recently licensed commercial bank in Nigeria is the Heritage bank.

Table 3.5: Top ten richest banks in Nigeria (2018)

S/N	Bank	Total Assets
1	**Zenith Bank**	**₦4.2 trillion**
2	**First Bank of Nigeria**	**₦3.8 trillion**
3	**Guaranty Trust Bank**	**₦2.4 trillion**
4	**Access Bank**	**₦2. 2 trillion**
5	**Diamond Bank**	**₦1.619 trillion**
6	**Ecobank Nigeria**	**₦1.5 trillion**
7	**Union Bank of Nigeria**	**₦1.303 trillion**
8	**Fidelity Bank Nigeria**	**₦1.253 trillion**
9	**Sterling Bank Plc**	**₦908 billion**
10	**First City Monument**	**₦814.2 billion**

(Withinnigeria, 2018)

The Nigerian banking sector is oligopolistic in nature with the limitation of the commercial banks in the country to twenty-one. Oligopoly is a market structure that is characterized by few operators. Table 3.4 indicates the top ten banks that are benefiting on the high side of the wealth of banking assets. Zenith Bank ranks the topmost with assets of over ₦4.2 trillion. The six banks that constitute the sampling units of this study make the top five, except for the United Bank for Africa (UBA) which fails to make even the top ten.

3.5 CSR Application by Nigerian Banks

CSR initiatives are the projects and activities undertaken for the good of the society with the expectation of little or nothing in return. These may include empowerment, schools, roads and other social infrastructure. The level of competition in the Nigerian banking industry is so high that all the commercial banks have now developed their own CSR policy and incorporate it in their overall strategies. As socially responsible companies, Nigerian banks consider CSR activities as part of their expenditures especially to the public, which also constitute an important actor and stakeholder in their business environment.

The key CSR applications by Nigerian banks identified in the study of Adeyanju (2012) included Human rights, Employee rights, Environmental protection, and Community involvement and supplier relations. Below are the most recent CSR initiatives of the banks under study.

1. Zenith Bank PLC

Zenith bank focuses its social investment expenditures on four areas (Zenith bank, 2018). The areas the bank focuses are health, sport, youth empowerment/ education and infrastructural development. In the health area, the bank made some construction, social centers and some partner agreements. For instance, the bank engaged in the building of Iga-Idunganran Lagos Island Community Healthcare Centre to meet the primary healthcare needs of residents in the Lagos Island area in May, 2011. The sport arena also witnesses huge investments from the bank especially with the annual Sponsorship of the Zenith National Female Basketball league since 2005. Awarding scholarship to indigent and exceptionally-brilliant students is the hallmark of Zenith bank’s contribution to youth empowerment/ education. The bank spent N398.7m in 2005 for the total reconstruction and beautification of a 2.6 kilometer road at Ajose Adeogun, Victoria Island, Lagos (Vanguard, 2006)

2. First Bank PLC

The first bank as a foremost bank in the country focuses on four Key Areas of CSR initiatives. It focuses on Driving Sustainable Finance & Investments; People empowerment; Community support; and Environmental sustainability (First bank, 2018). The CSR of First Bank in the area of responsible lending is known as the Environmental, Social and Governance Management System (ESGMS). It created FirstGem to offer women the opportunity to build personal wealth, and initiated FutureFirst Financial Literacy Programme, which focuses on empowering secondary school students between the ages of 13 and 17years, as the banks collective efforts to drive sustainable finance. Significant among its youth empowerment drive is the bank's Employee Volunteering Scheme, which provides an opportunity for employees to volunteer their time and skills in empowering communities where they live and work. First bank's community support also manifest through education, health and welfare and economic empowerment. Also, the First Bank Conservation Initiative employs the tree planting and students' conservation clubs as vehicles to drive environmental protection and conservation (First Bank, 2018).

3. Guaranty Trust Bank (GTB)

GTB is committed to community development, education, international affiliations and art as its CSR focus. Through its Staff Charity Initiative, different bank branches directly impact their host communities through specific projects. The bank's Orange Ribbon Initiative supports people with autism in Nigeria. The bank is the sponsor of the Principal's Cup and the Master's Cup organized as annual inter-secondary school competition in the country. The bank became a signatory to the United Nations Environmental Programme Finance Initiative on Sustainable Development (UNEPFI) in 2012. Art635 was launched in 2016 as an online art gallery for artists to display and sell their arts (Gtbank, 2018).

4. United Bank for Africa (UBA)

The UBA Foundation is the CSR arm of the UBA group. It focuses on development in the areas of Education, Economic Empowerment, Environment and Special Projects (E.E.E.S.). The Education First Program Area is the umbrella arm of UBA Foundation that guarantees the facilitation of educational projects and bridging the literacy gap on a pan-African scale. UBA Foundation supports through SMEs, training workshops put together by organizations that have good economic empowerment programmes and lend financial support. Activities under special projects include the "Read Africa Project", which executed group-wide alongside the prostate cancer awareness campaign; and the Soup Kitchen, which is the UBA Employee Volunteer Scheme that assists the under-served in the community (UBA, 2018).

5. Diamond Bank

Diamond bank lays emphasis on Capacity development, Youth development, women's Wealth and wellbeing (WWW) and sponsorships in its CSR drive. The Building Entrepreneurs Today (BET) is a well-celebrated initiative targeted at empowering micro entrepreneurs every year. Every six months, 5 candidates are given seed capital of N3million each to expand their businesses. Diamond Bank has taken it as a responsibility to provide free ICT training for many undergraduates of tertiary institutions in selected states across the country. The bank supports female farmers by providing free technical training and financial grants to rural women involved in Agriculture (Diamond bank, 2018).

6. Access Bank

Access community investment programme is categorized into Employee Volunteering Scheme (EVS) and Community support. Access Bank empowers its employees by creating an enabling environment in which they are able to contribute positively to the corporate culture of the bank. Thousands of Access Bank employees volunteer in various divisions and units to better the lives of the people in their host communities across Nigeria. In terms of Community Support, the Access banks "W" initiative is designed to accelerate the number of female entrepreneurs in Nigeria. Access bank hosts the Lagos City Marathon in collaboration with the Lagos State Government (Access Bank, 2018).

In addition, Access Bank, in partnership with twenty-seven leading banks across the world, developed new principles for responsible banking. The initiative was launched on the 26th of November, 2018 at a joint event in Paris – the UN Environment Finance Initiative's (UNEPFI) biennial Global Roundtable and the 4th Climate Finance Day – under the patronage of Emmanuel Macron, the French President (Vanguard, 2018). In the event, the Group Managing Director of Access bank, Herbert Wigwe, explained that its membership of the UNEFPI makes the bank channel its social responsibility to achieving sustainability (Vanguard, 2018).

It is evident that Nigerian banks approach the issue of CSR from different perspectives. Nevertheless, they all have a general aim of arriving at the same conclusion which is the implementation of CSR as a basis for corporate sustainability and economic development. Ajide and Aderemi (2014) recommended that Nigerian banks should persistently give back to the society in which they operate through infrastructural development, and clean up all forms of pollution they have caused in their course of operation.

In order to incorporate and reward the efforts of commercial banks in Nigerian Sustainable Banking Principle (NSBP), the Central Bank of Nigeria (CBN) initiated Sustainability Awards in 2012. The aim is to appreciate the efforts of financial service providers who have been able to successfully integrate social and environmental considerations into their operations, spanning across their processes and strategies. Access Bank Plc. emerged the biggest winner with four awards in the 2018 edition of the award. Also, Access bank emerged as winner of the 2018 Euromoney Awards for “Africa’s Best Bank for CSR”. The year 2018 has undoubtedly been a CSR rewarding year for the bank. 2017 could be considered the year of Guaranty Trust Bank as it won the EMEA Finance award as the “Best Bank for CSR in Africa.”

3.6 Assessing CSR through Financial Performance

According to Riley (2017), assessing a firm’s performance through financial statements aim at achieving the following objectives:

1. Comparing performance over time

Time series financial data are available over a given period of years to compare a firm’s financial performance over a given period of time. This has made it possible to ascertain and analyze a trend in the financial statements of companies. This explains why many public companies in Nigeria show in their annual reports publications that tend to compare a given year’s financial summary with that of the previous two to five years down the line. Of course, investors and other users of accounting information would be happier for this.

2. Comparing performance against competitors

Competition occurs when two or more businesses try to sell the same type of goods or services to the same customer. Simply put, competition occurs among firms that are in the same industry. To a large extent, a firm would be interested in knowing how it is faring relative to its competitors in the industry. Assessing relative performance against competitors is a good tool of addressing the challenges of innovation and invention, in a bid to remain relevant in the industry.

3. Comparing performance against best-performing firms in a country.

Comparing a firm’s performance in terms of financial statements against those of other high-flying firms, which may not be direct competitors, can be of great significance. Many a times, this helps set a standard that the firm in question aims at achieving. Every firm loves to be tagged, “The best”, especially in terms of financial strengths. Setting a target to gain financial uplifting would be possible when the financial statement of a firm is regularly compared to those of the best performing firms in the country.

The financial performance of companies is of vital importance for investors, other stakeholders and economy at large. For investors, the return on their investments is highly of utmost importance to them, and a well performing business can bring high and long-term returns for their investors. Also, the financial profitability of a firm has the tendency to boost the income of its employees, bring better quality products for its customers, and have better environment friendly production units. Consequently, more profits will mean more future investments, which will generate employment opportunities and enhance the income of people. Many studies have been conducted to determine various financial and non-financial factors that can boost or have an adverse effect on the performance of firm (Mirza, and Javed, 2013). CSR is definitely one of the non-financial factors that enhanced the financial performance of companies. CSR initiatives create competitive advantage when well implemented. And, the visible evidence of competitive advantage is improved financial performance.

One major weakness or disadvantage of using published financial information to assess a firm's performance in terms of CSR and other variables is that financial statements are largely concerned about records of what occurred in the past, rather than explaining why such happened (Riley, 2017). The Companies and Allied Matters Act enforces public limited liability companies (PLC) to publish their annual reports and provide much more detailed commentary on the financial statements in the annual Reports. The question still remains that, how many companies are PLCs in Nigeria? For the banking sector in Nigeria, all the commercial banks are publicly quoted. As such, evaluating the performance of commercial banks in Nigeria with regards to their published financial reports constitute little or no difficulty for researchers.

3.7 Historical and Current Information about the Sampled Banks

1. Zenith bank PLC

Zenith bank was established in May 1990 by Jim Ovia with its headquarters in Victoria Island, Lagos. The bank commenced operated in July, 1990. On the 17th of June, 2004, the bank became a Public company (Plc), and following a successful initial public offering of shares to the public, Zenith bank was listed on the Nigerian Stock Exchange (NSE) on the 21st of October, 2004. The CEO is Adaora Umeoji.

The Zenith Bank Plc obtained a license from the Financial Services Authority (FSA) of the United Kingdom in March, 2007. This license enabled the establishment of Zenith Bank

(UK) Limited. The bank now has branches in Nigeria, Ghana, Gambia, Sierra Leone, South Africa, and the United Kingdom. In terms of ranking, Zenith Bank Plc is currently the 6th biggest bank in Africa (Zenith Bank, 2019). The core businesses of the bank include: corporate and investment banking, commercial and consumer banking, personal and private banking, trade services and foreign exchange, treasury and cash management services, and other non-bank financial services mainly through subsidiaries.

Several banking awards have also been bagged by the bank between 2010 and today. Zenith bank was rated by KPMG as the Best Customer-Focused Bank in Nigeria. Also in 2012, Zenith Bank was recognized as one of the 30 Outstanding Global Brands making sustainable impact on their operating environment. The Banker Magazine rated Zenith bank as the biggest bank in Nigeria by tier-1 capital in its survey of 2013. Tier 1 banks are banks that possess the biggest capitalization. They have very strong financial capabilities to endure all kinds of unforeseen contingencies. The bank also maintained this position in 2018 by being the first Nigerian bank to be placed on the list in 2018, ranking at number 402 in top 1000 banks in the world. The bank moved up from the 430th position it occupied in 2017 (Benson, 2018). The Brand Finance released its ranking of the top 500 banks in the world for 2019. **Four Nigerian banks make the list, among which Zenith bank ranks first in Nigeria and 307th in the world (Ojekunle, 2019).**

Table 3.6.1: Key Market Statistics

P/E Ratio	3.57	1 Year Return	12.75%
Bloomberg (BEst) P/E Ratio	3.2403	30 Day Avg Volume	28,004,660
Bloomberg (BEst) PEG Ratio	--	EPS	5.85
Shares Outstanding	31.4B	Bloomberg (BEst) EPS	6.4500

		Current Yr	
Price to Book Ratio	0.8059	Dividend	13.40%
Price to Sales Ratio	1.0605	Last Dividend	2.5

(Bloomberg, 2019)

Price to Earnings Ratio (P/E Ratio); Price/ Earnings to Growth Ratio (PEG Ratio); and Earnings Per Share (EPS).

2. First Bank PLC

First bank was established in 1894 as Bank of British West Africa (BBWA) by Sir Alfred Jones, a shipping magnate from Liverpool. The BBWA changed its name to Bank of West Africa (BWA). Following the bank's merger with Standard Bank, UK, in 1966, the name was changed again to Standard Bank of West Africa Limited. It was then incorporated locally in 1969 to be called, the Standard Bank of Nigeria Limited. It later got this current name of First Bank Limited in 1979 and attained the status of Plc in 1991. First Bank Plc has subsidiaries across Africa, Abu Dhabi, Beijing, Johannesburg, Paris and London. The bank acquired Banque International de Credit (BIC), one of the leading banks in the Democratic Republic of Congo in October 2011, as its subsidiary. First Bank acquired ICB in The Gambia, Sierra-Leone, Ghana and Guinea in 2013, while, it acquired ICB in Senegal in 2014. Since 2012, it has been operating under FBN Holdings PLC.

First bank has won so many awards among which include "The Best Bank Brand in Nigeria" for five consecutive years between 2011 and 2015 by The Banker magazine of the Financial Times Group. Dr. Adesola Adeduntan is the Chief Executive Officer of First bank and its head office is in Marina, Lagos.

For over one hundred and twenty years, the First Bank has continued to lead the pace in innovative banking in both domestic and international financial sector. This is evident in the banks various transformations over the many years of its existence. The bank has continued to boost its customer base cutting across all segments of the society in terms of sectors. It also boasts of having a huge asset base, expansive branch network, and maintaining market leadership. The First Bank Group attained the status of a holding company structure in 2012. The bank became FBN Holdings Plc and this helps to retain the diversity of the businesses of the bank. This ensures that financial services are provided in full range beyond commercial banking. In the financial statements of FBN Holdings, columns exist for the bank and being separated from the group. The commercial banking being handled by First Bank has 12 operations which span across retail and corporate financial services such as pension fund management, mortgages, and other retail and corporate financial services.

The activities and continuous impact of First Bank in the economy has warranted numerous awards and recognitions from the domestic and international community over the years. First Bank was listed on the Nigerian Stock Exchange (NSE) in March 1971.It then won the NSE's Annual President's Merit Award for the best financial report in the banking industry for thirteen consecutive times. This was affirmed by one of Africa's most respected multimedia investment news and information publishers, Africa Investor. It awarded the Bank in 2011 as the "Best Financial Reporting Company". Other awards that the bank have in its kitty include the "Most Innovative Bank in Africa" by African Banker Awards, the winner of the "Best Bank in Nigeria" for twelve consecutive years, the "Best Trade Finance Bank in Nigeria", and the "Best Foreign Exchange Bank in Nigeria" for seven (7) consecutive years – all awarded by the Global Finance magazine, which is based in the United States. Also, the Bank has been the consecutive winner of the "Best Bank in Nigeria" awarded by the EMEA Finance magazine for four (4) consecutive years among others.

Table 3.6.2: Key Market Statistics

P/E Ratio	4.52	1 Year Return	38.16%
Bloomberg (BEst) P/E Ratio	3.3200	30 Day Avg Volume	23,217,600
Bloomberg (BEst) PEG Ratio	--	EPS	1.65
Shares Outstanding	35.9B	Bloomberg (BEst) EPS Current Yr	2.2440
Price to Book Ratio	0.5160	Dividend	3.49%
Price to Sales Ratio	0.4621	Last Dividend	0.26

(Bloomberg, 2019)

3. Guaranty Trust Bank PLC

GTB was founded on the 17th of January 1990 by some young Nigerians led by Tayo Aderinokun of late memory and was licensed to provide commercial and other banking services in Nigeria. It commenced operations in February, 1991. GTB became a publicly quoted company in September 1996 and was granted a universal banking license in February, 2002. The bank was granted universal banking license by the Central Bank of Nigeria (CBN) in 2003. Consequent upon this, GTB was the first bank in Africa to be listed on London Stock Exchange and Deutsche Borse.

GTB is one of the banks that survived the recapitalization exercise of the Nigerian banking industry in 2005. The post-consolidation era made the bank focus more on retail banking and the bank was very aggressive in its expansion motive by creating many branches and embracing customer-centric innovations. The bank made history in 2007 by being the first financial institution in Nigeria to issue US $350 million Eurobond. It was also the first African financial institution to issue non-sovereign benchmark bond of US&500 million to the international community. This strengthened the confidence of the international community in the bank (GTB, 2019).

GTB now has banking subsidiaries in the U.K., Ghana, Liberia, Tanzania, Sierra Leone, Gambia, Cote D'Ivoire, Uganda, Rwanda, and Kenya. EMEA Finance awarded GTB the Best Bank for CSR in Africa 2017 (The Eagle Online, 2017). Mr. Segun Agbaje is the Managing Director of the bank. 2018 has been a very successful year for GTB as it garnered numerous awards and recognitions for its excellence, more than any other bank in the industry. These include: "The Digital Wallet of the Year" sponsored by the Asian Banker Excellence In Retail Financial Services Awards; "The Best Mobile Payments Service" sponsored by the Asian Banker Excellence In Retail Financial Services Awards; "Segun Agbaje - Managing Director of the Year" sponsored by Corporate USA Today; "Best Customer Experience" sponsored by the CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards; "Best Banking Group – Nigeria and Best Retail Bank" sponsored by World Finance Award; and "Most Innovative Bank" sponsored by African Investor Awards (GTB, 2019).

Table 3.6.3: Key Market Statistics

P/E Ratio	5.44	1 Year Return	12.78%

Bloomberg (BEst) P/E Ratio	5.5168	30 Day Avg Volume	19,410,880
Bloomberg (BEst) PEG Ratio	--	EPS	6.54
Shares Outstanding	29.43B	Bloomberg (BEst) EPS Current Yr	6.4530
Price to Book Ratio	1.8606	Dividend	7.74%
Price to Sales Ratio	2.3056	Last Dividend Reported	2.45

(Bloomberg, 2019)

4. Access Bank PLC

Access bank was licensed to operate as a commercial bank the 19th of December, 1988. The bank was incorporated as a privately owned commercial bank on the 28th February, 1989 and it commenced operation on the 11th of May, 1989. Access Bank joined the league of Public Limited Liability Company (PLC) on March 24, 1998, and having successfully issued its initial public offering, the bank was listed on the Nigerian Stock Exchange on November 18, 1998. It is one of the leading commercial banks in Nigeria with its head office in Victoria Island, Lagos. The CEO of the bank is Herbert Wigwe.

Access Bank was granted a Universal Banking license from the CBN on the 5th of February, 2001. It now has numerous branches in Nigeria, the Gambia, Congo, Rwanda, Sierra Leone, Zambia, and the United Kingdom. In January 2012, Access bank acquired Intercontinental Bank PLC giving room for expansion. The bank has for long time attained the status of one of the five largest banks in Nigeria. It poses strong assets, loans, deposits, and branch networks. It has a high reputation for strong compliance, risk management and trade finance. It collaborated with twenty-five international banks to develop the Principles for Sustainable Banking and align the banking sector with the implementation of the United Nations' Sustainable Development Goals.

The Access Bank Plc merged with Diamond Bank Plc on the 1st of April, 2019. This provides an opportunity for the bank to accelerate its five-year plan by adding Diamond Bank's 19 million customers to its own.

Table 3.6.4: Key Market Statistics

P/E Ratio	1.54	1 Year Return	42.21%
Bloomberg (BEst) P/E Ratio	2.3633	30 Day Avg Volume	27,496,470
Bloomberg (BEst) PEG Ratio	--	EPS	3.93
Shares Outstanding	35.55B	Bloomberg (BEst) EPS Current Yr	2.5600
Price to Book Ratio	0.3561	Dividend	8.26%
Price to Sales Ratio	0.3251	Last Dividend Reported	0.25

(Bloomberg, 2019)

5. United Bank for Africa PLC

UBA was founded in 1949 as a pan-African financial services group with its headquarters in Marina, Lagos, Nigeria. The bank was incorporated on the 23rd of February, 1961. It's shares were listed on the Nigerian Stock Exchange in 1970 having issued its initial public offer the same year. On the 1st of August 2005, the bank merged with Standard Trust Bank PLC (STB) to become financially stronger. It also acquired the Continental Trust Bank the same year. The UBA further acquired Trade Bank in 2006, City Express Bank, Metropolitan Bank, and African Express Bank in 2007.

UBA is the first Nigerian bank to institute a foundation which was called the UBA foundation. The foundation serves as the CSR arm of the bank. The Banker Magazine named UBA as the African Bank of the year 2017 (ThisDay Newspaper, 2017). UBA operates in 20 African countries and 3 global financial centers in New York, London, and Paris. The Chief Executive Officer of the bank is Kennedy Uzoka.

The UBA has won multiple awards over the years among which includes, the "Asian Banker Technology Innovation Awards" by the Asian Banker awards 2017 (Middle East & Africa edition), "Best Bank in Sub-Saharan Africa" by the Businessday Banking Awards in 2016, "The Best Bank in Support of Agriculture" by the Businessday Banking Awards, and the "Process Innovation Awards" by the Finacle Client Innovation Awards.The United Bank for

Africa (UBA) is ranked in the 856th position on the 2018 top global bank ranking (Benson, 2018). The bank is also ranked 399th in most valuable and strongest banking brands ranking of 2019 (Ojekunle, 2019).

Table 3.6.5: Key Market Statistics

P/E Ratio	2.95	1 Year Return	34.16%
Bloomberg (BEst) P/E Ratio	2.5876	30 Day Avg Volume	19781450
Bloomberg (BEst) PEG Ratio	--	EPS	2.20
Shares Outstanding	34.2B	Bloomberg (BEst) EPS Current Yr	2.5120
Price to Book Ratio	0.4598	Dividend	13.39%
Price to Sales Ratio	0.4499	Last Dividend Reported	0.65

(Bloomberg, 2019)

6. Diamond Bank PLC

Diamond bank was established on the 20th of December 1990 by Pascal Dozie. The bank was listed on 27th May, 2005 It has branches in Nigeria, Benin Republic, Senegal, Togo, Ivory Coast, and the United Kingdom. It has its headquarters situated at Victoria Island, Lagos and its Chief Executive Officer is Uzoma Dozie.

Diamond Bank Plc. engages in the universal banking activities up to November, 2018, when it decided to concentrate on the domestic front. The activities of the Diamond Bank include among others lending and equipment lease services, electronic and internet banking products, western union money transfers, and investment banking products and services, money markets products, as well as foreign exchange products (Bloomberg, 2019).

As at April 1, 2019, the brand name, “Diamond Bank” has gone into extinction with its merger with Access Bank Plc.

Table 3.6.6: Key Market Statistics

P/E Ratio	1 Year Return

Bloomberg (BEst) P/E Ratio	28.8095	30 Day Avg Volume	5,892,893
Bloomberg (BEst) PEG Ratio	--	EPS	0.70
Shares Outstanding	23.16B	Bloomberg (BEst) EPS Current Yr	0.0840
Price to Book Ratio	0.2529	Dividend	
Price to Sales Ratio	0.3423	Last Dividend Reported	

(Bloomberg, 2019)

Table 3.7: Performance of the Banks in NSE for 2018

	Bank	Share Price (N)	2018 Share price Gain/ Loss (%)	Market Capitalisation (N'Billion)
1	GTB	34.45	-15.46	1,001
2	Zenith Bank	23.05	-10.10	722.12
3	First Bank	7.80	-11.36	285.37
4	UBA	7.70	-25.73	263.38
5	Access Bank	6.80	-35.05	196.71
6	Diamond Bank	2.18	+45.33	50.49

(Sunday, 2019)

The biggest bank in Nigeria for 2018 by market capitalization is GTB, with a year-end figure of over N1 trillion at the Nigerian Stock Exchange (NSE). The least was Diamond Bank, which ironically was the highest gainer in share price (45.33%).

4. RESEARCH METHODOLOGY

This chapter puts into consideration all possible and available data as well as the method adopted for the gathering of information under this thesis.

4.1 Research Design

The research design employed in this study is a descriptive survey. This approach is suitable because the information required to solve the problems raised by the study do not permit the treatment of subjects. Therefore, experimental manipulation is not required to get the required information.

4.2 Population of the Study

There are currently twenty one (21) commercial banks in Nigeria, which constitute the population of the study. They include:

Table 4.1: List of Nigerian Banks

S/N	BANK
1	Access Bank Plc
2	Citibank Nigeria Limited
3	Diamond Bank Plc
4	Ecobank Nigeria Plc
5	Fidelity Bank Plc
6	First Bank Nigeria Plc
7	First City Monument Bank
8	Guaranty Trust Bank Plc
9	Heritage Banking Co. Ltd.
10	Key Stone Bank
11	Polaris Bank
12	Providus Bank
13	Stanbic IBTC Bank Ltd.
14	Standard Chartered Bank Nigeria Ltd.

Table 4.1(Continued): List of Nigerian Banks

15	Sterling Bank Plc
16	SunTrust Bank Nigeria Ltd
17	Union Bank of Nigeria Plc
18	United Bank For Africa Plc
19	Unity Bank Plc
20	Wema Bank Plc
21	Zenith Bank Plc

(CBN, 2018)

It is clear from table 4.1 that the commercial banking industry in Nigeria is not as large as those of many other developing countries.

4.3 Sample of the Study

A convenience sampling was adopted to select the six banks for the data period of ten years.. These banks are the only Nigerian banks that rank among the Banker Magazine of July, 2017 top one thousand (1000) banks in the world. They include Zenith bank PLC (10^{th} in Africa, 430^{th} in the world); First Bank PLC (12^{th} in Africa, 567^{th} in the world); Guaranty Trust Bank PLC (13^{th} in Africa, 588^{th} in the world); Access bank PLC (14^{th} in Africa, 628^{th} in the world); United Bank for Africa PLC (22^{nd} in Africa, 832^{nd} in the world); while Diamond Bank was ranked 24th in Africa and 881^{st} in the world. CSR being one of the yardsticks for ranking banks in the world; it is believed that generalizations made from these findings will be representative to a large extent.

4.4 Research Instrument

It is clear that the research focuses on the CSR expenditure of the sampled commercial banks. As such, the researcher considers panel data useful for this purpose. It involves the estimation of both time series and cross sectional data. Financial indicators in terms of Gross earnings and profitability vary annually with regards to expenditures on CSR. Hence, the Annual and CSR reports of the banks under study are the instruments of data gathering used by the researcher.

The major source of information for this study is basically a secondary data. This study aims at examining secondary data collected from websites, corporate social responsibility reports and annual reports of the banks under study. A ten years report are examined, reviewed and compared ranging from 2008 to 2017. The basic advantage of using secondary sources of data lies in the fact that information of this sort is collected periodically. This makes the establishment of trends and consistent patterns over time possible. Again, the gathering of information from such sources does not require the cooperation or assistance of the individual about whom information is being sought, which promotes the objectiveness of the researcher.

4.5 Procedure of Data Collection

The researcher visited the websites of the banks. He downloaded the annual reports of the banks from 2008 to 2017. The CSR expenditure of each bank was extracted from these annual reports as well as CSR reports. As such, panel data were gathered over a period of ten years for Zenith Bank, First Bank, Guaranty Trust Bank, Access Bank, United Bank for Africa, and Diamond Bank.

4.6 Method of Data Analysis

Regression and correlation analysis of the secondary data gathered are expected to show us the effect and relationship between financial indicators and the expenditure of the six banks under study on CSR over the period of ten years. This will help in making a worthy generalization on the level of commitment of top companies in Nigeria to CSR.

The hypotheses were tested at 0.05 level of significance using the mixed model regression, t-test and correlation coefficient statistical tools. The E-Views9, Stata10 and the statistical package for social science (SPSS) are very helpful with this task.

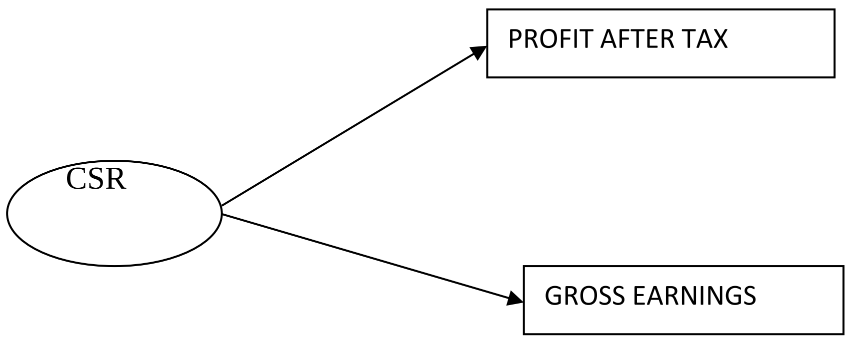

Figure 4.1: Conceptual Research Framework (Author, 2019)

The CSR is the dependent variable, while profit after tax (PAT) and gross earnings (GE) are the independent variables as evident in figure 4.1.

The nature of data gathered for this research purpose is panel data. By definition, panel data comprises of a group of cross-sectional units which are observed over time. It is a fusion of cross sectional and time series data. By implication, unit and time dimensions are considered with the aid of panel data. Panel data is being called several names among which include pooled data (that is, pooling of cross section and times observations), longitudinal data (which is the study of a group of variables over time), event history analysis (that is, the movement over time of subjects through successive states or conditions), cohort analysis (studying a particular division over time) and the likes.

In terms of analysis, panel data could be analyzed using either the pooled Ordinary Least Square (OLS) regression model, the fixed effect regression model or the random effect regression model. The model for the panel data of this research work is given by;

$$CSR_{it}= \beta_0+ \beta_1 PAT_{it} + \beta_2 GE_{it} + u_{it}$$

Where PAT stands for the Profit After Tax, and GE represents the gross earnings of the six commercial banks for the time periods of ten years (2008 - 2010). The β is the coefficient of the constants and the dependent variables, while the U indicates the Error.

Analyzing data through the pooled OLS regression involves pooling all observations and estimate to determine the linear regression. This approach ignores the conditions and nature of the cross-section and time series pattern of the data. As such, the error term is used to capture the fixed and random effects of the regression model.

The fixed effect model (FEM) assumes that each sampling unit is unique in term of variation of the subject matter in time and should not be correlated with other individual characteristics. Since, each sampling unit is different, the constant, which is an indicator of individual unit’s characteristics, should not be correlated with the constants of other sampling units. Correlating the error terms of the various sampling units will make the fixed effect model unsuitable for regression analysis (Nwakuya and Ijomah, 2017). The fixed effect model is believed to be suitable for panel data with small cross sectional units (N) relative to the time variant (T).

The basis for random effect model (REM) is the idea that individual-specific effect or variation across the sampling units is assumed to be a random variable that is uncorrelated (not related) with the independent variables (Nwakuya and Ijomah, 2017). Random effects have the advantage of including time invariant variables like bank, unlike in fixed effect, where the intercept absorbs all the time invariant variables. Through random effects model, the standard error of each sampling unit is not correlated with the independent variables. Thus, this effect allows for time invariant variables to play a role as explanatory variables.

The random effects model is believed to be suitable for panel data with large cross sectional units (N) relative to the time variant (T).

4.7 Validity

The data was gathered and presented to specialists in the field including the project supervisor for verification. It was cleared valid for the study.

4.8 Data Analysis

Regression and correlation analysis serve the basis for testing the stated hypotheses. For the sake of clarity, this aspect of the research is divided into Descriptive statistics, analysis based on the research questions, the correlation coefficients, and the panel data model analysis.

4.8.1 Descriptive Statistics and Graphs

Graphical illustrations and descriptive statistics are necessary to illustrate the subject matters, which are, CSR expenditure, profit after tax and gross earnings.

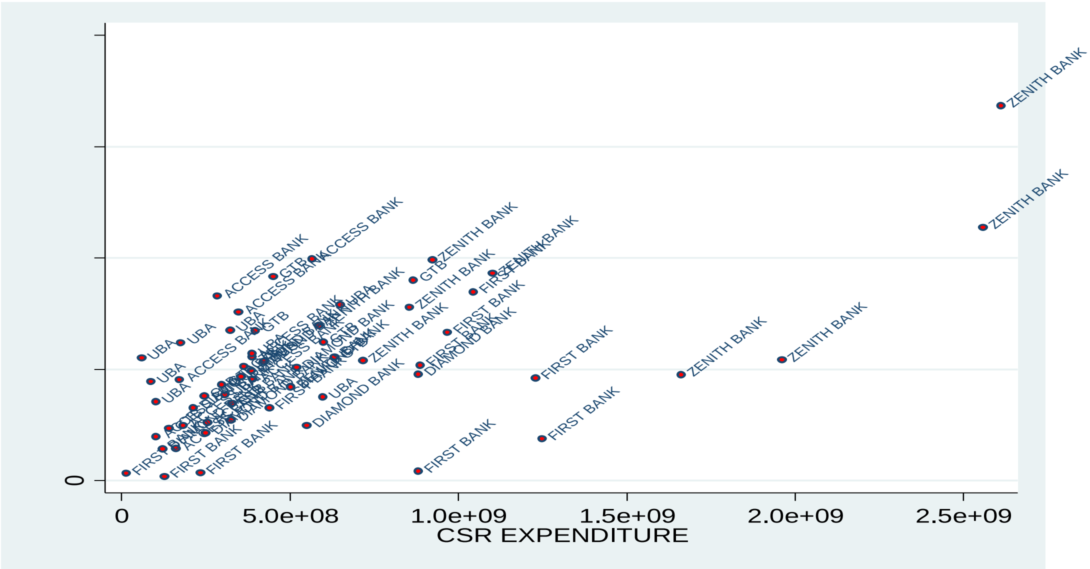

Figure 4.2: Scatter chart of the relationships between CSR and gross earnings (Author, 2019)

In terms of the relationship between CSR and gross earnings, Zenith bank is far doing better than the five other banks. Access bank is also doing well in terms of the contributions of its gross earnings to CSR. However, First bank is tailing in this regard, as the bank spends the least of its gross earnings to CSR.

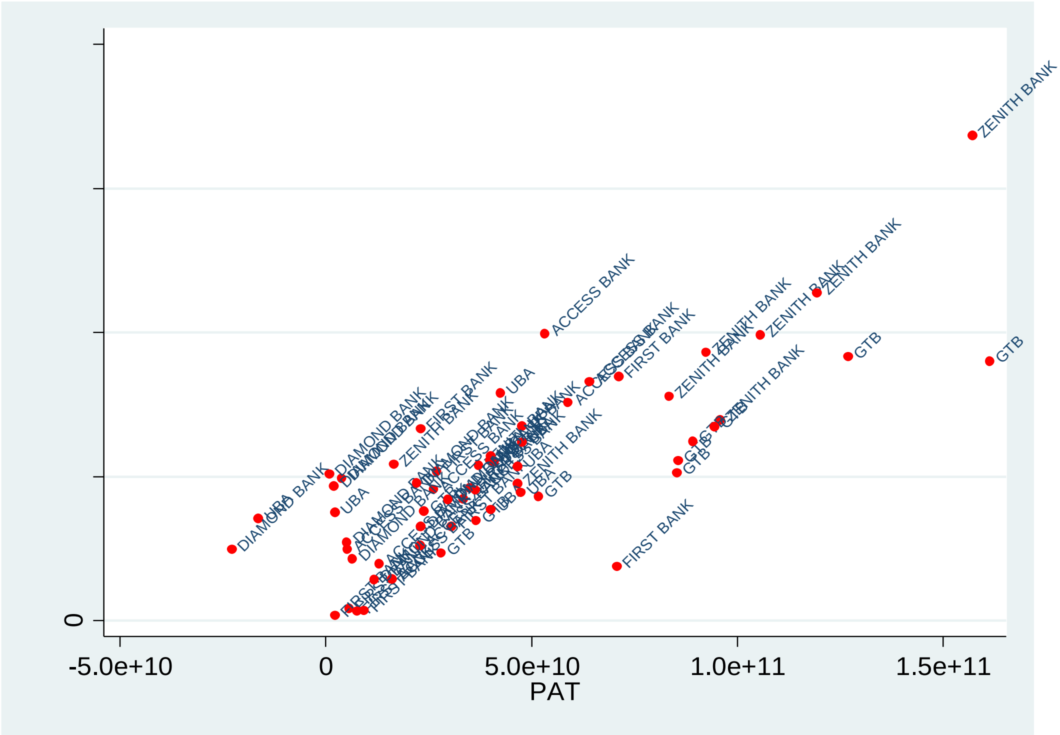

Figure 4.3: Scatter chart of the relationships between CSR and Profit After Tax (Author, 2019)

Zenith bank superlatively has the highest CSR expenditure to profit after tax ratings among the banks. This is evident in figure 4.3 with the bank placing the highest at the tail end of the figure. First bank and the UBA didn't perform well in this regard by being at the bottom of the figure.

Table 4.2.1: Descriptive Statistics of the Variables

	_CSR_ON_GE	_CSR_ON_PROFIT	CSR_EXPENDITURE	GROSS_EARNINGS	PAT
Mean	0.417991	3.656690	5.82E+08	2.04E+11	4.35E+10
Median	0.234902	1.029186	3.95E+08	1.91E+11	3.64E+10
Maximum	5.197713	59.69192	2.61E+09	6.74E+11	1.61E+11

Table 4.2.1 (Continued): Descriptive Statistics of the Variables

Minimum	0.027233	-2.405081	14500000	6.79E+09	-2.29E+10
Std. Dev.	0.728111	8.791361	5.40E+08	1.20E+11	3.96E+10
Skewness	5.132272	4.878966	2.101457	1.060515	1.045086
Kurtosis	32.62052	29.61277	7.795786	5.466992	3.882382
Jarque-Bera	2456.841	2008.642	101.6601	26.46204	12.86854
Probability	0.000000	0.000000	0.000000	0.000002	0.001606
Sum	25.07946	219.4014	3.49E+10	1.23E+13	2.61E+12
Sum Sq. Dev.	31.27863	4559.994	1.72E+19	8.52E+23	9.24E+22
Observation	60	60	60	60	60

(Author's computation, 2019)

Table 4.2.1 shows that the mean of CSR expenditure on gross earnings (0.417991) is lower than the mean of CSR expenditure on profit (3.656690). The maximum expenditure incurred on CSR for the period of ten years is over ₦2.61billion while the least (minimum) is ₦14.5million. Also, the Kurtosis of the three variables, that is, CSR expenditure, gross earnings, and profit after tax, are greater than 3 (7.80, 5.47, and 3.88 respectively). This implies that there is a probability of an existence of extremely large or extremely small figure in the data gathered.

Table 4.2.2: Descriptive Statistics of CSR_ON_GE for Banks

BANK	Mean	Median	Max	Min.	Std. Dev.	Obs.
ACCESS	0.167023	0.158934	0.279133	0.086205	0.064529	10
DIAMOND	0.292850	0.272946	0.560292	0.163420	0.126807	10

Table 4.2.2 (Continued): Descriptive Statistics of CSR_ON_GE for Banks

FIRST BANK	1.266025	0.547026	5.197713	0.114039	1.533582	10
GTB	0.193827	0.175437	0.285195	0.122874	0.053077	10
UBA	0.150954	0.144421	0.399198	0.027233	0.109795	10
ZENITH	0.437266	0.314527	0.905136	0.210363	0.257843	10
All	0.417991	0.234902	5.197713	0.027233	0.728111	60

(Author's computation, 2019)

Table 4.2.2 indicates the descriptive statistics of CSR expenditure on gross earnings for the banks under study for the period of ten years. First Bank has the highest mean of 1.266025, with the UBA having the least. The maximum ratio of CSR to gross earnings is 5.20, which happens to be credited to First Bank. Zenith bank is not doing badly as well in terms of its maximum ratio of gross earnings contributed to CSR with 0.91. However, the UBA's ratio of CSR on gross earnings is the least with 0.027.

Table 4.2.3: Descriptive Statistics of CSR_ON_PROFIT for Banks

BANK	Mean	Median	Max	Min.	Std. Dev.	Obs.
ACCESS	1.144649	0.987664	3.485896	0.445660	0.883183	10
DIAMOND	10.30750	3.909464	59.69192	-2.405081	18.27371	10
FIRST BANK	3.975654	2.909966	15.51997	0.193153	4.365079	10
GTB	0.615800	0.556786	1.032166	0.354484	0.219681	10
UBA	3.257060	0.722101	27.64190	-0.623481	8.587596	10
ZENITH	2.639474	1.585224	11.87663	0.612716	3.351734	10

All	3.656690	1.029186	59.69192	-2.405081	8.791361	60

(Author's Computation, 2019)

Diamond Bank clearly has the highest average in terms CSR expenditure to profitability ratio with 10.31, as indicated in table 4.2.3. The margin is so wide compared to the next in magnitude, which is First Bank (3.98). The average contribution of GTB to CSR expenditure from its profit is very small compared to others (0.62). Also, the table shows that Diamond Bank contributes the highest proportion of its profit to CSR (59.69).

Table 4.2.4: Descriptive Statistics of CSR expenditure

BANK	Mean	Median	Max	Min.	Std. Dev.	Obs.
ACCESS BANK	2.85E+08	2.70E+08	5.67E+08	1.04E+08	1.40E+08	10
DIAMOND BANK	4.10E+08	3.70E+08	8.82E+08	1.21E+08	2.16E+08	10
FIRST BANK	7.08E+08	8.85E+08	1.25E+09	14500000	4.62E+08	10
GTB	4.32E+08	3.81E+08	8.67E+08	1.40E+08	2.14E+08	10
UBA	3.11E+08	3.14E+08	6.50E+08	59870000	2.08E+08	10
ZENITH BANK	1.35E+09	1.01E+09	2.61E+09	5.03E+08	7.96E+08	10
All	5.82E+08	3.95E+08	2.61E+09	14500000	5.40E+08	60

(Author's computation, 2019)

On the average as expressed by mean, First Bank contributes the most to CSR over the ten years (₦708 million), while Zenith bank has the least average contribution (₦135 million). In terms of annual contribution to CSR, Diamond Bank has the maximum in a given year with ₦882million, while First Bank has the least CSR expenditure of ₦14.5million.

Table 4.2.5: Descriptive Statistics of Gross Earnings

BANK	Mean	Median	Max	Min.	Std. Dev.	Obs.
ACCESS BANK	1.96E+11	1.81E+11	3.98E+11	5.76E+10	1.16E+11	10
DIAMOND	1.43E+11	1.50E+11	2.03E+11	5.66E+10	5.32E+10	10
FIRST BANK	1.25E+11	1.03E+11	3.39E+11	6.79E+09	1.20E+11	10
GTB	2.23E+11	2.13E+11	3.66E+11	9.30E+10	9.07E+10	10
UBA	2.12E+11	2.17E+11	3.16E+11	1.42E+11	5.69E+10	10
ZENITH	3.28E+11	2.95E+11	6.74E+11	1.69E+11	1.54E+11	10
All	2.04E+11	1.91E+11	6.74E+11	6.79E+09	1.20E+11	60

(Author’s computation, 2019)

Table 4.2.5 summarizes the basic statistics as regards the data gathered on the gross earnings of the banks over the period. Zenith Bank has the highest average turnover for the ten-year period (₦328billion). First Bank on the other hand has the least average gross earnings for the period with ₦125billion. Out of the 60 observations, First Bank concurrently has the maximum gross earnings of ₦674 billion and minimum gross earnings of ₦6.79billion.

4.8.2 Research Questions Analysis and Presentation

For the sake of clarity, the following data were analyzed and presented in line with the Research questions stated by the researcher.

Research Question 1: What is the total CSR expenditure of the top commercial banks in Nigeria?

$$\%\text{CSR Expenditure} = \frac{\text{Annual CSR expenditure}}{\text{Total CSR expenditure}} \times 100\%$$

Table 4.3.1: The Aggregate CSR Expenditures of the banks

BANKS	CSR EXPENDITURE (2008 – 2017)	% CSR
ZENITH	13,476,963,179	38.6
FIRST BANK	7,076,080,185	20.2
GTB	4,323,013,298	12.4
ACCESS	2,854,923,093	8.2
UBA	3,113,174,558	8.9
DIAMOND	4,104,551,000	11.7
TOTAL	34,948,705,313	100

(Author's computation, 2019)

The relative contribution of the banks' expenditure to CSR is indicated by table 4.3.1. Zenith bank takes the lead with 38.6% contribution relative to others. Access Bank contributes the least to CSR wealth within the period of 2008 to 2017 with 8.2%.

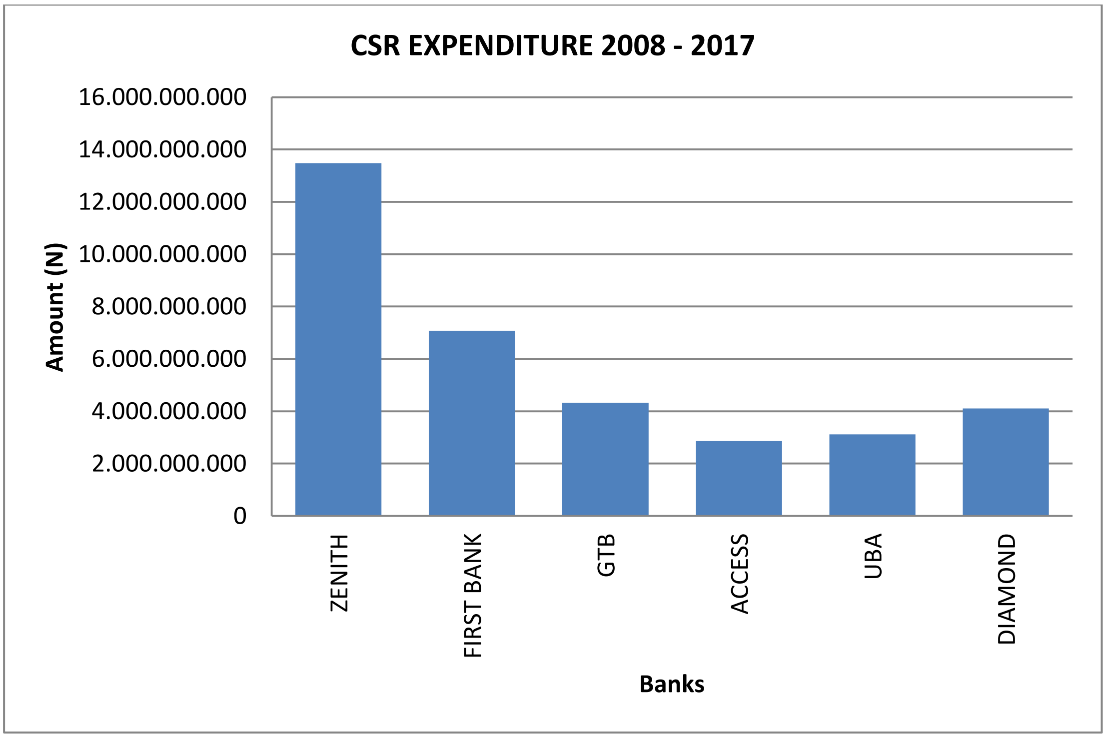

Figure 4.4: Bar chart for CSR expenditure 2008 – 2017 (Author, 2019).

Figure 4.4 clearly distinguished Zenith bank from other banks as the bank with the largest contributions to CSR. First bank (FBN) ranks second, followed by GTB and Diamond bank.

The gap between Access bank and the UBA is very negligible as their contributions to CSR are least enormous.

Research Question 2: What is the variation in the annual expenditure of the top commercial banks in Nigeria on CSR activities?

$$\text{CSR Percentage} = \frac{\text{CSR Expenditure}}{\text{Total CSR Expenditure}} \times 100\%$$

Table 4.3.2: Zenith Bank's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	1,661,963,179	12.3
2009	1,960,000,000	14.5
2010	503,000,000	3.7
2011	716,000,000	5.3
2012	587,000,000	4.4
2013	856,000,000	6.4
2014	1,102,000,000	8.2
2015	923,000,000	6.8
2016	2,557,000,000	19.0
2017	2,611,000,000	19.4
TOTAL	13,476,963,179	100.0

(Author's computation, 2019)

According to table 4.3.2, 2017 marked the peak of CSR spending by Zenith bank with a relative 19.4% despite the economic recession faced by the country in that period. 2016 also witnessed a high spending on CSR initiatives (19.0%) by the bank. On the downward side were 2010, 2012 and 2013, which recorded the least spending on CSR with 3.7%, 4.4% and 5.3% respectively.

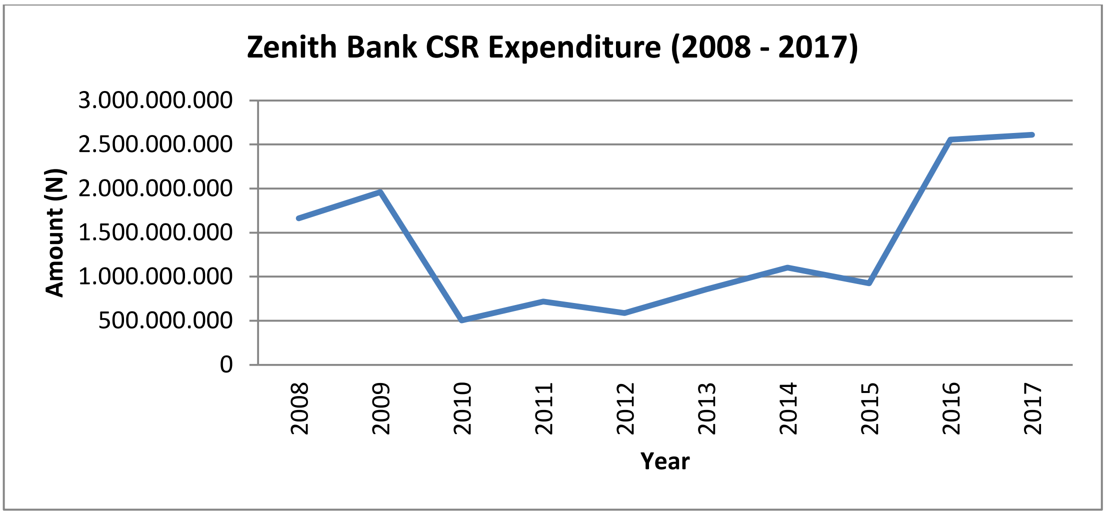

Figure 4.5.1: Line graph for Zenith bank's CSR 2008 – 2017 (Author, 2019).

The trend of CSR expenditure of Zenith bank indicated by figure 4.5.1 shows no defined consistency. It fell sharply between 2009 and 2010. However, the expenditure rose sharply between 2015 and 2016 and the rise were maintained in 2017.

Table 4.3.3: First Bank's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	438,729,000	6.2
2009	1,229,513,990	17.4
2010	887,743,640	12.5
2011	968,600,000	13.7
2012	1,044,782,368	14.8
2013	1,248,783,962	17.6
2014	882,000,000	12.5
2015	127,309,400	1.8
2016	14,500,000	0.2
2017	234,117,825	3.3
TOTAL	7,076,080,185	100.0

(Author's computation, 2019)

First Bank spent high on CSR in 2013 and 2009, as indicated by table 4.3.3, with 17.6% and 17.4% respectively. The bank maintained relatively 2-digits relative percentage in its CSR expenditure for the periods 2010, 2011, 2012, and 2014 with 12.5%, 13.7%, 14.8% and 12.5% respectively. However, it is evident from the table that 2016 was a year when the bank spent the least on CSR (0.2%).

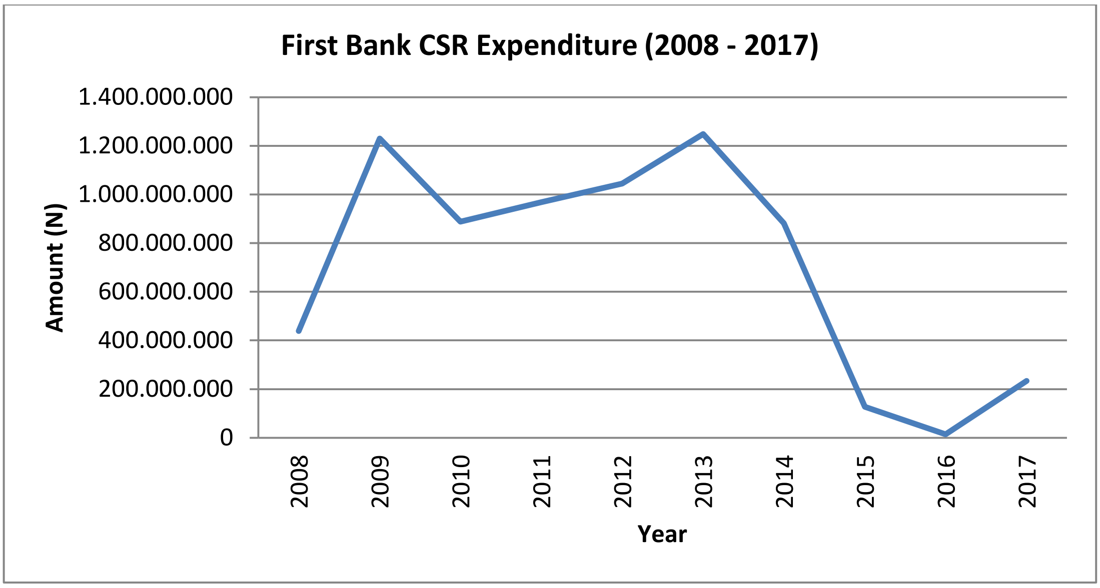

Figure 4.5.2: Line graph for First bank's CSR expenditure 2008 – 2017 (Author, 2019)

Figure 4.5.2 exhibits the fluctuations in the CSR spending of First bank for a period of ten years (2008 - 2017). There was a sharp rise in the expenditure in 2009. It then oscillates within a similar margin until the sudden fall in 2015. The expenditure was almost invisible with its rate of fall in 2016. However, it has started picking up in 2017.

Table 4.3.4: GTB's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	139,737,101	3.2
2009	246,150,889	5.7
2010	328,031,293	7.6
2011	297,493,137	6.9
2012	364,750,865	8.4
2013	631,991,911	14.6
2014	599,916,416	13.9
2015	398,211,628	9.2
2016	449,616,533	10.4
2017	867,113,525	20.1
TOTAL	4,323,013,298	100.0

(Author's computation, 2019)

The most recent 2017 constitutes the year with GTB's highest expenditure on CSR over the course of ten years. Table 4.3.4 indicates that the bank's expenditure on CSR is relatively 20.1% of the total expended during the period. The bank also spent more in 2013 (14.6%) and 2014 (13.9%). Meanwhile, 2008 witnessed the least spent on CSR by the bank with 3.2% relative share of the ten years expenditure.

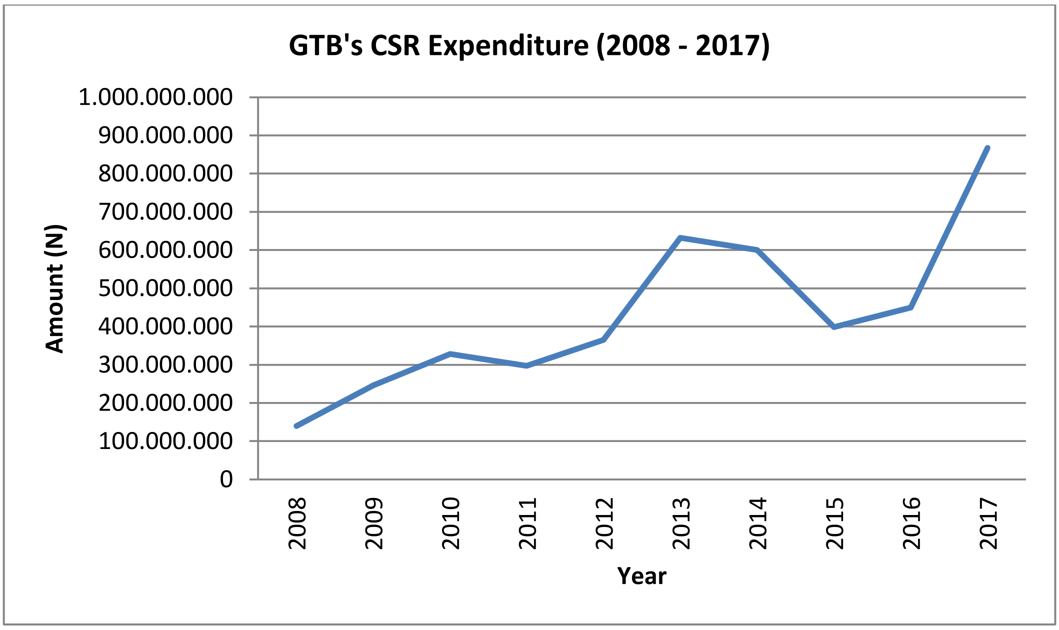

Figure 4.5.3: Line graph for GTB's CSR expenditure 2008 – 2017 (Author, 2019).

The trend of GTB's spending on CSR was progressive from 2008 to 2010, as indicated by Figure 4.5.3. Despite, an insignificant slide in 2011, an upward growth in the expenditure manifested in 2012 and 2013. Two years decline (2014 - 2015) was cut short with another progression in 2016 and 2017.

Table 4.3.5: Access Bank's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	160,856,000	5.6
2009	255,210,000	8.9
2010	103,831,000	3.6

Table 4.3.5 (Continued): Access Bank's CSR Expenditure (2008 - 2017)

2011	182,970,000	6.4
2012	173,229,020	6.1
2013	391,000,000	13.7
2014	388,832,257	13.6
2015	346,628,505	12.1
2016	285,339,153	10.0
2017	567,027,158	19.9
TOTAL	2,854,923,093	100.0

(Author's computation, 2019)

Just like Zenith bank and GTB, table 4.3.5 shows that Access bank also recorded a peak in its CSR spending in 2017 with 19.9%. With single digit relative percentages between 2008 and 2012, 2013 marked the beginning of high expenditures on CSR for the bank. 13.7% for 2013, 13.6% for 2014, 12.1% for 2015, and 10.0% for 2016, are all attestations to the above claim of high investment in CSR.

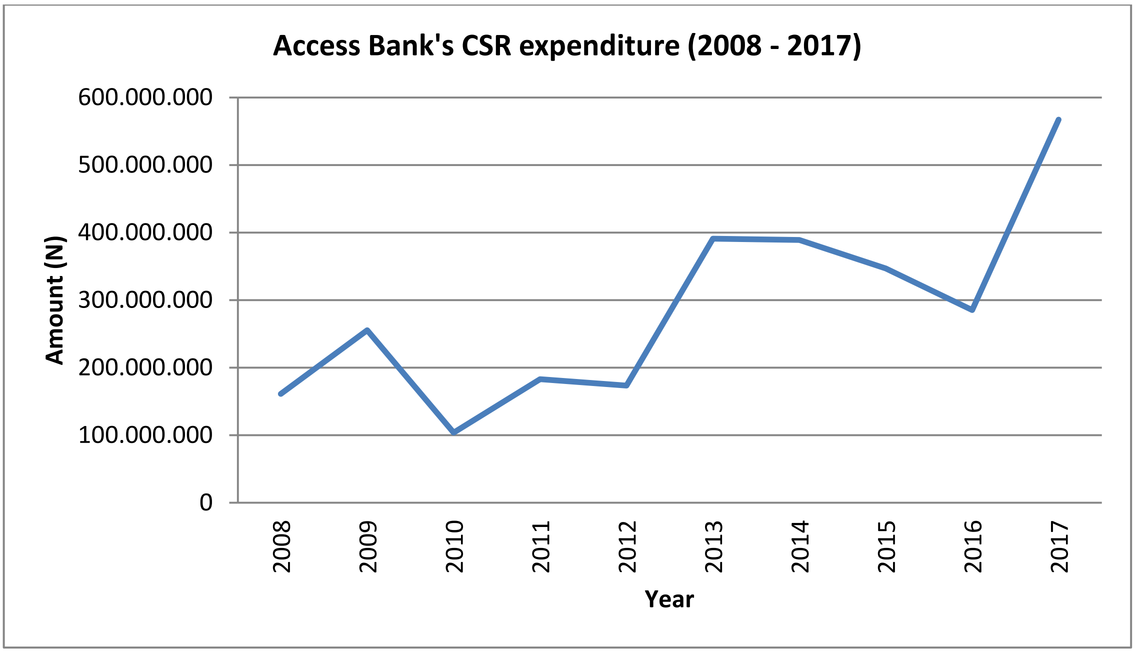

Figure 4.5.4: Line graph for Access Bank's CSR expenditure 2008 – 2017 (Author, 2019).

It is very obvious from figure 4.5.4 that the CSR expenditures of Access bank started progressing above subsequent levels in 2013. The bank never maintained a steady trend within the period of ten years. The expenditure of the bank rose in 2009, fell in 2010, rose in 2011, fell in 2012, and it continues in such manner.

Table 4.3.6: UBA's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	307,000,000	9.9
2009	59,870,000	1.9
2010	599,000,000	19.2
2011	102,157,300	3.3
2012	87,490,250	2.8
2013	421,107,900	13.5
2014	388,055,794	12.5
2015	177,110,100	5.7
2016	321,729,616	10.3
2017	649,653,598	20.9
TOTAL	2,725,118,764	100.0

(Author's computation, 2019)

The United Bank for Africa (UBA) expended the most on CSR in 2017 with a relative 20.9% within the period 2008 to 2017. 2010 was also remarkable in the bank's CSR venture with 599 million naira and ranking second in terms of relative expenditure on CSR with 19.2% during the period. 2009 witnessed a low spending on CSR by the bank.

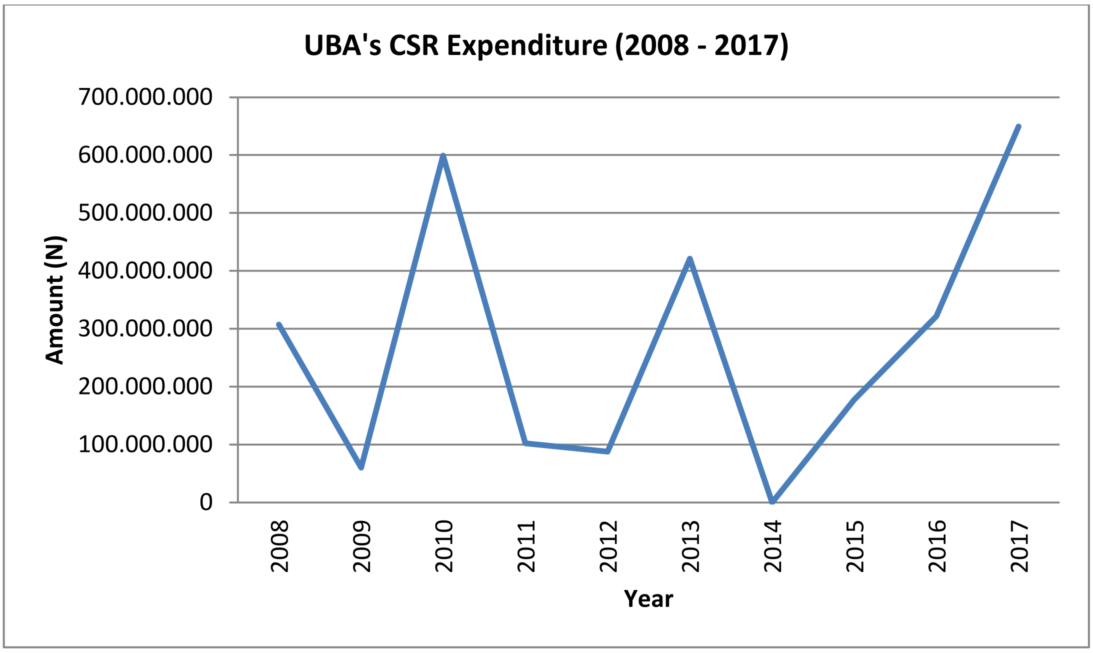

Figure 4.5.5: Line graph for UBA's CSR expenditure 2008 – 2017 (Author, 2019)

The rate of fluctuation in the CSR spending of the UBA is very high. Figure 4.5.5 affirmed this. There is a sharp fall between 2008 and 2009, a high rise between 2009 and 2010. The only moderate fluctuation is evident between 2011 and 2012.

Table 4.3.7: Diamond Bank's CSR Expenditure (2008 - 2017)

Year	CSR Expenditure	CSR percentage
2008	121,000,000	2.9
2009	325,000,000	7.9
2010	249,173,000	6.1
2011	550,000,000	13.4
2012	214,352,000	5.2
2013	503,633,000	12.3
2014	882,000,000	21.5
2015	386,741,000	9.4

Table 4.3.7 (Continued): Diamond Bank's CSR Expenditure (2008 - 2017)		
2016	353,666,000	8.6
2017	518,986,000	12.6
TOTAL	4,104,551,000	100.0

(Author's computation, 2019)

Diamond bank's spending on CSR surged to its peak in 2014 with a relative share of 21.5%. The bank never expended so much within the ten-year period, as the closest spending on CSR was recorded in 2011 with 13.4%. The CSR expenditure in 2008 was very low relative to the remaining nine years with just 2.9% of the ten-year total CSR expenditure.

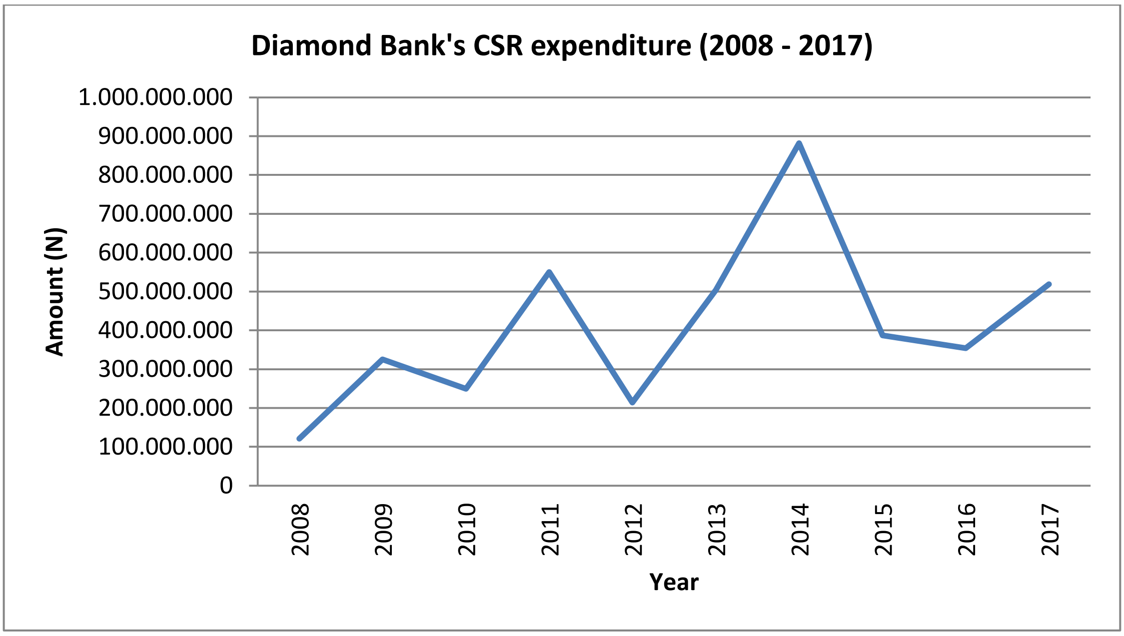

Figure 4.5.6: Line graph for Diamond bank's CSR expenditure 2008 – 2017 (Author, 2019)

Diamond bank's expenditure on CSR over the ten years was unstable for the period. The rise between 2012 and 2014 was constant indicant almost a perfect linearity. This was brought to a halt with a rapid fall in 2015. Ever since then, such height in the CSR spending of the bank has never been achieved.

Research Question 3: What is the percentage of gross earnings spent by the banks on CSR?

% Gross earnings on CSR = Annual CSR expenditure x100%

Annual gross earnings

Table 4.4.1: Percentage of gross earnings expended on CSR

Bank	CSR Expenditure	Gross Earnings	%Gross Earnings On CSR
ZENITH	13,476,963,179	3,279,032,034,000	0.41
FIRST BANK	7,076,080,185	1,252,841,000,000	0.56
GTB	4,323,013,298	2,225,624,761,000	0.19
ACCESS	2,854,923,093	1,955,004,045,000	0.15
UBA	3,113,174,558	2,119,489,000,000	0.15
DIAMOND	4,104,551,000	1,427,107,045,000	0.29

(Author's Computation, 2019)

Gross earnings refer to total revenue. Table 4.4 estimates the percentage of the gross earnings that individual banks contribute to the CSR. Zenith bank contributes 0.41% of its gross earnings for the period 2008 – 2017 to expenditures on social responsibilities. First bank contributes 0.56%, while GTB's contribution is 0.19% of its gross earnings. Access bank and the UBA contribute 0.15% each, whereas Diamond bank has 0.29% gross earnings contributions to its CSR.

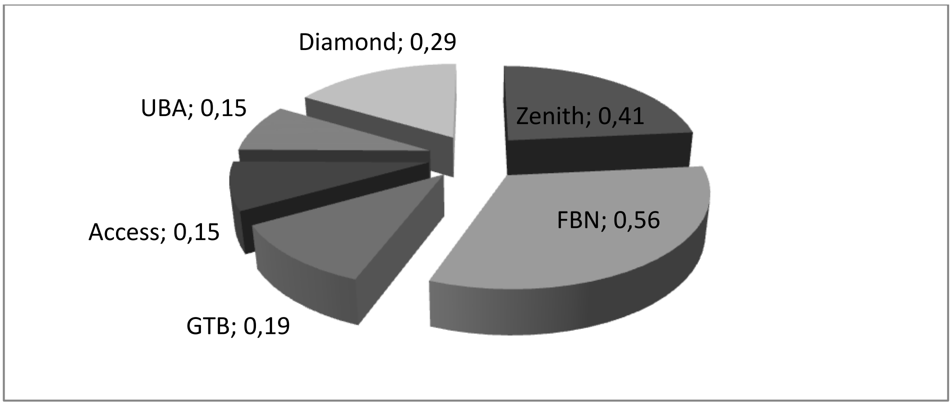

Figure 4.6.1: Pie chart of Percentage of gross earnings on CSR (Author, 2019)

Figure 4.6.1 indicates that First Bank of Nigeria (FBN) has the largest contribution to CSR relative to its gross earnings (0.56%). This is followed by Zenith bank which contributes

0.41% of its revenue to CSR. The contributions of Diamond bank (0.29%) and GTB (0.19%) are larger than those of Access bank and UBA, which both stand at 0.15%

Research Question 4: What is the percentage of banks' profitability expended on CSR?

$$\% \text{ PAT on CSR} = \frac{\text{Annual CSR expenditure}}{\text{Annual profit after tax}} \times 100\%$$

Table 4.4.2: Percentage of Profit after tax on CSR

Bank	CSR Expenditure	Profit after tax (PAT)	%PAT on CSR
ZENITH	13,476,963,179	787,292,991,000	3.09
FIRST BANK	7,076,080,185	281,955,000,000	4.84
GTB	4,323,013,298	782,495,810,000	1.27
ACCESS	2,854,923,093	335,818,880,000	2.28
UBA	3,113,174,558	338,171,000,000	2.23
DIAMOND	4,104,551,000	59,155,995,427	18.26

(Author, 2019)

It is evident from table 4.5 that Zenith bank's ratio of CSR to profitability over the period of ten years (2008 – 2017) is 3.09%. That of First bank is 4.84%. Whereas, GTB, Access bank and the UBA contributed 1.2%, 2.28% and 2.23% of their profits respectively to CSR, Diamond magnanimously contributes a whopping 18.26% of its profit to CSR.

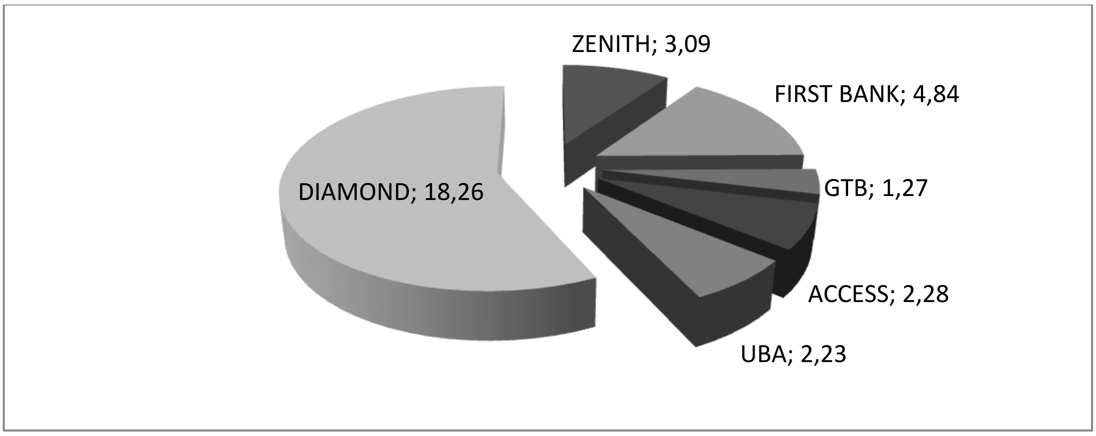

Figure 4.6.2: Pie chart of percentage of profit on CSR (Author, 2019).

Comparatively, Figure 4.6.2 shows that Diamond bank's profitability contribution to its CSR more than doubles what the remaining five banks contributed from their profits. Although, other banks do fare well in their CSR-profitability share, worthy of note is the GTB. Despite its huge profit of 782 million naira, GTB contributes the relative least to its CSR initiatives with 1.27%.

4.8.3 Correlation Coefficients

Table 4.5: Paired Samples Correlations

	Gross Earnings	CSR on GE	CSR on Profit	CSR Expenditure	PAT
CSR on GE	-0.315617	1			
t stat	-2.533144	-----			
p	0.014	-----			
CSR on Profit	-0.093554	0.189045	1		
t stat	-0.715627	1.466164	-----		
p	0.4771	0.148	-----		
CSR Exp.	0.594128	0.218748	0.069985	1	
t stat	5.625206	1.707282	0.534297	-----	
P	0,000	0.0931	0.5952	-----	
PAT	0.783863	-0.164543	-0.294312	0.484265	1
t stat	9.614108	-1.270438	-2.345287	4.215301	-----
P	0,000	0.209	0.0225	0.0001	-----

(Author's computation, 2019)

Table 4.5 shows the correlations between the variables. The relationship between CSR and gross earnings is 0.59, and it is significant at 1% level (p=0.0000). Also, CSR and Profit After Tax are significantly correlated with a positive coefficient of 0.48. However, there is no significant relationship between the percentage of profit expended on CSR and the percentage of gross earnings expended on CSR. The correlation coefficient is very low at 0.189, and insignificant at 1% level (p=0.148).

4.8.4 Panel Data Model

There is an option of either using Ordinary Least square (OLS) model, fixed effect model and the random effect model to test and compare whether profit after tax and gross earnings have impact on the CSR expenditure of the Nigerian banking industry. Thus, the Hausman test was used to resolve this empirical issue.

Table 4.6.1: Ordinary Least Square (OLS).

Variable	Co-efficient
Constant	43435381
Profit After Tax	0.000656
Gross Earnings	0.002499***
R-squared	0.354
R	0.595
F Stat	15.60***

Notes: ***shows 1% significant level (Author's computation, 2019)

The summary of the result of the regression model is presented by table 4.6.1. The OLS model gives:

$$CSR_{it} = 43435381 + 0.000656PAT_{it} + 0.002499GE_{it}$$

The R^2value of 0.354 indicates that as low as 35.4% level of variation in CSR could be traced to the fluctuation of the profit of the banks and its gross earnings. This implies that 64.6% of the variation in the CSR could be as a result of other factors other than the profitability and gross earnings of the banks. Also, gross earning has a positive and significant impact on CSR expenditure.

This model is out of contention in the selection criteria for this model because by pooling the observations, the heterogeneity and individuality that characterizes the panel data will not be taken care of. And this may not be valid for a small sample size data as portrayed in this study. Thus, the selection shall be limited to either the Fixed Effect Model (FEM) or the Random Effect Model (REM). In order to make decision on the choice of model, the researcher is guided by the outcome of the Hausman test. It involves making statistical deductions from the chi square analysis of the comparison of the REM and FEM.

Table 4.6.2: Fixed Effect Model Estimation (FEM) result

Variable	Co-efficient
Constant	1.19E+08
Profit After Tax	-0.0005949
Gross Earnings	0.0023954***
R-squared	0.350
R	0.592
F Stat	13.19***

Notes: ***shows 1% significant level (Author's computation, 2019)

The fixed effect model for table 4.6.2 is expressed as:

$$CSR_{it}= 119000000 – 0.000595PAT_{it} + 0.002395GE_{it}$$

The regression model using the fixed effect model shows that the relationship between the dependent variable (CSR) and Profitability with gross earnings is moderate at R=0.592 (That is, the square root of R^2). Also, the R^2value of 0.35 is an indication that as low as 35% level of variation in CSR could be traced to the fluctuation of the profit of the banks and its gross earnings.

Table 4.6.3: Random Effect Model Estimation (REM) result

Variable	Co-efficient
Constant	1.11E+08
Profit After Tax	-0.0004105
Gross Earnings	0.0023955***
R-squared	0.351
R	0.593
Wald Test	29.03***

Notes: ***shows 1% significant level (Author's computation, 2019)

The result from table 4.6.3 gives:

$$CSR_{it}= 1.11000000 – 0.000411PAT_{it} + 0.002396GE_{it}$$

The summary of the result of the regression using the REM is presented by the table. The respective values of R and R^2 are 0.593 and 0.351. The correlation between the dependent variable (CSR) and the independent variables (Profitability and gross earnings) is represented by R=0.593. On the other hand, the R^2value of 0.351 indicates that as low as 35.1% level of variation in CSR could be traced to the fluctuation of the profit of the banks and its gross earnings. This implies that 64.9% of the variation in the CSR could be as a result of other factors other than the profitability and gross earnings of the banks. The Wald Chi square test is significant at p=0.000. This implies that the PAT and gross earnings have significant impact on the CSR expenditure of banks.

Hence, tables 4.6.2 and 4.6.3 are instrumental to derive the Hausman test. The test is guided by the hypothesis stated below:

Ho: difference in coefficients not systematic

Table 4.6.4: Hausman Specification Test (Random vs. Fixed Effects).

Test Summary	Chi-Sq Statistics	Prob
Panel Random effects	0.19	0.9082

(Author's Computation, 2019)

From table 4.6.4, the statistic provides evidence that difference in coefficients is not systematic. Thus, the appropriate model for this study is the Random effects model (REM). And this shall be used to provide empirical solution to the hypotheses stated.

Hypothesis One: Profit after tax has no significant impact on CSR expenditure

Hypothesis Two: Gross earnings has no significant impact on CSR expenditure

Table 4.6.5: The t-tests of the coefficients.

	Coefficient	t-test	Prob.
Constant	1.11E+08	0.597037	0.5528
PAT	-0.0004105	-0.176145	0.8608

Gross earnings	0.0023955	3.456307	0.0010

(Author's Computation, 2019)

Table 4.6.5 indicates t-tests statistics for the coefficients of the regression models. The p value of t-test of profit after tax on CSR falls within the acceptance region of 0.05 degree of freedom. But, that of the effect of gross earnings on CSR is rejected since its p value is less than 0.05. By implication, the model agree that gross earning has a significant effect on CSR expenditure but profit after tax has no significant effect on the CSR expenditure.

Table 4.6.6: Hypotheses Summary

Hypotheses	Statement	Decision
Hypothesis one	Profit after tax has no significant impact on CSR expenditure	Can not Reject Hypothesis
Hypothesis two	Gross earnings has no significant impact on CSR expenditure	Reject Hypothesis
Hypothesis three	There is no significant relationship between the percentage of profit expended on CSR and the percentage of gross earnings expended on CSR	Can not Reject Hypothesis

(Author, 2019)

Table 4.6.6 expresses the three tested hypotheses. Hypothesis two was rejected, while hypotheses one and three were accepted.

5. FINDINGS, RECOMMENDATIONS AND CONCLUSION

This chapter considers the outcome of the research. Findings were generated from the empirical analysis, recommendations were made on the basis of the findings, and conclusion was drawn on the entire process of the research work.

5.1 Summary of findings

Based on the interpretation of the data analyzed, the following findings were made by the researcher:

Profit after tax has no significant impact on CSR expenditure. It was evident from the analysis of data that profitability is a poor yardstick for measuring the extent of an individual bank's commitment to CSR. Rather, gross earnings should be good comparative measuring criteria. Also, there is a negative relationship between profit and CSR. Since CSR constitutes profit-deducing social investment, there is a tendency for banks that expended so much on CSR to experience dwindling profit margin.

It is further discovered in findings that gross earning has a significant impact on CSR expenditure. Gross earnings depict the total revenue of a firm. The finding of this study that establishes a positive and significant relationship between CSR and gross earnings is of utmost importance to the assumption that a firm can only spend what it earns. As such, banks that generate high revenue are expected to spend more on CSR than those whose revenue is low. Also, the percentage of the banks' gross earnings expended on CSR was below one percent. Knowing full well that commercial banks in Nigeria recuperate huge gross earnings yearly from their operations, finding reveals that the sampled top banks in the country spend a very small fraction of such on their CSR activities. Literarily, this may not sound encouraging to laymen, but financial analysts often attribute the fact that hostile business environment, poor electricity supply, and the poor supportive infrastructure constitute a huge extra cost to the Nigerian banks. Consequently, the expenditure on CSR is affected in order for the banks to remain profitable and competitive.

Furthermore, there is no significant relationship between the percentage of profit expended on CSR and the percentage of gross earnings expended on CSR. Estimating the percentage of banks' profit expended on CSR has been found to be uncorrelated to the percentage of the bank's total revenue spent on CSR. In a practical sense, CSR expenditure will not exist without gross earnings. But this is not the same for profit. This explains why the inter-bank comparison of expenditures on CSR will be better enumerated if targeted towards estimating the contributions of each bank to CSR from their total revenue.

Findings further revealed that there is a large disparity in the contributions of banks to CSR. While some expended huge sums on CSR, others spent little. This can be as a result of certain factors such as market coverage and disparity in gross earnings. The CSR philosophy of each bank could also play a significant role in the amount that each bank expends on CSR. For example, Diamond bank for some years has been garnering relatively low gross earnings, but the bank is waxing stronger in terms of its commitments to CSR in the aspects of expenditure and initiatives.

Finally, it is clear that since 2016, there has been a rise in the CSR expenditures of Nigerian banks. The peak was reached in 2017 despite the economic recession that the Nigerian economy faced in the year. A major reason that may be responsible for this is the tendency for the Nigerian banks to ameliorate the consequences of such recession on the populace through expansive CSR initiatives and expenditures.

5.2 Recommendations

The findings of this study were enough to arrive at the following recommendations.

The banking industry is due for a benchmark in its CSR expenditures. The Central Bank of Nigeria is the regulator of the banking sector. Increasing its interest in the corporate responsibility and not just corporate accountability will make the banks more obliged to carry out CSR initiatives with significant expenditures. Specifying the minimum expenditures that commercial banks can devote to CSR will help improve their contributions to the course. In likewise manner, there should be a uniform standard for executing and measuring CSR initiatives. In their reporting mechanism of CSR, there is lack of cohesion in the implementation of CSR. The CBN is tasked to provide a uniform framework for implementing, measuring and reporting CSR. It is believed that this will go a long way in gaining greater commitment from the banks and pave the way for efficient CSR management in the banking sector.

Also, it is obvious that there are still numerous developmental challenges that the country is facing. Thus, expending less than one percent of their total revenue on CSR is no longer tenable and acceptable with the current socio-economic situations of the people and communities that host these banks. Until financial institutions that are known for their wealth in asset accumulation and profitability start investing in social goods and services that benefit the majority of the people, there is a tendency for the economy of the country to remain backward. Thus, commercial banks in Nigeria are enjoined to increase their expenditure on CSR.

Worthy of note is the fact that majority of the branches of commercial banks in Nigeria are situated in urban areas. This is often due to the challenges of bad roads, small banking market size, inadequate basic infrastructures, poor and bad road network, and the likes. As a result of this, rural areas get little of the share of the CSR expenditures of commercial banks in Nigeria. It is therefore recommended that commercial banks in Nigeria make CSR activities in rural areas of high priority. Creating a rural outreach for the CSR initiatives of commercial banks will help improve the level of development in the areas and promote rapid urbanization, which may also facilitate industrialization.

The government can also help to improve the contributions of financial institutions to CSR. This can be achieved through the provision fiscal incentives to banks on the basis of the weight and coverage of their CSR expenditure. Deductions in taxes paid by banks could serve as a motivator to invest more in CSR initiatives.

Furthermore, it is important to note that the concept of Corporate Social Responsibility is gaining momentum by the day, as such, corporate organizations should wake up to the fact that what is good for their workers, communities, health, and environment is also good for the growth of their businesses. As such, the CSR scope of Nigerian banks should be widened to cover all stakeholders in the banking industry and the society at large. Also, the global agenda for CSR has moved beyond what some countries still limit themselves to in terms of formulation and implementation of CSR policies. Many Nigerian banks are still adopting CSR in theory with little or no impact on society, which they claim to be supporting. It then becomes necessary to institutionalize progress reports of the expenditures and impact of banks' CSR initiatives. This will promote transparency in the implementation of CSR. Also, it is now popular among the business corporations all over the world to establish special departments for CSR and appoint personnel into such a department to oversee the CSR activities. Not all Nigerian banks have keyed into this strategy. If well and sincerely carried out, Nigerian banks will exhibit organizational and managerial skills that will make them enjoy sustainable business practices. Thus, Nigerian banks have a lot to gain when they manage their CSR strategies more efficiently.

Generally, Commercial banks in Nigeria should be ready to improve on their CSR expenditure, expand their initiatives, and accept regulatory framework that promotes greater efficiency in the distribution of funds meant for promoting socio-economic wellbeing of the both internal and external stakeholders.

5.3 Conclusion

Nothing is far from the fact that CSR is a vital part of the total cost of every firm. Many Nigerian banks try to adopt cost-effective measures in order to increase their profitability. This creates a dilemma of balancing the need for spending more on CSR and expanding the profitability of the banks. All over the world, there have been many instances where corporate organizations played a principal role in using their CSR initiatives and expenditures to address the problems that affect education, environment, health, and standard of living of the people. Since, doing well is a good business; it then became vital to evaluate the commitment of commercial banks in Nigeria to CSR through the assessment of their CSR expenditures relative to their profit as well as total revenue.

Hypotheses were formulated and tested to ascertain the nature of the impacts that profitability and gross earnings have on CSR. Secondary data were gathered from the financial reports of the bank under study. Many relevant studies were reviewed to determine various contributions and findings of other like-minded researchers on the subject matter of corporate social responsibility and its attendant issues, challenges and prospects. In its findings, the study discovered an insignificant impact of profitability on CSR expenditure, while, a significant impact exists between CSR expenditure and gross earnings. Despite this, it is recommended that the significant impact of gross earnings on CSR could be improved with greater financial commitments by the banks to CSR initiatives.

The managements of corporate organizations are facing complexities in their dealings with their stakeholders in this modern global society. It has become clear from this study that profitable corporate organizations do not invest as much as expected and this has the tendency to put their long term sustainability efforts and relationships with their society into jeopardy. Banking activities in Nigeria are growing annually, it is therefore anticipated that commercial banks will leave behind the inconvenience of expending on non-profitable social ventures, and work on exploring the positives that are associated with being socially responsible.

The present administration of the Nigerian government has always emphasize a slogan that, “Change begins with you”. Hence, it would be difficult for the government alone to bring about the socio-economic change that the country requires at this point. Commercial banks cannot afford to continue to focus only on economic performance, paying little attention to the poor state of the people and the economy at large. It is therefore recommended that Nigerian banks should realize their importance at this period and expand their CSR initiatives and expenditures to improve the socio-economic wellbeing of the populace. This research gives little room for bias that may be associated with primary data. However, it is important to note at this point that there is room for further study that will be more encompassing and cover wider scope.

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APPENDIX

Appendix A1: Data on CSR expenditure (2008 - 2012)

Bank	2008	2009	2010	2011	2012
ZENITH BANK	1,661,963,179	1,960,000,000	503,000,000	716,000,000	587,000,000
FIRST BANK PLC	438,729,000	1,229,513,990	887,743,640	968,600,000	1,044,782,368

GTB	139,737,101	246,150,889	328,031,293	297,493,137	364,750,865
ACCESS BANK	160,856,000	255,210,000	103,831,000	182,970,000	173,229,020
UBA	307,000,000	59,870,000	599,000,000	102,157,300	87,490,250
DIAMOND BANK	121,000,000	325,000,000	249,173,000	550,000,000	214,352,000

Appendix A2: Data on CSR expenditure (2013 - 2017)

	2013	2014	2015	2016	2017
ZENITH BANK	856,000,000	1,102,000,000	923,000,000	2,557,000,000	2,611,000,000
FIRST BANK	1,248,783,962	882,000,000	127,309,400	14,500,000	234,117,825
GTB	631,991,911	599,916,416	398,211,628	449,616,533	867,113,525
ACCESS BANK	391,000,000	388,832,257	346,628,505	285,339,153	567,027,158
UBA	421,107,900	388,055,794	177,110,100	321,729,616	649,653,598
DIAMOND BANK	503,633,000	882,000,000	386,741,000	353,666,000	518,986,000

Appendix B1: Data on Profit After Tax (2008 - 2012)

	2008	2009	2010	2011	2012
ZENITH BANK	46,524,991,000	16,503,000,000	33,335,000,000	37,141,000,000	95,803,000,000
FIRST BANK	30,473,000,000	35,074,000,000	26,936,000,000	23,052,000,000	71,144,000,000
GTB	28,073,000,000	23,848,000,000	36,511,628,000	51,653,251,000	85,263,826,000
ACCESS BANK	16,056,464,000	22,885,794,000	12,931,441,000	5,248,866,000	36,353,643,000
UBA	40,002,000,000	40,825,000,000	2,167,000,000	-16,385,000,000	47,375,000,000
DIAMOND BANK	11,822,011,000	5,171,756,000	6,522,455,000	-22,868,254,000	23,073,427

Appendix B2: Data on Profit After Tax (2013 - 2017) in thousand

	2013	2014	2015	2016	2017
ZENITH BANK	83,414,000	92,479,000	105,663,000	119,285,000	157,145,000
FIRST BANK	70,631,000	5,683,000	2,180,000	7,507,000	9,275,000
GTB	85,545,510	89,171,000	94,308,123	126,836,792	161,284,680
ACCESS	26,211,844	39,941,126	58,924,745	64,026,135	53,238,822
UBA	46,483,000	40,083,000	47,642,000	47,541,000	42,438,000
DIAMOND	29,754,522	22,057,198	3,833,749	1,970,044	869,441

Appendix C1: Data on gross earnings (2008 - 2012) in thousand

	2008	2009	2010	2011	2012
ZENITH BANK	190,075,034	216,542,000	169,370,000	215,616,000	279,042,000
FIRST BANK PLC	130,600,000	184,536,000	207,524,000	266,000,000	339,000,000
GTB	93,017,000	151,698,000	138,347,028	172,600,951	204,324,447
ACCESS BANK	57,627,098	104,494,981	79,065,123	98,518,061	180,725,850
UBA	154,093,000	219,843,000	150,051,000	141,507,000	177,429,000
DIAMOND BANK	56,612,235	108,979,476	85,723,090	98,163,095	131,166,141

Appendix C2: Data on gross earnings (2013 - 2017) in thousand

	2013	2014	2015	2016	2017
ZENITH	311,275,000	372,015,000	396,653,000	454,808,000	673,636,000
FIRST BANK	74,988,000	16,969,000	6,794,000	12,715,000	13,715,000
GTB	221,600,284	249,007,051	268,876,000	365,917,000	360,237,000
ACCESS	181,737,641	221,610,769	302,061,975	331,000,972	398,161,575
UBA	214,273,000	228,757,000	247,378,000	269,895,000	316,263,000
DIAMOND	168,015,252	190,952,742	196,867,016	187,279,015	203,348,983

Appendix D: Fixed Effect Model Regression

```
Fixed-effects (within) regression            Number of obs      =      60
Group variable: id                           Number of groups   =       6
R-sq:  within  = 0.3366                      Obs per group: min =      10
between = 0.4079                               avg =     10.0
overall = 0.3500                             max =       10
F(2,52)          =     13.19
corr(u_i, Xb)  = 0.1647                   Prob> F          =    0.0000

csrexpendit~e |      Coef.   Std. Err.          t       P>|t|     [95% Conf. Interval]
pat |                 -.0005949    .002398    -0.25   0.805    -.0054068    .0042171
grossearnings |   .0023954    .000704     3.40   0.001     .0009827    .0038082
       _cons |   1.19e+08   1.00e+08     1.18   0.242    -8.26e+07    3.20e+08

sigma_u|  3.262e+08
sigma_e|  3.394e+08
rho |  .48013481   (fraction of variance due to u_i)
F test that all u_i=0:     F(5, 52) =     8.87               Prob> F = 0.0000
```

Appendix E: Random Effects Model Regression

```
Random-effects GLS regression                Number of obs      =      60
```

```
Group variable: id                      Number of groups   =        6
R-sq:  within  = 0.3365                  Obs per group: min =       10
between = 0.4097                                avg =      10.0
overall = 0.3512                              max =       10
                                   Wald chi2(2)      =    29.03
corr(u_i, X)   = 0 (assumed)                Prob> chi2       =   0.0000
------------------------------------------------------------------------------
csrexpendit~e |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
--------------+----------------------------------------------------------------
pat |               -.0004105   .0022961    -0.18   0.858    -.0049109    .0040898
grossearnings |.0023955   .0006828    3.51   0.000    .0010572    .0037338
      _cons |  1.11e+08   1.83e+08    0.61   0.545   -2.48e+08    4.69e+08
--------------+----------------------------------------------------------------
sigma_u|  3.845e+08
sigma_e|  3.394e+08
rho |  .56195106   (fraction of variance due to u_i)
```

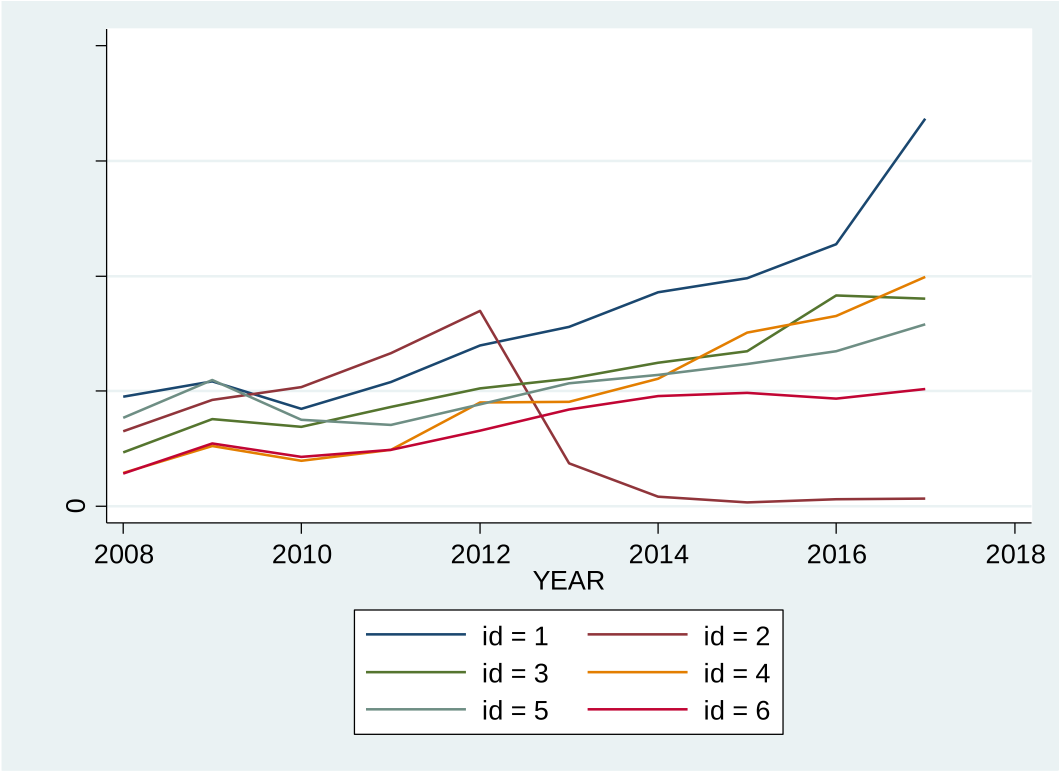
Appendix F: Hausman fixed random

```
                 ---- Coefficients ----
             |      (b)          (B)            (b-B)     sqrt(diag(V_b-V_B))
             |     fixed        random       Difference          S.E.
-------------+----------------------------------------------------------------
pat |    -.0005949    -.0004105       -.0001843        .0006915
grossearni~s |     .0023954     .0023955       -8.43e-08        .0001715
------------------------------------------------------------------------------
                           b = consistent under Ho and Ha; obtained from xtreg
            B = inconsistent under Ha, efficient under Ho; obtained from xtreg

    Test:  Ho:  difference in coefficients not systematic

chi2(2) = (b-B)'[(V_b-V_B)^(-1)](b-B)
                          =        0.19
                Prob>chi2 =      0.9082
```

Appendix G: Line graphs indicating the gross earnings of the banks over the years.



ZENITH BANK	1	FIRST BANK	2	GTB	3
ACCESS BANK	4	UBA	5	DIAMOND BANK	6