

**DETERMINANTS CORPORATE SOCIAL  
RESPONSIBILITY AS A TOOL FOR STRATEGIC  
PERFORMANCE**

**BY**

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NIGERIA.**

**SEPTEMBER, 2018**

## **DECLARATION**

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

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**Date**

## CERTIFICATION

This dissertation “The Determinants Corporate Social Responsibility as a Tool for Strategic Performance” meets the regulations governing the award of Masters in Business Administration (MBA) of the School of Postgraduate Studies, Nasarawa State University, Keffi, and is approved for its contribution to knowledge.

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## **DEDICATION**

I dedicate this project to Almighty God.

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## **ABSTRACT**

*This study investigate Determinants of Corporate Social Responsibility as a Tool for Strategic Performance. The study adopted survey research design and the population of study was staff and customers of Guaranty Trust Bank Plc. Abuja, the Yaro Yamane's formula was used to determine the sample size of 200 out of 400. The primary data were collected through structured questionnaire which 400 copies was distributed to the staff and customers of Guaranty Trust Bank Plc. Abuja. Data were analyzed using regression. The result survey revealed The study observed that Corporate social responsibility are highly respected and implemented in a developed countries were host communities are given preference treatment to eradicate poverty alleviation comply to developing countries like Nigeria who have a negative determinants on Corporate social responsibility. Basically, corporate social responsibility will yield many advantages to the government/firm's and host communities in ensuring a better of citizens.*

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

The role of corporate social responsibility as a tool for strategic performance over years was an oversight function in developing countries like Nigeria because they couldn't see the need to compare to developed countries like UK and USA who have actually focus their attention on corporate social responsibility which serves as strategic mechanism for firms financial performance. The business environment today has transform in such a way that firms have to re-think beyond their traditional expectation of profit maximization and efficient allocation by considering their host community in which they benefit from. In fact firms are expected at least being socially, environmental and economic responsible to its host community in which it operate and by addressing such vital problems will create more business opportunities. As part of the benefits corporate social responsibility has determinants in the heart of many companies are wealth maximization and ethical output to the society as well as enhancing the organization image and reputation. Corporate Social Responsibility rest in the heart of management who may obtain reasonable assurance that all corporations in Nigeria have this as an obligation to ensure the interest of shareholders, customers, communities and employees in all ramifications of operations because it lead to innovations and marketing strategies . The transformation of banking industries in Nigeria has gone beyond profit maximization to a standard that banks have wake up to social responsibility to its immediate society needs which has been promoted by increased sensitivity to the awareness environmental issues and economic development. Corporate social responsibility is the fastest brain behind the banking industries financial performance after the recapitalization exercise in the year 2005 which cannot be overemphasized

because it boosts the image and create advantages of benefit to the banking with a particular reference to Guaranty Trust Bank which form part of the study. European Commission in 2011 as well as in many past and recent scientific publications, a considerable focus is being set on the benefit of CSR to a society as a whole. Consequently, much effort is being made to promote CSR in all member state and companies of all sizes. Furthermore, member states are not only asked to update individual CSR strategies, but also to prepare for some further regulatory intentions. Some business associations (e.g. the German Chamber of Commerce industry) are rather hesitant to accept mandatory CSR requirements promoted by the commission, although the value and importance of CSR for society is acknowledged. Also there is more and more awareness that CSR activities are not only merely of charitable nature that they also contribute to a positive image of the company, to increased employee and customer satisfaction as well as to other soft factors that need to be taken into account when measuring business success. These developments consequently lead to the question: It is possible to measure the determinants of CSR activities on business performance; and if so, how? Clarkson (1995) states that” corporate social responsibilities should be strategic no doubt. Engaging in philanthropy is done by even the best corporate bodies in the world. There should be a symbiotic relationship between corporate organization and the host community, a sort of on-going reconciliation between the organization’s orientations.

European Foundation for Quality Management (2004) defines corporate social responsibility as a “whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes among other things respecting human right fair treatment of the workforce, customers and suppliers, being good

corporate citizen of communities in which they operate and conservation of natural environment”. These fundamentals are seen as not only morally and ethically desirable ends in themselves and as part of the organisation philosophy; but also as key drivers in ensuring that society will allow the organisation to survive in the long term, as society benefits from the organization’s activities and behaviour”.

## **1.2 Statement of the Problem**

It’s unethical for firms to ignore the problems of the environment in which it operates, it should be noted that “Corporate social responsibility is the concept that a business needs to be concerned with more than just profit. Protecting the environment is one aspect of social responsibility; another is making an effort to address social problems such as poverty and hunger. A business’ social responsibility also is expressed through its ethical standards on its various stakeholders, including vendors, employees and customers. That have ethical lapses such as ignoring environmental regulations or standards for how employees should be treated can suffer damage to their reputation when these lapses come in light in traditional or social media. A company’s image affects its relationship with stakeholders, and remaking a company’s troubled image into one of stability, sometime referred to as damage control and can take time and draw managerial resources from the important tasks of building the company. Customers who leave because they do not approve of the company’s image can be difficult to win back. The issue of Corporate Social responsibility (CSR) and sustainable development have attracted worldwide attention, especially in the media and in academia. Modern business organizations expectations are beyond making and maximizing profit towards being socially responsible to the Society.

Since the organizations do not exist in isolation but exist within a society, therefore organizations need to contribute positively to the development of society in which operate. Banking sector occupies important key position in the economy of a nation. In the Nigeria virtually all the banks reports their expenses on social responsibility towards sustainable development in their annual reports. Most of them strive to meet the demand of charitable organizations, government agencies, religious organizations and tertiary. Nigerian banks efforts on social responsibility have produced multiplier effects on the sustainable development. This social responsibility costs them some expenses which have effect on their financial performance. It is against this background that this study tries to examine the role of social responsibility as a tool for financial performance in Nigerian banks.

### **1.5 Research Questions**

- i. What is the effect of community development of social responsibility on the performance of deposit money banks
- ii. What is the effect of human resources management of social responsibility on the performance of deposit money banks
- iii. What is the effect of environmental factors of social responsibility on the performance of deposit money banks.

### **1.6 Objectives of the Study**

The researcher considers the objectives of this study as follows:

- i. To examine the effect of community development on the performance of social corporate social responsibility on deposit money banks
- ii. To examine the effect of human resources management on the performance of corporate social responsibility on deposit money banks

- iii. To examine the effect of environmental factors on the performance of corporate social responsibility on deposit money banks.

## **1.5 Statement of the Hypotheses**

In order to validate the above research questions, the following hypotheses are tested.

**Ho:** community development on social responsibility has no significant effect on the performance of deposit money banks.

**Ho:** human resources management on social responsibility has no significant effect on the performance of deposit money banks.

**Ho:** environmental factors on social responsibility has no significant effect on the performance of deposit money banks

## **1.6 Significant of the Study**

The significance of this study, therefore, lies in the benefits it accords different groups of people who are: Government /Regulatory Bodies/ Institutions: The research report will help to capture areas that need some reforms to bring about some improvements to rate social responsibility. This will contribute to the various on-going reforms in the banking sector by central bank of Nigeria for a better service delivery and efficient utilization of resource to their host communities. The public: Members of the society will also benefit from the study in the sense that it will redirect their mind-set towards developing the value and attitudes necessary to embark on corporate social responsibility. Students and other researchers: The research report will be useful to both students of management sciences other researchers on account of relevant information in order to improve on further research findings and what corporate social responsibility entails in a developing country like Nigeria. Firms and Business: will also benefit from the study in sense of wealth creation and re-banding the image of the organization.

## **1.7 Scope and Limitation of the Study**

This research analyzed the role of corporate social responsibility as a tool for strategic performance. Since the whole banking sector in the country cannot be used due to limitation, complexity, accessibility of adequate data, finances; the study focused on the corporate responsibility of Guaranty Trust Bank Plc. after the recapitalization exercise. The study covers the period of (2003-2012) which is 10 years on their corporate social responsibility performance.

## **1.9 Definition of Operational Terms**

**Corporate Social Responsibility (CSR):** is any organization's obligation to consider the interests of their shareholders, customers, employees and communities as a result of consider the social and environmental consequences of their business activities in order for any organisation to achieve it predetermine goals there is need to integrate CRS into their core business value and corporate value processes and stakeholders management.

**Strategic Corporate Social Responsibility:** it is a predetermine measure strategic approach that any organisation will look into when performing it operational activities how to devote it resources to being socially responsible and comparative advantage that will strengthen CRS that will result to profits and increasing shareholder value, ethical rules must be respected. Strategic Performance

**Economic:** Is reference the adoption of corporate social responsibility in economic that will yield good return on investment for the shareholders and owners equally creating employment opportunities and fair pay for workers including ensuring development?

**Managing Environmental Determinants:** Is reference to optimization of resource utilization and reducing unwanted environmentally hazards effluent can reduce the environmental determinants.

**Voluntary:** It reference to a situation where an organisation has a wide scope of discretionary behaviors by contributing to the welfare of the society

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Conceptual Framework

Corporate Social Responsibility (CSR) as a concept has no consensus definition. Various writers defined it based on their background, interest, exposure, as well as values embodied in the writer's frame of reference. Corporate social responsibility is also called corporate conscience or social performance are duties perform by organizations to the society in which they are operate, such as protection of the environment, provision of social amenities, health and safety, and so on. World Business Council for Sustainable Development (2001) defined CSR as of business to contribute to sustainable economic development, working with employees, their families and the local communities. Jamali and Mirshak (2006) explained that concern with the needs and goals of society which goes beyond the merely economic. Jamai and Mirshak (2002) described CSR as "a concept whereby a company integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis as they are increasingly aware that responsible sustainable business success. The corporate social responsibility means:

- i. Organization responsible positively to emerging societal priorities and expectations.
- ii. Conducting business in an ethical way and in the interests of the external environment.
- iii. Balancing the shareholders' interests with the interests of other stakeholders in the society. The idea of (CSR) organization can manages its business process to produce an overall positive determinants on society. It also means how organizations behave ethically and contribute

to economic development of society by improving the quality of life of the local community and society at large. The CSR are set of standards that company subscribes to in order to make positive determinants on society. It also means how organizations behave ethically and contribute economic development society by improving the quality of life of the local community and society at large.

Jarmi and Mishak (2011) defined corporate social responsibility as “a concept whereby companies social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. The individual actions of companies undertaking CRS measures are voluntary and are until now not standardized. Currently, there are voices demanding for legislation on the EU level that aim at raising CSR activities onto mandatory component of business activities. Proponents of this requirement argue that companies play a vital role in society and therefore should contribute to growth in Opponents to these demands hold that privately run companies should not be held responsible for activities that should primarily be the domain of public agencies and private initiative. Corporate Social Responsibility are matter of social activities may include charitable contributions to local and national organizations such as fund raising, donations and gifts in areas where its trade and others like regeneration of deprived communities, reclamation of derelict in of new regeneration jobs. However, what cuts across a number of definitions that scholars have proposed on the concept of corporate social responsibility is the general belief quest to maximize corporate profits, corporate organizations play a crucial role in solving society’s problems. The Bail Roundtable on developing countries in (2002) business sector as a primary driver of economic development and the World summit for sustainable

identified business involvement as critical in alleviating poverty and achieving sustainable development. Corporate social responsibility has to do with an out of its way to initiate actions that will determinants positively on the host the community environment and the people generally. It can be seen as a way of acknowledging the business fall outs have adverse effects on the citizens and society and making effort that such negative determinants are corrected. Clarkson (1995) states that responsibility is concerned with treating the stakeholders of the firm ethically or in a social responsible manner. Since stakeholders exist both within a firm's and outside a firm, socially and responsible will increase the human development of stakeholders outside the corporation. Fraoman. J (1997) further observed that companies responsible are guided by enlightened self-interest, which means that they are without giving up their own economic self-interest. Profits are the reward for the firms to provide true value to its customers, to help its employees to grow, and to as a corporate citizen.

### **2.1.2 Concept of Performance**

Corporate governance has dominated policy agendas in developed market economies for more than a decade, but it is gradually warming itself to the top of the policy agenda in the African continent. The Asian crisis and the relative poor performance of the corporate sector in Africa has made has corporate governance a catchphrase in the development debate (Mankiw, 1999). McGee, (2009) finds that better corporate frameworks benefit firms through greater access to financing, lower cost of capital, better performance and more treatment of all stakeholders.

Similarly, Okpara, (2002) examine corporate governance mechanisms and firm financial performance in Nigeria. They find that firm performance is positively correlated with small, as opposed to large boards, concentrated ownership as opposed to

diffused ownership, expatriate CEOs as opposed to nationals and separating the functions of CEO and Chairman.

Corporate governance has been variously defined. Sanda, (2003) defined Corporate governance from the perspective of the investor as “both the promise to repay a fair return on capital invested and the commitment to operate a firm, efficiently given investment”. This implies that corporate governance has an impact on a firm’s ability to access the capital market. Metrick and Ishii argue that firm level governance may be more important in developing markets with weaker institutions as it helps to distinguish among firms. Shleifer, (1986) define Corporate governance as “the ways in which suppliers of finance to corporations assure themselves of getting a return to their investment”. Cadbury Committee (1992) defines corporate governance as “the system by which companies are directed and controlled”. Sullivan, (2000) defines a governance system as “the complex set of constraints that shape the ex post bargaining over the quasi rents generated by the firm”.

The relationship between corporate governance and performance is based on the principal-agent approach. The agency relationship is defined as a contract under which one or more persons (the principle (s) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent.

The separation of ownership and control, which occurs as a result of the introduction of external investors, bring to fore the agency problem: managers are expected to represent the interests of the external owners of the enterprise; however, it is difficult for owners to ensure that managers do so.

Sullivan, (2000) argue that managers and equity investors should be capable of entering into a binding contract, which would ensure that investors’ interest are fully represented.

However, it is unlikely that it will be possible to specify contracts ex-ante that accommodates all possible future contingencies.

Rwegasira, (2000) identify four dimensions of corporate governance at the level of the firm that can help to minimize the agency problem:

- (a) Board of Directors
- (b) Ownership structure
- (c) Executive incentive
- (d) Charter and bylaw provisions

(a) Board of Directors: This is often considered to be one of the major sources of monitoring firm's conducts and performances. It is responsible for hiring and firing executives, setting executive compensations and making key decisions in the life of the firm. A high level of independence is important for it to perform its monitoring duties more effectively. The standard view is that the board of directors is more independent as the number of outside directors' increases.

Executive directors are not likely to self-monitor effectively the performance of the CEO because their career is closely tied to incumbent CEO (Jensen 1999).

(b) Ownership Structure: This is another method of mitigating agency problems. The free rider problem is minimized and internal constraints on managerial discretion can probably be imposed if ownership is concentrated in the hands of shareholders who will be more likely to be able to utilize their voting power to influence managerial behavior, although, as Rwegasira, (2000) note, this does require shareholding voting rights. This leads to the proposition that large shareholders will exercise more effective corporate governance; a finding that has been supported by a host of studies on developed market economics. Amongst this wealth of literature, Franks and Mayer (1994), in a study of

German Private Enterprises find that concentrated share ownership is associated with high rates of turnover of directors.

There is no consensus yet as to the impact of ownership concentration on performance. In some countries, such as Austria, the Netherlands and Spain, companies with dispersed ownership do worse than those with concentrated shareholdings, while in others the reverse seems to be true (Gugler 1998).

(c) A third mechanism through which shareholders can induce managers to behave efficiently is incentive contracts which tie managers' compensations to measures of corporate performance.

Klapper and Love (2002) examine corporate governance and performance in a sample of firms in 14 countries, most of which are developing economies. They find that better corporate governance is associated with better performance in the form of Tobin's q and ROA and that good governance seems to matter more when the legal environment of a country provides investors with weaker protections.

Mallin, (2013) provide a comprehensive review of the Stakeholders theory of corporate governance. The main issue raised in the theory is the presence of many parties with competing interests in the affairs of the firm. They also emphasized the role of non-market mechanisms such as the size of the board, committee structure as important to firm performance.

Owners and Managers in corporate organization create or destroy economic value through choices made regarding ownership and capital structure of firms and in the design and management of internal control processes. A clear structure of transparent decision-making and accountability, with independent, powerful supervision and control

to hold management accountable for performance and results is therefore a primary requirement of governance.

In essence, corporate governance creates a framework of goals and policies to guide an organization's progress and forms a foundation for assessing board and management performance. There is strong evidence to suggest that corporate performance and to an extent economic stability, is directly impacted by the quality of corporate governance.

Studies by the Yale School of Management show that the quality of governance can influence a company's cost of capital, as well as the size and vibrancy of a country's capital markets. It was demonstrated that during financial crises, the exchange rates and stock markets of countries with poor governance standards crumbled, while those with higher governance standards suffered less.

The Enron/ Andersen debacle is more recent and prominent examples of corporate governance failure where greed, lax oversight and outright fraud brought down two of America's largest companies.

### **2.1.3 Concept of Deposit Money Bank**

Over the past 26 years, Access Bank Plc has transformed from an obscure Nigerian Bank into a world class African financial institution. Today, Access Bank is one of the five largest banks in Nigeria in terms of assets, loans, deposits and branch network; a feat which has been achieved through strong long-term approach to client solutions – providing committed and innovative advice.

Access Bank has built its strength and success in corporate banking and is now taking that expertise and applying it to the personal and business banking platform it acquired from Nigeria's International Commercial bank in 2012. The last two years have been

spent integrating the business investing in the infrastructure and strengthening the product offer.

As part of its continued growth strategy, Access Bank is focused on mainstreaming sustainable business practices into its operations. The Bank strives to deliver sustainable business practices into its operations. The Bank strives to deliver sustainable economic that is profitable, environmentally responsible and socially relevant.

### **The Beginning (1988 – 2001)**

- December 19, 1988: Access Bank was banking license
- February 8, 1989: Access Bank was incorporated as privately owned commercial bank
- May 11, 1980: Access Bank commenced operations at its Burma Road, Apapa Head Office
- March 24, 1998: Access Bank listed on the Nigeria Stock Exchange
- February 5, 2001: Access Bank obtained a Universal Banking License from the Central Bank of Nigeria

### **The Change**

In March 2002, the Board of Directors appointed Aigboje Aig-Imoukhuede as Managing Director/ Chief Executive Officer and Herbert Wigwe as Deputy Managing Director. The mandate was clear: “Reposition the bank as one of Nigeria’s leading financial institutions within a five years period (March 2002 – March 2007).” This ask was perceived by many as impossible given the realities of the Bank at the time. Simultaneously, Mr. Gbenga Oyebode, who brought commendable and useful board experience gathered from some of Nigeria’s leading companies, including MTN Nigeria, Okomu Oil Palm Plc,

Was also appointed to the Board. The new management team subsequently create a transformational agenda for Access Bank which represented a departure from all that characterized the Bank in the past and became the road map for the conversion of the bank into a world class financial institution.

The focus was to:

- Assemble a credible and high caliber management team
- Introduce a culture of excellence founded on professionalism and integrity
- Ensure Human Capital Development
- Enlarge the shareholder base
- Introduce strong procedures and processes to drive day-to-day Bank activities
- Instill a passion for customer service in all members of staff
- Establish a low cost liability generation strategy
- Expand branch network to cover all clearing zones within Nigeria
- Create a world-class brand

The impact of the transformation agenda was reflected in the first. The bank grew its balance sheet by 100% and posted an impressive N1 billion profit before tax. The profit before tax figure was more than the cumulative profit made by the bank in the previous 12 years. This also marked the beginning of what would be a six year record triple-digit growth trend.

Similarly, earnings per share had rebounded to 21 kobo from a negative 2 kobo positions, leading to declaration of a 5 kobo dividend to shareholders for the first time in three years, in recognition of the role of an enhanced capital structure, the Bank embarked on a capital raising exercise in July 2007. The exercise was an astounding

success recording an over subscription of over 300%. The public offer comprised of an Over-The-Counter GDR placement of US\$250 million which was similarly oversubscribed by 700%. The Bank's shareholders' fund today stand at over N240 billion with an expanded shareholder base of over 1,000,000 domestic and foreign investors.

Access Bank is consistently seeking for ways to expand its service platform across the African continent. The bank currently operates through a network of about 366 branches across major cities and commercial centers in Nigeria, Gambia, Sierra Leone, Zambia, Rwanda and Democratic Republic of Congo.

## **2.2 Empirical Framework**

The empirical literature shows that a lot of studies try to measure the corporate governance influence on firm performance. The first group of researches in this area reported inconclusive results as their findings, for instance the works of Oyejide, (2001) in his study concludes that, studies have failed to find any convincing connection between the "best practices" in corporate governance and organizational performance. Various theories and philosophies have provided the foundation for the development of alternative forms of corporate governance systems around the world. Furthermore, as economics have evolved through time it appears that corporate executives have deviated from the sole objective of maximizing shareholders' wealth. Owners of the capital have responded to these forces for the purpose of preserving their wealth and earning a reasonable return on their invested capital. Whereas internal corporate control, external financial market forces and institutional investors' responses have been effective in securing shareholders' wealth, legal protection needs to provide for them.

According to Onakoya, Ofoegbu and Fasanya (2012) in their work, observe that corporate governance have been on the low side and have impacted negatively on bank performance. The study therefor contends that strategic training for board members and senior bank should be embarked or improved upon, especially on course that promote corporate governance and banking ethics.

Bhagat and Black (2010) carried out a study on “non-correction between board independence and long-term firm performance” using cross sectional approach to conduct large sample, long-horizon study of 957 large American public corporations to establish whether the degree of board independence (proxy by the fraction of independent directors minus the fraction of inside directors on a company’s board) correlates with various measures of the long-term performance of large American firms (Tobin’s return on assets. Ratio of sales to assets and market adjusted stock price return). They found evidence that low profitability of firms increased the independence of their boards of directors confirming the view that directors are effective during periods of low performance.

Another study carried out by Gompers, Ishii and Metrick, (2003) titled “Corporate Governance and Equity Price.” The authors employed time series data expanding through the 1990’s for about 1500 firms per year. They reported a striking relationships between CG and stock returns. Their evidence shows that firms with strongest shareholder right out perform their counterpart with poor shareholder right by 8.5% in terms of share valuation.

La Porta; Lopez-de-Silanes; Shleifer and Vishmy (1998) carried research on “Corporate ownership Around the World”. They examine the effect of corporate value of shareholder protection in the context of controlling shareholders”. They studied a

sample of 539 large firms in 27 economies using Tobin's as a dependent variable. Their results suggest that poor shareholders protection is associated with lower valuations especially where shareholder protection is poor. Though the finding of this study underscores the importance of good governance, it is cross sectional and cannot be used to generalize on specific industries such as banking.

Ekei (2003) and Agrawal (2005) identified the fact that corporate governance structures are influencing the value of the companies. Contrary, Kojola (2008) suggested the fact that the owners and the managers are choosing a variety of corporate governance structures, every of them maximizing the value of the company, but none of them is not correlated with corporate performance.

While Danoshana S. and Ravivathani T. in their study on the impact of the corporate governance on firm performance affirmed that corporate governance issues have received wide attention of researchers for more than three decades due to the increasing economic crisis around the world. This research study consider the impact of corporate governance on the performance of listed financial institutions. In Sri Lanka as main objective and recommend a suitable corporate governance practices for improving performance of listed financial institutions. To achieve these objectives, the researcher use Return on equity, Return of assets, as the key variables that defined the performance of the firm. On the other hand, Board size, Meeting frequency and audit committee of the company are used as variables to measure the corporate governance. Twenty five listed financial institutions were selected by using the secondary sources. According to the analysis, variables of corporate governance significantly impact on firm's performance and boards size and audit committee size have positive impact on firm's

Performance. However, meeting frequency has negatively impact on firm's performance.

Sanda, Mikalu and Garba (2005) conducted a study on "Corporate Governance's Mechanism and Firm Financial Performance in Nigeria." The study investigated the impact of three CG proxies that is board compositions, the size and power separation between chairman and CEO on three banks performance measures such as returns on equity, sales growth and Tobin's Q. The study utilizes Ordinary Least Square Regression model on a sample size of 11 out 28 banks listed on the NSE as at 31st Dec, 2003. The study finds that CG variable have significant impact on ROE and Tobin's Q. However, no significant was documented in relations to sales growth. The study recommends a maximum board size often (10), consistent with the view that large boards are less effective, (Yermark 1996; Lipton and Lorsch 1992; Jensen 1993 and Sanda, Mikalu and Garba 2005). The study assumes a straight linear relationship between the CG variable and selected performance measures. They observed that the linearity assumption, through simplistic, could lead to misleading conclusions as shown by some scholars, (Johnson, Daily and Elstrand (1996), Daily, Johnson and Dalton (1999). Their findings are contrary to that of Jensen (1993), who theorized that keeping boards small can help improve their performance. When boards get beyond seven or eight people, they are less likely to function effectively and easier for CEO to control. According to them, board sizes do not undermine performance in banking firms. In contrast, they documented evidence in favour of a positive relationship between board size and performance as measured by Tobin's Q and ROA. They conclude that size performance relationship goes from board's size to performance and that calls for the reduction in the number of directors in banks could have adverse effect on performance. Their findings also contradicted Sanda et al, (2005), whose document evidenced that

board size negatively affects performance. Different methods employed by the two scholars may be responsible for the divergent results. Main, Bruce and Buck, (1996) carried out a study on “Total Board Remuneration and Company Performances.” They used secondary data based on financial statement of all the eighteen Ghanaian banks over eleven year’s period (1990 to 2011) to determine the relationship between board variables (board’s size, board composition. CEO duality and CEO tenure) and two performance variables (ROA and change in interest income). They found a significant relationship between dependent and independent variables.

The study by Arinze Gabriel O (2014). Examines the effect of corporate governance practices and regulatory agencies on the performance of government establishments in Anambra State of Nigeria. Twenty five government establishments in Anambra State were studied using their general managers and Accountants as participants. Spearman’s rank correlation coefficient and student t-transformation were used to test for relationship and significant respectively. The results of this study reveal that corporate governance has positive and significant relationship on the performance of corporate governance regulatory agencies. Further results reveal that agreement on corporate governance has positive and significant relationship with lay down standard. The study calls for corporate governance regulatory agencies to discharge their duties without fear of favour and should shun all forms of gratification and render objective report on government organizations. This will redirect government establishment on government corporate governance practices, which will enhance their firm value and meet the need of the future generation.

Corporate governance is about putting in place the structure, processes and mechanism that ensure that the firm is being directed and managed in a way that enhances long term shareholder value through accountability of managers and enhancing organizational

performance. Corporate governance refers to a set of rules and incentives by which the management of a company is directed and controlled. Hence good corporate governance and capital structure maximizes the profitability and long term value of the firm for shareholders. There is a great awareness among the researchers to carry out the researches in “corporate governance’. Very little researches on “corporate governance” are available in Sri Lanka and need to be empowered companies to pay a special attention on corporate governance. The main objective of this study is to examine the relationship between corporate governance practices, capital structure and firm performance in listed manufacturing firms in Sri Lanka.

In a way, the present study is initiated on “corporate governance practices, capital structure and firm performance “with the samples of 25 manufacturing companies using the data representing the periods of 2008 —2012. Leadership structure, board committee, board meeting, board size, board composition, were used as the determinants of corporate governance practices whereas debt equity ratio (DER) were used as the measures of capital structure and return on equity (ROE) and return on assets (ROA) were used as the measures of firm performance. The statistical tests were used includes: descriptive statistics, correlation and regression analyses.

The study found that determinants of corporate governance are not correlated to the capital structure and firm performance measures of the organization. Regression model showed that corporate governance don’t affect companies, DER, ROE and ROA. Further recommendations are also put forwarded in the research.

The study only used data from the 2008-2012 annual reports. However, the findings have highlighted the effects of corporate governance of the performance and capital structure.

The study contributes to literature in Sri Lanka. Furthermore, the finding of the paper can be considered as helpful for managers and users that are anxious to develop financial description quality and practices of corporate governance. Example the works of Moran, (2013). In a study by Morck, (1988), he surveyed over 200 Institutional Investors and found that 80% of the respondents would pay a premium for well governed companies. The research has been able to capture a perceived interest of investors that are willing to pay premium for good corporate governance. The findings of Antunovich et al (2000) and that of Business week (2000) have further echoed the finding Kinsey's that investors favored companies that are perceived to be well governed.

Cubin & Leech (1983) studied the relationship between governance and performance and find that a positive relation exists between ownership concentration and profitability. Other studies that examine the CEO's remuneration and performance relationship include the studies of Jensen and Krueger (1998), Barro (1999). These studies have identified factor such as, board composition, financial expertise of the board members, and whether the CEO is also the board chairman, as the main characteristic of Corporate governance. Furthermore, Kessey et al(1997), Identified key mechanism of an effective Corporate governance framework to include ownership, directors and the board, CEO, auditing and information, directors remuneration and the market for corporate control. Similarly, Sheleifer and Vishnu (1997) supports the contribution of Keasey et al (1997).

There is a view that larger boards are better for corporate performance because they have a range of expertise to help make for a powerful CEO to dominate. However

recent thinking has learned towards smaller boards. Jensen (1993) and Lipton & Lorsch (1992) argue that large boards are less effective and are easier for a CEO to control. When a board gets too big, it becomes difficult to coordinate and becomes problematic especially in terms of the process involve indecision making. Smaller boards also reduce the possibility of free riding by individual directors, and increase their decision taking processes. Mak and Yuanto (2003), also found that firm valuation is highest when board has five directors, a number considered relatively small in their study for the markets they considered in their sample. Though the issue of whether directors should be employees of or affiliated with the firm (inside directors) or outsiders has been well researched, yet no clear conclusion is reached. On the one hand, inside directors are more familiar with the firm's activities and they can act as monitors to top management if they perceive the opportunity to advance into positions held by incompetent executives.

Another aspect of the corporate governance and firm performance issue is the position of the chair and the chief executive of the firm. Researchers find mixed evidence, on which is better, between separating the position of the chair of the firm with that of the CEO. Yermack (1996) argue that, firms are more valuable when the CEO and board chair positions are separate. Furthermore, Daily & Dalton (1992) find no relationship between CEO duality and performance in entrepreneurial firms. Klapper and Love (2002) examine corporate governance and performance in a sample of firms in 14 countries, most of which are developing economies. They find that better corporate governance is associated with better performance in the form of Tobin's q and ROA and that good governance seems to matter more when the legal environment of a country provides investors with weaker protections.

Finally, Delton et al (1998) in their study using subgroup moderating analysis based on variables like the firm size, nature of the performance indicators and operationalization of board composition conclude that there is no evidence of a substantive relationship. Furthermore, another study, using Meta-analysis methodology found no meaningful relationship between board composition and the financial performance of firms. Michael et al (2002) using simultaneous equation method also concludes no significant relationship between the governance control mechanism and firm performance

### **2.3 Theoretical Framework**

There are three approaches to corporate social responsibility as follows:

1. Corporate social responsibility (CSR) which has to do with the general name of the corporation which emphasized first to make money and responsibility to interact with ethically with the surrounding community. It has a broader concept as follows:
  - a. The economic responsibility: which is to make money required by simple economics, this obligations is the business version of human survival instinct. Companies that don't make profit under market command economy are doomed to fail.
  - b. The legal responsibility it's to adhere to the rules and regulations like the previous, this responsibility is not controversial.
  - c. The ethical responsibility it has to do with what is right even when it's not required by the letter spirit of the law.
  - d. The philanthropist responsibility: it's to contribute to society project even when they are independent of the particular business.
2. The triple bottom line theory: is a form of corporate social responsibility that corporate leaders tabulate bottom line results not only in economics terms

(costs versus revenue) but also in terms of company effects in the social realm, and with respect to the environment.

3. Stakeholders theory: which has been described by Edward Freeman and others, is the mirror image of corporate social responsibility instead of starting with a business and looking out into the world to see what ethical obligations are there, stakeholder theory starts in the world.

### **2.3.1 Enforcement of CSR**

The foreign discussions have indicated various authors pointing to the fact that the power of a firm may be crucial to induce channel partners to comply with sustainable chain requirements. The Danish Council for Corporate Social Responsibility (2010) is of the view that sustainability should be achieved through dialogue amongst the supply chain partners. Cruz (2008) agrees with this assertion when he noted that “any level of social responsibility achieved by two parties in the supply chain requires a strong level of collaboration. He goes on to define collaboration as any kind of joint, coordinated effort - between decision makers in the supply chain in order to achieve a common goal”. This method of seeking compliance is more persuasive and researchers have noted positive outcomes coming out of such arrangements. The Danish Council in their guidelines assert that, “in principle, a company’s size bears the same responsibility for their entire supply chain. On the other hand it is internationally that responsibility depends, in practice, on several factors, including the company’s size and ability to exert its influence”. It further states that “it is recognized that, in practice, it is necessary to distinguish between large and small companies. Small to medium Enterprises (SMEs) do not, in practice, have the same opportunities to influence suppliers, and they have limited resources available for practical supply chain management.

### **2.3.2 Use of codes of Conduct**

Amaeshi et al (2008) proposed that enforcement of CSR compliance can be achieved through the use of codes of conduct. They explain that a code of conduct will state in clear terms the value orientation of the suppliers. This can be mapped out in consultation with the direct suppliers or a between firms and new suppliers at the point of engagement. They went to say that the consultation should be characterized by genuine intentions, dialogues engagement, trust and fairness (also Swift, 2001). It is also their submission that the principal purchasing firm can as well institute a process that asks for periodic submission of ethical audit reports from suppliers as part of the engagement and ensure that any supplier found guilty either by the audit and, or by the public would be named and shamed, which might even lead to the severance of relationship. Auditing encompasses both the task of examination, and an appraisal of performance against some standard (Klassen and Vereecke, 2012).

### **2.3.3 Centralized Control**

Klassen and Vereecke (2012) believe centralized control can be instrumental to enforcing compliance. They assert that centralized control can be achieved through vertical integration, supplier contracts that require third party audits, and greater transparency of information.

## **2.4 Theoretical Framework on Corporate Social Responsibility**

There are three approaches to corporate social responsibility as follows:

Corporate social responsibility (CSR) which has to do with the general name of the corporation which emphasized first to make money and responsibility to interact with ethically with the surrounding community. It has a broader concept as follows

- a. The economic responsibility: which is to make money required by simple economics, this obligation is the business version of human survival instinct. Companies that don't make profit under market command economy are doomed to fail.
  - b. The legal responsibility it's to adhere to the rules and regulations like the previous, this responsibility is not controversial.
  - c. The ethical responsibility its has to do with what is right even when its not required by the letter spirit of the law.
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“any level of social responsibility achieved by any two parties in the supply chain requires a strong level of collaboration. He goes on to define collaboration as any kind of joint, coordinated effort –between decision makers in the supply chain in order to achieve a common goal”. This method of seeking compliance is more persuasive and researchers have noted positive outcomes coming out of such arrangements. The Danish Council in their guidelines asserts that, “in principle, company’s size bears the same responsibility for their entire supply chain. On the other hand it is internationally that responsibility depends, in practice, on several factors, including the company’s size and ability to exert its influence”. It further states that “it is recognized that, in practice, it is necessary to distinguish between large and small companies. Small to medium Enterprises (SMEs) do not, in practice, have the same opportunities to influence supplier, and they have limited resources available for practical supply chain management.

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The main objective of this chapter is to discuss the relevant methods, techniques and statistics employed in the collection of data and information required in the course of examining the role of corporate social responsibility as a tool for strategic performance. This chapter will be organized into sections as follows: Research Design, Population and Sample Techniques, Method of Data Collection, Procedure for Data Analysis, Model Specification and Summary.

#### **3.2 Research Design**

Research design deals with how the study will be brought into the scope of the research and how it will be employed within the research setting to yield the research data. Baridam (1995) defines research design as the plan in the research study that addresses the approach to research problem, method to be used and strategy in research study that will help solve the problem being studied. Research design helps as a guide to the researcher in arranging ideas in an orderly way. Thus, the survey research design will be used for this study because the researcher will interact with the respondents to know their views on the study. The collection of data and information for analysis and interpretation will be on questionnaire.

#### **3.3 Population and Sampling Techniques**

This refers to the group of people or items about which we want to obtain information. It is the totality of all observations one intends to make. The aim of this research work is to study the role of corporate social responsibility as a tool for strategic performance; using Guaranty Trust Bank and its customers as a case study. Guaranty Trust Bank and

its Customer's population during this study is the whole bank comprising 200 males and 200 females which are the official figures of this investigation. The size population will be restricted to the three level of management in organization such as senior, mid-level, operational staffs and customers. In view of the fact that the whole target population cannot be studied, Yaro Yamane (1967) formula was choosing to determine the population sample size it becomes necessary in order to reduce the degree of error and to enable every member of the population to stand an equal chance of being selected. Total number of four hundred (400) questionnaire were just selected from the three level management of Guaranty Trust Bank and its customer's which is equally in conformity according to Baridam (1995) states that " is probability sampling methods that is more convenient, less expensive, not time consuming and accessible or easy to measure. Using 95% confidence level for the calculation of the sample size?

$$S = \frac{N}{1 + N(e)^2}$$

Where

N = Population

S = Sample size

e = error

Where :

N = 400

S = ?

e = 5% = (0.05)<sup>2</sup>

$$S = \frac{400}{1 + N(e)^2}$$

$$1 + [400(0.05)^2]$$

$$S = \frac{400}{1 + [400 (0.0025)]}$$

### **3.4 Methods of Data Collection**

The data for this study will be obtained from primary data. The primary data are those data collected from the field of research in their original state. The data used include: personal interview and questionnaires were drawn from Guaranty Trust Bank Plc, Abuja and its customer's as the source data gathered for this study. The data collected was analysed using frequency distribution which is expressed in percentage and Chi-square ( $\chi^2$ ) analyses were used to test the formulated for the study. The instrument used for the study on data collection was a specific 5-Liker scale response options was SA= Strongly Agree; A=Agree; U=Undecided; D=Disagree; SD= Strongly Disagree; The work experience, job status and educational of the respondents were considered when the questionnaires were being administered on the respondents.

#### **Questionnaire**

The questionnaire serves as a confidential instrument administered for collection of data for the study through the staffs and its customers of Guaranty Trust Bank Plc, Abuja and it was accompanied with request letter to the Managing Director of Guaranty Trust Bank Plc, Abuja, for comprehensive response in order to achieve good research. The attached to the request letter was two sections of vital information required from the respondents for the purpose to ascertain the analysis the test hypothesis formulated for the study.

Section ‘A’ contains the Bio-data of the respondents while Section ‘B’ contains the questionnaires information distributed to the case of Study within a time frame for collection for the purpose analysis to achieve the predetermine goal. According to Jamiyu (2008), a questionnaire is a ‘set of questions formulated to obtain data for analysis’. He further pointed out that the results from a questionnaire can be used to provide answers to research questions and used also to test relevant hypotheses.

**Interview**

It is a plant form that assist the researcher to obtain more vital information that erroneously not contain questionnaires and it equally an opportunity for meeting the grassroots employees case of study who might not be privileged to includes their status but they have access to vital information which will help the researcher to achieve it purpose. In fact, the information obtained from this interview from staffs and its customers of Guaranty Trust Batik 11 It7orm part of the questionnaires analysis.

**3.5 Procedure for Data Analysis and Model Specification**

The completed questionnaires collected will be arranged serially, edited and analysed. According to the hypothesis to be tested, the responses gathered are statistically analysed in a way that data gathered are tabulated in various categories to specify responses, and its corresponding percentages. However, the primary data used in this study is obtained from staffs and its customer of Guaranty Trust Bank Plc. Abuja .The data collected in this study were analyzed statistically by the use of frequency tables and percentage and Chi Square method.

$$X^2 = \frac{\sum (fo - fe)^2}{Fe}$$

Where:

$X^2 = \text{chi - Square}$

Fo = Frequency Observed

Fe = Frequency Expected.

The hypothesis formulated is tested by means of the  $X^2$  – Chi-Square. Decision Rule: if the computed value of  $X^2$  — Chi - Square is greater than the critical value of  $X^2$  – Chie-Square at 5% level of significance, the null hypothesis ( $H_0$ ) is rejected, while the alternative hypothesis ( $H_1$ ) is accepted. The reverse is however the case if the computed value of  $X^2$  – Chi-Square is greater than the critical value at the chosen level of significance.

### **3.6 Justification of Methods**

This research was conducted to examining the role corporate social responsibility as a tool for strategic performance. Subject to the instrument used for the research questionnaires, the 5- Liker Attitudinal Scale response options is used in this research because it is one of the most widely used itemized scales of SA= Strongly Agree; A= Agree; U= Undecided; D= Disagree; SD=Strongly Disagree; used as a measurement for the consideration of the dependent and independent for the study and which will be further used in a tabulated table for the frequency and Chi-square  $x^2$  statistics analysis purpose.

### **3.7 Summary**

This chapter has comprehensively utilized the followings mechanism for the actualization of corporate social responsibility which are research designs; population and sampling techniques; methods of data collection; procedure for data analysis and model specification; justification of methods. The survey research design was used for

the study with Yaro Yamane (1967) formula to determine the population sample size. The population comprise the 200 males and 200 females and its customers of Guaranty Trust Bank Plc, Abuja. Questionnaires were used to collect data and chi-square was used to analyse the data and explain the formulated hypotheses. In fact, the research methodology explore for this study has really highlight the contribution that form the judgment as it contain in this study.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

#### **4.1 Introduction**

This chapter will ensure the actualisation of the questionnaires administered to the staffs and its customers of Guaranty Trust Bank Plc. Abuja for proper analysis, presentation and interpretation of data collected for the study. Subject to the formulated hypothesis in chapter one and the results were presented below.

#### **4.2 Historical Background of Guaranty Trust Bank Nigeria**

Guaranty Trust Bank Plc. was incorporated as a limited liability company licensed to provide commercial and other banking services to the Nigerian public in 1990. The bank commenced operation in February 1991, and has since then grown to become one of the most respected and service focused banks in Nigeria. Five years later, in September 1996. Guaranty-Trust Bank Plc. became a publicly quoted company and won the Nigerian stock Exchange Presidential Merit Award that same year and subsequently in the year 2000, 2003, 2005, 2006, 2007, and 2008. In February 2002, the bank was granted a universal banking license and later appointed a settlement bank by the Central Bank of Nigeria (CBN) in 2003. Guaranty Trust Bank undertook its second share offering in 2004 and successfully raised over N11 billion from the Nigerian investors to expand its operations and favourably compete with other global financial institutions. This development ensured the bank was satisfactorily poised to meet the N25billion minimum capital base for banks introduced by the Central Bank of Nigeria in 2005, as part of the consolidation exercise by the regulating body to sanitize and strengthen Nigeria Banks.

### 4.3 Presentation of Results

A total of four hundred (400) copies of questionnaires were issued to the staffs and us customers of Guaranty Trust Bank Plc. Abuja but two hundred (200) were retrieved and found fit for the study, as it continued in the answers given by the respondents to various question asked are presented below

**Question 1:** To determine gender responses of the customer's and staffs of Guaranty Trust Bank

**TABLE 4:3:1:**

<b>Class</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid Male	80	40	40	40
Female	120	60	60	100
<b>Total</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Field Survey, 2017**

From table 4.3.1, the above table shows the gender responses of the customer's and staffs of Guaranty Trust Bank Plc, Abuja. Most respondents are female which represent 60%, while male 80% of the respondents. The result above revealed that male and female have equal sex.

**Question 2:** The knowledge of corporate social responsibility as a tool for strategic performance in the banking sector in Nigeria

**TABLE 4:3:2:**

<b>Class</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid Yes	106	53	53	53
No	94	47	47	100
<b>Total</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Field Survey, 2015**

The table indicates that majority representing 53% were of the knowledge of corporate social responsibility as a tool for strategic performance in the banking sector in Nigeria while 47% did not assent to it.

**Question 3:** The determinants of corporate social responsibility on the hosting communities

**TABLE 4:3:3:**

<b>Class</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid Yes	120	60	60	60
No	80	40	40	100
Yes	106	53	53	53
No	94	47	47	100
<b>Total</b>	<b>80</b>	<b>200.0</b>	<b>200.0</b>	

**Source: Field Survey, 2017**

It is obvious that all the respondents are aware of the determinants of corporate social responsibility on the hosting communities.

**Question 4:** Failure of corporate social responsibility in most banks to the rural area of their hosting communities

Class	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	120	60	60	60
No	80	40	40	100
Yes	106	53	53	53
No	94	47	47	100
Total	80	200.0	200.0	

**Source: Field Survey, 2017**

From the above table shows that 25% of the respondent strongly agree on the opinion “failure of corporate social responsibility in most banks to the rural area of their hosting communities”, 15% said “agree”, 15% said ‘undecided’ while 23% said “disagree” and 22% strongly disagree.

#### **4.4 Test of Hypotheses**

In this chi-square test of statistical hypothesis the researcher is considering the primary source of data question of the questionnaire administered to 400 management staffs of Guaranty Trust Bank Plc and its customer’s. There are two sets of hypothetical statements in this study that would be tested and interpreted differently. The two hypotheses will be tested in line with the following procedure.

- (i) Re-statement of hypothesis
- (ii) Statement of level of significance
- (iii) Formula for testing statistic
- (iv) Compilation value with the table value of chi-square

- (v) Statement of acceptance or reaction of the hypothesis

#### 4.4.1 HYPOTHESIS 1

H<sub>0</sub>: There is no significant relationship between Guaranty Trust Bank and corporate social responsibility as a tool for strategic performance

**TABLE: 5-Likert Scale Responses for Hypothesis I**

VARIABLE	H <sub>I</sub>	H <sub>0</sub>	TOTAL
STRONGLY AGREED	70	38	108
AGREED	40	36	76
UNDECIDED	30	38	68
DISAGREED	30	60	90
STRONGLY DISAGREED	30	28	58
Σ	200	200	400

Source: field survey, 2017.

The calculation of the expected frequencies for each cell in the table

Total of 1<sup>st</sup> Row X Total of 1<sup>st</sup> Column X Overall Total

$$\frac{\text{Overall Total}}{\text{Overall Total}} \times \text{Overall Total}$$

$$\text{Cell 1.1} = \frac{180 \times 200}{400} = 54$$

$$\frac{400}{400}$$

$$\text{Cell 1.2} = \frac{76 \times 200}{400} = 38$$

$$\frac{400}{400}$$

$$\text{Cell 1.3} = \frac{68 \times 200}{400} = 34$$

$$\frac{400}{400}$$

$$\text{Cell 1.4} = 90 \times 200 = 45$$

$$\frac{400}{400}$$

$$\text{Cell 1.5} = \frac{58 \times 200}{400} = 29$$

$$\frac{400}{400}$$

$$\text{Cell 1.6} = 108 \times 200 = 54$$

$$\frac{400}{400}$$

$$\text{Cell 1.7} = 76 \times 100 = 38$$

$$\frac{400}{400}$$

$$\text{Cell 1.8} = \frac{68 \times 200}{400} = 34$$

$$\frac{400}{400}$$

$$\text{Cell 1.9} = 90 \times 200 = 45$$

$$\frac{400}{400}$$

$$\text{Cell 1.10} = 58 \times 200 = 29$$

$$\frac{400}{400}$$

To ascertain the test of hypotheses 1 as shown below, we apply the formula

$$X^2 = \sum \frac{\{FO - FE\}^2}{FE}$$

FE

$X^2$ =chi-square

Where:  $\Sigma$ =sum

FO=observation frequencies in each class

FE=frequencies expected in each class.

S/N	FO	FE	FO-FE	(FO-FE) <sup>2</sup>	(FO-FE) <sup>2</sup> /FE
1	108	54	54	2916	54
2	76	38	38	1444	38
3	68	34	34	1156	34
4	90	45	45	2025	45
5	58	29	29	841	29
6	108	54	54	2916	54
7	76	38	38	1444	38
8	68	34	34	1156	34
9	90	45	45	2025	45
10	58	29	29	841	29
$\chi^2$					400

Source: Computed Data Using SPSS

Degree of Freedom

D/f=degree of freedom

C=number of column in the response contingency table

R=number of rows in the response table

=> 1 = whole number

=> (2-1) (3-1)

= (1) (2) = d/f at 0.05 for table value of  $\chi^2$

Table value of  $\chi^2 = \underline{400}$

100

**Decision Rule:**

From the contingency table above, if the computed value of Chi-square is greater than the critical value of  $X^2$  at 5% level of significance, the null hypothesis ( $H_0$ ) is rejected, while the alternative hypothesis ( $H_1$ ) is accepted. The reverse is however the case if the computed value of  $X_2$  is greater than the critical value at the chosen level of significance.

**Conclusion:** since the computed value of chi - square (400) is greater than the critical value (4), therefore we reject Null hypothesis ( $H_0$ ) and accept the alternative hypothesis that “There is significant relationship between Guaranty Trust Bank and corporate social responsibility as a tool for strategic performance.

**4.4.2 HYPOTHESES II**

$H_0$ : Guaranty Trust Bank has no significant relationship considering corporate social responsibility as a mechanism for strategic performance.

**TABLE: 5-Likert Scale Responses for Hypothesis II**

VARIABLE	$H_1$	$H_0$	TOTAL
STRONGLY AGREED	50	46	96
AGREED	56	26	82
UNDECIDED	44	50	94
DISAGREED	32	38	70
STRONGLY DISAGREED	18	40	58
$\Sigma$	200	200	400

**Source: field survey, 2017.**

The calculation of the expected frequencies for each cell in the table

Total of 1<sup>st</sup> Row X Total of 1<sup>st</sup> Column X Overall Total

Overall Total   Overall Total   Overall Total

$$\text{Cell 1.1} = 96 \times 200 = 48$$

$$\frac{400}{400}$$

$$\text{Cell 1.2} = 82 \times 200 = 41$$

$$\frac{400}{400}$$

$$\text{Cell 1.3} = 94 \times 200 = 47$$

$$\frac{400}{400}$$

$$\text{Cell 1.4} = 70 \times 200 = 34$$

$$\frac{400}{400}$$

$$\text{Cell 1.5} = 58 \times 200 = 29$$

$$\frac{400}{400}$$

$$\text{Cell 1.6} = 96 \times 200 = 48$$

$$\frac{400}{400}$$

$$\text{Cell 1.7} = 82 \times 200 = 41$$

$$\frac{400}{400}$$

$$\text{Cell 1.8} = 94 \times 200 = 47$$

$$\frac{400}{400}$$

$$\text{Cell 1.9} = 70 \times 200 = 35$$

$$\frac{400}{400}$$

$$\text{Cell 1.10} = 58 \times 200 = 29$$

$$\frac{400}{400}$$

To ascertain the test of hypotheses 1 as shown below, we apply the formula

$$X^2 = \sum \frac{\{FO-FE\}^2}{FE}$$

FE

$X^2$ =chi-square

Where:  $\Sigma$ =sum

FO=observation frequencies in each class

FE=frequencies expected in each class.

S/N	FO	FE	FO-FE	(FO-FE) <sup>2</sup>	(FO-FE) <sup>2</sup> /FE
1	96	48	48	2304	48
2	82	41	41	1681	41
3	94	47	47	2209	47
4	70	35	35	1225	35
5	58	29	29	841	29
6	96	48	48	2304	48
7	82	41	41	1681	41
8	94	47	47	2209	47
9	70	35	35	1225	35
10	58	29	29	841	29
$X^2$					400

**Source: Computed Data Using SPSS**

Degree of Freedom

D/f=degree of freedom

C=number of column in the response contingency table

R=number of rows in the response table

=> 1 = whole number

=> (2-1) (3-1)

= (1) (2) = d/f at 0.05 for table value of  $X^2$

Table value of  $X^2 = \frac{400}{100}$

**Decision Rule:**

From the contingency table above, if the computed value of Chi-square is reaar ±n the critical value of  $X^2$  at 5% level of significance, the null hypothesis (H0) is rejected. While the alternative hypothesis (Hi) is accepted. The reverse is however the case if the computed value of  $X^2$  is greater than the critical value at the chosen level of significance.

**Conclusion:** since the computed value of chi - square (400) is greater than the critical value (4), therefore we reject Null hypothesis (Ho) and accept the alternative hypothesis that “Guaranty Trust Bank has significant relationship considering corporate social responsibility as a mechanism for strategic performance”.

**4.5 Discussion of Findings**

Subject to the outcome from both primary and survey design, it had brought out some very useful element of the study. However, the role of corporate social responsibility as a tool for strategic performance cannot be overemphasizing. The findings in this chapter are as follows: From the table 4.3.1, the above table shows the gender responses of the customer’s and staffs of Guaranty Trust Bank Plc, Abuja. Most respondents are female which represent 60%, while male 80% of the respondents. The result above revealed that male and female have equal sex.

The table 4.3.2 indicates that majority representing 53% were of the knowledge of corporate social responsibility as a tool for strategic performance in the banking sector

in Nigeria while 47% did not assent to it. Table 4.3.3, it is obvious that all the respondents are aware of the determinants of corporate social responsibility on the hosting communities. From the above table 4.3.4 shows that 25% of the respondent strongly agree on the opinion “failure of corporate social responsibility in most banks to the rural area of their hosting communities”, 15% said “agree”, 15% said ‘undecided’ while 23% said “disagree” and 22% strongly disagree. The 5-

Liker scale responses used for the analysis of the hypothesis 1 and 2 formulated for the study in chi-square, therefore we reject the NULL hypothesis (Ho) and accept the alternatives hypothesis. Also, it was found that corporate social responsibility determinants is highly required in most rural hosting communities than urban areas. The findings is consistent with the European Foundation for Quality Management (2004), where it was reported that corporate social responsibility is the concept that an organisation needs to consider the determinants of their operations and business practices on not just the shareholders, but also its customers, suppliers, employees, members of the community it operates in, and even the environment. It is a way of say thank you and expressing appreciation to all stakeholders in the business. It is a conscious effort to give back to the society in which the corporation has benefited immensely.

#### **4.6 Summary of Findings**

The summary of the findings explicitly revealed the application of corporate social responsibility to ascertain the extent of compliance as a result of immensely contribution that organisations offer to their hosting communities. The test of the first hypothesis revealed that there is significant relationship between Guaranty Trust Bank and corporate social responsibility which serves as a tool for strategic performance and

therefore the null hypothesis (Ho) was rejected. The test of the second hypothesis also revealed Guaranty Trust Bank has significant relationship considering corporate social responsibility as a mechanism for strategic performance and therefore the null hypothesis (Ho) was rejected.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

Sequel to the insight of corporate social responsibility as a tool for strategic performance, the study revealed that corporate social responsibility through Guaranty Trust Bank has really transformed its customers and the communities which are the ultimate tap-roots of their success. Guaranty Trust Bank is a key player in the banking sector who has a high reputation through their strategic performance in discharging their corporate social responsibility which has creates a platform for corporate marketing and economic development. Corporate social responsibility is prerequisite for marketing strategic of every organisation to strength their financial performance through host communities in as much they play effective role for determinants on the economic development. Therefore, we can humbly summarize from the respondents' point of view the man factors which are:

- i. A company with a strong community involvement programmes is likely to score high in profitability and employee morale.
- ii. Their support for local community activities and other philanthropic endeavours can lead to increased goodwill in the communities where they operate.
- iii. Creation and maintenance of employment opportunities to qualified members of the community.
- iv. Participation in community activities, such as donations to community to celebrations, awarding scholarship to deserving members of the community.

- v. Government needs to establish agency that will monitor the social responsibility of corporate organizations, in order to oversee the compliance o CSR policies and prosecute organizations that are socially irresponsible.
- vi. Law should be enacted that will fix minimum percentage out of profit of organization that should spend on corporate social responsibility.
- vii. Nigeria tax laws can be adjusted in order to make expenses on CSR as a deductible expense. This will reduce tax liability of company and also encourage organizations to provide substantial amount for CSR.
- viii. Nigerian corporate organizations (banks inclusive) need to establish social responsibility unit. This unit duty should include informing the management of organization, Government and other stakeholders about social responsibility of organization. The unit also needs to ensure that organization responsive to social responsibility is in accordance with international best practice.

The result survey revealed The study observed that Corporate social responsibility are highly respected and implemented in a developed countries were host communities are given preference treatment to eradicate poverty alleviation comply to developing countries like Nigeria who have a negative determinants on Corporate social responsibility. Basically, corporate social responsibility will yield many advantages to the government/firm's and host communities in ensuring a better of citizens.

## **5.2 Conclusion**

This study has actually proved inwardly the role of corporate social responsibility as tool for strategic performance on the Nigeria society and banking sector. It indicates tremendous contribution to the host community and equally added advantages to image,

patronage, financial worth eventually and goodwill of the GTBANK in rendering infrastructures and economic development to the society at large. The banking sector in Nigeria should equally participate fully in activities which seek to expose their efforts in appreciating the society for their respective royalty instead of partner with those whose desires are to be continue enriching themselves undermine the poor citizen who cannot afford to pay school fees in various higher institution which CSR is an added advantage in such area. Also, it is a strategic mechanism approach for banking sector to harness the opportunity for investment/reinvestment. The study revealed through the analysis which shows that more attention is needed through the relevant authority/agency that are responsible for the promotion of CSR in Nigeria to proactive in order to crumbling poverty alleviation. Lack of good management will create unfriendly environment for CSR to function efficient and effective.

### **5.3 Recommendations**

The benefit of corporate social responsibility cannot be overemphasized as argued in the present study, sequel to this study and the subsequent discussions; the researcher is able to make the followings recommendations for the government, banking sector and firms in Nigeria:

- i. Government should ensure that they create enabling environment for the banking sector in order to maintain mutual relationship among the hosting communities as they enjoy CSR.
- ii. Government should ensure that through their apex regulatory authorities enforce CSR among other financial institutions in Nigeria.
- iii. The important of CSR awareness is highly needed in every sector of Nigeria economic for a better transformation.

- iv. There are numerous benefits of efficient and effective of CSR which includes good governance, improvement of good quality leadership, sound economic and reforms
- v. There is need for a workable system to ensure that every other organisation render CSR services to it host communities with a clear sustainability strategy
- vi. CSR can resolve poverty alleviation in a country if every organisation innovate project designed that can provide digital access to information and infrastructure to all the universities, polytechnics and college of education including health sector and entrepreneurship with this unemployment is reduce.
- vii. Government should ensure CSR as they operate their legitimate businesses.
- viii. Every organisations/ banking sector should seen CSR as business opportunity not as a problem rather a solution to their success at the end.
- ix. They should ensure accountability and equity in the process of discharging CSR to its host communities at large

#### **5.4 Suggestions for Further Study**

Hence, there is no research that answers all the questions on a particular topic. In fact, the efforts of corporate social responsibility towards the empowerment of the society in Nigeria do not only rest in the hand of government but also its citizens, to see the needs and embrace it for the development of this country at large. Furthermore, researchers are still in the struggle for the decentralization of corporate social responsibility among various communities. It is my privileged to be count among researchers who have venture into this study. Also to the body of knowledge, good governance, and it serves

as reference material for both researcher and scholars in the field of study. This study has careful identify the potentials of corporate social responsibility as a tools for strategic performance which mean if well followed and apply in our various organisation better economic development, unemployment and a good workplace is achieve. Bear in mind that corporate social responsibility is not a new title, neither is it strange to the banking sector and company it is therefore suggested to all corporate entities should voluntarily integrate environmental, social and economic upliftment in their business philosophy and operations. Therefore, this research opens up avenue for further research in the following area: The determinants of corporate social responsibility for eradicating poverty alleviation in Nigeria.

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**Appendix (I)**

Department of Business Administration  
Nasarawa State University, Keffi  
Nasarawa State.

The Managing Director,  
Guaranty Trust Bank Plc,  
Area 3, Garki  
Abuja.

Dear Sir,

**APPLICATION FOR PROJECT RESEARCH: THE DETERMINANTS  
CORPORATE SOCIAL RESPONSIBILITY AS A TOOL FOR STRATEGIC  
PERFORMANCE**

I humbly write to your reputable financial institution in respect of the above captured to enable me carried out this research work as part of the requirement for the award of Masters Degree in Business Administration (MBA).

I will be glad with sufficient responses from your staffs and any other means to the attached questionnaires.

Please be assured that all relevant information provided shall be treated confidentially.

Your co-operation will be highly appreciated.

Yours faithfully

## Appendix (II)

Questionnaire to be answered by staffs and its customers of GUARATY TRUST BANK

1. To determine the gender responses of the GTBANK Plc. Abuja? Male ( )  
Female ( )
2. To determine the educational background of respondents in GTBANK Plc. Abuja? SSCE ( ) NCE/OND ( ) B.SC/HND ( ) Ph.D. ( )
3. To determine the working experience of GTBANK staffs in Abuja? YES ( )  
NO ( )
4. The knowledge of CSR as a tool strategic performance in the banking sector in Nigeria? YES ( ) NO ( )
5. The determinants of CSR on the hosting communities? YES ( ) NO ( )
6. Failure of CSR in most banks to the rural area of their host communities?  
YES ( ) NO ( )
7. To what extent the CSR and GTBANK has transforms its customers?  
Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( )  
Disagreed ( )
8. To what extent GTBANK and the shareholders wealth maximization has transform confidence on the investors? Strongly Agreed ( ) Agreed ( )  
Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
9. What is the probability that the role of CSR has created mutual business activities in GTBANK? Strongly Agreed ( ) Agreed ( ) Undecided ( )  
Disagreed Strongly ( ) Disagreed ( )

10. What extend has Nigeria government benefit from CSR?  
Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( )  
Disagreed ( )
11. How effective and efficient is the GTBANK and CSR potential to financial regulatory? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
2. To what extent has Guaranty Trust Bank consider corporate social responsibility as a mechanism for strategic performance? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
13. How effective and efficient is the GTBANK and CBN check mate the activities of CSR on their host communities? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
14. What is the competency of the GTBANK staffs towards the investors? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
15. Does the management of GTBANK take adequate steps to ensure the shareholders wealth maximization and CSR? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )
16. What is the probability that the GTBANK has created an enabling environment for numerous investor subscribers through CSR? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( ) 7
17. To what extend has GTBANK determinants training and retraining of CSR on their host communities? Strongly Agreed ( ) Agreed ( ) Undecided ( ) Disagreed Strongly ( ) Disagreed ( )