EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON THE PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

By

ALHASSAN ADA JESSICA
NSU/MBA/MGT/0110/16/17

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DECLARATION

I hereby declare that this dissertation has been written by me and it is a report of my research work. This work has not been presented elsewhere for the award of any academic programme in any institution. All quotations are indicated and sources of information specifically acknowledged by means of bibliography.

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ALHASSAN ADA JESSICA **DATE**
NSU/MBA/MGT/0110/16/17

CERTIFICATION

The dissertation, “Effect of Corporate Social Responsibility on the Performance of deposit Money Bank in Nigeria”, meets the regulations governing the award of Masters in Business Administration (MBA), of the School of Postgraduate Studies of Nasarawa State University, Keffi for its contribution to knowledge and literary presentation.

______________________	______________________
Dr. R. A. Andah Supervisor	Date
______________________	______________________
Dr. J. E. I. Abbah (Head of Department)	Date
______________________	______________________
External Examiner	Date
______________________	______________________
Prof. S.A.S. Aruwa Dean, School of Postgraduate Studies	Date

DEDICATION

This work is dedicated to Almighty God.

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First and foremost, my sincere gratitude goes to Almighty God, for granting me the knowledge, wisdom, divine guidance and seeing me through.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Business has positioned itself as a key player on the global development agenda. It can be ascertained that business organizations today have an unprecedented potential to contribute towards some of the most pressing developmental needs (Barkemeyer, 2007). Firms around the world are now struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact on the societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their businesses (D"Amato, Henderson & Florence, 2009). Over the years, companies all over the world have come under intense pressure to be socially and environmentally responsible. Hence, firms must now focus attention on both increasing profitability and being a good corporate citizen. Keeping abreast of global trends and remaining

Committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules, and business models (D" Amato,Henderson & Florence, 2009).

The literature on Corporate Social Responsibility (CSR) has emerged from a variety of disciplines, such as Sociology, Philosophy, Accounting, Management, Finance, Law and Politics (Porter & Kramer, 2006 and Jones, 1995). In the debate on CSR, two broad schools of thought emerged; the classical or free market view and the socio-economic view. The proponents of free market view (Levitt, Friedman and Mackey & Mackey) argued that it is not the job of businesses to be concerned about social issues and problems. Business has an only task to maximize profits and create wealth for

shareholders. It should not interfere in social problems as it is a field of government regulation (Levitt (1958), Friedman (1970) and Mackey and Mackey (2007).

Socio-economic scholars (Caroll, Freeman and others) argued that business is more than just economic unit, it is a part of complex surrounding consisting of various intermediaries like consumers, suppliers, mass-media, unions, employees and shareholders and it should definitely help the society, in carrying out various social programs and cooperate with government (Freeman (1984), Jones (1995), Caroll (1979), O"Dwyer (2002), Cooper & Owen (2007), and Detomasi (2008)). Traditionally, firms have been concerned with profits maximization. However, "it appears that the culture around the globe has been changing. People are beginning to judge corporations for their actions. Recently many corporations have gone to great lengths to make sure that their companies are being viewed as socially responsible by the public eye" (Spilectic, 2013).

There are a reasonable number of literatures on profitability as one of the determining factors of CSR investment in developed and developing countries, leading to divergent opinions. This study is to extend as far as determining the extent to which ROA contributes to CSR investment by listed deposit money banks in Nigeria. The profitability measured by ROA is expected to go a long way in explaining and determining the extent of variation in CSR investment by the listed deposit money banks in Nigeria. This is further buttressed by Zu and Song (2009) that the better-off a firm is, the more likely its manager is to get involved in CSR activities and also a postulation that when a firm has a high return on assets, it may likely be encouraged to invest in CSR.

The ability of firms to engage in CSR projects is largely determined by the sizes of the firms. Large firms have more capacity and resources to execute social welfare projects than small firms. The findings of several studies revealed that size is significantly and positively influencing CSR pattern of firms (Al-Shubiri, Al-Abedallat &Orabi, 2012; Cowen, Ferreri& Parker, 1987; Belkaoui &Karpik, 1989; Trotman &Bradely, 1981; Ho & Taylor, 2007; Garcia-Ayuso & Larrinage, 2003 and Brammer &Pavelin, 2004). Corporate Social behaviour of firms could also be influenced by the growth of the firms. This is because; firms" growth is usually occasioned by the ability of firms to relend profit over time and/or effective and efficient management of the firms" resources. This view is supported by the work of Musa & Hassan (2013) and Al-ShubiriAl-abedallat, & Orabi, (2012).

Leverage is another characteristic that could have impact on CSR. This may be because the capital structure of a firm has great consequences on the financial position of the firm. Studies on leverage and CSR found mixed results. The influence of leverage on social behaviour of firms is supported by the work of Ahmad, Hassan & Mohammed (2003) and Musa & Hassan (2013). While Ho & Taylor (2007) and Reverte (2009) found no relationship between leverage and CSR.

The call on firms in Nigeria to be socially responsible came to reckoning by the activities of youths in the Niger Delta region (Ejumudo, Edo, Avweromre & Sagay, 2012). Protests (sometimes violent) by host communities are a major way of attracting attention of the oil companies, government and the general public to their plight. These pressure groups have metamorphosed into proliferation of arms, emergence of militias, kidnapping, armed robbery, inter and intra community clashes etc which created insecurity, hampered development and generally caused Nigeria daily oil production to drop (Ejumudo, Avweromreand Sagay2012). Firms in the oil industry responded to

pressure from the violent Niger Delta youths and started embarking on socially responsible corporate projects and programmes in host communities. With increased demand and awareness, firms in other industries in the country integrated CSR into their corporate policy and practice as part of corporate goal. However, despite the practice of CSR in the country, not all listed firms are part of the story (Ejumudo et al, 2012). Some industries have not started and seem not to realize the importance of being socially responsible.

The concern therefore is what determines deposit money banks participation in CSR and by what extent? Campbell (2007) proposed conditions to include the general financial condition of the firm, the health of the economy, and the level of competition among others. To Adeyemo, Oyebamiji &Alimi (2013), factors that influence CSR practices are competition, employees demand, government policy, organizational culture and customer demand. Different studies found variables that influence CSR to include among others size, industry, profitability, growth and leverage. This study therefore, seeks to investigate deposit money banks in Nigeria in order to identify the determinants of CSR.

1.2 Statement of the Problem

There exists serious debate on the issue of CSR investment and its determining factors. This controversy is further narrowed down to identifying which of the variables debated is most influential in predicting and determining the CSR investment of listed deposit money banks in Nigeria. Some scholars are of the view that amongst profitability, leverage and firm size are the powerful variables in determining the CSR investment of firms.

It is generally believed that performance of companies is the principal factor influencing the social responsibility of firms. Highly profitable firms are favorably disposed to use part of the profits to execute social projects than less profitable firms. The findings of some studies show profitability as a major influence on the practice of CSR (Hussainey, Elsayed, &Razik *(2011);* Musa & Hassan (2013) and Tsoutsoura (2004). On the contrary, some studies found profitability to be an insignificant explanatory variable (Patten, 1991) while others found it significant but in negative association with CSR (Ho & Taylor, 2007). This study therefore looks at whether the profitability of deposit money banks influences their practice of CSR or not.

Size is a significant variable in determining the behaviour of a firm. Several studies examined the impact of size as a determinant of CSR and found it to be a significant explanatory variable in influencing CSR (Al-Shubiri*et al., 2012*; Ho & Taylor, 2007; Brammer & Pavelin, 2004; Jinfeng & Huifeng (2009) and Garcia-Sanchez (2008). This study would consider size as a variable in explaining the practice of CSR by deposit money banks in Nigeria.

Leverage is also an important factor in the financial position of a firm. Several studies examined the relationship between leverage and CSR and the results revealed leverage to be positively, strongly and significantly influencing CSR practice (Musa & Hassan, 2013 and Ahmad *etal*., 2003). While other studies found no significant relationship between leverage and CSR (Ho &Taylor, 2007). The findings show mixed results, therefore, this work to be carried out in the deposit money banks would regress leverage (Adeyemo, Oyebamiji & Alimi, 2013 and Abba, 2012).

Further, among the unresolved issues that deserve attention include the identification of the factors that drive firms into investment in corporate social responsibility (CSR).

Prior empirical studies (Reverte, 2009; Li & Zhang, 2010; Wang & Song, 2011) established association amongst CSR, ROA, firm size and leverage, in the context of developed and emerging economies. In the developed nations, given the differences in the people's ethical reasoning and decision, environments, periods, methodologies employed and industries and the fact that the few studies conducted in Nigeria such as Abdu (2014) and Ebiringa, Yadrichukwu, Chigbu & Ogochukwu (2013) focused on CSR disclosure, and are not without inconsistent and mixed outcomes which leave stakeholders of listed DMBs in Nigeria in dilemma as to the factors that determine and influence the CSR investment. Thus, do the factors that have been previously documented to determine CSR in developed and developing economies also determine CSR in Nigeria listed deposit money banks? Hence, this study seeks to provide answers to these questions and contribute to the existing empirical literatures in this area by examining the extent to which financial performance impacts on CSR of listed DMBs in Nigeria.

Finally, most of the studies were conducted in advanced economies, only few studies (Reverte, 2009; Li & Zhang, 2010; and Wang & Song, 2011) were conducted in developing economies. Thus, this study fills the gap by examining the determinants of CSR investments of listed deposit money banks in Nigeria.

1.3 Research Questions

i. To what extent does profitability influence corporate social responsibility in deposit money banks in Nigeria

ii. To what extent does firm size influence corporate social responsibility in deposit money banks in Nigeria

iii. To what extent does leverage impact on corporate social responsibility in deposit money banks in Nigeria

1.4 Objectives of the Study

The main objective of the study is to investigate the factors that influence the practice of CSR in deposit money banks. The specific objectives of the study are to:

i. Examine the extent to which profitability influences CSR participation in deposit money banks.

ii. Determine the extent to which firm size influence corporate social responsibility of deposit money banks.

iii. Examine the impact of leverage on CSR of listed deposit money banks in Nigeria

1.5 Research Hypotheses

In view of the objectives of the study, the following hypotheses have been formulated in null form:

H_{o1}: Profitability does not significantly influence CSR participation in deposit money banks.

H_{o2}: Firm size does not significantly influence the corporate social responsibility of deposit money banks

H_{o3}: Leverage has no significantly impact on corporate social responsibility of deposit money banks.

1.6 Significant of the Study

This study would be very important as the findings would extend the frontier of knowledge and provide knowledge base in the area of determinants of CSR in the Nigeria Deposit Money Banks. This is imperative because the few studies on the determinants of CSR in Nigeria are outside of the domain of this study and with different focus. The study would benefit the following:

Nigerian Deposit Money Banks would benefit from the study in that it would provide the needed theoretical information on factors that positively or otherwise influence the practice of CSR. The findings and the recommendations of the study would also provide the base and veritable tool for informed decisions on CSR programmes.

The management of organizations especially in West Africa would also benefit immensely from the study. This is because; the appropriate application of the findings and the recommendations would result to sound policies formulation.

The findings of the study would be of immense benefits to government and regulators in Nigeria as it would provide a useful guide for the formulation of policies and decisions on CSR.

Also, the study would be beneficial to the researcher and potential researchers as a research tool, which would provide sound theoretical knowledge on determinants of CSR and the methodology required for carrying out research.

1.7 Scope and Limitations of the Study

The study examines the determinants of corporate social responsibility of listed Deposit Money Banks in Nigeria. The study covers the periods of seven (7) years (2010-2016). The dependent variable of the study is CSR and the independent variables of the study are ROA, leverage and firm size. Therefore, this period was chosen to ensure that the study captures the effects of the changes on CSR. There are many factors that can influence the practice of CSR as revealed by the extensive theoretical review, but this study limits itself to the study of such variables as profitability, firm's size and leverage. This is because, these three (3) variables seems to be the most argued than the other factors. Hence, the selection was made in order to know whether these variables really determine CSR.

CHAPTER TWO

LITERATURE REVIEW

2.1 Concept of Corporate Social Responsibility

The Concept of CSR has no one universally accepted definition, and exists in multiple related concepts and terms which are interchangeable with CSR. Several definitions by different authors and bodies have been given to explain the meaning of CSR.

The World Business Council for Sustainable Development (WBCSD, 2000) defines CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of work life of the workforce and their families as well as of the local community and society at large". As cited in Mbare, 2007, Hicks (2000) asserts that CSR centers on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities, and special interest groups. To the Canadian Business for Social Responsibility, CSR is defined as "A Company's commitment to operating in an economically and environmentally sustainable manner; at the same time, recognize the interests of its stakeholders" (Mbare, 2007).

According to European Commission (2002), CSR is defined as a "concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis". Smith (2011) defined CSR as „a business system that enables the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices. CSR is a business philosophy in terms of social investing aimed to build up social capital and to improve the economic performance of the firm (Waddock (2001) as cited in Sukcharoensin, 2012). More recently, McWilliams & Siegel (2001) defined it as actions that appear to further some

social good, beyond the interests of the firm and that which is required by law (Amaeshi, Adi, Ogbechie & Amao (2006).

There exist diverse definitions of CSR. However, the most comprehensive definition is given by Rizk, Dixon & Woodhead (2008: 306) who define CSR as "the process of communicating the social and environmental effects of organizations‟ economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly) companies; beyond the traditional role of providing a financial account to the owners of capital, in particular shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders". Caroll (1979) saw corporate social responsibility as a construct with four main components: economic responsibility to investors and consumers, legal responsibility to the government or the law, ethical responsibilities to society, and discretionary responsibility to the community (Adeyemo*et al.*, 2013). According to Business for Social Responsibility (BSR), CSR is defined as achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment (Tsoutsoura, 2004).

For the purpose of this study, CSR is defined as the voluntary donations by firms or organizations to improve the living conditions of the society in which they operate. The relationship between a corporation and its environment and the role that CSR plays in influencing this relationship has become important business issues over the last few decades (Yao, Wang & Song, 2011). CSR can be easily described as a culture whereby corporate organizations align their activities with the social, economic and environmental expectations of its stakeholders. The goal of CSR is to embrace responsibility for the organizations actions and encourage a positive impact through its

activities on the economy, environment, consumers, employees, communities, stakeholders, and all other members of the public sphere.

There are two extreme schools of thought on the idea of CSR; the classical and socioeconomic
Schools of thought. "First make money and then do good" is a popular statement accredited to the opponents of CSR, the classical or free market school, to them business is all about profit and they do not feel obligated to anybody to either initiate or support any CSR project. They are mainly capitalists and all they owe the society is to pay their taxes and run their businesses in accordance with the law. Schwartz (2011) mentioned the view point of Mitton Friedman (one of the most notable opponents of CSR) which states that "there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud".

However, in recent times, the classical school of thought have changed their view on the issue of CSR by developing a proposition called "triple bottom line" (people, planet, profit), and also the shared value concept promoted by Michael E. Porter, a Harvard Business School Professor and Mark R. Kramer, a consultant and a senior fellow in the CSR program at the Kennedy School of Government at Harvard. In a lengthy article in the Harvard Business Review titled, "Creating Shared Value: How to reinvent capitalism and unleash a wave of innovation and growth" they have been championing the shared value concept in conferences and meetings with corporate leaders and other stakeholders.

The shared-value concept builds on the ideas of CSR, but it emphasizes profit-making not just as a possibility but as a priority. Shared value points toward "a more

sophisticated form of capitalism", in which "the ability to address societal issues is integral to profit maximization instead of treated as outside the profit model" (Arguments for and against CSR, 2013).

The socio-economic school of thought comprises of original proponents of CSR who believe that, "companies can grow well by doing good". They support corporate initiatives that address social concerns including environmental pollution, natural resource depletion, public health and the needs of the poor. This school sees CSR as "impact investing" and not a profit making venture but a way of giving back to society (International Business for Entrepreneurs, 2014). Proponents of socio-economic school argue that socially responsible practices can have a positive impact on the bottom line, in ways including human resources recruitment and retention, risk management via reduced corruption scandals or environmental accidents, brand differentiation with greater consumer loyalty and more long term profits by operating with this perspective (International Business for Entrepreneurs, 2014). Freeman (1984) asserts that managers must satisfy a variety of constituents (workers, customers, suppliers, local community and organisations) who can influence firm outcomes. The views of Caroll (1979), Jones (1995), O‟Dwyer (2002), and Cooper & Owen (2007) support the socio-economic school of thought.

The poverty of a nation's citizens, political unrest, exhaustion of natural resources, can have destructive effects for a corporation. A firm cannot healthily operate while neglecting its environment. This has thus entrenched CSR as a corporate dictate.

2.1.1 Profitability and Corporate Social Responsibility

Profitability refers to the potential of a venture to be financially successful. It is the ability of a business to earn a profit. A profit is what is left of the revenue a business

generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business" activities. According to Trivedi (2010), "profit refers to the total income earned by the enterprise during the specified period of time, while profitability refers to the operating efficiency of the enterprise. It is the ability of the enterprise to make profit on sales. It is the ability of enterprise to get sufficient return on the capital and employees used in the business operation. As cited in Trivedi (2010), Weston and Brigham rightly notes that "to the financial manager, profit is the test of efficiency and a measure of control, to the owners a measure of the worth of their investment, to the creditors the margin of safety, to the government a measure of taxable capacity and a basis of legislative and to the country profit is an index of economic progress, national income generated and the rise in the standard of living, while profitability is an outcome of profit". It is often measured by price to earnings ratio.

Profitability is commonly measured using the following ratios: Gross Margin, Operating Margin, Return on Assets, Return on Equity, and Return on Capital Employed. For the purpose of this study, ROA is adopted for the measurement of profitability. This is because it is more encompassing than other profitability variables and the proxy commonly used by researchers for measuring performance. Profitability of firms is a factor that could determine the engagement of firms in socially responsible projects. This is because, ceteris paribus; highly profitable firms would have the ability to execute CSR projects without affecting its capacity to pay dividends and retain earnings for future growth (Hussainey*et al.*, 2011; Akindele, 2011; Tsoutsoura, 2004 and Ho & Taylor, 2007).

2.1.2 Firm Size and Corporate Social Responsibility

Firm size remains a poorly defined concept. Where the use of size is required by theory, studies typically resort to proxies such as the number of employees, total assets, sales or market capitalization. Conversely, the concept of firm size has also been used to proxy for numerous theoretical constructs ranging from risk to liquidity or even political costs (Ball & Foster, 1982 as cited in Triqueiros 2000). As a result, firm size has been interpreted in many different ways, allowing it to explain everything, and thus nothing, at the same time (Bujaki & Richardson, 1997). In addition, the pursue of a precise definition of firm size is considered by many as utopic, either because it is speculated that size may be multi-dimensional or because size is deemed to be essentially an ambiguous concept (Triqueiros, 2000).

According to Niresh & Velnampy (2014), “the size of a firm is the amount and variety of production capacity and ability a firm possesses or the amount and variety of services a firm can provide concurrently to its customers. The size of a firm is a primary factor in determining the profitability of a firm due to the concept known as economies of scale which can be found in the traditional neo classical view of the firm. It reveals that contrary to smaller firms, items can be produced on much lower costs by bigger firms”.

In accordance with this concept therefore, a positive relationship between firm size and profitability is suggested. Contrary to this, alternative theories of the firm suggest that larger firms come under the control of managers pursuing self-interested goals and therefore managerial utility maximization function may substitute profit maximization of the firm’s objective function.

Firm size could be measured using various parameters, such as: market share of the business, level of sales turnover, number of employees, value of the total assets and value of capital employed. This study adopts the value of total assets for the

measurement of firm size. This is due to the fact that many previous studies used it as the common parameter for the measurement of firm size (Hussainey *et al.,* 2011, Chih, Chih & Chen*et (2010),* Alshubiri *et al., 2012,* Musa & Hassan, 2013 and Niresh & Velnampy, 2014). Large firms (conglomerates, multinational corporations, oil companies and the like) often enjoy economies of scale and other many benefits with eminent potentials for making profits.

The size of a firm has close association with firm profitability and therefore, firm size is a significant factor in CSR decisions of firms. Studies have shown significant relationship between size and CSR (Chih*et at*., 2010; Ashubiri et al., 2012 and Hackston & Milne, 1996).

2.1.3 Leverage and Corporate Social Responsibility

Leverage is the degree to which an investor or business is utilizing borrowed money. According to Business Dictionary (n. d.), leverage is the use of borrowed money to increase production volume, and thus sales and earnings. It is measured as the ratio of total debt to total assets. The greater the amount of debt, the greater the financial leverage.

Business owners can use either debt or equity to finance or buy the company's assets. Using debt, or leverage, increases the company's risk of bankruptcy. It also increases the company's returns; specifically, its return on equity. This is true because, if debt financing is used rather than equity financing, then the owner's equity is not diluted by issuing more shares of stock. Companies that are highly leveraged may be at risk of bankruptcy if they are unable to find new lenders in the future. Leverage is not always bad, however, it can increase the shareholders‟ return on investment and often there is tax advantages associated with borrowing. Kurfi (2003) asserts that leverage ratios measure the relationship between the funds provided by the owners (shareholders) of a

firm and funds provided by the creditors of the firm. They also measure the ability of the firm to service the charges accruing from the use of outsiders" funds (creditors). Leverage is a debt component of the capital structure of a firm. The level of leverage of a firm is also one of the forces expected to influence the CSR investment of a firm. A firm that has a higher leverage as proposed by previous studies would have little resources to take care of some other objectives and vice versa. However, firms despite having leverage try to participate as far as possible in investment in CSR so as to captivate the stakeholders to invest in their company. This is owing to the fact that investment in CSR by a firm simply signals to the stakeholders that the firm has a potential for future survival and growth. Several studies provided evidences of the association between leverage and CSR, but such relationship is mixed and inconsistent, with some claiming to have positive, negative and even neutral relationship between the concerned variables. This study will go extra mile as to not only evaluating the direction of the relationship but also examining the influence leverage has on driving firms to invest in CSR.

Leverage is commonly measured through the use of the following ratios: debt to total assets; debt to equity; and interest coverage ratios. For the measurement of leverage, this study adopts the ratio of debt to equity. Leverage increases the returns on investment of shareholders. Therefore, highly levered firms with good returns may be able to engage in CSR projects. Significant association has been found to exist between leverage and CSR (Amelia, 2002; Al-Shubiri *et al.,* 2003 and Ho & Taylor, 2007). On the contrary, leverage could negatively affect firms" ability to engage in CSR; as highly levered firms spend chunk of their profits on costly debt servicing. The finding of Omondi & Mutiori (2013) supports this position. Al-Shubiri *et al*. (2003) studied financial and non-financial determinants of CSR using a sample of 60 industrial

companies listed on the Amman Stock Exchange, Jordan. The study which covered 2006 to 2010 got data from the published annual reports of the companies and regression model developed to test the hypotheses. It found that highly leveraged firms are more likely to voluntarily disclose social responsibility information.

2.2 Review of Empirical Studies

This section presents a critical review of several studies carried out on the determinants of CSR. The study reviews related studies based on individual variables. These variables as individually discussed below include profitability, firm size, dividend, firm growth and leverage.

Profitability can be measured using ROA and several empirical works revealed that profitability is positively associated with CSR. Using a sample of 111 Egyptian listed companies for the period from 2005 to 2010, Hussainey *et al*. (2011) studied the factors affecting CSR disclosure in Egypt. CSR was measured using content analysis and the data sourced from annual reports of the sampled firms were analyzed with the use of regression models and found that profitability is the main determinant for the aggregated and most of individual CSR information in Egypt. The population of the study comprised of all listed companies in Egypt which operate in different environment under diverse conditions. This study is of the view that had the study focused on sectors with similar parameters; the result might have been different.

Naser & Hassan (2013) employed content analysis of the annual reports and regression analysis to identify factors influencing social disclosure by non financial companies listed on Abu Dhabi Securities Exchange. The results showed that the extent of CSR disclosure is influenced by profitability (and other factors). The study is limited in that it considered the annual reports of the selected listed companies for only one (1) year (2011).

Gamerschlag, Moller and Verberteen (2011) in the study of the determinants of voluntary CSR disclosure, used content analysis to analyzed 130 listed German companies and the results revealed that profitability affects the amount of CSR disclosure. The use of content analysis is considered as highly limited for the study. This study opines that more techniques of analysis would have been applied and more robustness tests conducted to improve the validity of results.

With the use of qualitative research method, Olayinka & Temitope (2011) examined the relationship between corporate social responsibility and financial performance in developing economies: the Nigerian experience using variables inclusive of return on earnings and return on assets. The findings revealed that CSR has a positive and significant relationship with the financial performance measures. This study is of the opinion that qualitative research is not the appropriate methodology for the study, hence had a different methodology been applied; the result could have been different.

The study conducted by Akindele (2011) adopted a survey design using ex-post factor type on four (4) randomly selected banks in carrying out a study on corporate social responsibility: an organizational tool for survival in Nigeria. The data were analyzed using descriptive and inferential statistics while predictions and decisions were determined using analysis of variance (ANOVA). It was found that there is a significant relationship between bank profitability and CSR practices. The use of four (4) banks as the sample size for the study is highly inadequate. This study suggests that a larger sample size with the use of other techniques of analysis would have improved the results of the study.

Using Ordinary Least Square (OLS), Amole, Adebiyi & Awolaja (2012) studied the impact of corporate social responsibility on the profitability of Nigerian banks for the

period of 2001 to 2010. Annual reports formed the secondary source of the data collected which were analyzed using correlation and regression analysis. The findings showed that there is positive relationship between banks‟ CSR activities and profitability. Though the study used appropriate methodology and technique, this study is of the view that the period covered by the study is a bit old to represent the current realities and issues affecting CSR at the moment.

Corporate social responsibility and financial performance by Tsoutsoura (2004) was carried out using data set of most of the Standard & Poor's (S & P) 500 firms listed on New York Stock Exchange (NYSE) and covers the years 1996 to 2000. The results revealed that the sign of the relationship is positive and statistically significant; supporting the view that socially responsible corporate performance can be associated with a series of bottom line benefits. Appropriate methodology and techniques were used for the study, however; this study is of the view that the period covered by the study is old for the conclusions to be drawn on current realities and issues affecting CSR at the moment.

An empirical test of the ability of stakeholder theory to explain social responsibility was undertaken by Roberts (1992) used stakeholder power, strategic posture and economic performance by adopting Ullmann (1985) framework to predict cross-sectional variations in CSR. The extensive analysis of data from 130 major corporations for the study revealed that economic performance is significantly related to levels of corporate social disclosure. This study is of the opinion that the period covered by the study is old for the conclusions to be drawn on current realities and issues affecting CSR.

Musa & Hassan (2013) used the annual reports of a sample of 13 banks for the period between 2005 and 2011 to study the determinants of corporate social responsibilities in

the Nigerian listed Money Deposit Banks. The study adopted multiple regression technique and data were collected from secondary source through the annual reports and accounts of the firms. It found that economic profit have a positive impact on CSR at 10% level of significance. The study employed good methodology and techniques of analysis, however, this study suggests that more robustness tests would have been carried out to improve the validity of the results.

Vintila (2013) studied the Relationship between Corporate Social Responsibility - Financial Performance -Firm Size. This study explored whether profitability and company size have a potential influence on levels of corporate social responsibility according to the annual dates of Romanian companies, using statistical correlations. The research found that company size and company profitability have an influence toward the corporate social responsibility. The result of this study cannot be relied upon because it covered only one year (2008) and the technique of sample selection is not clear. The result would have been more robust if more years are considered and a better sampling technique is applied.

Ismail & Koh (1999) and Alam and Deb (2010) found positive association between profitability and the level of disclosure. On the other hand, the finding of Akhtaruddin (2005) was a low association between corporate disclosure and profitability. In this study profitability was measured by net earnings of firm. It is said that profitable firm spends more on CSR activities. So, it is expected that there is a positive association between profitability and CSRD. The studies used time series data which may not be to allow for comparison of one firm with another.

Abu-sufyan (2010) investigated the impact of corporate characteristics and corporate social responsibility disclosure (CSRD) in annual reports of listed companies in

Bangladesh. Seventy (70) annual reports of nonfinancial companies for the year 2010 have been taken as sample to find the empirical result of this study. The study reported that the mean score of CSRD is five and 75 percent companies disclose 7 items voluntarily which is 20 percent of total disclose-able items. So, companies in general have not responded enough to disclose CSR items in the annual reports. The explanatory variables are total assets, profitability, MNC affiliation, listing age and market capitalization. The study revealed that return on asset has no statistically significant effect on CSRD. The study is limited to only cross sectional data. The result of study would have been better if panel data has been employed as it will allow for the study of many firms over a number of years.

Istianigsih (2013) empirically examined the impact of firm characteristics on corporate social responsibility disclosure of the manufacturing companies listed on the Indonesian stock exchange for the period 2008-2010. Factors tested for their effects on corporate social responsibility disclosure are good governance, financial leverage, profitability, firm size and foreign ownership and company profile. The sample is selected from the manufacturing companies listed on the Indonesian stock exchange for the period 2008-2010. The study employed multiple regression model in testing the hypotheses. The study found that profitability has no significant impact on the corporate social responsibility disclosure of listed manufacturing firms of Indonesia. The study failed to consider the value invested in CSR. Instead, it concentrated only on CSR disclosure which may not be sufficient in providing a guide to stakeholders as to the firms that invest in CSR. The outcome of the study may not be replicated in Nigeria considering the environment and again it may not be applicable to other industries of the same country not to talk of other countries.

Hussainey, Elsayed & Abdel Razik (2011) examined the factors affecting corporate social responsibility disclosure in Egypt. The study made a significant contribution to the corporate social responsibility (CSR) disclosure literature by offering the first study of its type undertaken in Egypt as an example of a developing country that examines the determinants of individual and aggregated types of CSR information. Using a sample of 111 Egyptian listed companies for the period of 2005–2010, the study revealed that 66% of the Egyptian listed companies disclose on average 10–50 CSR statements. In addition, the study found that product/customer information is used extensively by Egyptian listed companies compared with other types of CSR information. Finally, the study showed that profitability is the main determinant for the aggregated and most of individual CSR information in Egypt. One of limitations of the study is its use of a CSR disclosure index to investigate the phenomenon. The existing disclosure literature does not provide a great number of alternatives for measuring disclosure. The study acknowledged that, as in other disclosure studies, the selection of the items included in the disclosure index inevitably involved some degree of judgment and subjectivity (Marston and Shrives, 1991). Another limitation of the study is that its sample is only 111 Egyptian listed companies. As this study is confined to Egypt, it is possible that companies in other countries differ from their Egyptian counterparts. Another limitation of this study is that it used annual report narratives of 20 rather than other sources of CSR information disclosures, therefore, the results of the study is spurious.

A study carried out by Kavanagh, Bayoud & Slaughter (2012) on the examination of factors affecting corporate social disclosure in Libya. Specifically, the study explored whether company age, industry type or company size has a potential influence on the levels of corporate social responsibility disclosure (CSRD) in the annual reports of Libyan companies. Hypotheses were tested using regression analysis on a sample of 40

annual reports from Libyan companies from 2007 to 2009. In addition, thirty-one of the financial managers and information managers expressed their perception about the determinants of CSRD in Libya. The quantitative findings revealed that there is a positive relationship between company age and industry type and the level of CSRD. The qualitative findings showed a positive relationship between all factors influencing levels of CSRD used in the study and level of CSRD in Libyan companies.

More so, Uwalomwa (2011) found that a significant positive relationship exists between the size of firms (financial sector) and level of corporate social responsibility disclosure. So simply implies that the larger the size of a firm, the more they will be willing to invest on resources and corporate environmental technologies that are environmentally friendly. Parsa and Deng (2008) which employed data from U.K., indicates that a positive increase in company size leads to positive and significant change in amount of corporate social responsibility disclosure. The result of this study may not be replicated if conducted in the developing countries like Nigeria due to disparities of the environments and attitude of firms in Nigeria towards CSR investment and disclosure.

Ashubiri *et al*. (2012) studied financial and non-financial determinants of CSR by using a sample of 60 industrial companies listed on the Amman Stock Exchange for the period from 2006 to 2010 in Jordan. The data were gotten from the published annual reports of the companies and regression model developed to test the hypotheses and found that firms with large size are more likely to voluntarily disclose social responsibility information.

In the study by Reverte (2009) on the determinants of CSR disclosure ratings by Spanish listed firms, a number of firm and industry characteristics, as well as media exposure, were analyzed as potential determinants of CSR disclosure practices by Spanish listed firms. With reference to several theoretical constructs, such as the

legitimacy, stakeholder and agency theories; the findings revealed that firms with higher CSR ratings present a statistically significant larger size as compared to firms with lower CSR ratings.

Branco & Rodrigues (2008) showed that the amount of corporate social responsibility disclosure in large companies is higher than small companies, because stakeholders expect greater corporate social responsibility disclosure from large companies than small companies. Social responsibility disclosure does not does not relate to company size. CSR disclosure might be influenced by the concern of the management or the environmental awareness (Rahman & Widyasari, 2003).

Another study conducted by Shehu & Farouk (2013) empirically analyzed the determinants (financial and non-financial) of CSR of listed Deposit Money Banks (DMB‟s) in Nigeria for the period of 2005-2011. The listed DMB‟s are twenty-one (21) in number out of which a sample of thirteen (13) were used for the study. Specifically, the study sought to find if financial and non- financial factors (proxies by Economic profit, firm size, dividend, Institutional ownership, firm growth and leverage) have any impact on Banks CSR. The study adopted multiple regression techniques and data were collected from secondary source through the annual reports and accounts of the firm. The findings revealed that Leverage is positively, strongly and significantly influencing the CSR practice of listed Deposit Money banks in Nigeria. This study failed to consider the internal accounting measures of profitability such as return on assets. Accounting measure of performance would have been good if incorporated into the study simply because it has the quality of standing the taste of time and again the findings of the study might not be applicable to current economic condition of the banks for the fact that it might have been overtaken by the effusion of time.

Yao *et al.* (2011) carried out a study on the determinants of social responsibility disclosure by Chinese firms using the annual reports of 800 listed firms on the Shanghai Stock Exchange in 2008 and 2009. Based on a content analysis approach and multivariate regression model, it found that CSR disclosure is positively associated with firm size. The review of the work shows that the study covered only two (2) years.

Using an extensive sample of 134 US companies, Cowen *et al*. (1987) investigated size, industry, profitability and presence of social responsibility committee as corporate characteristics. It examined the annual reports and the results of the regression analysis showed that company size has significant impact on disclosure elements. The study was carried out long ago and a replica now could produce different results.

The study on the determinants of social and environmental disclosures in New Zealand companies by Hackston & Milne (1996) used selected 50 largest listed companies on the New Zealand Stock Exchange. The data were sourced from the annual reports of the selected companies and the results of the regression analysis revealed that there is a positive significant relationship between size and amount of the disclosure. The work was also carried out about two decades ago, hence, the application of the findings now would not be appropriate.

Kansal, Joshi & Batra (2014) studied the determinants of CSR disclosures on an extensive sample of top Indian companies using corporate size and a number of corporate characteristics. The findings revealed that corporate size correlate with social disclosures and found to be a significant factor that influence the social disclosures made by the Indian companies. The population of the study being top Indian companies is good, but this study is of the view that the study of sectors with similar environment and parameters could produce a different result.

By using size and other corporate characteristics, Ho & Taylor (2007) empirically analyzed triple bottom line reporting and its determinants with evidence from the United States and Japan. It used annual reports, stand-alone reports, and special website reports. Regression analysis was used to examine empirically the determinants of TBL disclosure practice and the empirical findings revealed that corporate size is significantly and positively associated with triple bottom-line disclosure. This study is of the view that the study conducted about a decade ago is inappropriate for application at present time.

Brammer & Pavelin (2004) sampled 134 largest United Kingdom companies and examined the association between corporate characteristics and CSR disclosure. The annual reports of the companies were the main source of the data and regression analysis carried out. The results showed that company size is positively related with social disclosure.

The study by Jinfeng & Huifeng (2009) on the factors influencing the level of environmental protection information disclosure in annual reports used data from the published annual reports of the sampled companies. The findings of the regression analysis carried out revealed that corporate size is significantly associated with environmental disclosure.

The work of Garcia-Sanchez (2008) on corporate social reporting: segmentation and characterization of Spanish companies investigated the contribution of size, industry and profitability. The statistical analysis revealed that corporate size is associated with social disclosure and is a significant explanatory variable. In the opinion of this study, if further analysis and more robustness tests were conducted, it would have improved the validity of the results.

Shehu & Farouk (2013) empirically studied the determinants (financial and non-financial) of CSR of listed Deposit Money Banks (DMBs) in Nigeria for the period of 2005-2011. The listed DMBs are twenty-one (21) in number out of which a sample of thirteen (13) were used for the study. Specifically, the study sought to find if financial and non- financial factors (proxies by Economic profit, firm size, dividend, Institutional ownership, firm growth and leverage) have any impact on Banks CSR. The study adopted multiple regression techniques and data were collected from secondary source through the annual reports and accounts of the firm. The findings revealed that Leverage is positively, strongly and significantly influencing the CSR practice of listed Deposit Money banks in Nigeria. This study failed to consider the internal accounting measures of profitability such as return on assets. Accounting measure of performance would have been good if incorporated into the study simply because it has the quality of standing the taste of time and again the findings of the study might not be applicable to current economic condition of the banks for the fact that it might have been overtaken by the effusion of time.

Amelia (2012) studied the effect of firm characteristics, financial performance and environmental performance on corporate social responsibility disclosure intensity of manufacturing firms listed in the Indonesia Stock Exchange. Using annual reports from a sample of 16 companies, the results of the regression analysis revealed that leverage influences corporate social responsibility disclosure intensity.

Al-Shubiri *et al*. (2003) studied financial and non-financial determinants of CSR using a sample of 60 industrial companies listed on the Amman Stock Exchange, Jordan. The study which covered 2006 to 2010 got data from the published annual reports of the companies and regression model developed to test the hypotheses. It found that highly leveraged firms are more likely to voluntarily disclose social responsibility information.

With the use of financial leverage and other variables, Ahmad, Hassan & Mohammad (2003) studied the determinants of environmental reporting in Malaysia. Annual reports of the sampled companies were the principal source of the data and regression technique was used for the analysis. The study found that financial leverage is significantly associated with environmental disclosure.

Using multiple regression technique to analyze the annual reports of a sample of 13 banks, Musa & Hassan (2013) investigated the determinants of CSR in the Nigerian listed deposit money banks. The findings revealed that leverage is positively, strongly and significantly influencing CSR practice.

In the study conducted by Reverte (2009) on the determinants of corporate social responsibility disclosure ratings by Spanish listed firms, the paper analyzed whether a number of firm characteristics inclusive of leverage are potential determinants of CSR disclosure practices. Based on several theoretical constructs, such as the legitimacy, stakeholder and agency theories, the findings of the study revealed that leverage does not explain differences in CSR disclosure practices between Spanish listed firms.

Rahman, Zain & Al-Haj (2011) investigated CSR disclosures and its determinants with evidence from Malaysian government link companies. By considering leverage and other firm characteristics, the study analyzed the annual reports of 44 government linked companies listed on Bursa Malaysia from 2005 to 2006. The study used content analysis and regression technique to analyze the data and the findings revealed that leverage is significant in explaining total disclosure.

Ho & Taylor (2007) work titled, “an empirical analysis of triple bottom-line reporting and its determinants: evidence from the United States and Japan” used leverage and other corporate characteristics and examined their influence on triple bottom line

reporting. It investigated TBL disclosures of 50 of the largest US and Japanese companies with the use of annual reports, stand-alone reports, and special websites reports. Regression analysis was used to examine empirically the determinants of TBL disclosure and found no significant relationship with leverage.

A relational study of firm's characteristics and CSR expenditure by Chauhan & Amit (2014) used multiple regression analysis covering 30 indexes for 2007 to 2012 periods. The results revealed that leverage has no influence towards the CSR expenditure.

The study by Omondi & Muturi (2013) on factors affecting the financial performance of listed companies at the Nairobi securities exchange in Kenya adopted an explanatory research design on a sample of 29 listed firms. With the use of multiple regression technique, the findings revealed that leverage has a significant negative effect on financial performance.

2.3 Theoretical Framework

Empirical studies related to CSR have developed diverse academic literature including different theoretical perspectives. These perspectives support the determinants of CSR. Among all these theories the legitimacy theory and the stakeholder theory are considered to be the most profound (Reverte, 2009 as cited in Arshad and Vakhidulla, 2011). The theories are discussed below.

Legitimacy's Theory

This theory provides a more advanced perspective on the CSR because it considers the businesses as they are bound by the social contract in which it states that the firms hold to perform different desired actions for the society in return for the rewards and that their objectives will be approved, which consequently guarantees the firm's continued existence (Brown & Deegan, 1998; Degan, 2002; and Guthrie & Parker, 1989).

Companies often provide sustainable economic benefit to the society: in return, the wider society supplies them with numerous critical resources in the form of access to employees, natural resources, infrastructure, customers and legitimacy (Bailey *et al*. 2000 and Reich, 1998). Companies are social creations whose very existence depends on the willingness of the wider society to endure and support them. Hence, they are deemed to agree to perform various socially desired actions in return for their acceptance as legitimate institutions in society.

Stakeholders' Theory

The stakeholder theory claims that "the corporation's continued existence requires the support of the stakeholders and their approval must be sought and the activities of the corporation adjusted to gain that approval. The more powerful the stakeholders, the more the company must adapt. Social disclosure is thus seen as part of the dialogue between the company and its stakeholders" (Gray, Kouhy & Lavers, 1995: 53). Stakeholder is broadly defined to include shareholders, management, suppliers, customers, public media, local communities, non-governmental organisations and all these interest groups have some power to influence the corporations. The stakeholder theory takes into account the impact of different stakeholders on the corporate disclosure policies.

Carroll's Theory

Carroll's theory (1991) indicates that CSR constitutes major four kinds of social responsibilities, thus; economic, legal, ethical and philanthropic. The economic component is about the responsibility to profit and this responsibility serves as the base for other components. With regard to the legal aspect, society expects organizations to comply with the laws and regulations. Ethical responsibilities are about how society expects organizations to embrace values and norms even if the values and norms might

constitute a higher standard of performance than required by law. Philanthropic responsibilities are those actions that society expect for a company to be a good corporate citizen.

This study adopts the Carroll's theory of corporate social responsibility and the Legitimacy's theory because the two sufficiently explain the factors that determine companies‟ engagement in corporate social responsibility. The Carroll's model indicates that economic component (profitability) serves as the base for other components- legal, ethical and philanthropic. The theory relates to the study in that, CSR being voluntary, is undertaken with great consideration given to economic capacity of firms to engage in social projects. While, the Legitimacy theory explains that entities engage in CSR in order to gain approval of the society and for continues existence.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study employs correlational and exposé facto research designs with a view to addressing the problem of the study. A correlational research design is adopted in order to examine the statistical relationship between or amongst two or more variables while expost facto design is adopted with the aim of determining the impact of the independent variable(s) on the dependent variable. Correlational design is therefore deemed amenable for this study owing to the fact that it allows for test of the expected association between or amongst performance proxies with CSR and making prediction regarding the expected relationships. Whereas expost facto design is also considered relevant for this study as it would allow for the prediction of the impact of the factors that determine CSR. This study involves the measurement of three independent variables against one dependent variable as well as estimation of the association between or amongst the concerned variables.

3.2 Population and Sample Technique

The population of the study is all the fifteen (15) listed deposit money banks in Nigeria as at 31st December, 2016. The choice of the listed DMBs is based on fact that they spend vast amount of fund on CSR owing to the nature of their activities. Census sampling technique is adopted with the aid of filters and criteria. Hence, the sample of the study is reduced to five (5) listed deposit money banks in Nigeria. The following filters (criteria) have been used to guide selection of sample of the study:

Any bank that did not engage in CSR for any year within the period of the study. Hence, ten (10) more banks were eliminated, remaining twelve (5) banks.

3.3 Method of Data Collection

The study employs data from secondary source only. The data, which are quantitative in nature, have been extracted from the audited annual reports and accounts of the selected listed deposit money banks in Nigeria for the period 2010-2016.The study makes use of secondary data due to the high level of reliability obtainable from the use of quantitative data.

3.4 Procedure for Data Analysis and Model Specification

The technique of data analysis used by this study is multiple regression. The study employs this technique owing to the fact that it aims towards investigating the relationship as well as the factors determining CSR. The determining factors considered are return on assets, leverage and firm size as independent variables and the dependent variable is corporate social responsibility measured based on scaling of the lump sum value. Fixed and Random effects regression model have been estimated using STATA as a tool of analysis.

3.5 Model Specification

In order to examine the factors that determine CSR, a multiple linear regression model is built. The model captures the impacts of Return on Assets, Firm Size and Leverage on CSR.

$CSR\ it = \alpha it + \beta 1ROAit + \beta 2FSIZEit + \beta 3LEVit + \varepsilon it$

Note:

α: constant

$\beta 1 - \beta 5$ are the coefficients of the parameter estimates.

it: panel data

ε: the error term.

3.6 Justification of the Method Used

For the purpose of determining the factors of corporate social responsibility of listed deposit money banks in the Nigeria, secondary data was needed since it was difficult to get first-hand information on the variables used. Model specification is as justified the numbers of independent variables are regressed against the dependent variable. Multiple regression technique was used because of its efficiency in estimating effects and relationships among the study variables.

3.7 Summary

In this section, the approaches to the research design adopted in this study will be presented. Population and sample size of the study and the sources and method of data collection will be also presented. The variables used in the study, the methods, techniques and tools of data analysis will be specified, used and presented. Finally, the section will provide justification for the methods and techniques used in this present study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Descriptive Statistics

Descriptive statistics shows the nature of the data. The summary statistics of the explained and the explanatory variables are presented in table 4.1 where minimum, maximum, mean, standard deviation, skewness and kurtosis of the values of the variables used in the study are described.

Table 4.1: Summary of Descriptive Statistics

Variables	*Minimum*	*Maximum*	*Mean*	*Std dev.*	*Skewness*	*Kurtosis*	N
CSR	0	8.64	6.94	2.55	-2.33	6.62	35
PROF	-.09	0.13	0.1	0.03	-.12	7.28	35
FSIZE	0	8.98	6.59	2.98	-1.43	3.76	35
LEV	0	1.16	0.62	0.40	-.79	1.87	35

SOURCE: Descriptive Statistics Result using STATA 13

The above table reports the descriptive statistics for the explained and explanatory variables. The average CSR for the listed deposit money banks during the study period is about 6.94 with standard deviation of 2.55; this implies that there exists significant variation among the donations used as CSR by most firms. PROF which shows the average of 0.1, minimum value of -0.9 and maximum value of 0.13 has the lowest standard deviation which explains the level of variability in profit being generated by the deposit money banks, and the rate at which it is influencing the CSR is high. Firm size which has a minimum value of 0, maximum value of 8.98 and average value of 6.59 has the lowest standard deviation of 2.98. This implies that the performance of the banks in terms of firm size is on average 8.98%, and the standard deviation value

indicates that the sampled banks firm size deviates from the mean value from both sides by 2.98%, implying that there is significant dispersion of the data from the mean because the standard deviation is higher.

Moreover, table 4.1 indicates that the mean of the leverage of the sampled listed deposit money banks is 0.62with standard deviation of 0.40, and minimum value of 0 and 1.16 as the maximum value. This implies that leverage of the sampled banks is on average 62%, and the standard deviation value indicates that the sampled banks' leverage deviates from the mean value from both sides by 4. %, implying that there is significant dispersion of the data from the mean because the standard deviation is low.

4.2 Correlation Matrix

Table 4.2 contains the correlation coefficients between the explained and explanatory variables as well as between the explanatory variables themselves. The table shows the correlation between the dependent variable which is Corporate Social Responsibility (CSR), and the independent variables which are PROF, Firm size and Leverage (LEV).

Table 4.2: Correlation matrix of dependent and independent variables

Variable	CSR	ROA	FSIZE	LEV
CSR	1.0000			
PROF	0.1154	1.0000		
FSIZE	0.7888	0.1345	1.0000	
LEV	0.5047	0.2209	0.6039	1.0000

Source: STATA output result

Table 4.2 depicts that firm size is 78% positively related with corporate social responsibility of the sampled listed deposit money banks in Nigeria, while return on asset and leverage are 11.5%, and 0.50% positively related with corporate social responsibility, respectively. This signifies that leverage is positively and significantly

correlated with corporate social responsibility, while return on asset has a low significant relationship with corporate social responsibility. Thus, the tolerance value and variance inflation factor (VIF) are advanced measures for assessing the harmful multicollinearity among the explanatory variables. The variance inflation factor and tolerance values are determined with the use of STATA and were found to be concurrently smaller than ten and one respectively, indicating the absence of harmful multicollinearity. This therefore, indicates the adequacy of fitting the model of the study with three independent variables.

Robustness test of dependent and independent variables

With a bid to ensuring the reliability and validity of the statistical inferences to be drawn for the study, this section presents the outcome of the robustness tests conducted. The robustness test includes multicollinearity and Heteroscedasticity test

Multicolinearity Test

Table 4.4: Multicolinearity Test

Variable	**VIF**	1/VIF
PROF	1.62	0.615393
FSIZE	1.57	0.635260
LEV	1.05	0.951194
Mean VIF	1.42	

Source: output of VIF test using STATA 13.0

Multicolinearity test is used to test the absence of multicolinearity among independent variables of the study. Table 4.4 shows that ROA, firm size and leverage have Variance Inflator Factor (VIF) of 1.62, 1.57 and 1.05 respectively. This implies that, the VIF of the variables are within the acceptable range of higher than 1 but less than 10 that is,

zero multicolinearity among regressors which is further confirmed by the overall mean VIF of 1.42

Heteroscedasticity Test

Heteroscedasticity Test: Breusch-Pagan / Cook-Weisberg is used to test the null hypothesis that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables. The alternative hypothesis states that the error variances increase (or decrease), as the predicted value of Y increases that is, the higher the predicted value of Y, the larger the error variances. Higher chi-square would simply indicate the presence of heteroscedasticity. With respect to the result obtained from the heteroscedasticity test conducted in this study, the chi-square value is large and the p-value is small, signifying the presence of heteroscedasticity. This is therefore an outright violation of the assumption number four of classical linear regression model which states that there must be constant variance, that is, the disturbances ui reflecting in the population regression function are homoscedastic. Therefore, owing to the presence of heteroscedasticity, the study decided to conduct Fixed and Random effects model which is capable of taking care of the individual differences in units. This test would make whatever inferences drawn from the study to be reliable and valid.

Hausman Specification Test: with a view to deciding between the Fixed model output and Random effect output which is often preferable, researcher normally relies on the Hausman (1978) specification test. The Hausman test is specifically designed with the aim of detecting the violation of the random effects modeling assumption that the independent variables are orthogonal to the unit effects. Where there is absence of correlation among the independent variables and the unit effects, then the estimates of β

in the fixed effects model should be similar to estimates of β in the random effects model. The Hausman test statistic, H is used to measure the difference(s) between the two estimates. Under the null hypothesis of orthogonality, H is distributed chi-square with degrees of freedom equal to the number of regressors in the model. A finding that $p < 0.05$ is considered an evidence that at conventional levels of significance, the two models are different enough to allow us reject the null hypothesis, and thus to reject the random effects model in favour of the fixed effects model. Where the Hausman test does not depict a clear difference ($p > 0.05$), however, it does not necessarily emphasize that random effects estimator is "safely" free from bias, and thus to be preferred over the fixed effects estimator. Therefore, the result obtained from Hausman specification test conducted in this study indicates that ($p > 0.05$) and as such the random effects model is chosen over the fixed effects model.

Presentation and Interpretation of Regression Result

This section presents, interprets and discusses the regression result of the dependent variable (CSR) and the independent variables of the study (prof, firm size and leverage). The presentation of the result takes the form of analyzing the relationship between the dependent variable and each independent variable as well as the analysis of the combined result of the model.

Summary of the regression result obtained from the model of the study

$CSRit = \alpha it + \beta 1ROAit + \beta 2FSIZEit + \beta 3LEV + \varepsilon it$

The Regression Result is presented in table 4.3 below:

Table 4.3: Summary of Regression Result

VARIABLES	Co-efficient	Z-Statistics	Z-Sig
PROF	.4762039	0.07	0.074
FSIZE	.6894394	5.78	0.000
LEV	.2049559	0.23	0.031
Constant	.6954083	3.25	0.001
R2	0.62		
Wald chi2	56.22		
Wald-Sig	0.0000		

The cumulative R^2, (0.62) which is the combined coefficient of determination indicates the extent to which the independent variables explain the total variation in the dependent variable. Thus, it signifies that 62% of the total variation in the investment in corporate social responsibility of listed deposit money banks in Nigeria is caused by return on asset firm size and leverage. This indicates that the explanatory variables are well selected and combined because the R^2 is positive and satisfies the minimum rule of thumb. This further implies that for every change in the determinants of corporate social responsibility of listed deposit money banks in Nigeria, the amount invested in corporate social responsibility would also be invariably affected.

The F-statistics or Wald chi-squared statistics are the same for the fact that, after normalization, chi-squared is the limiting distribution of the F as the denominator degrees of freedom goes to infinity. Therefore, the Wald chi2 of 56.22 which is significant at one percent level indicates that the model of the study is fit. The value of Wald chi2 which is statistically significant at one percent level of significance (0.000) means that there is a 99.9 percent probability that the association amongst the variables of the study is not just by chance.

4.3 Hypothesis Testing

This section depicts the univariate analysis carried out with a view to testing the hypotheses formulated in chapter one. Moreover, robustness tests were conducted in order to examine the output under varying findings of the study. The regression result used for the hypotheses testing is presented in table 4.3:

Table 4.3 indicates that one variable is positive, which is independent variable (firm size), while the remaining two of the independent variables (return on asset and leverage) are negative. The result for each of the hypotheses is presented below:

Hypothesis one

H_{o1}: Profitability does not significantly influence CSR participation in deposit money banks.

Return on assets is found to be strongly, positively and significantly impacting on the investment in corporate social responsibility of listed deposit money banks in Nigeria at 10% level of significance, indicating that the larger the profitability of listed deposit money banks in Nigeria, the larger their investment in corporate social responsibility. The return on asset has significantly influenced the investment in corporate social responsibility. Therefore, this result presents an evidence to reject hypothesis one of the study which states that profitability has no significant influence on the corporate social responsibility of listed deposit money banks in Nigeria.

Hypothesis two

H_{o2}: Firm size does not significantly influence the corporate social responsibility of deposit money banks

Firm size measured on the basis of total assets is found in this study to be statistically, positively significant, revealing that it is strongly related with corporate social responsibility of listed deposit money banks in Nigeria. Thus, firm size has been very

influential in determining the corporate social responsibility investment of the listed deposit money banks in Nigeria.

As a corollary to the result reported with respect to firm size, depicting that it is strongly influential in influencing the corporate social responsibility investment of the selected firms. The result therefore, provides an evidence for rejecting the null hypothesis two. Thus, hypothesis two, H_{03} is rejected.

Hypothesis three

H_{o3}: Leverage has no significantly impact on corporate social responsibility of deposit money banks.

Leverage measured as the ratio of total debt to total equity is found to be statistically, positively significant at 1 level which signifies that it is associated with the corporate social responsibility of listed deposit money banks in Nigeria. This therefore means that leverage positively and significantly affected the corporate social responsibility of listed deposit money banks in Nigeria.

In view of the result reported as regards leverage depicting that the variable is statistically significant in driving the corporate social responsibility of listed deposit money banks in Nigeria. The study takes it as an evidence for rejecting the null hypothesis three of the study. Thus, hypothesis two, H_{03} is rejected.

4.4 Discussion of Findings

Return on assets has been found to be positively and significantly impacting on the corporate social responsibility of listed deposit money banks in Nigeria. Firstly, the profitability of a firm represented by return on assets affects the quantum of a firm's investment in corporate social responsibility. This simply means as the firm makes more returns this would make it invest more in corporate social responsibility. The finding is

in line with the proposition of slack resource theory that, it is when a firm has an excess resource that it would apply a portion of it to give back to the society by way of corporate social responsibility.The finding is in line with those of Hussainey, Elsayed and Abdel Razik (2011), Eberinga et al (2012), Vintila (2013), and Akrout, Ben-Othman (2013)and Abdu (2014) and contradicts the findings of Ismail et al (1999), Akhtaruddin (2005), Alam and Deb (2010), Abusufyan (2010), Hossain et al (2006), Reverte (2009) and Istianighi et al (2013).

Firm size has been found to have positive impact on the corporate social responsibility of listed deposit money banks in Nigeria. Firstly, given the nature of corporate organizations, it may be that a bigger firm tends to invest more in corporate social responsibility. This may be as a result. Therefore, it may concentrate chiefly on programs and activities such as expansion amongst others which tend to have more bearing on the performance of the firm and minimization of costs. This corroborates the findings of Karanah*et al*. (2012), Uwalomwa (2011), Li and Zhang (2010), Shehu and Faruok (2013), Hossain *et al*. (2006), Akrout and Ben-Othman (2013), Faris *et al*. (2012), Ho and Taylor (2007) and Naser and Hassan (2013) and contradicts those of Abusufyan (2010) AbdurRoufa (nd) and Eberinga *et al. (2013).*

Leverage has been found to have positive influence on corporate social responsibility of listed deposit money banks in Nigeria. Firstly, considering the nature of the variable, it may not be surprising that firms with higher leverage tend to invest more in corporate social responsibility simply because they try to signal to the stakeholders that they are doing well and can discharge responsibilities of its stockholders as well as give back to the immediate community. Again, sometimes higher amount of leverage by a firm means higher performance. This could also pave way for more investment in corporate responsibility. This is in line with the findings of Akrout & Ben-Othman (2013), Shehu

& Farouk (2013), Li & Zhang (2010), Naser& Hassan (2013), Faris et al (2012) but it is not consistent with those of Ho & Taylor (2007), Reverte (2009) and Istianigsih (2013).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study investigates the determinants of corporate social responsibility of listed deposit money banks in Nigeria. A multiple regression model was applied with a view to explaining and predicting empirically the corporate social responsibility in the listed deposit money banks in Nigeria. The model employed for this study estimates the association and effects of three explanatory variables (return on asset, firm size and corporate social on corporate social responsibility, with the aid of least squares technique.

The study is premised on the fact that corporate social responsibility is a lingering issue that deserves attention in the academia, business environments, amongst others. Hence, study seeks to investigate the factors that influence and determine corporate social responsibility of listed deposit money banks in Nigeria.

The exogenous variables of this study constitute the determinants of corporate social responsibility, and these are return on asset, firm size and leverage. The three determinants of corporate social responsibility form the bases of hypotheses one to three of the study. While corporate social responsibility was measured with natural log of the total amount invested in corporate social responsibility by the selected firms as proxied by Shehu & Farouk (2013).

The findings of this study are based strictly on the time series-cross sectional data extracted for the period of seven years (2010-2016) of the five (5) sampled listed deposit money banks out of the population of sixteen listed deposit money in Nigeria as at 31st December, 2016. Amongst the three significant explanatory variables, return on

asset, firm size and leverage are positively in explaining corporate social responsibility in deposit money banks in Nigeria.

5.2 Conclusion

As a corollary of the discussion and analysis in the preceding chapter, the study concludes as follows:

Firstly, the study makes a pioneering attempt in statistically and empirically providing evidence on the combination of three independent variables (return on asset, firm size and leverage) that constitute the determinants of corporate social responsibility.

Secondly, the study found a positive significant association between the return on asset and corporate social responsibility. It is therefore concluded that return on assets is one of the powerful factors of CSR as it plays a significant role in determining the CSR of listed deposit money banks in Nigeria.

Positive and significant relationship was also found to exist between firm size and CSR of deposit money bank in Nigeria. Consequently, the study concludes that large size firms engage in CSR more than small size firms. This is because firm size was found to have influence on CSR.

In addition, leverage was found to have positive significant impact on corporate social responsibility of listed deposit money banks in Nigeria. The study therefore, concluded that leverage is one of the strong determinants of CSR as it plays a prominent role in determining the CSR of listed deposit money banks in Nigeria.

5.3 Recommendations

The importance of firms‟ participation in CSR cannot be overemphasized. Therefore, having understood the factors that influence the practice of CSR; the following suggestions are proffered in order that the benefits of CSR are achieved:

i. The management of listed deposit money banks in Nigeria should improve their banks return on asset by extending into other activities that would generate more return to the banks as it has been proved to be an important pointer to the amount the banks may invest in corporate social responsibility.
ii. Management should improve earnings retention as this would increase the size of the firm and the potentials for participation in CSR by firms.
iii. The management of the sampled listed deposit money banks should improve upon the proportion of debt in their capital structure as it encourages investment in corporate social responsibility.

5.4 Suggestion for further Studies

A study on the determinants of CSR covering longer period of time can be undertaken with a broader selection of variables which could include inter alia industry type, age of firm, institutional ownership, competition, government policy and customer demand.

A replica study on determinants of CSR to cover multiple industries (sectors or domains) is suggested.

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