

Corporate Social Responsibility (CSR) and the Performance of First Bank Nigeria Plc, Adamawa State

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Abstract

The purpose of this study was to investigate the impact of corporate social responsibility expenditure on the performance of first bank Nigeria plc proxy by profit after tax in Adamawa state from 2001 to 2014. The significance of this paper lies on the fact that it's exposed the need for financial institutions to engage in corporate social responsibility expenditure so as to improve their profitability. Data for the study was sourced secondarily, through first bank pamphlets and annual reports. Ordinary Least Square Technique (OLS), Augmented Dikey-Fuller Technique (ADF), Breusch-Godfrey serial correlation LM test and Breusch-Pagan-Godfrey Heteroscedasticity test and Pairwise Granger Causality test were employed in the analysis of the data. The results of OLS revealed that increase in corporate social responsibility expenditure raised the performance of first bank Nigeria plc in Adamawa state. The coefficient of corporate social responsibility expenditure is statistically significant and consistent with the theoretical expectation. The F-statistics value in result of this study indicated that all the parameters of the model are jointly and statistically significant at 1 percent significant level. It is obvious that the performance of first bank Nigeria plc is low susceptible to change in corporate social responsibility expenditure of the bank as shown by their elasticity coefficients in Table 2. The ADF unit root result revealed that all the variables of the model are stationary at 1 per cent and at first difference 1(1). Granger causality result shows that CSR causes the performance of first bank Nigeria plc proxy by profit after tax but profit after tax does not cause CSR. The serial correlation and heteroscedasticity result revealed that there is no serial correlation and no heteroscedasticity in the data used. This study recommended that more attention must be directed towards increasing expenditure on corporate social responsibility in order that meaningful and desire performance of the bank can be achieved in the state.

Keywords: corporate social responsibility (CSR), profit after tax, taxation, first bank and productivity

INTRODUCTION

With the advent of industrial revolution of eighteen century, societal expectations from business organizations did not go beyond efficient resource allocation and its maximization. But today, that perception has changed and modern business must think beyond profit maximization toward being at least socially responsible to its society. (Adeyanju, 2012)

Today heightened interest in the role of business organizations in society has been promoted by increased sensitivity to the awareness of environmental and ethical issues. It means our society has become increasingly concerned that greater influence and progress by firms has not been accompanied by equal effort and desire in addressing important social issues including problems of poverty, drug abuse, crime, improper treatment of workers, faulty production output and environmental damage or pollution by the industries

as it has overtime been reported in the media. It is therefore very essential for all to realize that public outcry for increased social responsibility will not disappear if business organizations fail to respond to the challenges these had posed for the society. (Adeyanju, 2012)

In view of the perceived information gap, it is therefore worthwhile collating and aggregating in a more organized manner, the contributions of Nigerian corporation (using banking and communications industries as a focus) to the well-being of the society. This is necessary if only to show, in a graphic and mathematical ways that the industries seriously identify with the aspiration of the communities and the general public. In the early years of this century, two Americans were among the first businessmen in the worlds history to initiate major community reforms. Andrews Carnegie

preached and financed the free public library. Julius Rosenwald fathered the country farm agent system and adopted the infant 4-H CLUBS. Carnegie was already retired from business and one of the world's richest men. Rosenwald who had recently bought a near bankrupt mail order firm called Sear Roebuck and company, was only beginning to build both his business and fortune.

The two held basically different philosophies. Carnegie believed that the sole purpose of being rich is to be a philanthropist, that is, the "social responsibility of wealth". Rosenwald believed that you have to be able to do good to do well, that is, the "social responsibility of business". (Obalola, 2010).

J. Irwin Miller of the Cummins Engine Co. Ltd in Columbus, Indiana, has systematically used corporate funds to create a healthy community which, at the same time is a direct, though intangible investment in a health environment for his company. Miller specifically aimed at endowing his small industrial town with the 'quality of life' that would attract to it the managerial and technical people on whom a big high-technology business depends.

Only if business and particularly Nigerian business learns that to do well it has to do good, can we hope to tackle the major challenges facing developing societies today. The economic realities ahead are such that social needs can be financed increasingly only if their solution generates commensurate earning which precisely is what business is known for. We can actually say firms involved in corporate social responsibility are actually not regretting because of the increase it has made on their sales leading to profit and how they have impacted the environment.

The significance of corporate social responsibility as a vital tool for the societal progressiveness cannot be over emphasized. This can be seen from the points of view of showing concern for the welfare of the community in order to reap peace, competent and cheaper manpower, a platform for a better community, by making the host community worthy of livelihood in terms of infrastructural development, and by boosting their image, reducing advert cost, gaining an edge over competitors, and making your name as a firm an household name in the society. In Nigeria,, the Federal Executive Council (FEC) on Wednesday May 2008 approved the development of a CSR policy for the country, to instill ethical behavior in Nigerian Businesses. The minister of national Planning Commission, Dr. SanusiDaggash, who gave details of the memorandum, said it referred to the adoption of

responsible business practices by organizations, to improve the society at large. He said the policy would include beyond law commitment and activities that would necessitate an expectation to give back to the society. He reiterated that the policy would ensure corporate governance and ethics, health and safety, human rights, human resource management, anti-bribery and anti-corruption measures. One reckons that the policy formulators will take note of similar global policies that might point Nigeria in the direction of developing a viable CSR policy. (Adeyanju, 2012).In 2011, a new Strategic Business Unit (SBU) in First Bank known as Private Banking officially became operational. A small number of their customers in First Bank currently fall into the high net worth individual (HNI) bracket. Many of these customers, if given the right proposition, would do more business with First Bank, especially in the area of balance sheets investments and wealth management. Hence, the introduction of Private Banking as a specific SBU to focus on this growing segment hitherto underserved in Nigeria.

The main objective of this study is to examine the impact of corporate social responsibility on banks profitability in Adamawa state.

STATEMENT OF THE PROBLEM

Banking operations all over the world are technological driven, right from the door that customer passes through to enter the banking hall to the recording of the transactions between the customer and the bank or with third party (ies) requires one technology or the other which must be powered with electricity. A business enterprise is primarily established to create value by producing goods and services which society demands. It therefore seems that the practice of CSR will further pose a burden on the financial performance of banks. In the light of the above problems faced by most banks, there is the need to evaluate the impact of CSR on the profitability of the banking sector in Nigeria.

HYPOTHESES OF THE STUDY

H₀: Corporate social responsibility expenditure has no significant impact on the performance of first bank Nigeria plc proxy by profit after tax.

H₁: Corporate social responsibility expenditure has significant impact on the performance of first bank Nigeria plc proxy by profit after tax..

CONCEPTUAL LITERATURE

The Concept of Corporate Social Responsibility (CSR)

In the literature on corporate social responsibility (CSR) different authors described it in different ways. There is

no universal definition of CSR, organizations have framed different definitions and there are several perceptions of the term according to the context locally and among the countries.

To Egels (2005), the area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. To Ruggie (2002), CSR is a strategy for demonstrating good faith, social legitimacy, and a commitment that goes beyond the financial bottom line. Akindele (2011), states that CSR is about how companies manage the business processes to produce an overall positive impact on society, in accordance with, the world business council for sustainable development (WBCSD) that states, 'corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large'.

In the opposite, Obalola (2010) explained a move from corporate social responsibility to "corporate social responsiveness" defined as "the capacity of a corporation to respond to social pressures". The world business council for sustainable development, in its publication "corporate social responsibility; making good business sense" by Holme and Watts (2002) provided different perceptions of what CSR should mean from a number of different societies. For example, "CSR is about capacity building for sustainable livelihoods, it respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government". The concept of social responsibility has very high important component of ethics that are the guidelines going to improve the quality of life of the people in organizations and, at the same time, provides an industrial competitive advantage for the firm and needs to be developed as a corporate strategy of the firm focusing in the issues of social, environmental and economics. To Froomean (1997), the definition of what would exemplify CSR is the following: An action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder's welfare". Socially responsible corporation should take a step forward and adopt policies and business practices that go beyond the minimum legal requirements and contribute to the welfare of its key stakeholders. CSR is viewed, then, as a comprehensive set of policies and programs that are integrated into business operations, supply chains and decision making process through the company and usually include issues related to business ethics, community investment, environmental concerns,

governance, human rights, the marketplace as well as the workplace.

Corporate social responsibility (CSR) is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Obalola, 2010). Corporate social responsibility (CSR) is a means of discussing the extent of obligation a business has to its immediate society, a way of proposing policy ideas on how those obligation can be met; as well as a tool by which the benefits to a business for meeting those obligations can be identified (CSR guide). CSR is also referred to as "corporate or business responsibility corporate or business citizenship community relations social responsibility. It involves the way organizations make business decisions, the products and services they offer, their efforts to achieve an open and honest culture, the way they manage the social, environmental and economic impacts of business activities and their relationships with their employees, customers and other key stakeholders having interest in the business and its operations. Corporate social responsibility is defined (Norman and Wayne, 2004), as "a business organizations configuration of principle of social responsibility, processes of social responsiveness, and policies, programs and observable outcomes as they relate to the firms societal relationship". According to the organization for economic co-operation development "business contribution to sustainable development" (OECD 2001, 13) corporate social responsibility is very similar to the concept of corporate sustainability which remarks the integration of economic and social issues to business management, and in that way a sustainable strategy is developed in the long term. As Warhust (2001) points out, the three major elements of CSR are product use which focuses on contribution of industrial products which help in well-being and quality of life of the society, business practice which focuses on good corporate governance and gives high impetus for the environmental well-being and equity, and finally distribution of profits equitably across different societies, in particular the host community. The Bali Roundtable on developing countries in 2002 recognized the business sector as a primary driver of economic development and the world summit for sustainability identified business involvement as critical in alleviating poverty and achieving sustainable development.

Corporate social responsibility has to do with an organization going out of his way to initiate actions that will impact positively on its host community, its environment and the people generally. It can be seen as a way of acknowledging the fact that some business fall

outs have adverse effects on the citizens and society and making efforts to ensure that such negative impact are corrected. Clarkson (1995) as a matter of fact, believe that corporate social responsibility means that a corporation should be held accountable for any of its actions that affect people, communities and its people and society should be acknowledged and corrected, if possible. It may require a company forgoing some profits if its social impacts are seriously harmful to some of its stakeholders or if its fund can be used to promote a positive social good. There are a myriad of definitions of corporate social responsibilities (CSR), each considered valuable in their own right and designed to fit the specific organization. the majority of definitions integrate the three dimensions to the concepts, that is, economic, environmental and social dimensions.

CSR had also been commonly described as “a demonstration of certain responsible behavior on the part of public and the private (government and business) sectors toward society and the environment”. Business for social responsibility (BSR), a leading global business partner, in a forum held in 2006 defined CSR as achieving commercial success in ways that honors ethical values and respect people, communities, and the natural environment, for BSR, CSR also means addressing the legal, ethical, commercial and other expectations society has for business and making decisions that fairly balance the claim of all key stakeholders. In its simplest terms, it is “what you do, “how you do it” and when and what you say”, in this sense, CSR is viewed as a comprehensive set of policies, practices and programmes that are integrated into business operations, supply chain, and decision making processes throughout the company and wherever the company does businesses that are supported and rewarded by top management. It also includes responsibility for current and past actions as well as future impacts. The issues that represent a company’s CSR focus vary by business, size, sector and even geographical region. It is seen by leadership of companies as more than a collection of discrete practice or occasional gestures or initiatives motivated by marketing, public relations or other business benefits.

Also, the world business council on sustainability development, 1998 described CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality life of the workforce and their families as well as of the local community and society at large”. To Ullmann (1985), CSR is a term describing a company’s obligation to be accountable to all its stakeholders in all its operations and activities. Socially responsible

companies will consider the full scope of their impact on communities and the environment when making decisions, balancing the need of stakeholders with their need to make a profits:.

CSR is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Since stakeholders exist both within a firms and outside a firm, hence, behaving socially and responsibly will increase the human development of stakeholders both within and outside the corporation”. (Clarkson, 1995). A reputable author, Waddock and Samuel (1997) defined corporate social responsibilities CSR as the intelligent and objective concern for the welfare of the society that retinas the individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and leads to the directions of positive construction of human betterment”. As an improvement on the above definitions, Stanwick and Sarah (1998) defined social responsibility as the personal obligation of everyone, as he acts in his own interests, but he must always have due regard that his freedom does not restrict others from doing the same thing. He further noted that a socially responsible individual or organization will obey the laws of the land because the rights of others are at stake. In emphasizing the ecological conceptualization of social responsibilities, Buchholz (1991) noted that any good definition of social responsibility must contain if not all, most of the following, responsibility that:

- i. Goes beyond the production goods and services at a profit.
- ii. Helps in solving important social problems those that the organization are responsible for creating
- iii. Makes corporations have greater constituency than stockholders along
- iv. Makes corporations have great impacts that goes beyond market place transactions and
- v. Makes corporations serve a wider range of human values that can be captured by a sole focus on value. CSR can therefore be referred to as decisions and actions taken by organizations for reasons at least, particularly beyond the organizations direct economic or technical interest. For many corporate bodies giving to charities is a struggle really, their objective do not usually build in the strategic need to support the communities that they serve. The focus totally is to maximize profit or financial returns. The thrust of their arguments centre around balancing their obligations to stakeholders, especially the shareholders.

Corporate social responsibilities should be strategic no doubt. Engaging in strategic philanthropy is done by even the best corporate bodies in the world. It should however have an underlying compassionate foundation. There should be a symbiotic relationship between corporate organization and the host communities, a sort of on-going reconciliation between the organizations economic orientations. There should be an unwritten “social contract”. So that it should not be forced responsibility like education trust fund tax but a voluntary social service based on the needs of the community. Socially responsible business practice implies that CSR is the social practice where the corporation adapts and conducts discretionary business practices and investment that support social causes to improve community wellbeing in order to protect the environment. Key distinctions include focus on activities that are discretionary, not those that are mandated by laws or regulatory agencies or are simply expected, as with meeting moral standards. Community is interpreted broadly to include employees of the corroboration, suppliers, distributors, non-profit and public sector partners as well as members of the general public. And well-being can be referred to health and safety as well as psychological and emotional needs. It is also about capacity building for sustainable livelihoods, respect for cultural difference and finds a business in building the skills of employees, the community and the government, indeed it is about business giving back to society. Generally speaking, corporate social responsibility whether in the banking sector or otherwise refers to:

- i. A collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirement, and respect for people, communities and the environment.
- ii. The commitment of business to contribute to sustainable development

According to the European Commission, CSR involves companies integrating “social and environmental concerns into business operations and in their interaction with stakeholders on a voluntary basis”. The key to this definition lies in the word “voluntary”.

According to Nigeria social enterprise reports Vol. 2 CSR is generally understood to be the way a company achieve a balance or integration of economic, environmental and social imperative while at the same time addressing shareholders and stakeholders expectations. It went further to say that CSR is generally seen as the contribution of business to sustainable development which has been defined as “development that meets the needs of the present without

compromising the ability of the future generations to meet their own needs”.

Principles of Corporate Social Responsibility

Corporate social responsibility (CSR) embrace a range of principle or ideas, ranging from corporate governance, business ethics, and sustainable development through to human rights and environmental concerns. They are explained more fully.

- a. Business ethics; ethical business assesses the moral implications of their actions, from product development to manufacturing to distribution, in order to stay competitive. Many issues fall under the rubric of business ethics, human rights, environmental protection, worker health and safety, labour standards, marketing, accountability, and reporting. Business ethics is concerned with a compliance with internal regulations and government mandates. An ethical business will also look beyond its own ethical practices to the practice of its business partners and suppliers (see supply chain management). Business ethics is also taught as an academic discipline to business students at undergraduate and postgraduate level (Porter and Kramer 2002). Ethics are used as a guide in legal or religious compliance and in accomplishing profit maximization. It is merely one form of decision making (Warhurst, 2001).
- b. Sustainable development: for some people social responsibility is a subset of sustainable development, for others it underlines and distinguishes the social dimension of the impact of business and other organization given that sustainable development has come to imply a focus on the environment (Ruggie, 2002).
- c. Corporate governance is the basis of accountability in companies, institutions and enterprises, balancing corporate economic and social goals on the one hand with community and individual aspirations on the other. The Cadbury report (committee on the financial aspects of corporate governance 1995 and Greenbury committee report (Greenbury 1995) both form the basis of the codes that govern corporate governance particularly for publicly quoted companies. Cadbury argued for a clearly accepted division of responsibilities at the head of a company to ensure a balance of power and authority, such that no individual has unfettered powers of decision. Greenbury’s main points were on the remuneration of the board of directors.
- d. The environmental concerns of business can be divided into the local and the global. All businesses in the UK must comply with legislation that prevents gross pollution of water, air, and soil. Manufacturing businesses can buy permits or trade

tariffs in order to be able to pollute up to a certain limit. They must also make provision for cleaning up. Businesses must also face up to global environmental concerns; they know that their activities can have wide ranging repercussions on the environment, especially on global warming through the emission of greenhouse gases.

- e. Working in the community: Businesses have always had some sort of relationship with the communities that live around them, usually because they recruit staff locally. Businesses spend time and money assisting local communities in a variety of ways eg. Supporting education programmes and health awareness initiatives.
- f. Human resources management: This includes recruitment and training, equal opportunities, profit sharing and share ownership schemes.
- g. Supply chain management: Businesses engaging in corporate social responsibility review their suppliers practices encouraging suppliers to meet the challenges of a socially responsible business if they want to continue trading with them.
- h. Socially responsible investment (SRI); Where SRI was in the past developed for religious groups (quakers, Catholics, Muslims), it is available in many different formats to address issues of concern to people of any faith, or none. They proliferation of socially responsible or ethical funds has led to the creation of indices of socially responsible companies.

Concept of Corporate Social Responsibility in Nigeria

To be able to understand CSR from a Nigerian perspective it is of value to explore the drivers for and the history and development of CSR in Nigeria. The World Business Council for sustainable development has discussed CSR with business and non-business stakeholders in a number of countries in the world with the objective of understanding local perspectives better and to get different perceptions of what CSR should mean from a number of different societies. (<http://www.cecods.org.co>). One important finding in this study was that people were talking about the role of the private sector in relation to a social agenda and they saw that role as increase linked to the overall well-being of society. Therefore the chosen priorities differed according to the perception of local needs.

The key CSR issues identified in the study included Human rights, Employee rights, Environmental protection, Community involvement and supplier relations. The book "corporate citizenship in Developing Countries" (Porter and Kramer, 2002) contains a chapter about revisiting Carroll's CSR pyramid from a Nigerian perspective. Most of the

research on Carroll's CSR pyramid has been in an American context and in this report an attempt is made to look on how CSR manifests itself in a Nigerian context. In Nigeria, economic responsibility still get the most emphasis while philanthropy is given second highest priority, followed by legal and then ethical responsibilities. According to the report there are many reasons for this. Firstly, the socio-economic needs of the Nigeria societies in which companies operate are so huge that philanthropy has become an expected norm. companies also understand that they cannot succeed in societies that fail. Secondly, many Nigerian societies have become dependent on foreign aid and there is an ingrained culture of philanthropy in Nigeria. A third reason, according to the report, is that CSR is still at an early stage in Nigeria, sometimes even equating philanthropy.

It is important to stress that in Nigeria philanthropy is more than charitable giving. HIV/AIDS is an example, where the response by business is essentially philanthropic but clearly in companies own economic interests. The low priority for legal responsibilities is, according to the study, not due to the fact that Nigeria companies ignore the law but the pressure for governance and CSR is not so immense. Ethical perspective seems to have the least influence on the CSR agenda. This is not to say that African businesses are unethical. For example, the king report in 2003 was the first global corporate governance code to talk about stakeholders and to stress the importance of business accountability beyond the interests of shareholders.

Ajadi (2006), in a conference paper on corporate social responsibility in Nigeria delivered at British council conference on CSR in Nigeria, 2006, specifies some additional specific drivers for CSR in Nigeria.

- I. The failure of centralized, government controlled economy to develop the country.
- II. The extraordinary transaction cost to business of corruption and other failures of social capital.
- III. The history of conflict and waste in the extractive industry exemplified by the Niger Delta saga.
- IV. The Nigerian population whose majority is under the age of 25 and is largely ignored despite the fact that they are critical to the survival and future prosperity of business and the country at large.
- V. The potential benefit of a commercially active and productive country of over 140 million potential consumers.

THEORETICAL FRAMEWORK

This section covers related theories to the area of the study.

Overview of Stakeholder's Theory

From the evidence obtained in the literature, and the industry context of this study, the paper adopts the stakeholder theory which holds that business organization must play an active social role in the society in which it operates, Freeman (1984) one of the advocates of stakeholders theory, presented a more positive view of managers support of CSR. He asserts that managers must satisfy a variety of constituents (e.g investors and shareholders, employees, customers, suppliers, government and local community organizations) who can influence firm outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the firm to engage in certain CSR activities that non-financial stakeholders perceive to be important, otherwise, these groups might withdraw their support. Stakeholder's groups vary from firm to firm, as well as the importance of each of them. CSR should begin with identification of stakeholders and follow by finding the strategy how to satisfy and harmonize their expectations.

The Stakeholder Theory

According to Amole, Adebisi and Awolaja (2012) argue that the stakeholder theory emerging alongside the CSR and 'triple-bottom-line' theory. The stakeholder theory stands in contrast to the neo-classical conception of managerial obligations where the social responsibility of business is to maximize business. Widely acclaimed as one of the first to define stakeholder theory, Freeman stated that stakeholders are "group and individuals who can affect or are affected by, the achievement of an organization's mission" (1984), each of the stakeholder groups has a right to not be treated as a means to some end, and therefore should and must participate in determining the future direction of the company which they have a stake (Freeman, 1984). A fundamental characteristics of stakeholder theory is therefore to attempt to identify individuals and groups that states, organizations and companies are accountable to, but that has also been part of the theory's challenge (Porter and Kramer, 2002, Norman and Wayne, 2004). The interaction between the corporation and its stakeholders is the essence of stakeholder theory, and in consequence terms like "participation", "inclusion", "voice", "involvement", and "partnership", is common in stakeholders literature. These terms have been put in the same basket named "stakeholders dialogue" to described the involvement of stakeholders in decision

making processes that concern both social and environmental issues (Rahbek and Pedersen, 2006). As support for participatory decision-making continues to throw across the environmental sector, the academic literature has begun to identify emerging tensions and challenges to the effective implementation of participatory processes, although still a new field (Akindele, 2011).

Carroll's Pyramid of Corporate Social Responsibility

Although no single commonly accepted definition had been ascribed to the subject, which had evolved since 1970s, Archie B Carroll had said that "there had been economic, ethical, legal and philanthropic aspect to the subject".

Therefore, one of the most used and quoted model is the Carroll's pyramid of CSR, 1991. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. These for responsibilities can be illustrated as a pyramid. The economic component is about the responsibility to profit which serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organizations to comply with the laws and regulations. Ethical responsibilities are about how society expects organization 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 are expected from a company as a good corporate citizen.

Implicit versus explicit corporate social responsibility

Moon and Matten (2004) presents a conceptual framework for understanding corporate social responsibilities the, 'implicit' versus the 'explicit' corporate social responsibilities.

Explicit CSR is about corporate policies with the object of being responsible for what the society is interest in. explicit CSR can for example be voluntary, self-interest driven corporate social responsibilities policies and strategies.

Implicit CSR is a country formal and informal institution that gives organizations an agreed share of responsibility for society's interest and concerns. Implicit CSR are values, norms and rules which result in requirements for corporations to address areas that stakeholders consider important. Business associations or individual organizations are often directly involved in the definition and legitimization of the social responsibility requirement.

The Three Components of Sustainability- The Triple Bottom Line

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environmental and Development, 1987). The triple bottom line is considering that companies do only have one objective, profitability, but that they also have objectives of adding environmental and social value to society (Moon and Matten, 2004). The concept of sustainability is generally regarded as having emerged from the environmental perspective is about how to manage physical resources so that they are conserved for the future. Therefore, economic sustainability is about the economic performance of the organization itself. A broader concept of economic sustainability includes the company impact on the economic framework in which it is embedded. The development of the social perspective has not developed as fast as the environmental and economic perspectives. The key issue in the social perspective on sustainability is that of social justice. It can be seen from above that economic and environmental sustainability involved in the concept of externalities is mostly engendered in the importance placed by comparative in the concept of social responsibilities.

EMPIRICAL LITERATURE

This section covers the analysis of related studies on corporate social responsibility and corporate financial performance (Banks profitability). The relationship between corporate social performance (CSP) and CFP has been a hot debate topic of scholars for a half century Waddock and Graves, 1997; Griffin and Mahon, 1997; McWilliams and Siegel, 2000 and Simpson and Kohers, 2002). The empirical study results on the CSP and CFP link have never been in agreements, as some studies determined negative correlation, some determined positive correlation, while others determined no correlation at all. The viewpoint for positive correlation between CSP and CFP suggests that as a company's explicit costs are opposite of the hidden costs of stakeholders, therefore, this viewpoint is proposed from the perspectives of avoiding cost to major stakeholders and considering their satisfaction (Werhane and Freeman, 1999). In addition, this theory further infers that commitment to CSR would result in increased costs to competitiveness and decrease the hidden costs of stakeholder. This argument is meaningful and reasonable, as good relationship with employees, suppliers and customers are necessary for the survival of a company. Bowman and Haire (1975) pointed out that some shareholders regard CSR as a symbolic management skill, namely, CSR is a symbol of reputation, and the company reputation will be

improved by actions to support the community, resulting in positive influence on sales. Therefore, when a company increases its costs by improving CSR in order to increase competitive advantages, such CSR activities can enhance company reputation, thus in the long run CFP can be improved, by sacrificing the short term CFP.

The viewpoint for negative correlation between CSP and CFP suggests that the fulfillment of CSR will bring competitive disadvantage to the company (Ajadi, 2006) methods or need to bear other costs. When carrying out CSR activities, increased costs will result in little gain if measured in economic interests. When neglecting some stakeholders, such as employees or the environment, result in a lower CSP for the enterprise, the CFP may be improved. Hence, Waddock and Graves (1997) indicated that this theory was based on the assumption of negative correlation between CSP and CFP.

Some other studies suggested that CSR is not related to CFP at all. Ullmann (1985) pointed out that there is no reason to anticipate the existence of any relationship between CSR and CFP, as there are many variables in between the two. On the other hand, the issue of CSP measurement may also over the link between CSP and CFP would disappear with introduction of more accurate variables, such as the R & D strength, into the economic models. Amole, Adebisi and Awolaja (2012) investigated the causal relationship between corporate social responsibility and profitability of Nigeria banks through the application of regression technique. They found that there is a positive relationship between banks CSR activities and profitability. Richard and Okoye (2013) investigated the impact of corporate social responsibility on the deposit money banks in Nigeria. They adopted descriptive survey and found that social responsibility has a great impact on the society by adding to the infrastructures and development of the society. Adeyanju (2012) assess the impact of corporate social responsibility on Nigerian society (banking and communication industries). He applied regression and correlation analysis and found a strong and significant relationship between CSR and social progress such that the relationship between CSR and societal progress is statistically significant.

Akindele (2011) adopted a survey design using expost, facto-type, with officials drawn from 4 randomly selected banks in Nigeria in carrying out study on corporate social responsibility: An organizational tool for survival in Nigeria. The general objective of the study is to examine the extent and role of the retail banking industries in corporate social responsibility practices to help achieve sustainable growth and

development in the local communities. The data for the study was analyzed using both descriptive and inferential statistics, while predictions and decisions based on sample data were determined using analysis of variance (ANOVA). It was found that there is a significant relationship between bank profitability and CSR practices in Nigeria. Olayinka and Temitope (2011) used qualitative research method to examine the relationship between corporate social responsibility and financial performance in developing economies; “The Nigerian experience”. The study obtained data on variables which were believed to have relationship with CSR and financial performance. These variables included Return on earnings, return on asset, community performance, employee relation and environment management system. The result shows that CSR has positive and significant relationship with financial performance measures. These results reinforced the accumulating body of empirical support for the positive impact of CSR on financial performance.

Since, here is no conclusion regarding the type of relationships that exist between the CSR and Corporate performance. The study lends its voice through its finding considering Nigeria business environment.

METHODOLOGY

The study used annual reports of first bank of Nigeria Plc, data used include corporate social responsibility expenditure and profit after tax for the period for 2001-2014, data relating to cost/investment/expenditure as the case may be for the bank on corporate social responsibility and profitability was used to construct ordinary least square (OLS) model of regression to which was analyzed using E-views 7.0 in order to assess the impact as well as test the hypothesis of the study; if there is relationship and the extent of the relationship if any between corporate social responsibility expenditure and profit after tax of First Bank Plc. The study also adopts model of causality by Granger (1956) to determine the flow of causation between corporate social responsibility and profit after tax of First bank Plc.

Model Specification

The model for this research was adopted from Amole, Adebisi and Awolaja (2012). The model is specified as follows:

$$PAT_t = \beta_0 + \beta_1 CSR + \mu$$

Where PAT_t (banks profit after tax) for the period under study which is the dependent variable and CSR is Corporate social responsibility expenditure as the independent variable. Where; t is the t -th year (time series annual data).

This is in line with past studies on the link between CSR and PAT, control variables included (Ullman, 1985; Waddock and Graves, 1997) and R&D (McWilliams and Siegel, 2000) to render the research results more complete.

RESULTS AND DISCUSSION

Data on first bank expenditure on corporate social responsibility and its profit after tax is presented in a tabular form.

Table 1: First Bank plc data on corporate social responsibility expenditure and profit after tax all in thousand naira

YEAR	CSR Expenditure (₦'000)	Profit after tax (₦'000)	Log CSR	Log PAT
2001	28249.357	4676000	17.1566	22.2657
2002	22234.5	3979000	16.9172	22.1043
2003	43597	10323000	17.5905	23.0576
2004	93385	11096000	18.3522	23.1299
2005	67931	12184000	18.034	23.2234
2006	119887	16053000	18.6021	23.4992
2007	315833	18355000	19.5707	23.6332
2008	438729	30473000	19.8994	24.1401
2009	1229513.988	35074000	20.93	24.2807
2010	887743.641	26936000	20.6042	24.0167
2011	108529000	41301000	25.4103	24.4442
2012	111644000	95803000	25.4386	25.2856
2013	185800000	70600000	25.9479	24.9803
2014	236800000	92900000	26.1905	25.2548

Source: First Bank Plc Annual Report (2001-2014)

Table 1 represent First bank plc data on corporate social responsibility expenditure (₦) and profit after tax. In order to reduce magnitude of the data for easy elasticity, the data was logged for easy interpretation of the result. The logarithm of the magnitude of the data is presented in the fourth and fifth columns of table 1. The trend in the data shows that corporate social responsibility expenditure and profit after tax of first bank plc has been stable over the period under review.

Table 2 Regression Results

Dependent Variable: LogPAT

Method: Least Squares

Sample: 2001 2014

Included observations: 14

Variable	Coefficient t	Std. Error	t-Statistic	Prob.
C	18.26257	0.673743	27.10612	0.0000
LogCSR	0.267130	0.032037	8.338117	0.0000
R-squared	0.852804	Mean dependent var	23.80827	
Adjusted R-squared	0.840538	S.D. dependent var	1.007844	
S.E. of regression	0.402459	Akaike info criterion	1.149117	
Sum squared resid	1.943680	Schwarz criterion	1.240411	
Log likelihood	-6.043820	Hannan-Quinn criter.	1.140666	
F-statistic	69.52419	Durbin-Watson stat	2.327503	
Prob(F-statistic)	0.000002			

Source: E-Views 8 output

Table 2 represents the regression result of the impact of of corporate social responsibility (CSR) on the performance of first bank Nigeria plc in Adamawa state of Nigeria.. The constant and the coefficient of corporate social responsibility were found to be statistically significant as indicated by their probability values of 0.0000 and 0.0000 respectively. This implies that performance of first bank Nigeria plc depends not only on corporate social responsibility expenditure. The coefficient of corporate social responsibility expenditure is found to be consistent with theoretical expectation of this study. This result, therefore, implied that as corporate social responsibility expenditure (CSR) increases by one naira the performance of first bank Nigeria plc proxy by profit after tax raises by 0.2671 naira as shown in table 2. The F-statistics 85.28, which measured the joint significance of the parameter estimates, was found statistically significant at 1 per cent level as indicated by the corresponding probability value of 0.000002. This implies that all the variables of the model were statistically and jointly significant affecting the performance of first bank Nigeria plc which confirmed the t-test. This result indicated that if corporate social responsibility expenditure increases may translate to improvement in performance of the institution in Adamawa state.

The R^2 value of 0.8528 (85.28%) implied that 85.28per cent total variation in the performance of first bank Nigeria plc proxy by profit after tax was explained by expenditure of the bank on corporate social responsibility in Adamawa state. This further confirmed that performance of first bank Nigeria plc in Adamawa state was significantly explained by its expenditure on corporate social responsibility. Coincidentally, the goodness of fit of the regression remained very high after adjusting for the degree of freedom as indicated by the adjusted R^2 ($R^2 = 0.8405$ or 84.05%), this shows that

the model of this study is reliable for policy purpose. The Durbin-Watson statistic 2.3275 was observed to be greater than R^2 0.8528 indicating that the model is non-spurious (meaningful) and can be used for policy purpose. Durbin-Watson statistics value 2.3275 showed there was absence of autocorrelation among the error value thus making it possible to use the result of this study for policy purpose.

The coefficients of the included variables served as their elasticities (the extent to which performance of first bank Nigeria plc proxy by its profit after tax changes with respect to change in expenditure on corporate social responsibility. The coefficient of corporate social responsibility expenditure is inelastic implying that performance of first bank Nigeria plc is highly susceptible to change in corporate social responsibility expenditure of the bank. This study found that expenditure on corporate social responsibility in the bank is changing more than change in the performance of the bank, therefore to achieve the desire objective of the bank which is profit maximization; expenditure on corporate social responsibility must be given more attention.

Table 3: The ADF Unit root Results

Null Hypothesis: D(CSR) has a unit root

Exogenous: Constant

Lag Length: 0 (Automatic - based on SIC, maxlag=2)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-4.666558	0.0042
Test critical values:		
1% level	-4.121990	
5% level	-3.144920	
10% level	-2.713751	

Null Hypothesis: D(PAT) has a unit root

Exogenous: Constant

Lag Length: 1 (Automatic - based on SIC, maxlag=2)

	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-5.563441	0.0014
Test critical values:		
1% level	-4.200056	
5% level	-3.175352	
10% level	-2.728985	

The unit root result revealed that all the variables (CSR and PAT) of the study are stationary at 1 % and at first differences as indicated by the probability value of ADF 0.0042 and 0.0014 respectively.

Table 4: Pairwise Granger Causality Tests

Date: 12/11/15 Time: 17:10

Sample: 2001 2014

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
PAT does not Granger Cause CSR	12	0.27166	0.7698
CSR does not Granger Cause PAT		5.08377	0.0433

Granger causality results revealed that there is only one-way causation between CSR and PAT but the causation runs from CSR to PAT but not the other way round as indicated by the probability value of 0.0433.

Table 5: Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.642998	Prob. F(2,10)	0.5461
Obs*R-squared	1.595247	Prob. Chi-Square(2)	0.4504

Breusch-Godfrey serial correlation LM test result revealed that there is absence of serial correlation among the error terms in the data used in the course of this study as indicated by the high probability value of 0.5461 indicating acceptance of the null hypothesis of no serial correlation in the series.

Table 6: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.049647	Prob. F(1,12)	0.8274
Obs*R-squared	0.057682	Prob. Chi-Square(1)	0.8102
Scaled explained SS	0.023710	Prob. Chi-Square(1)	0.8776

Breusch-Pagan-Godfrey Heteroscedasticity test result revealed that there is absence of Heteroscedasticity in the data used in the course of this study as indicated by the high probability value of 0.8274 indicating acceptance of the null hypothesis of no Heteroscedasticity in the series.

HYPOTHESIS TESTING

Here, the afore formulated hypothesis in section one was tested at 5% level and the rule of thumb, through the application of T-Statistic which test the significant of the variables of the model individually. Given the rule of thumb that whenever T-Statistic value is at least 2 the null hypothesis that the variables are not significant is rejected and therefore, the variables of the model are significantly impacting on the performance of the bank in the state. The hypothesis is as follows:

H₀: Corporate social responsibility expenditure has no significant impact on the performance of first bank Nigeria plc proxy by profit after tax.

H₁: Corporate social responsibility expenditure has significant impact on the performance of first bank Nigeria plc proxy by profit after tax..

Given the T-Statistic value of CSR Table 2 of 8.3381 showed that corporate social responsibility expenditure was significantly impacting on the performance of first bank Nigeria plc. The null hypothesis was rejected at 1 percent as indicated by the probability value of 0.0000 in Table 2, therefore the alternative hypothesis was accepted and concluded that expenditure on corporate social responsibility by the first bank Nigeria plc exert a significant impact on its performance for the period under review.

Table 7 Correlation coefficients Result
CORRELATION MATRIX

	PAT	CSR
PAT	1.00000	0.923474
CSR	0.923474	1.00000

Source: Computer Output

Table 7 contains the correlation coefficients which show the extent or degree of relationship between first bank profit after tax and its expenditure on corporate social responsibility in Adamawa state. The simple correlation between first bank profit after tax and its expenditure on corporate social responsibility was found positive. This implies that as first bank expenditure on corporate social responsibility increases, its performance state measured in terms of its profit after tax raises. First bank profit after tax was found highly positive related to its expenditure on corporate social responsibility as indicated by their correlations values of 0.923474. This also confirmed the regression results in table 2 and 7 and corroborated theoretical expectation.

CONCLUDING REMARK

The study was conducted to investigate the impact of corporate social responsibility expenditure on the performance of first bank Nigeria plc proxy by profit after tax in Adamawa state from 2001 to 2014. The results of OLS revealed that increase in corporate social responsibility expenditure raised the performance of first bank Nigeria plc in Adamawa state. The coefficient of corporate social responsibility expenditure is statistically significant and consistent with the theoretical expectation. The F-statistics value in result of this study indicated that all the parameters of the model are jointly and statistically significant at 1 percent significant level. It can be concluded that the

performance of first bank Nigeria plc is low susceptible to change in corporate social responsibility expenditure of the bank as shown by their elasticity coefficients in Table 2. This study also concluded that for effective and efficient performance be achieve in the bank, expenditure on corporate social responsibility. This study, therefore, concluded that more attention must be directed towards increasing expenditure on corporate social responsibility in order that meaningful and desire performance of the bank can be achieved in the state. Based on the findings made in the course of this study the following recommendations are made: Based on the coefficient of corporate social responsibility expenditure (0.2671) in Table 2, increase in corporate social responsibility expenditure will increase the performance of first bank Nigeria plc in Adamawa state.

CONTRIBUTION OF THE PAPER TO KNOWLEDGE

The paper contributed immensely to knowledge because its can improve the body of the existing literature on corporate social responsibility and how it's affects the performance of business organization. The paper can also serve as a policy document for policy makers in time of policy formulation.

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