UNIVERSITY OF CAPE COAST

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE FINANCIAL PERFORMANCE OF LISTED NON-FINANCIAL FIRMS IN GHANA

TETTEH, ADAMU COMMEY

2019

UNIVERSITY OF CAPE COAST

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE FINANCIAL PERFORMANCE OF LISTED NON-FINANCIAL FIRMS IN GHANA

BY

TETTEH, ADAMU COMMEY

Thesis submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Commerce degree in Accounting.

JULY 2019

DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's signature: ……………………. Date: ………………...…

Candidate's Name: Tetteh, Adamu Commey

Supervisors' Declaration

We hereby declare that the preparation and presentation of the thesis we supervised is in accordance with the guide lines on the supervision of the thesis laid down by the University of Cape Coast.

Principal Supervisor's Signature: ………………… Date……………….……

Name: Dr. Clement Lamboi Arthur

Co-Supervisor's Signature ……………………. Date……….…...……

Name: Dr. George Tackie

ABSTRACT

Most firms exist without much effect on society, on the grounds that their financial performance is not favourably. Firms have devoted their time and money on all types of philanthropic concerns such as financial donations and assistance provided to non-profit local and non-local organisations and communities, including donations in fields such as arts, education, housing, housing, health, social welfare, and government. The purpose of the study therefore, is to assess the impacts of corporate social responsibility on corporate financial performance of non-financial firms listed on Ghana Stock Exchange. The study employed quantitative approach and descriptive survey design. Secondary data was collected from non-financial listed firms on the Ghana Stock Exchange from the annual reports and financial statements of the firms covering the period 2000 to 2018 of the 21 non-financial firms sampled. The study employed econometric formula for panel regression model by adopting random estimation technique in estimating model coefficients. The results showed that income to cost ratio has statistically significant negative effect on ROA and EVA. CSR for employees of non-financial firms listed on GSE has statistically significant inverse relationship with ROA. Conversely, CSR for employees has statistically significant positive effect on EVA. The study recommended that management should negotiate for favourable interest and debt payment with suppliers in the short-term. The study also recommends that realistic and acceptable wages and benefits should be paid to employees on a regular basis.

KEY WORDS

Corporate financial performance

Corporate social responsibility

Corporate social responsibility for the customers

Corporate social responsibility for the Employees

Corporate social responsibility for the government

Corporate social responsibility for the Suppliers

Economic valued added

Ghana Stock Exchange

Non-financial firms

Return on assets

ACKNOWLEDGEMENTS

This Thesis bears the name of the author (Tetteh, Adamu Commey), a lot of people have contributed to its success in diverse ways ranging from motivation to making a significant input. Over the periods I have had a good fortune to work with many professionals who helped me to sharpen my thinking about research.

Supervisors, friends and families made essential contributions to this work. I would like to express a special thanks to them for taking the time to provide me with their valuable assistance.

Despite their assistance and inputs, any errors or omission, interpretations, and emphasis remains the responsibility of the author.

DEDICATION

To my parents and siblings

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

Page

CHAPTER ONE

INTRODUCTION

Corporate Social Responsibility (CSR) has been known by corporate entities globally as a key to business success (Porter & Kramer, 2019). Business organizations are voluntarily and mandatorily devoting a portion of their resources to promoting and satisfying all stakeholders' interest as well as societal welfare mainly within their operating communities. On the whole, the connection between business and other stakeholders is deemed to return more benefits to shareholders in terms of higher profits and maintenance of legitimacy than when corporations seek to maximize returns for only shareholders.

Background to the study

Corporations around the globe are seeking to generate wealth for their shareholders by providing products or services to meet efficient demand (Fomukong, 2014). Empirical literature has adequately captured the intensity of Corporate Social Responsibility practices: evidencing that socially responsible investments outperform others is growing (Nofsinger & Varma, 2014).

Companies are becoming more transparent regarding how they are being socially responsible. Consequently, this growing concern for our environment has led to a growth in the study of corporate social responsibility (CSR). One area of focus in this field is the effect of CSR on financial performance. Some critics argue that it is too expensive for a company to be socially responsible. While others argue that the benefits of CSR exceed the actual costs. With CSR becoming more important to stakeholders and thus firms, understanding the relationship between Corporate Social Responsibility (CSR) and Corporate Financial Performance (CFP) has become crucial. Managers can use CSR-CFP information to make more informed decisions for their companies' CSR practices, allowing them to better assess their returns on CSR investment (Aigner, 2016).

Listed non-financial firms on the Ghana stock exchange are concerned about the betterment of their financial performances in order to meet their stakeholders' needs as well as expand or grow in order to survive in the current business environment.

Two schools of thought held by Friedman as to whether corporations should undertake the social responsibility. Friedman (1970) argued that the only corporate social responsibility of an organisation is to pursue profits (financial performance), and that encouraging social welfare is the affair of governments. Nevertheless, Friedman (1984) suggested that business development is inseparable from the input and involvement of different stakeholders. The concerns of all stakeholders should be pursued by corporations, but not just the interests of individual subjects.

Although there were differing views of what CSR implies, it was initially described as a contribution to society beyond financial and legal responsibilities in order to manage and improve the consequences of their activities on the economy, environment and society as a whole, from corporations to worldwide scales (World Bank, 2012). This was primarily expressed in rising adoption rates and reporting criteria, as well as increased consumer, investor, government, public, and creditors' CSR interests and expectations (Katsoulakos, Koutsodimou, Matraga & Williams, 2004).

In addition, primarily large corporations or corporations with immense environmental impact were engaged in CSR in the original phases of CSR growth. Moreover, as a consequence of the ongoing growth of CSR, CSR is gradually being conducted within all types of companies (Kitzmueller & Shimshack, 2012). Carroll (1979) produced such a significant contribution, mostly referred to us as "Carroll's CSR Pyramid”. As stated by CSR Visser (Visser, 2006), this is likely the most well-known CSR model. Carroll (1979, 1991) was of the opinion that CSR includes the economic, legal, ethical and discretionary (philanthropic) expectations of organisations that society has at a particular period. This definition sets the tone for the present research as the study's independent variables are in the four-part CSR definition.

Companies have devoted their time and money on all types of philanthropic concerns such as financial donations and assistance provided to non-profit local and non-local organisations and communities, including donations in fields such as arts, education, housing, health, social welfare, and government. Each business focuses on particular social projects in distinct ways. Wang (2014) felt that the advantages of elevated corporate social operations are higher for executives who want long-term trustworthiness than for executives with short-term goals. This is relatively owing to the reality that management can be in a stronger situation in the long term to be able to afford to incur elevated CSR-related expenses as they anticipate future profits.

Historically, in many developing countries, the notion of CSR is unknown and still remains as such in some nations today (Nurunnabi, Alfakhri & Alfakhri, 2019; Hussain, Fahad Ali, Case, Masood & Masood, 2017). In the name of CSR, donations are often provided in vain without knowing what it implies. Some organizations create donations either because they see their rivals doing it or because they want to show off as officials within the organisation. CSR was not part of many companies' corporate agenda in the developing world. It is true that some nations in Africa have witnessed significant progress in the field of human rights over the previous ten years, and CSR South Africa (Visser, 2005) and Kenya (Mwaura, 2004) can be acknowledged as two specific instances. The spread, however, is not as encouraging as anticipated given the violence and disregard that most areas are characterized by harbouring natural resources and being exploited by many businesses. Environmental issues and philanthropy have always been the focus rather than legal and ethical business practices. This perspective is backed by a study of the top businesses in South Africa, where only 10% described "compliance with legislation and regulations" as their main motive to pursue corporate citizenship (Trialogue, 2004). A ten-year literature reviews of CSR studies centred on Africa over the period 1995-2005 and published in major CSR publications revealed that: the quantity of published studies remains exceptionally small, most articles concentrated on business ethics, and most articles were in South Africa. It is therefore possible to expand the quantity of CSR studies in Africa and to improve the variety of its content and geographical coverage (Amponsah-Tawiah & Dartey-Baah, 2011).

In Ghana, the first president, Dr. Kwame Nkrumah's socialist orientation gave the impression, probably rightfully or incorrectly, that State Owned Enterprises (SOEs) could solve societal issues (Amponsah-Tawiah & Dartey-Baah, 2011). This restricted the social obligations of corporate organizations to pay taxes in a way. There has been a clarion call for organizations to undertake social programs in recent times (Amoako, 2016), however, as government alone cannot manage societal issues. This has influenced the country's concept of executing CSR. Multinational large-scale businesses are leading CSR operations in Ghana (Amoako, 2016; Hilson, 2007). The multidimensional issues of the country's low per capita income, poor performing currency, capital flight, low productivity, low savings, and so on makes it almost difficult for indigenous firms, most of whom are involved in retail and primary commodity production, to conduct coverage of social actions (Amponsah-Tawiah & Dartey-Baah, 2011). Large-scale production firms, telecommunications, and mining firms like Valco, MTN, Golden Star Resource, and AngloGold have made a significant impact in the country's social growth. Moreover, just as it is worldwide, for apparent reasons, resource extraction businesses whose activities have a direct effect on the environment as well as the local communities are always in the news, they either breach some of the CSR agenda's tenets or seriously fulfil them.

Lea (2016) argues that socially responsible businesses are doing everything for the benefit of stakeholders. Not only are the non-financial companies listed on the Ghana Stock Exchange (GSE) anticipated to meet the key company goals, but are also supposed to concentrate on society, including staff, consumers, government, creditors and other stakeholders, by enhancing welfare operations, offering resources and assistance to the needy, making unique donations to non-trading issues, setting up free instructional organizations and healthcare centres for communities (Atuguba & Dowuona-Hammond, 2006). Not only will this contribute to their goodwill, but will also bring positive results in financial statements such as income statement, cash flow statement, and an increase in the firms' economic value on the GSE.

Overall, the association between a company and other stakeholders (creditors, government, employees, consumers and society) is perceived to provide shareholders with more benefits in terms of increased earnings and maintaining legitimacy than when corporations seek only to maximize shareholders' returns (Gatsi, Anipa, Gadzo & Ameyibor, 2016).

Resmi, Begum and Hassan (2018) argue that if deliberately accomplished, CSR operations are recorded as an add-on to the company's financial performance. It is worth noting that whether or not to participate in CSR is component of strong strategic management. Up to this point, companies are using a variety of business mode of operation, according to size, their present level of profitability whether the company has the ability to cover CSR expenses or not, company location, as well as stakeholders before undertaking a CSR activity. Resmi et al. (2018) said managers' main function is to regulate the value maximization negativity. By so doing, most enterprises have abandoned the social dimension.

It is against this background that this study seeks to examine the CSR dimensions' impact on corporate financial performance of listed non-financial firms of the GSE.

Statement of the Problem

Most firms exist without much effect on society, on the grounds that their financial performance is not favourably (Wang, Dou & Jia, 2016). This subject (CSR impacts on CFP) has been liked by theorists and professionals alike for more than the last century, which is clear in a large amount of appropriate scholarly and trade journals. However, a literature review by Brooks and Oikonoou (2018) of the British Accounting Review journal indicates that, despite numerous studies focused on this problem, there is overall agreement that the connection between participation in social responsibility and financial performances is still not well established and accompanied by contradictory proofs in the form of different CSR and FP definitions and formulations, hypotheses based on theoretical frameworks that sometimes conflict with each other, datasets of different characteristics with respect to: the CSR dimension of concern; the nature and scale of the financial performance measure used; the asset class in which the connection is investigated; the scope of sector, nation and time frame and the application of various econometric methodologies (Brooks & Oikonoou, 2018). In developing markets and especially in sub-Saharan Africa, an aspect that is especially under-researched is the investigation of the relationship that exist between CSR and financial performance. This research is seeking to tackle this gap. Two-thirds of worldwide chief executives thought that corporations are not doing enough to tackle sustainability problems (UN Global Compact & Accenture, 2013) and that as companies seek methods to enhance their performance (both financial as well as non-financial), the best way to fully incorporate the changes of all stakeholders in all areas of the organization remains to be seen (Epstein, 2018).

While companies have been forced to improve their social efficiency (Montiel & Delgado-Ceballos, 2014), it is uncertain whether CSR company engagements create or destroy value (Manchiraju & Rajgopal, 2017; Orlitzky & Shen, 2013). In addition, the existing literature shows ambiguous results on the CSR's impact on corporate financial performance, without consensus on mits nature (Pérez & Del Bosque, 2015 and Margolis, Elfenbein & Walsh, 2009).

This research builds on the increasing literature emphasizing CSR's impact on financial performance (Soderstrom, Soderstrom & Stewart, 2017; Barnett & Salomon, 2012; Waddock & Graves, 1997). Nonetheless, even as the distinction across sectors, these studies did not segregate the impacts of the different aspects of CSR, which would make corporations know which component of the CSR creates or destroys value and hence know which component(s) to pace a greater emphasis on. Therefore, the present study attempts to bridge the gap by segregating CSR dimensions into CSR for creditors (Interest cover ratio which tells how well a firm can pay the interest on outstanding debts to creditors), employees (wages and benefits growth rate for the employees), government (firm's obligations of paying tax and other statutory charges to government), customers (the proportion of main business cost to income from principal operation), and social welfare (the rate of social donations by the firm) based on Carroll's economic, legal, ethical, and discretionary (philanthropic) CSR pyramid. Moreover, the study employs the different proxies for financial performance and controlling for firm size (Total assets of the firm), making it distinct from proceeding studies on the relationship between CSR and corporate financial performance of non-financial firms on GSE.

Purpose of the Study

The purpose of the study is to assess the impacts of corporate social responsibility to the Ghanaian listed non-financial firms' financial performance. Considering the CSR impact of firm's creditors, government, employees, customers and social welfare on their financial performance.

Research Objectives

The following are the objectives of the study;

i. To examine the effects of CSR for the creditors on corporate financial performance of listed non-financial firms in Ghana;

ii. To examine the relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana;

iii. To examine the effect of CSR for government on corporate financial performance of listed non-financial firms in Ghana;

iv. To examine the influence of CSR for the consumers on corporate financial performance of listed non-financial firms in Ghana;

v. To examine the relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.

Hypotheses of the study

The study sought to test the following hypotheses which were developed from underpinning theories to the study and review of extant literature.

Hypothesis 1

i. H_0: CSR for the creditors has no significant effect on corporate financial performance of listed non-financial firms in Ghana

ii. H_1: CSR for the creditors has a significant effect on corporate financial performance of listed non-financial firms in Ghana

Hypothesis 2

i. H_0: there is no significant relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana

ii. H_1: there is a significant relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana

Hypothesis 3

i. H_0: CSR for the government has no significant effect on corporate financial performance of listed non-financial firms in Ghana

ii. H_1: CSR for the government has a significant effect on corporate financial performance of listed non-financial firms in Ghana

Hypothesis 4

i. H_0: CSR for the consumers does not have significant influence on corporate financial performance of listed non-financial firms in Ghana

ii. H_1: CSR for the consumers has a significant effect on corporate financial performance of listed non-financial firms in Ghana

Hypothesis 5

i. H_0: there is no significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana

ii. H_1: there is a significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana

Significance of the Study

Focusing the study on individual CSR components made it distinctive by closing the gap in knowledge through the identification of the nature and significance influence which each constituent has on the company's operations.

Guided by this information, managers of the undertaking might have the opportunity to discriminate among diverse CSR activities and be able to allocate more resources to areas that exhibit significant positive influence on corporate performance and less to others.

Also, another pertinent feature of this research is that it endeavours to provide a comprehensive view of CSR to corporate financial performance. Besides, it seeks to highlight the association between both concepts.

Moreover, the current study complements proceeding and could provide a more complete understanding of how the different CSR activities influence the corporate financial performance. The enhanced understanding of the CSR-corporate financial performance relationship might fill the knowledge gap in the literature.

Finally, the outcome of the study will enable policy makers such as regulators and government agencies to implement favourable policies that would benefit all stakeholders.

Scope of the Study

The study is focused on the relationship between CSR and corporate financial performance of non-financial firms listed on the GES. Secondary data are freely obtainable and thus will be used for the study. The source and quality of the data set makes it more dependable and reliable as firms listed on the stock exchange are heavily regulated in Ghana and their financials scrutinized making it less susceptible to manipulation by management of the companies.

The data to be used for the study is annual data set ranging from 2002 to 2018. Fixed or random estimation technique which is the primary econometric model will be employed. The variables of interest are CSR for the creditor, customer, government, social welfare, ROA and EVA.

Delimitations

The research is focused on the relationship between CSR and corporate financial performance of non-financial firms listed on the GES. The study adopts a secondary data from listed non-financial firms on the Ghana Stock Exchange. This is due to the increasing requirement on mandatory disclosure compliance of non-financial firms in developing countries (Matuszak & Różańska, 2017; Crifo, & Rebérioux, 2016).

Limitations of the study

The study is restricted to non-financial firms listed on the GSE. Time constraint and scarcity of data made it impossible for the researcher to extend the study to other companies not listed on the Stock Exchange, thereby the decision to limit the study to only listed firms whose data can be accessed from their published annual reports and financial statements.

Nonetheless, these limitations will not have any adverse influence on the research result. Focusing on the listed firms serves as leverage as they operate within standards and generally followed international standards of financial reporting. This made the data source more credible and reliable.

Organization of the Study

The study is presented under five major chapters. The first chapter covers the background to the study, problem statement, purpose of the study and the objectives of the study. This chapter also dwells on the hypotheses to be tested, the significance of the study, the scope of the study and the limitations of the research. The chapter two of the study focused on review of theories underpinning the study, empirical literature, conceptual literature review and conceptual framework depicting the pictorial view of the study. Furthermore, the methodology and methods applied in the study were covered in chapter three. This comprises research approach and design, data sources, analysis of data, analytical model theoretical model and empirical model specification. Data presentation and analysis is done in chapter four of the study, where descriptive and regression analysis were presented and interpreted. The final chapter present summary of findings, conclusions and recommendations for policy directions.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section of the study dwells on review of extant literature on the subject matter under review. The review was carried out under three broad thematic areas: review of theories related to the study, empirical review of literature and conceptual review of the association between CSR and corporate financial performance (CFP). Review of theories underpinning the study was done to aid situate the work in sound theoretical foundation and also assist in formulating hypotheses for the study. Empirical literature dwelling on preceding researches in relation to CSR and CFP was covered in this part of the review. Finally, the variables of the study were described and linked to the dependent variables of the study. These relationships were depicted in the conceptual framework.

Theoretical Review

This part of the literature review touched on pertinent theories supporting the current study. These theories assist in throwing light on the relationship between CSR and CFP of non-financial firms listed on GSE. The reviewed theories include the stakeholder theory, the agency theory, as well as the legitimacy theory.

Stakeholder Theory

This theory is also referred enlightened theory. Freeman (1982) advocates stakeholder theory and argues that executives should fulfil all distinct stakeholder interests to survive (McWilliams & Siegel, 2016). This runs contrary to Friedman's neoclassical opinion that businesses should only strive to meet shareholders. The stakeholder is described as any group or person that may influence or may be influenced by the achievement of the goals of the corporation (Freeman, 1984). It should be noted that shareholders and stakeholders are not the same because shareholders are the company's stock or shareholders and are therefore mainly concerned with the company's economic situation (Clarkson, 1998).

Clarkson (1998) postulates that the company's stakeholders should be classified into two main groups: primary stakeholders (i.e. Shareholders, Distributors, Employees, Customers) and secondary stakeholders (i.e. Government, communities, environmental organizations and media). The main difference between them is that the continued contribution of primary stakeholders is necessary for the company's survival, whereas secondary stakeholder involvement is not all that vital to the company's survival. As previously mentioned, stakeholder theory emphasizes that not only should businesses attempt to meet primary stakeholders (shareholders) to the detriment of secondary stakeholders (creditors, employees, government, customers and the general society) (Clarkson, 1998). If the interest of the secondary stakeholders is relegated to the background, a company may probably fail (Bird, Hall, Momentè & Reggiani, 2007). The ultimate objective is to continually enhance stakeholder relationships, resulting in reduced expenses due to reduced turnover of employees (Conway, 2014).

Notwithstanding, inevitable conflicts occur when the interests of various stakeholders are directly opposed (Conway, 2014). In reality, businesses often do not similarly value the interests of different stakeholders, but give preference to the interests of certain groups of stakeholders.

Companies usually concentrate on fulfilling the strongest stakeholders as they are deemed more important for the company's survival (Deegan & Unerman, 2006).

Post, Preston and Sachs (2002) posit that a company's relationship with its stakeholders determines the ability over time to create sustainable wealth and long-term value. This position also reaffirms the position of Freeman who argued that, a business would be more effective over time by increasing its ability to handle its relationship with stakeholders of all types (Freeman, 1984). Improved stakeholder relationships are also developed to boost earnings. This was verified by Surroca and Tribó (2008), who discovered that maximizing CSR is strongly linked to meeting stakeholders' interests.

Agency Theory

The theory of the agency arose from the mixed economics and institutional theory fields in the 1970s. There is some argument as to who advocated the theory, with authorship claimed by theorist Stephen Ross and Barry Mtinck (Mitnick, 2006). However, Jensen and Meckling (1976) emanated the most quoted reference to the theory. The theory has extended to all contexts far beyond economics and institutional studies.

The theory of agency emphasizes the connection of the principal with agents, all driven by self-interest (Jensen & Meckling, 1976). The neoclassical economist Friedman (1970) stated that as a consequence of distinct interests among shareholders, the presence of CSR within a business points to a potential agency problem. He observed that when a firm is involved in CSR, a likely agency problem occurs, as he views CSR as a misuse of corporate assets. According to him, these resources should rather be spent on investments that result in direct financial gain for the shareholders. Due to this, there is an inconsistency between CSR advocates and direct profit maximization advocates. Additionally, another problem of agency could occur when executives invest heavily in CSR operations to promote their personal reputation, turning their attention away from the organization's primary objectives, leading to a reduction in profitability (Barnea & Rubin, 2010).

On the other side, as a consequence of mutual encouraging behaviour within the principal-agent relationship, the agency theory could encourage CSR operations. Companies engaged in CSR operations could be regarded as an agent, their relationship with principals (e.g. Workers, clients, vendors, government) should be taken into account. The principals can exert pressure on the business to behave in a socially responsible way that could lead to CSR improvements. Second, when a business assumes the position of principal, the agents (e.g. Workers, vendors, clients) could be made to embrace CSR strategies (Barnea & Rubin, 2010).

McWilliams and Siegel (2016) contend that a company that has commonly adopted CSR thoughts as standards, protocols and guidelines with the institution gives its employees direction to behave in a socially responsible manner. Therefore, CSR does not inexorably contribute to an agency problem with conflicting interests in the context of the agency theory. Therefore, the agency theory assists in situating the study in a theoretical disposition of the association between the players that matters to the survival of the organization.

Legitimacy Theory

This theory emphasizes that institutions are constantly trying to guarantee that they are viewed as operating in accordance with the norms and bond of the community they work in (Deegan, 2009). The development of the legitimacy theory was originally accredited to Dowling and Pfeffer (1975) where they opined that, in order to continue to exist, an organisation must behave in accordance with the norms and values of society. Deegan (2009) confirmed this stance by comparing the concept of legitimacy with the presence of a 'social contract' between a business entity and their corresponding communities. This social contract ensures whether an organisation works within the above-mentioned corporate bonds and standards or merely with society's expectations.

From Suchman’s (1995) view, legitimacy is widespread hypothesised that a company's activities are required, appropriate, or suitable within some socially established framework of accepted beliefs, values, norms, and definitions. The theory of legitimacy postulates that the achievement of a company depends on how society values the degree of suitability of the operations of the company. Therefore, in order to survive, a company need to behave in a lawful manner (Lindblom, 1994). Only then will society not condemn the company (Kaplan & Ruland, 1991).

Chu, Chatterjee, and Brown (2013) explored the factors driving greenhouse gas reporting in Chinese companies listed on the Shanghai Stock Exchange in testing the legitimacy theory. Annual reports from the top 100 A-share firms and CSR report using the method of content analysis were employed. With the legitimacy theory expectations, the research result by Chu et al. (2013) showed that most firms report only neutral and good news, although there has been appropriate adverse news. Since big firms operating in the non-financial sector with greater concentrations of carbon dioxide emissions tend to have greater rates of disclosure of greenhouse gases.

It is essential to remember that over time, standards and values are not stable. Companies therefore need to anticipate rapidly in order to be consistently aligned with society's standards and values (Deegan & Unerman, 2006). Companies feel responsible for acting in a lawful way because society enables the company to use its natural resources and resources.

The Carrol's CSR Construct

Carroll's (1979) construct's interesting characteristic was its definition of the term corporate social responsibility through four parts; this broad quality was especially conducive to the formulation of this study's variable, and each component was considered to be appropriate for the type of variable included in the study. Economic, legal, ethical, and discretionary (or philanthropic) issues are the four elements of the defining model. Carroll (1979) describes them as follows: business economic obligations reflect the conviction that companies have a responsibility to be productive and profitable as well as satisfy the requirements of society's consumers; company legal obligations relates to the concern that economic obligations are addressed within the limitations of written laws; business ethics reflect unwritten codes, values; and norms that result from societies indirectly, ethical obligations go beyond normal legal frameworks and can be implemented vigorously as well as nebulously and ambiguously stated; and company discretionary obligations are purely rational or philanthropic in nature and, therefore, difficult to ascertain and assess. With Carroll's (1979) construct, the study could disaggregate the components of corporate social responsibility's impact on a corporate financial performance. In addition, use of the construct permitted inquiry into the various links of each component of CSR on the financial performance of non-financial listed firms on the Ghana Stock Exchange using datasets from and/within the year 2000-2017. For the economic, legal, ethical and discretionary elements, Carroll's (1979) graphical depiction of the four-part construction (1979) proposed a weighting of 4-3-2-1, respectively. Below is the graphical presentation of the Carroll's construct;

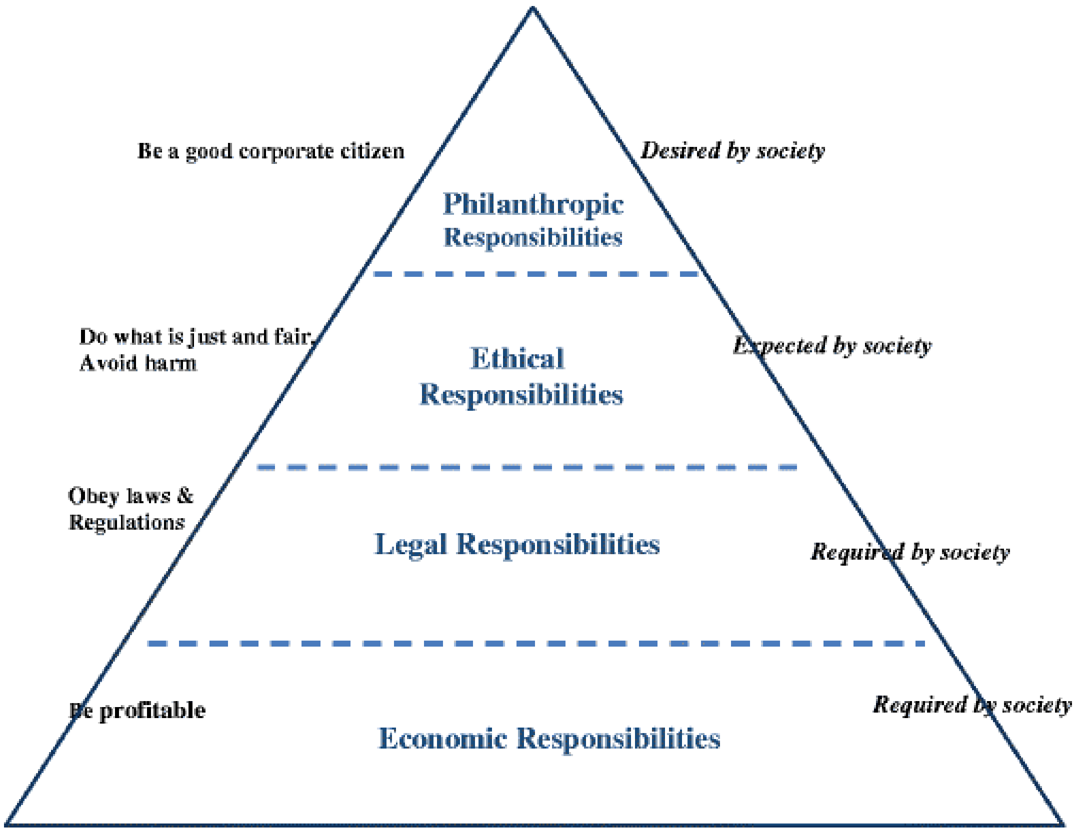

Figure 1: Carroll's Pyramid
Source: Carroll, (2016)

According to Carroll (2016), economic responsibility has been put as the pyramid's foundation because it is a basic business requirement. Just as a building's foundation need to be firm to sustain the whole building, consistent profitability needs to be sufficient to support other corporate expectations of society. The argument here is that the CSR activities is predicated on the notion of a company that is sustainable and economically sound. All the same, society conveys the message to companies that it is supposed to follow the law and comply with regulations because law and regulations are the codification by society of the fundamental guidelines on which company is to function in a civil society. For instance, if one looks at CSR in developing nations, whether or not there is a legal and regulatory framework has an impact on whether or not multinationals are operating those societies. This is because such a legal infrastructure is essential to provide a basis for legitimate company growth. It is also anticipated that company will function in an ethical manner, which implies businesses have the expectation and duty to do what is right, fair and honest, and to prevent or minimize damage to all stakeholders with whom they interact. Finally, a company is supposed to be a good corporate citizen, that is, giving back and contributing financial, physical, and human resources to the societies it is part of. In brief, the pyramid is constructed in a manner that represents the basic roles and expectations that a company in a society have to play.

Empirical Review

This aspect of the review looked at the extant literature on the effects of CSR on the corporate financial performance of firms. The empirical review covered studies in developed and developing countries and finally narrowed down to Africa and local studies. Review of the preceding CSR-CFP literature showed some inconsistent findings. Critics of CSR's value claim that the company is not capable of influencing social issues and should therefore not waste resources (Friedman, 1970). There are, however, many studies showing the advantages of embracing CSR principles. Some studies demonstrate how CSR initiatives play a significant role in enhancing the financial performance of a firm.

Kim, Kim, Qian and Park (2018), conducting a U.S. survey on the impacts of corporate social responsibility on corporate financial performance, tried to provide a more balanced view of the connection between CSR and corporate financial performance from a competitive perspective. Between 2000 and 2005, data from 113 publicly listed U.S. software firms were used. The research result showed that socially accountable action (favourable CSR) enhances the company's financial performance. While socially irresponsible actions (adverse CSR) fundamentally improve the company's economic performance. Therefore, the findings pointed to the contribution of CSR to the profitability of firms when the company engaged in positive CSR and otherwise, when negative CSR are practice.

On the contrary, a study by Priyadarshini and Gomathi (2018) in India revealed that there is no relationship between CSR expenditure and financial performance of private sector banks in India. This was found when the researchers studied the relationship between CSR expenditure and financial performance, adopting causal study and cross-sectional models with the sample of five years' data from 2012-2017 of four private sector banks. From the study results, it was also found that the CSR expenditure pattern of the banks showed increased levels of the CSR activities year by year and this is a sign of good improvement.

Using descriptive research by collecting secondary data from Rural Development Bank's (RDB's) CSR expenditures, Sarifudeen and Gunapalan (2015) in Sri Lanka researched on the corporate social responsibility expenditure effects on financial performance of financial institutions using RDB as a reference point. The study by Sarifudeen and Gunapalan (2015) affirmed that; CSR leads to a decrease in financial performance of the bank when activities are expanded outside its functional areas. On the other side, when CSR operations are restricted to parts where the bank has attained competitive advantage, favourable financial performance is accomplished. Hence, firms with better CSR results are better positioned to receive funding on capital markets, which positively impacts their capacity to make significant strategic investment choices and ultimately deliver favourable returns on stocks.

Likewise, Kakakhel, Ilyas, Iqbal and Afeef (2015) performed a survey on the cement companies in Pakistan on the relationship between CSR spending and financial results and reported a positive link. In his earlier research, however, Babalola (2012) investigated the association in the midst of CSR and company performance of companies listed on the Nigerian Stock Exchange and developed a significantly negative relationship. Another scholar, Fauzi (2017), conducted a survey on the relationship between CSR investment and corporate financial prosperity of firms listed on the New York Stock Exchange and found no significant impact on financial performance of CSR.

In a research on relation of CSR and listed real estate companies in China's corporate financial performance, Ding (2014) used 112 listed real estate companies. The study focused on the activities of CSR for the government, creditors, customers, employees and social welfare. The study employed correlation and multiple regression analysis to examine the association between CSR and CFP. The outcome of the study showed that in the short-run, a corporation undertaking CSR operations for other stakeholders had no apparent impact on financial performance. CSR operations, however, will boost financial performance or corporate value in the long run. Furthermore, CSR operations can decrease the risk of obtaining or losing vital business assets that benefit businesses' sustainable growth.

In a similar study, Yu-Shu, Chyi-Lin and Altan-Uya (2015) researched on the topic "corporate social responsibility and corporate financial performance: the intervening effect of social capital" in Taiwan. Empirical data were gathered from Taiwanese listed firms to perform a regression analysis. Their study's outcome showed that, social capital plays a mediating role in connecting CSR and CFP. The consequence is that CSR has a beneficial impact on social capital, which translates into a favourable impact on CFP.

Researching on the connection among CSR and financial performance (FP), Nyongesa (2017) used a correlation research design in which data was obtained from secondary sources of Safaricom limited in Kenya. The outcome of the study indicated that, CSR and financial performance (EPS, revenue and net income) have an insignificant positive relationship. Similarly, Kamwara, Lyria, and Mbogo (2016) study in Kenya explored the connection between

CSR expenses and corporate financial performance of listed firms on the Nairobi Securities Exchange (NSE). The researchers observed that the NSE listed organisations have a significant relationship between CSR spending and profitability and asset growth.

In Ghana, Agyemang and Ansong, (2017) examined the influence of corporate social responsibility on financial performance of Small and Medium-Sized Enterprises (SMEs) in Ghana by using access to capital and firm reputation as mediating variables. Their study employed a primary data from respondents of the selected SMEs in Accra and adopted the partial least square model in analysing the data. The results indicated that, corporate social responsibility enhances a firms' reputation which in turn translates into its financial performance as well as found a positive relationship between access to funding and CSR and thereby concluded that SMEs can minimize capital constrains by undertaking CSR activities which in turn could lead to financial performance. However, their study adopted a primary data in measuring the CSR and used sales growth, profit growth and leverage to measure firm performance but this current study uses CSR expenses and ROA and EVA to measure firms' financial performance respectively.

Anlesinya, Ahinsah, Bawa, Appoh and Bukari (2014) examined the impacts of CSR on MTN Ghana Limited's financial performance by adopting standard multiple regression and hierarchical multiple regression in testing the study's hypotheses. A primary data, gathered from 35 participants and the findings of the study at the disaggregate level showed that there was no significant impact of community CSR as well as environmental CSR on MTN Ghana Limited's financial performance. On the other hand, there was no significant adverse and positive impact on MTN Ghana Ltd's financial performance correspondingly from employee CSR and customer CSR. Furthermore, the study discovered that CSR for employees and CSR for customers accounted for more variance in the company's financial performance than CSR in relation to community and the environment.

In other studies in Ghana, Kwaning, Tandoh-Offin, Afriyi and Tweneboah-Koduah (2014) conducted a study the effects of CSR expenditure on the financial performance of financial institutions focusing on Agricultural Development Bank.

From the foregoing discussions, extant literature pointed to an inconclusive finding in relation the nexus between CSR and corporate financial performance both from developed and developing nations. A survey and interviews with some chosen ADB department heads and annual CSR reports review disclosed that the direct impact of socially accountable operations on the financial performance of financial entities appears to be negative. The research also discovered that such attempts are likely to have beneficial effects for financial entities that participate in socially responsible activities as part of their key tasks over the long term.

Conceptual Literature Review

This section of the review of the study, considered pertinent variables employed in the research. These variables were discussed and their measurement stated based on empirical antecedents and theoretical deductions. The variables are categorized into those that are dependent and independent. The dependent variables are return on assets (ROA) and economic value added (EVA). For the independent variables, the study considered, CSR for employees, CSR for customers, CSR for creditors, CSR for government and CSR for social welfare. The study also controls for firm size.

Return on Assets (RoA)

In general, measuring corporate financial performance has taken a different dimension as different studies adopted varied approaches in determining firm performance (Ittner & Larcker, 2003). The measures can be categorized into two types: measures based on the market and measures based on accounting. Daily and Dalton (2003) postulate that the company's current financial performance is taken into account by accounting-based measures. Nonetheless, market-based measures take into consideration future performance based on investors' perception.

Return on Asset as one of the accounting-based measures for CFP is considered more representation variations of primary parameters of business in terms of year-to-year other than stock market rates of return, since the stock market rates of return are more reflective of anticipated future development other than an operating condition. From the perspective of shareholders, ROA is seen as the most vital accounting ratio to measure performance of an entity because its emphases on shareholders' return (Mehran, 1995). Besides, based on an article by the Harvard Business Review, the best measure of a corporate financial performance is ROA as it overtly considered the assets used to support business operations (Weill, 2004). ROA indicates whether a firm is able to generate a sufficient return on the assets employed rather than merely presentation higher returns on sales (Hagel & Brown, 2010).

The majority of previous studies employed ROA in investigating the association among CSR and CFP (Tang, 2012). Adopting ROA as a measure of CFP, Russo and Fouts (1997) examined the relationship amid environmental performance and financial performance. Moon, Teh and Ang (2014) used ROA in other research to see if the companies involved in voluntary environmental programs had a beneficial impact on their financial performance. Since ROA is a well-known and widely accepted metric when examining the link between CSR and CFP, it has been adopted as one measure for CFP by this study.

A lower ROA indicates inefficiency of management in using firm's assets. Hence, ROA is vital from the view point of the shareholder to measure performance. ROA is an indicator of how profitable a company is or how efficient management is applying its assets to generate earnings. It is computed as a company's net income divided its total assets:

$Net\ Income/Total\ Assets$

Economic Value Added

If firms manage to gain more than their own capital expenses and liabilities, they can generate wealth. Economic Value Added (EVA) is a benchmark for evaluating performance based on the company's actual economic profits, enabling measurement of its achievement or failure over a period of time is useful to investors who want to see how well the product has value for them and can be implemented in a comparative assessment (Petrescu & Apostol, 2009).

EVA is superior to other performance metrics such as Earnings Per Share (EPS) because it measures all the company's, operating and funding expenses. Stern Value Management (2016) posits that EVA is the encyclopaedic performance measure and the one closest to shareholder value creation. It has been accepted by many companies as part of an extensive scheme of management and incentive compensation that drives their decision processes. In a research, Sharma and Kumar (2010) postulated that by embracing it as a corporate strategy, EVA is now regarded as a relevant instrument for performance measurement and management around the globe.

This metric of performance is preferred because it clarifies the concept of maximizing the absolute returns over and above the cost of capital in creating shareholders' wealth. Therefore, better investment decisions can be taken with the above aim rather than maximizing percentage return on investment (ROI) (Girotra &Yadav, 2001). The cost of capital is one of the most essential aspects reflected by EVA. When applying traditional indicators, most companies appear profitability even in reality they are not. EVA corrects this error, explicitly recognizing that managers use the capital, must pay for it. By considering the cost of equity, EVA indicates the profit realize or not in each reporting period (Vasilescu & Popa, 2011). This is computed as = *Net Operating Profit after Taxes - Invested Capital * Weighted Average Cost of Capital*

This will variable is necessary for the study since it will enhance the investment decision of the non-financial firms of listed firms on the GSE in relation to the CSR variables (CSR for creditors, employees, government, consumers and social welfare).

Corporate Social Responsibility for Creditors

In every business endeavour, creditors play very important role in business success for that reason they are also worthy of being provided with CSR values. Creditors have an impact on corporations' operations. A company usually purchases on credit products or raw materials from different suppliers. As a company that buys resources on credit, CSR can be expanded on this aspect by paying attention to the duty to pay owing and timely for delivered and consumed raw materials. Thus, acting responsibly in supplier relationships is pertinent to the success of the corporation (Kokemuller, 2018).

It is important for firms to honour debt and interest charged obligations towards creditors consistently and promptly as this may build a good reputation for future transactions. Moreover, this will give a modest discount to the company in a form of cash discount which constitute extra revenue to the firm. A business that is seen to act irresponsibly towards suppliers may create a bad image of the company and suppliers, creditors and partners may suffer guilt by association when the company is found to be dishonest, or unethical (Kokemuller, 2018). The firms must therefore have a partial duty to behave responsibly in order to safeguard the firms that supply them.

Empirically, Zheng (2016) found that CSR for the creditor has a significant favourable influence on CFP (ROE). A corporation that undertakes CSR activities for creditors vigorously may have the propensity to see growth in financial credit, access to more loans from lending institutions and growth in their short-term profitability. The companies are therefore unable to create proper use of financial leverage, and then the firm's long-term growth will be limited (Ding, 2014). On the basis of the above debate, the assumption is made as

H_0: there is no significant relationship between CSR for the creditors and corporate financial performance of listed non-financial firms in Ghana

H_1: there is no significant relationship between CSR for the creditors and corporate financial performance of listed non-financial firms in Ghana

Corporate Social Responsibility for Employees

Not only does CSR involve a responsibility to a society in relation to social and environmental aspects, but as well as to the company's employees. It is a firm's responsibility to those working for it by keeping their level of enthusiasm and desire for the work active (Wanat & Stefańska, 2015). Employees are regarded as the true assets of the corporation. Even a company with the finest technology or facilities would be of little use if employees were not up to the mark and not satisfied with present profiles (Juneja, 2018).

Measuring CSR towards staff based on CSR's integrative model, the most frequently used guidelines and norms are problems of compensation, health and security, working circumstances and corporate social policies, labour relations and collective bargaining, job dignity and protection from discrimination, individual labour relations and internal communications, and enforcement of employee rights (Remišová & Búciová, 2012).

In terms of paying workers on time, paying all taxes and other legally required payments to social and health insurance funds and so on, the foundation of economic responsibility towards staff was laid. As part of ethical obligations based on the pyramid of Carroll, it is essential that employees understand when and how their remuneration is being determined and that the organisation should take into account local living standards and wage levels in a favourable manner when determining employee remuneration (Carroll, 2016). In addition, an organisation has created the notion of occupational health and security and its implementation and monitoring policies and practices (Remišová & Búciová, 2012).

Empirical evidences showed that CSR for the employees has a relationship with CFP. A research by Ding (2014) disclosed that the employees and ROE have a significant beneficial link between CSR but have a significant adverse impact on Tobin's Q. Thus, actively undertaking the CSR operations for employees by raising the salaries and rewards of employees can serve as a motivating force for employees who are encouraged to devote themselves with the highest passion to the production and operation of businesses and create more benefits for the company. On the basis of the above debate, the assumption is made as

H_0: there is no significant relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana

H_1: there is a significant relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana

Corporate Social Responsibility for Government

Corporations work in societies that affect their operations either directly or indirectly. Companies communicate in the broader society with the different industries, and part of this is the government. Since the state is responsible for enforcing the laws and upholding the nation's safety, engaging them in the social responsibility component is only imperative. As an external stakeholder, the state has an indirect impact on a firm's CSR procedure (Haider, 2010).

Businesses are responsible for paying corporate and income taxes as well as public charges in carrying out their activities. These taxes may include income taxes, tariffs on imported products, and a number of administrative charges required for company registration (Wolfe, 2017). It is regarded a crime to withhold these payments, particularly taxes, and therefore entities that do so will not to be seen as socially responsible. Many businesses, especially those in the construction and manufacturing industries, are faced with heavy laws concerning the amount and range of pollutants they may emit. Some businesses may try to restrict their pollution more than required by the law, feeling a “social obligation” towards the common good.

In addition, corporations must disclose to the government in a number of financial reports in the form of tax returns, and also to the public if the company makes common ownership of stock shares available. This financial disclosure helps guarantee that the business does not break any legislation, such as withholding taxes, and enables the public decide whether to invest in the business. Corporations in most nations are also banned from bribing government officials, which would undermine their capacity to perform their duties impartially in the interests of the people of the country (Wolfe, 2017).

Haider (2010) also observed businesses provide assistance to government in the implementation of policies and programs concerning economic and social advancement. The author also observed that the business organization must provide the government with timely information on framing relevant policies such as industrial policy, import & export policy, licensing policy, and so on. Corporations have to frequently pay government taxes and obligations such as sales tax, revenue tax, customs duty, VAT, and the likes. Non-payment of taxes is an offence as well as not acting responsibly because undertaking development programs would be challenging for the government.

CSR has a significant positive correlation with ROE for the government and has no significant positive correlation with EVA. This outcome highlighted the fact that actively undertaking the CSR operations for the government through payments of taxes can effectively create a strong corporate image in front of the public in order to gain more public assistance and preferential policies that are useful to business growth (Min, 2013). Hence it is hypothesized that

H_0: there is no significant relationship between CSR for the government and corporate financial performance of listed non-financial firms in Ghana

H_1: there is no significant relationship between CSR for the government and corporate financial performance of listed non-financial firms in Ghana

Corporate Social Responsibility to Customers

Many organizations employ CSR as a tool to compel consumer behaviour by firms. Social responsibility is CSR's most relevant dimension in which companies participate actively in social and community affairs. The stakeholders such as customers or the buying public are the object of responsibility. The perception of providing customers with respect and satisfaction is not a fresh idea for companies, but being responsible to customers has an effect on profitability (Wanat & Stefańska, 2015).

Consumers are more vital to companies because it is impractical to set up a profit-generating company without them. Customers buy the product and services that they believe they can profit from. Compared to other stakeholders, a company's obligation to clients is wider; it takes into account excellent value for money (Luo & Du, 2015). Consumers' main expectation towards companies is the continuous supply of products and services where the delivery of the correct product or service with desirable quality at the correct moment, the correct location and the reasonable price are deemed fundamental prerequisites. In addition, improving the standard of living for customers by delivering high-quality products and treating the customer in the various aspects of business engagement are also vital components of CSR for the customer (Stern, 2010). Ailawadi (2014) postulates that, there are favourable impacts of perceived CSR on self-reported consumer share-of-wallets, with the exception of environmentally associated operations. Ding (2014) CSR for customers has a significant inverse relationship with corporate financial performance (ROE) in other research, but has been reported to have a positive association with the value of Tobin's Q. Consumption is therefore the final component of production; corporations have no profits and no value to exist if consumers do not engage in consumption habits. Therefore, it is essential for companies to cope with the consumer relationship. While undertaking CSR operations for customers, can actually lead to an increase in firms' short-term expenses and the CFP is adversely affected, long-term growth businesses are in favour of doing so (Ding, 2014). Therefore, the hypotheses are formulated as

H_0: CSR for the customers has no significant effect on corporate financial performance of listed non-financial firms in Ghana

H_1: CSR for the customers has a significant effect on corporate financial performance of listed non-financial firms in Ghana

Corporate Social Responsibility for Social Welfare

Organizations are legally obliged to commit resources to social welfare in Ghana and some other parts of the world. As businesses attain new heights through increased profits, high level of motivation from the state, domination through the market, influence through products, it is about time that they stress more towards social welfare by sacrificing corporate profits in the public interest (Elhauge, 2005).

Although the root of corporate social responsibility lies in philanthropy and charity, the prospect of it is enormous. It incorporates several activities from feeding the hungry to granting opportunities for the marginalized, to taking care of the sick and destitute to giving aid for starting up ventures. Before the campaign began to avow that organizations should provide social welfare to the general society, there were a number of detractors who antagonized it. Friedman (2010) proposed that management was a sole entity only for the purpose of making profits. Another reason that CSR should not promote social welfare was that they have no social skill since they are in 'pursuit of profit' (Davis, 2013).

A favourable association was discovered in the highest amount of research concentrating on the connection between CSR and financial performance, for which the enlightened stakeholder theory offers an argument. This theory means that companies more involved in CSR will also perform financially better by actively handling all core stakeholder activities (Baird, Geylani & Roberts, 2012). CSR has a significant favourable correlation with CFP for social welfare. This outcome demonstrates that undertaking CSR, social operations can actively enhance the company's public image and bring a temporary upsurge in the CFP, but the long-term impact will gradually decrease. Moreover, this action raises business's extra expenses, which is not good for business's viable growth (Sherman, 2012). Hence it is hypothesized that;

H_0: there is no significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.

H_1: there is a significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.

Proposed Conceptual Framework

The conceptual framework concerns the illustration of the interconnection that is likely to exist between the dependent and independent variables of the study. In assessing the relationship between CSR activities and corporate financial performance of non-financial firms listed on GSE, both dependent and independent variables will be considered. The relationship is represented diagrammatically below in Figure 2 below.

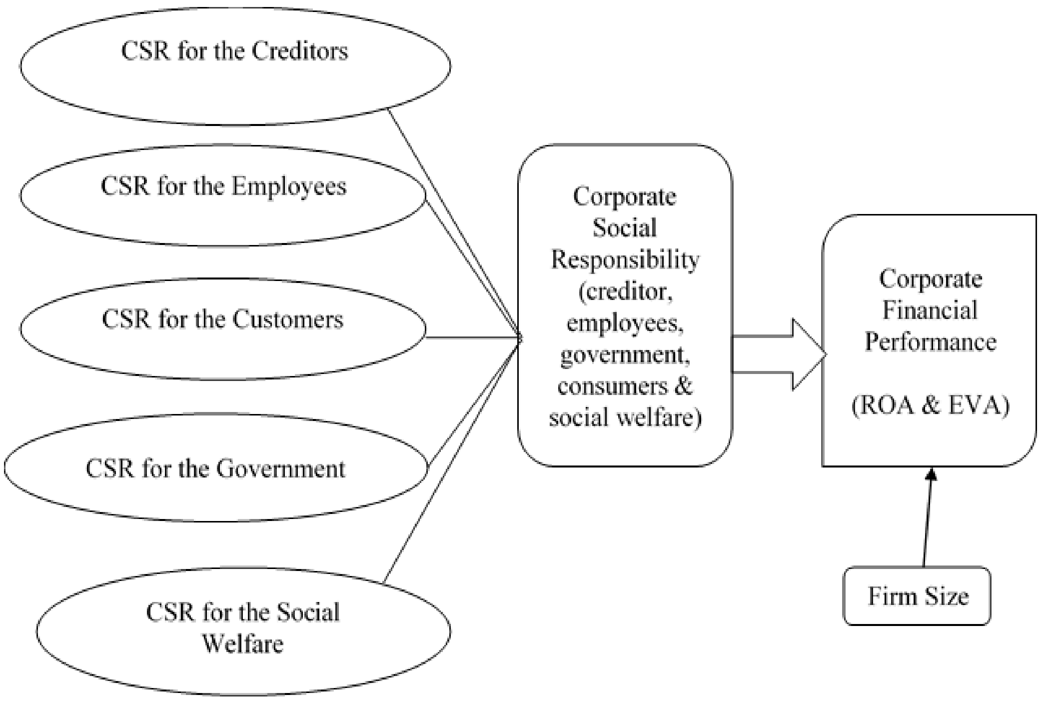

Figure 2: Conceptual framework showing the interconnection of study variables
Source: Author's own construct (2019)

The conceptual framework above depicted the interrelationships between the dependent and independent variables of the study. The framework showed that individual elements of corporate social responsibility based on Carroll's Pyramid for CSR in which the various independent variables (individual CSR activities) are linked. The four- part definitional framework for CSR stated that CSR is carried out in four major areas such as economic responsibilities, legal responsibilities, ethical responsibilities and discretional (philanthropic) responsibilities (Carroll, 1991). The pyramid holds that companies should engage in decisions, actions, policies and practices that concurrently fulfil the four component parts. It is worth noting that the economic and legal responsibilities are required by society; ethical and philanthropic responsibilities are expected and desired by society.

Thus, the various CSR components are important for the realization of improved CFP. The responsibility towards employees constitutes economic and legal responsibility of corporations and this has the propensity to influence CFP depending on how management handle employees who are the most valuable assets of any organization. It is an economic and ethical responsibility for businesses to treat customers and creditors/suppliers in the way and manner that will create a lasting positive relationship (Sharma, 2012).

The role of these stakeholders in the success of the firm cannot be overemphasized. If supplies are not forthcoming, it negatively impacts on the production process leading to drop in profits. In the vain firms cannot survive if customers are not patronizing the goods and services produced. In relation to government, business has economic, legal and discretional responsibility towards it. Payment of taxes is pertinent for economic development and extending help to the society will reduce the burden on government in providing some social amenities. Besides, businesses are expected to operate within the confines of the laws for which government is the custodian. Corporate philanthropy includes all forms of business giving. It embraces business's voluntary and discretionary activities. These activities help in building a good image of the corporation in the eyes of the general and other stakeholders. All the component of CSR (CSR for creditors, employees, government, consumers and social welfare) therefore, has a link with CFP of the firms.

Chapter Summary

The review of the literature was carried out under various thematic areas. Theories underpinning the study were reviewed to help put the work in proper theoretical context. Pertinent theories such as stakeholder theory, agency theory, and legitimacy theory were reviewed. Based on the reviews of the theories, the study hypotheses were developed. Moreover, studies relating to the current research reviewed to form the bases of comparison for the current study. The review showed that findings in relation to CSR and CFP are inconsistent. The results showed positive, negative, mixed and neutral relationship pointing to the importance of the current study. Likewise, the various variables employed in the study were reviewed and the study conceptual framework constructed to depict the association between the dependent variables (CFP) and CSR individual components.

CHAPTER THREE

RESEARCH METHODOS

Introduction

The research methodology section of the study constitutes the systematic, theoretical analysis of the methods to be employed in the study. In this chapter, explanation for adopting a particular research method is given. Detailed information about the research design appropriate for the study will be provided as well as the type and source of data used for the research. The econometric model and the estimation techniques to be employed were explained in this chapter.

The study is focused on the relationship between CSR and corporate financial performance of non-financial firms listed on the GES.

Research Approach

The study is purely quantitative in nature and is connected with the positivist paradigm as the research philosophy. Gorard (2013) opined that a quantitative approach involves gathering and converting information into numerical form in order to draw statistical computations and draw conclusions. It therefore emphasizes objective measurements and statistical, mathematical, or numerical analysis of data through questionnaires and surveys, or by manipulating pre-existing statistical information using econometric methods. This method is appropriate as it includes a thorough in-depth survey and evaluation of the connection between listed companies' corporate social responsibility and corporate financial performance.

Research Design

Research design entails outline of how the investigation was conducted. It typically involves how data for the study is collected, the instrument employed and how the instruments were used and the mean of analysing the data gathered. Robson (2013) posits that research is a basic plan for conducting the study. Thus, it is a blueprint for research, dealing with which questions to study, which data are pertinent, what data to collect, and how to analyse the results.

The study adopted descriptive survey design, as multiple variables were employed in assessing the relationship between corporate social responsibility and corporate financial performance variables of listed firms (non-financial listed firms). This design is suitable as it has the ability to describe occurrences in higher depth, emphasize varying aspects of distinct study techniques, and participate in quantitative statistics to organize data expressively (Saunders & Thornhill, 2011). The hypotheses of the study were disproved or approved with the help of the descriptive research design. Furthermore, the design made it possible for many results and outcomes of the present to be analysed so as to formulate new assumptions and in-depth research in the area of the study that can result into important recommendations.

Data Source and Sample Selection

Secondary data was collected from non-financial listed firms on the Ghana Stock Exchange. Data collected for this study constitute a panel secondary data (comprising cross-sectional and time-series data) attained from the annual reports and financial statements of the firms sampled ranged from

2000 to 2018. The data employed in the study were in the form of annual time series data set measured in percentages/ratio.

The study sampled 21 non-financial firms from a total population of 24 non-financial firms listed firms on the GSE because one of the ignored three was a subsidiary of a sampled firm with a group financial statement while the remaining two were listed in 2018, meaning there would be no dataset available for them as at the time of study. Three (3) firms were eliminated on the basis that they were delisted from GSE during the period of the study. Besides, the selection of the firms was based on the availability of data covering the period of study (2000-2018).

Data validity

Secondary data are freely obtainable and thus will be used for the study. The source and quality of the data set makes it more dependable and reliable as firms listed on the stock exchange are heavily regulated in Ghana and their financials scrutinized making it less susceptible to manipulation by management of the companies. The study conducted a further preliminary test such as normality tests, multicollinearity, heteroscedasticity, Hauseman test for fixed effect to check the validity of the data and the appropriate model to use before running the regression to analyse the set hypothesis. Only published audited financial reports were used and all figures that were not in GHS were converted to GHS using the applicable exchange rate at the time.

Analysis of Data

Econometric model was used to measure corporate social responsibility and corporate financial performance of non-financial firms listed on GSE. For the purpose of determining the pattern of data and steadiness of the response in each of the theorized corporate social responsibility activities and parts influencing corporate financial performance of non-financial firms listed on GSE. STATA version 14 was used in analysing the data and results presented in tables.

Theoretical Model Specification

The analysis of panel data in the field of Econometrics is considered as one of the most dynamic and innovative aspect of literature as a result of the role it places in the formulation of estimation techniques and theoretical results (Greene & David, 2013).

Following Verbeek and Vella (2004), the panel data framework can be stated as:

$$y_{it} = \alpha + x'_{it}\beta_{it} + \varepsilon_{it} \qquad (1)$$

From equation 1 above, β_{it} is the dependent variable observed for individual at time measures the partial effects of x_{it} in period t for unit i and is the error term.

In many empirical studies, the standard assumption used which is constant for all and apart from perhaps the intercept term is stated as:

$$y_{it} = \alpha_i + x'_{it}\beta_{it} + \varepsilon_{it} \qquad (2)$$

where x_{it} is a k- dimensional vector of explanatory variables, but not comprising a constant. This pointed out that the effects of differences are the same for all units, however, the average level unit i may differ from that of unit t. The α_i therefore, captures the effects of those variables that are archetypal to the individual and that remain unaltered over a period of time. Under normal circumstances ε_{it} is considered to be independent and identically distributed over individual and time, with mean zero and variance

σ_{ε}^{2} (Verbeek & Vella, 2004). Thus, the error terms in equations 1 and 2, which is the idiosyncratic error term refers to the observation-specific zero-mean random-error term. It is analogous to the random-error term of cross-sectional regression analysis instrumental variables.

The model is recognized as standard Fixed Effects Model (FEM) if is presumed that all individual differences are captured by differences in the intercept parameter (α_i). Besides, if it is assumed that all individual differences are captured by the intercept parameters, but also documented that individuals in the sample were randomly selected with mean μ and variance σ_{α}^{2} then, the distinct alterations are treated as random rather than fixed resulting to Random Effects Model (REM) (Judg., 1989). A time-invariant constituent and the rest constituents are the two components the error term in the model and this is uncorrelated over time and can be written as:

$$y_{it} = \mu + x'_{it}\beta_{it} + \alpha_i + \varepsilon_{it} \tag{3}$$

where μ in the equation (3) also signifies the intercept term, ε is the unobserved time-variant individual effect.

Awunyo-Vector and Badu (2012) postulate that panel data assist in recognition effects which otherwise might not be acknowledged when working with purely cross-section or time series dataset. Panel dataset permits the researcher ample suppleness in modelling differences in behaviour across individuals.

Panel Data Regression Models Estimation

In statistical literature, the superiority of the fixed effects models and random effects models has gained popularity among econometricians over the years (Baltagi, 2015). There has been a debate about which of the model is superior; FEM or REM? The answer to this query revolves around the supposition one makes about the correlation between the individual, or cross-sectional specific, error constituent and the x regressors. If it is assumed that e_i and the $X's$ are not correlated, the REM may be deemed suitable, whereas if e_i and $X's$ are correlated, FEM may be appropriate (Gujarati, 2015).

Hausman developed a test in 1978 which helps in deciding whether to use REM or FEM. If the $e's$ are not correlated with the independent variables, the random effect estimator is consistent and efficient, and the fixed effect estimator is dependable but not efficient. Nevertheless, if the $e_i's$ correlated with the explanatory variables, the fixed effect estimator is reliable and efficient, but random effect estimator is now undependable (Johnson & Dinardo, 2011).

The difference sets up a clear case for Hausman test, defined simply as:

$$H_0 = (\beta_{RE} - \beta_{FE})'(\mathcal{E}_{FE} - \mathcal{E}_{RE})^{-1}(\beta_{RE} - \beta_{FE})$$

The null hypothesis underlying the Hausman test is that the FEM and REM estimator do not differ substantially. If the null hypothesis is rejected, the conclusion is that REM is not suitable and that we may be better off using FEM, in which instance, statistical inferences will be conditional on the sample (Gujarati, 2015).

Empirical Model Specification

The study adopted the model used by Athanasoglou (2011) and modified it by integrating the corporate social responsibility variables. They set out general model in a linear form as:

$$\Pi_{it} = \alpha + \sum_k^k = 1 \ \beta_k X_{it}^k + \varepsilon_{it} \qquad (4)$$

Where Π_{it} is the corporate financial performance (CFP) of a firm i at time t with $i = 1 \ldots, N; t = 1 \ldots, T. \alpha$ is a is a constant term, X_{it} and k independent variables and ε_{it} is the disturbance term, with v_i unobserved corporate governance influence and μ_{it} idiosyncratic error. This is one-way error component regression model, $v_i \sim IIN(0, \sigma_v^2)$ and independent of $\mu_{it} \sim IIN(0, \sigma_v^2)$. The explanatory variables are signified by X_{it}. The general specification of model with X_{it} is:

$$\Pi_{it} = \alpha + \sum_j^j = 1 \ \beta_j X_{it}^j + \varepsilon_{it} \quad (5)$$

where X_{it} with superscripts j connotes corporate social responsibility variables. Given the theoretical consideration, the empirical model to examine the relationship between corporate social responsibility and corporate financial performance of listed firms is specified as:

Model 1

$$ROA_{it} = \beta_1 INCR_{it} + \beta_2 WBGR_{it} + \beta_3 ATR_{it} + \beta_4 MBCR_{it} + \beta_5 SDR_{it} + \beta_6 FS_{it} \quad (6)$$

Model 2

$$EVA_{it} = \alpha_{it} + \beta_1 INCR_{it} + \beta_2 WBGR_{it} + \beta_3 ATR_{it} + \beta_4 MBCR_{it} + \beta_5 SDR_{it} + \beta_6 FS_{it} \quad (7)$$

Where; ROA is Return on Assets, EVA is economic value added, α_{it} is constant, β is the coefficients of the independent variables, INCR is CSR for creditors, WBGR is CSR for employees, ATR is CSR for government MBCR is CSR for customers, SDR is CSR for social welfare, and FS is firm size.

Variable Notation, Definition, Measurement and Hypothesized Relationship

The notation, description, measurement and theorized relationship of the variables employed in the empirical model of the study are presented in Table 1.

Table 1: Variable Definition and Hypothesized Relationship

Variable	Notation	Description of variable	Measurement	Hypothesized Relationship
Dependent Variables				
Return on Assets	ROA	ROA shows how well management is using the assets of the company to generate profit	$\frac{Net\ Income}{Total\ Average\ Assets}$	N/A
Economic Value Added	EVA	EVA measures a firm's financial performance based on the residual wealth.	$NOPAT - Invested\ Capital * WACC$	N/A
Independent Variables				
CSR for the Creditor	INCR	Interest cover ratio tells how well a firm can pay the interest on outstanding debts to creditors (Ding, 2013)	$\frac{EBIT}{Interest\ Expense}$	+/-ve
CSR for the Employees	WBGR	CSR for the employees measures the wages and benefits growth rate for the employees	$\frac{CPTFD - CPTFL}{CPTFL}$	+/-ve
CSR for the Government	ATR	CSR for government shows the firm's obligations of paying tax to government (Min, 2013)	$\frac{Income + corporate\ tax\ \&\ subcharge}{Total\ Assets}$	+ve
CSR for the Consumer	MBCR	CSR for consumers comprises main business cost ratios. Thus, the proportion of main business cost to income	$\frac{Main\ business\ Cost}{Income\ from\ principal\ operation}$	+ve

		from principal operation (Zheng, 2016)		
CSR for the Social Welfare	SDR	CRS for social welfare measures the rate of social donations by the firm (Sherman, 2012)	$\frac{Social\ donation\ expenditure}{Income\ from\ principal\ operations}$	+ve
Control Variable				
Firm Size	InTA	Total assets of the firm	$In(total\ assets)$	+/-ve

Note: (i) NOPAT = Net Operating Profit After Taxes; Invested Capital = Total Assets -Current Liabilities and WACC = Weighted Average Cost of Capital

(ii) CPTFD= Cash paid to and paid for employees during this year; CPTFL=Cash paid to and paid for employees last year

Source: field data (2019)

Chapter Summary

The study employed quantitative research approach and descriptive survey design. The study employed ssecondary data collected from non-financial listed firms on the Ghana Stock Exchange. Data collected for this study constitute a panel secondary data obtained from the annual reports and financial statements of the firms sampled ranged from 2000 to 2018. Econometric model was used to measure CSR and CFP of non-financial firms listed on GSE. Random or Fixed effects estimation techniques were adopted to estimate model coefficients of the study.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter of the study covers analysis of the data collected from the non-financial firms listed on GSE. The chapter is categorized into five sub-divisions consisting of introduction, descriptive statistics summarizing the key characteristics of the variables under study and normality test adopting Shapiro-Wilk's test which shows the normal distribution of the data or otherwise. In addition, presents the regression analysis carried out to examine the association between the corporate social responsibility indicators and corporate financial performance. The study employed fixed or random estimation technique. The study further used Hauseman Test and Pagan Lagrangian Multiplier Test for random effect was performed in bid to select the fitting effect model.

Descriptive Statistics

Mean, standard deviation, minimum and maximum of the dependent and independent variables were computed and discussed under the descriptive statistics section. The results as presented in table 2 below.

Table 2: Descriptive Statistics

Variables	Obs.	Mean	Std. Dev.	Min.	Max.
Return on Assets (ROA)	325	11.148	7.199	-19.58	29.651
Economic Value Added (InEVA)	325	5.455	0.839	4.000	8.365
CSR for the Creditor (INCR)	325	-18.02	93.998	-942.67	35.336
CSR for the Employees (WBGR)	325	6.339	110.085	-2.877	1998.647
CSR for the Government (ATR)	325	-0.020	0.0848	-0.845	0.533
CSR for the Consumer (MBCR)	325	-1.128	14.565	-103.4	110.552
CSR for the Social Welfare (SDR)	325	0.124	0.180	-1.583	1.195
Firm Size (InTA)	325	5.210	1.288	2.509	8.032

Source: field data (2019)

From Table 2, the average return on assets for the non-financial firms listed on GSE is 11.15% with a minimum ROA ratio of -19.20% and a maximum of 29.65% ROA ratio. The average ROA depicts that some of the non-financial firms are employing their assets effectively pointing to the operational efficiency of some of the firms under study. The implication of the negative ROA is that some firms were recording losses and the highest ROA of the firms within the period under study stood at 29.65%. Thus, more than proportional upsurge in net profit connected to growth in total assets of some of the non-financial firms.

In relation to economic value added, an average of log value 5.46 was recorded for the non-financial firms from 2000 to 2018. The minimum EVA of 4 denotes that some of the companies are generating wealth for their owners after taking care of funding expenses. The firms recorded a maximum log value of 8.37 which shows that some non-financial companies generated substantial amount of wealth for shareholders after efficiently managing expenses and cost of capital which lead to the creation of shareholders' wealth.

The maximum value of interest cover ratio of non-financial companies listed on GSE is valued at 35.34 with a minimum value of -942.67 and a standard deviation of 93.998. This points to the fact that for CSR for creditors, there is a big gap between the non-financial firms in relation to CSR towards their creditors. Thus, some firms are delivering on their obligations promptly towards creditors, which is an indication of building a good reputation, the reputation which will eventually translate into firms' performance as documented by Agyemang and Ansong (2017). However, some companies are lacking in the payment of their owning to suppliers on time and this has the propensity to adversely affect creditworthiness of the companies.

Furthermore, some non-financial firms on GSE are seen to have reduced wages and benefit instead of increasing it perhaps this reduction could be as a result of layoffs of employees. This is confirmed by the minimum value of wages and benefits of -2.877. However, on average, the rate of growth in wages stood at 6.339 and the maximum growth rate is valued at 1998.647. The implication is that on average, employers relatively increase wages and benefits of employees on an annual basis. Though the rate may not match with the general rise in living conditions in the country, it may cover up some parts of increased cost of livening.

In connection with CSR for government, the minimum value of the tax credit rate stood at -0.845 indicating that some firms listed on GSE enjoyed government tax benefits mostly in the form of carry over losses. This is applicable mostly to foreign firms which fall within the government agenda of driving foreign direct investment into the country. The mean value of asset tax rate stood at -0.0200 and a maximum of 0.533. Thus, companies actively paying their taxes to the state are seen to be responsible corporations in the eyes of the general public.

The proportion of the main business cost to income from principal operation recorded an average value of -1.128 with a standard deviation of 14.656 and minimum of -103.431. The maximum value recorded for CSR for consumers is 110.552. The implication is that firms are delivering on their obligations towards consumers, leading some of them to recording negative cost to income ratios. Thus, as Ding (2014) indicated, undertaking CSR operations for customers can actually result into an upsurge in company's short-term expenses which may negatively influence CFP.

The average rate of social donations for the non-financial companies on GSE is 0.124 with a standard deviation of 0.180. The minimum social donations rate stood at -1.582 which is an indication of very low level of social donations. The maximum social donation rate is 1.195 which shows the rate of CSR for social welfare among non-financial companies listed on GSE. Companies that carry out CSR for social welfare gained a positive public image as well as granting them a social license, especially in the case of those whose activities have a direct impact on the social environment such as mining and exploration firms for their support to the society.

As displayed in Table 2, average firm size of 5.210 measured with logarithm of total assets of the companies. The minimum logged value recorded 2.509 and a maximum of 8.032. Managers of the companies have the urge to increase the firm size beyond the target which will reveal more power, when the amount of assets under their sphere of activity is huge. The result designated that most companies have a substantial value of assets which is suggestive of their size.

Normality Test

The study employed Shapiro Wilk's W Test in testing whether the data set is normally distributed or otherwise.

Table 3: Normality Test Using Shapiro Wilk's W Test

Variable	Obs.	W	V	Z	Prob>z
Return on Assets (ROA)	325	0.982	4.103	9.187	0.059
Economic Value Added (InEVA)	325	0.914	19.600	3.430	0.082
CSR for the Creditor (INCR)	325	0.972	9.830	5.504	0.061
CSR for the Employees (WBGR)	325	0.991	3.129	2.747	0.112
CSR for the Government (ATR)	325	0.954	16.069	6.687	0.701
CSR for the Consumer (MBCR)	325	0.976	8.398	5.124	0.106
CSR for the Social Welfare (SDR)	325	0.967	11.454	5.872	0.070
Firm Size (InTA)	325	0.938	21.467	7.384	0.91

Source: field data (2019)

Using Shapiro Wilk's W-test at 95% confidence level in testing for normality of a data set, the rule of thumb is stated as:

H_0: data set is normally distributed (if $p > 0.05$)

H_1: data set is not normally distributed (if $p < 0.05$)

Therefore, if the ultimate probability value is greater than 5%, then it has passed the normality test, otherwise, it has failed the normality test. The result displayed in Table 3 showed that all the *p*-values are greater than 5%, thus, the alternative hypothesis is rejected and conclusion arrived at that the data set is normally distributed.

Multicollinearity Test

In ascertaining the presence of any correlation between the independent variables in the models, multicollinearity test is undertaken.

Table 4: Multicollinearity Test

Variable	VIF	1/VIF
CSR for the Consumer (MBCR)	1.48	0.676
CSR for the Social Welfare (SDR)	1.41	0.710
CSR for the Government (ATR)	1.32	0.760
Firm Size (InTA)	1.30	0.767
CSR for the Creditor (INCR)	1.21	0.827
CSR for the Employees (WBGR)	1.14	0.881
Mean VIF	1.31	

Source: field data (2019)

In investigating whether there is a correlation between the independent variables or not, multicollinearity test is carried out. For a regression model to be considered a good one there should not be the presence of multicollinearity between the independent variables in the model.

As per the decision rule of O'Brien (2007) on multicollinearity,

i. If the variance Inflation Factor (VIF) lies within 1-10, there is no multicollinearity.

ii. If variance Inflation Factor (VIF) < 1 or VIF> 10, then there is multicollinearity.

From Table 3 the VIF for all the independent variables of the study lies between 1 and 10. Thus, there is no problem of multicollinearity with the regression model.

Breusch-Pagan/Cook-Weisberg Test for Heteroscedasticity

In controlling for Heteroscedasticity, Breusch-Pagan/Cook-Weisberg Test was carried to verify for the stability in variance of the residual. The outputs show that

Chi 2(6) = 3.99

Prob > chi2 = 0.6787

From the above result, the *p*- value of the independent variables is greater than 5% ($p > 0.05$). Therefore, it can be concluded that there is no problem of Heteroscedasticity.

Regression Analysis

The study conducted a regression analysis to assess the effects of corporate social responsibility on corporate financial performance of non-financial firms listed on the GSE. Random or fixed effects estimation techniques were employed to establish the extent of the relationship between the dependent and independent variables of the study.

Testing for Appropriate Effect Model

Hauseman test and Breusch and Pagan Lagrangian multiplier test for random effects were carried out in order to determine the suitable model for the study. Hauseman test which is one of the commonest techniques for testing the most appropriate effect model under the fixed or random effects estimates is employed (Wooldridge, 2013). The outcome of the Hauseman test for correlated fixed effect is depicted in Table 5.

Table 5: Hauseman Test for Correlated Fixed Effects

Test Cross-Section Fixed Effects	Chi-Sq. Statistic	Prob>chi2
Cross section fixed (model 1)	9.04	0.1712
Cross section fixed (model 2)	5.86	0.4390

H_0: Random effect is appropriate; H_1: Fixed effect is appropriate

Source: field data (2019)

The outcome of the Hauseman test shows that the corresponding effects are statistically not significant; therefore, the null hypothesis has not been rejected. Thus, the random effects model is suitable for the two models of the study.

The study further checks for the superiority of the random effect model over Pooled Ordinary Least Square (POLS) by performing Breusch and Pagan Lagrangian Multiplier test for random effects.

Table 6: Breusch and Pagan Lagrangian Multiplier Test for Random Effects.

Model 1	Var.	Sd=sqrt (Var)
ROA	51.831	7.199
E	30.9351	5.562
U	20.499	4.528
	chibar2(01) = 264.96	
	Prob > chibar2 = 0.0000	
Model 2		
EVA	0.705	0.839
E	0.267	0.516
U	0.486	0.697
	chibar2(01) = 804.06	
	Prob > chibar2 = 0.0000	

H_0: Ordinary least square model is appropriate; H_1: Random Effect model is appropriate

Source: field data (2019)

The estimation results show that *p*-value is less than 5%, thus, null hypothesis has been rejected indicating the REM is a better model than POLS.

Model Coefficients

Given that the above estimation results confirmed random effect model (REM) to be the most suitable models for the study, the direction of analytical efforts emphasis only on the REM estimation. The results for cross-section random effects for dependent variables ROA and EVA are presented in Table 7 under model 1 and model 2 respectively.

Table 7: Regression Results for Random Effects (Dependents Variables ROA & EVA)

Variable	Model (1) ROA	Model (2) EVA
	Regression Results Coefficient (P-values)	Regression Results Coefficient (P-values)
CSR for the Creditor (INCR)	-.01620 (0.006)	-.00146 (0.035)
CSR for the Employees (WBGR)	-0.0187 (0.000)	-1.6573 (0.001)
CSR for the Government (ATR)	0.0999 (0.004)	1.08356 (0.016)
CSR for the Consumer (MBCR)	0.0915 (0. 018)	-0.27071(0.002)
CSR for the Social Welfare (SDR)	2.567 (0.000)	6.0027 (0.000)
Firm Size (InTA)	1.1894 (0.000)	.1090621(0.003)
Constant	7.7834 (0.009)	5.4029(0.000)
R^2	0.594	0.625
Prob> chi2	0.000	0.000
Number of Observation	325 (unbalanced)	325 (unbalanced)

Source: field data (2019)

Diagnostic test was performed for the regression prior to the analysis of the coefficients. As shown in Table 7, the prob > chi2 = 0.000 for panel regression, the null hypothesis is rejected indicating that all coefficients are simultaneously zero. The regression models are statistically significant overall; hence the variables together are significant (at 0.05) in explaining the models. In addition, the R- square values for cross section random model for

ROA (Model 1) is 59.4% and for EVA (Model 2) is 62.5%, which suggest that the models serve their purpose relatively in determining the effects of independent variables (CSR variables) on CFP of the companies under study.

Therefore, 59.4% and 62.5% variability respectively, of CSR for the non-financial firms listed on GSE can explain the CSR for the Creditor (INCR), CSR for the Employees (WBGR), CSR for the Government (ATR), CSR for the Consumer (MBCR), CSR for the Social Welfare (SDR) and Firm Size (InTA). This means that other factors, 40.6% for model 1 and 37.5% for model 2 partly explain the CFP of the listed non-financial firms on GSE.

Effect of Corporate Social Responsibility for the Creditor on Corporate Financial Performance

The result displayed in Table 7 showed that income to cost ratio (CSR for creditors) has statistically significant negative effect on ROA and EVA in model (1) and model (2) at 5% level. Thus, a unit increase in income cost ratio (CSR for the creditor) will lead to 0.01620 decreases in in ROA of the non-financial firms listed on the GSE. Likewise, a unit increase in income cost ratio will result in 0.00146 reductions in EVA of the non-financial firms listed on GSE. The study failed to accept the null hypothesis that CSR for the creditor has no statistical significance with corporate performance. The result suggests that carrying out CSR activities for creditors actively may reduce corporate profitability as having access to more financial credit and browning from the creditor on high interest may erode part of the profit for the firm in the short-term. Also, in the long-term, the company cannot make good use of financial leverage which can adversely impact on the CFP. The findings approve the agency theory that, agents should seek to maximise the best interest of only shareholders which is profit making.

The finding is inconsistent with the result of Ding (2014) and Zheng (2016). They reported significant positive relationship between CSR for creditors and CFP. From the forgoing analysis, the differences in the results from the current study and that of studies from other jurisdiction may be due to the disparity in the credit terms. The non-financial firms on GSE may be focused more on long-term source of finance, which is more sustainable as compared to short-term source of finance which term to be more expensive and unreliable sometimes. However, for companies to benefit more from their creditors, it is important for them to honour debt and interest obligations towards creditors on a regular basis and on time. This will pave the way for future short-term financing.

Relationship between Corporate Social Responsibility for the Employees and Corporate Financial Performance

For CSR for employees of non-financial firms listed on GSE, the result showed that a unit increase in wages and benefit growth rate could lead to 0.0187 reductions in ROA ($p < 0.05$). CSR for employees has statistically significant inverse relationship with CFP of the firms. Conversely, CSR for employees has statistically significant positive effect on EVA. This means that a unit increase in wages and benefit growth rate could result to 1.6573 upsurges in EVA for the companies under study. Therefore, the study rejected the null hypothesis in relation to CSR for employees and CFP. The implication of the current finding is that undertaking CSR activities for the employees vigorously by means of increasing wages and salaries and other benefits can stimulate the motivation of the workers to work extra hard to create more benefits for the corporation. This finding of CSR for employees on one side is backed by the agency theory, thus by having a negative relationship with ROA and on the other side in connection with the stakeholder theory which requires that, the firm must fulfil the needs of all stakeholders.

On the other hand, where the wages and benefits for the employees of the companies have not seen any upward adjustment for some period of time, it may adversely affect the motivation of employees. As stipulated by the stakeholder theory, if the interest of stakeholders is relegated to the backdrop, a corporation may be susceptible to failure (Bird, Hall, Momentè & Reggiani, 2007). The result of the CSR for employees and CFP is consistent with the finding of Ding (2014). Furthermore, as part of ethical obligations of companies, it is imperative that employees comprehend when and how their remuneration is being determined and the corporation should endeavour to consider the standard of living and wage levels in a favourable way in the process of determining remuneration of employees (Carroll, 2016).

Effect of Corporate Social Responsibility for the Government on Corporate Financial Performance

The result, as displayed in Table 7 also revealed that CSR for government has significant positive effects on ROA and EVA. The value of tax rate and other required levies paid to government has a significant positive relationship with CFP measured by ROA and EVA. Thus, a unit increase in honouring tax and required levies liability towards government could translate into a 0.0999 increase in ROA for the non-financial firms on the GSE. Similarly, a unit increase in the value of tax and required levies paid to government could result to 1.08356 rises in EVA of the non-financial firms on GSE. This can be attributable to the fact that, perhaps non-payment of such obligations could lead to a greater fine at every point in time. Therefore, the null hypothesis in connection with CSR for government and CFP has been rejected. The outcome intimates that firms undertaking the CSR activities for the government by means of making good their tax obligations towards government can carve a good image in front of the government which will culminate into more support and preferential policies targeted at them. This can assist the firm to grow and develop exponentially. This finding is in connection with the stakeholder and the legitimacy theories, thus by fulfilling all stakeholder needs as well as operating within the established norms.

Wolfe (2017) observed that companies must disclose to the government in a number of financial reports in the form of tax returns, and also to the public if the firm makes common ownership of stock available as in the case of non-financial firms on the GSE. The author further stipulated that corporations in most nations are also banned from bribing government officials, which would undermine their capacity to perform their duties impartially in the interests of the people of the country. The finding of the study is at variance with the study outcome of Min (2013) who found that CSR for the government has no significant positive correlation with EVA.

Influence of Corporate Social Responsibility for the Consumer on Corporate Financial Performance

In analysing the influence of CSR for the consumer on CFP, the outcome revealed that the proportion of the main business cost to income from the principal operation has statistically significant direct influence on ROA of the non-financial firms on GSE at 5% level but has statistically significant inverse relationship with EVA for the non-financial companies on GSE. A unit increase in cost to income from the principal operation for the firms could lead to a 0.0915 increase in ROA. However, it could lead to 0.27071 reductions in EVA of the firms. This is inconsistent with the null hypothesis for CSR for the consumer.

Given the prominent role consumers play in the survival of corporations, the existence of corporations will be of no value without patronage from consumers. Consumption is the financial part of the production undertaken by corporations; as a result, it is important for companies to deal with the relationship with consumers. Nonetheless, the CSR activities for customers may increase the short-term costs of the corporation and the CFP is affected.

Consumers are more vital to companies because it is impossible to set up a profit-generating concern without them. Customers buy the product and services that they believe they can profit from. Compared to other stakeholders, a company's obligation to clients is wider; it takes into account excellent value for money (Luo & Du, 2015). Besides, Ailawadi (2014) postulates that, there are favourable impacts of perceived CSR on self-reported consumer share-of-wallets, with the exception of environmentally associated operations. This finding is in connection with the agency theory since firms seek to maximise their owners' interest at the expense of other stakeholders, as well as the stakeholder theory which seeks to satisfy the interest of all other stakeholders.

Relationship between Corporate Social Responsibility for the Social Welfare and Corporate Financial Performance

CSR for the social welfare recorded statistically significant positive relationship with ROA and EVA of the non-financial firms on GSE. At the 95% confidence level, a unit rise in social donations could result into 2.567 and 6.0027 increases in ROA and EVA respectively. This implies that carrying out social activities has the propensity to propel the public image of the corporation leading to a temporary upsurge in CFP. When a company is seen to be giving back to society, it creates a positive image which positively impact on profitability of the firm as many people will be ready to do business with it and also patronize its products and services. Nonetheless, the effect will reduce steadily in the long-term, demanding that more is done in terms social donations so as for the business to remain in the good books of society, thereby, leading to additional cost to the firm which may affect the sustainability and development of the company. This finding is backed by the stakeholder theory and the legitimacy theory by considering all stakeholder interests as well as operating within norms of the society.

Baird et al. (2012) reported a favourable association between CSR and financial performance, for which the enlightened stakeholder theory offers an argument. This theory means that companies more involved in CSR will also perform financially better by actively handling all core stakeholder activities. The finding is also in line with the result of Sherman (2012) who found that CSR has a significant favourable correlation with CFP for social welfare. This outcome demonstrates that undertaking CSR, social operations can actively enhance the company's public image and bring a temporary upsurge in the

CFP, but the long-term impact will gradually decrease perhaps due to the law of diminishing marginal returns.

Relationship between Firm Size and Corporate Financial Performance

Firm size and corporate financial performance have statistically significant direct relationship with ROA and EVA of the non-financial companies listed on GSE. Thus, a unit increase in total assets of the firms will result in 1.1894 and a 0.1090621 in ROA and EVA respectively. This implies that if the size of the firm is increasing it could lead to improved corporate performance.

The fitted multiple linear regression models for the study is written based on the random effect model developed using the variables under consideration as follows:

Model (1)

$$ROA_{it} = \alpha_{it} + \beta_1 INCR_{it} + \beta_2 WBGR_{it} + \beta_3 ATR_{it} + \beta_4 MBCR_{it} + \beta_5 SDR_{it} + \beta_6 FS_{it} \quad (6)$$

Model (2)

$$EVA_{it} = \alpha_{it} + \beta_1 INCR_{it} + \beta_2 WBGR_{it} + \beta_3 ATR_{it} + \beta_4 MBCR_{it} + \beta_5 SDR_{it} + \beta_6 FS_{it} \quad (7)$$

Model (1)

$$ROA_{it} = 7.7834 - .01620 INCR - 0.0187 WBGR + 0.0999 ATR + 0.0915 MBCR + 2.567 SDR + 1.1894\, FS$$

Model (2)

$$EVA_{it} = 5.4029 - .00146 INCR + 1.6573 WBGR + 1.08356 ATR - 0.27071\, MBCR + 6.0027 SDR + .1090621 FS$$

Chapter Summary

In this chapter of the study, descriptive statistics of the variables under study was computed using mean, standard deviations, maximum and minimum values. Besides, normality test was conducted to determine whether the data is normally distributed or not. It was found that there is no problem of multicollinearity with the regression model and there is no problem of Heteroscedasticity. The random effect model is the appropriate model for the study, which was used to ascertain the association between CSR variables and CFP. The study found that income to cost ratio has statistically significant negative effect on ROA and EVA in model (1) and model (2). The study also found that income to cost ratio has statistically significant negative effect on ROA and EVA in model (1) and model (2). The study further revealed that CSR for government has significant positive effects on ROA and EVA

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter dwells on the summary of main findings where the salient point in connection with the findings is stated. Besides, conclusions are drawn based on the study's findings and recommendations made for policy direction. Finally, suggestions for further research are put forward.

Summary

The purpose of the research is to assess the impacts of corporate social responsibility to the Ghanaian listed non-financial firms' financial performance. Specifically, the study seeks to examine the effects of CSR for the creditors on corporate financial performance of listed non-financial firms in Ghana; to examine the relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana; to examine the effect of CSR for government on corporate financial performance of listed non-financial firms in Ghana; to examine the influence of CSR for the consumers on corporate financial performance of listed non-financial firms in Ghana; and to examine the relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.

The study reviewed relevant literature consisting of relevant theories underpinning the study, an empirical review of relevant literature of the subject matter and further proposed a conceptual framework to connect the CSR components to corporate financial performance.

The study employed a secondary data of listed non-financial firms from the period of 2000-2018. The data was processed using the STATA version 14. Preliminary tests such as normality, multicollinearity, heteroscedasticity, Hauseman test for fixed effect was performed before running the regression to analyse the set hypothesis.

Effect of Corporate Social Responsibility for the Creditor on Corporate Financial Performance

Income to interest ratio has statistically significant negative effect on ROA and EVA in model (1) and model (2). The study failed to accept the null hypothesis that CSR for the creditor has no statistical significance with corporate performance. The result suggests that carrying out CSR activities for creditors actively may reduce corporate profitability as having access to more financial credit and browning from the creditor on high interest may erode part of the profit for the firm in the short-term. Also, in the long-term, the company cannot make good use of financial leverage which can adversely impact on the CFP.

Relationship between Corporate Social Responsibility for the Employees and Corporate Financial Performance

For CSR for employees of non-financial firms listed on GSE, the result showed that a unit increase in wages and benefit growth rate could lead to a reduction in ROA. CSR for employees has statistically significant inverse relationship with CFP of the firms. Conversely, CSR for employees has statistically significant positive effect on EVA. Therefore, the study does not accept the null hypothesis in relation to CSR for employees and CFP. The implication of the current finding is that undertaking CSR activities for the employees vigorously by means of increasing wages and salaries and other benefits can stimulate the motivation of the workers to work extra hard to create more benefits for the corporation.

Effect of Corporate Social Responsibility for the Government on Corporate Financial Performance

CSR for government has significant positive effects on ROA and EVA. The value of the asset tax rate paid to government has a significant positive relationship with CFP measured by ROA and EVA. Therefore, the null hypothesis in connection with CSR for government and CFP has been rejected. The outcome intimates that firms undertaking the CSR activities for the government by means of making good their tax obligations towards government can carve a good image in front of the government which will culminate into more support and preferential policies targeted at them. This can assist the firm to grow and develop exponentially.

Influence of Corporate Social Responsibility for the Consumer on Corporate Financial Performance

In analysing the influence of CSR for the consumer on CFP, the outcome revealed that the proportion of the main business cost to income from the principal operation has statistically significant direct influence on ROA of the non-financial firms on GSE but has statistically significant inverse relationship with EVA for the non-financial companies on GSE. Given the prominent role consumers play in the survival of corporations, the existence of corporations will be of no value without patronage from consumers.

Relationship between Corporate Social Responsibility for the Social Welfare and Corporate Financial Performance

CSR for the social welfare recorded statistically significant positive relationship with ROA and EVA of the non-financial firms on GSE. This implies that carrying out social activities has the propensity to propel the public image of the corporation leading to a temporary upsurge in CFP. When a company is seen to be giving back to society, it creates a positive image which positively impact on profitability of the firm as many people will be ready to do business with it and also patronize its products and services.

Relationship between Firm Size and Corporate Financial Performance

Firm size and corporate financial performance have statistically significant direct relationship with ROA and EVA of the non-financial companies listed on GSE. This suggests that if the size of the firm is increasing it could lead to improved corporate performance.

Table 8: Regression Summary

Hypotheses	ROA Relationship	ROA Regression results	EVA Relationship	EVA Regression results
H_0:1 CSR for the creditors has no significant effect on corporate financial performance of listed non-financial firms in Ghana.	Negative	Reject	Negative	Reject
H_0:2 There is no significant relationship between CSR for the employees and corporate financial performance of listed non-financial firms in Ghana.	Negative	Reject	Positive	Reject
H_0:3 CSR for the government has no significant effect on corporate financial performance of listed non-financial firms in Ghana.	Positive	Reject	Positive	Reject
H_0:4 there is no significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.	Positive	Reject	Negative	Reject
H_0:5 there is no significant relationship between CSR for the social welfare and corporate financial performance of listed non-financial firms in Ghana.	Positive	Reject	Positive	Reject

Source: field data (2019)

Conclusions

Firstly, the study concludes that income to cost ratio has statistically significant negative effect on ROA and EVA in model (1) and model (2). The result suggests that carrying out CSR activities for creditors actively may can reduce corporate profitability as having access to more financial credit and browning from the creditor on high interest may erode part of the profit for the firm in the short-term.

Secondly, it is concluded that CSR for employees of non-financial firms listed on GSE have statistically significant inverse relationship with ROA. Conversely, CSR for employees has statistically significant positive effect on EVA. Therefore, the study does not accept the null hypothesis in relation to CSR for employees and CFP. The implication of the current finding is that undertaking CSR activities for the employees vigorously by means of increasing wages and salaries and other benefits can stimulate the motivation of the workers to work extra hard to create more benefits for the corporation.

Furthermore, the study concluded that CSR for government has significant positive effects on ROA and EVA. The value of the asset tax rate paid to government has a significant positive relationship with CFP measured by ROA and EVA. The outcome intimates that firms undertaking the CSR activities for the government by means of making good their tax obligations towards government can carve a good image in front of the government which will culminate into more support and preferential policies targeted at them.

Besides, results revealed that the proportion of the main business cost to income from the principal operation has statistically significant direct influence on ROA of the non-financial firms on GSE but has statistically significant inverse relationship with EVA for the non-financial companies on GSE. Given the prominent role consumers play in the survival of corporations, the existence of corporations will be of no value without patronage from consumers.

CSR for the social welfare recorded statistically significant positive relationship with ROA and EVA of the non-financial firms on GSE. This implies that carrying out social activities has the propensity to propel the public image of the corporation leading to a temporary upsurge in CFP.

Finally, firm size and corporate financial performance have statistically significant direct relationship with ROA and EVA of the non-financial companies listed on GSE. This suggests that if the size of the firm is increasing it could lead to improved corporate performance.

Recommendations

Given that there is a significant negative relationship between CSR for creditors and CFP of the non-financial firms on GSE, management should negotiate for favourable interest and debt payment with suppliers in the short-term. This will help reduce the burden of paying high interest on short-term credit facilities, advanced to firms by creditors. Firms should endeavour to honour their obligations in time towards creditors. Besides, for long term sustainability and superior corporate performance, firms should focus on the sustainable long-term source of financing their operations.

The study also recommends that realistic and acceptable wages and benefits should be paid to employees on a regular basis. Firms should regularly assess the sufficiency of the remunerations for employees taking into consideration the prevailing cost of living in the country. This will go a long way to motivate employees in giving out their possible towards the growth and development of the firms.

More so, it is recommended that given the pertinence of consumers to the survival of a corporation, the relationship with customers of the firms should be improved through the provision of superior customer services and good quality products. This will promote customer loyalty and good image before prospective and existing customers of the firm.

Finally, the study recommends that corporations should continue to invest more into social donations by identifying the pressing needs of the communities in which they are operating and, in the country and provide immediate and speedy solutions to them. As partners in development, corporations should continually augment government efforts in providing pertinent social amenities for communities in need and the poor who need basic items such as food water, clothing for survival.

Suggestions for Further Research

Further research could be conducted on CSR and financial performance in the banking industry in Ghana by focusing on individual CSR activities of the banks and aggregate CSR expenditure on financial performance. Additionally, other metrics of corporate financial performance, such as return on equity, Tobin's Q, gross profit margin examining the nexus between CSR and CFP in the manufacturing sector in Ghana.

REFERENCES

Aigner, D. J. (2016). Corporate Social Responsibility and Financial Performance. *Corporate Responsibility*, *54*(3), 11-37

Ailawadi, J. (2014). European football teams' CSR engagement impacts on customer-based brand equity. *Journal of Consumer Marketing*, *29*(7), 482-493.

Amponsah-Tawiah, K., & Dartey-Baah, K. (2016). Corporate social responsibility and corporate financial performance: The intervening effect of social capital. *Journal of Advanced Management Science, 3(4)*, 276–283.

Amponsah-Tawiah, K., & Dartey-Baah, K. (2011). Corporate social responsibility in Ghana. *International Journal of Business and Social Science*, *2*(17).

Amoako, G. K. (2016). CSR practices of multinational companies (MNCs) and community needs in Africa: *Evidence of selected MNCs from Ghana. In Corporate Social Responsibility in Sub-Saharan Africa* (pp. 217-240). Springer, Cham.

Anlesinya, A., Ahinsah, J., Bawa, F., Appoh, E. W., & Bukari, Z. (2014). The effect of corporate social responsibility on financial performance of MTN Ghana Limited. *International Journal of Thesis Projects and Dissertations (IJTPD), 2(1)*, 62-69.

Athanasoglou, C. (2011). Modelling spatial externalities in panel data: The Spatial Durbin model revisited*. *Papers in Regional Science*, *40*(1), 12-24.

Atuguba, R., & Dowuona-Hammond, C. (2006). Corporate social responsibility in Ghana. *A report to (FES-foundation), Ghana*.

Awunyo-Vector, M. H., & Badu, G. (2012). Vector Autoregressive Models. *Time Series and Panel Data Econometrics*, *14*(2), 507-522.

Babalola, Z. (2012). How Corporate Social Responsibility Engagement Strategy Moderates the CSR-Financial Performance Relationship. *Journal of Management Studies*, *49*(7), 1274-1303.

Baird, P. L., Geylani, P. C., & Roberts, J. A. (2012). Corporate Social and Financial Performance Re-Examined: Industry Effects in a Linear Mixed Model Analysis. *Journal of Business Ethics*, *109*(3), 367-388.

Baltagi, B. H. (2015). Robust Panel Data Methods and Influential Observations. *The Oxford Handbook of Panel Data*, *47*(5), 2-15.

Barnea, A., & Rubin, A. (2010). Corporate Social Responsibility as a Conflict Between Shareholders. *Journal of Business Ethics*, *97*(1), 71-86.

Barnett, M. L., & Salomon, R. M. (2012). Does it pay to be really good? addressing the shape of the relationship between social and financial performance. *Strategic Management Journal*, *33*(11), 1304-1320.

Bird, R., D. Hall, A., Momentè, F., & Reggiani, F. (2007). What Corporate Social Responsibility Activities are Valued by the Market? *Journal of Business Ethics*, *76*(2), 189-206.

Brooks, C., & Oikonomou, I. (2018). The effects of environmental, social and Business in South Africa; a Comprehensive Guide to Responsible Citizenship and Sustainable Business Practice Across the Triple-bottom-line.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review*, *4*(4), 497-505.

Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons*, *34*(4), 39-48.

Carroll, A. B. (2016). Carroll's pyramid of CSR: taking another look. *International Journal of Corporate Social Responsibility*, *1*(1), 67-92.

Chu, C. I., Chatterjee, B., & Brown, A. (2013). The current status of greenhouse gas reporting by Chinese companies. *Managerial Auditing Journal*. Retrieved from https://www.emerald.com/insight/content/doi/10.1108/02686901311284531/full/html

Clarkson, M. B. (1998). A Stakeholder Framework for Analysing and Evaluating Corporate Social Performance. *The Corporation and Its Stakeholders*, *18*(2), 11-21.

Conway, P. (2014). CSR and Financial Performance: The Case of Polish Small and Medium Manufacturers. *International Journal of Management and Economics*, *43*(1), 53-73.

Crifo, P., & Rebérioux, A. (2016). Corporate governance and corporate social responsibility: A typology of OECD countries.

Daily, V., & Dalton, B. (2003). Criticism of the Accounting-Based Measures of Performance. *Financial Performance Measures and Value Creation: the State of the Art*, *24*(5), 1-8.

Dartey-Baah, K., & Amponsah-Tawiah, K. (2011). Exploring the limits of governance disclosures and performance on firm value: A review of the literature in accounting and finance. *The British Accounting Review*, *50*(1), 1-15.

Davis, S. (2013). Re-conceptualizing Corporate Social Responsibility in Japan. *Corporate Social Responsibility in Asia*, *17*(3), 35-64.

Deegan, C. (2009). Organizational legitimacy as a motive for sustainability reporting. *Sustainability Accounting and Accountability*, *57*(1), 127-149.

Deegan, C., & Unerman, C. (2006). Stakeholder influence on corporate reporting: An exploration of the interaction between WWF-Australia and the Australian minerals industry. *Accounting, Organizations and Society*, *31*(4-5), 343-372.

Ding, W. (2014). Corporate Social Responsibility and Listed Real Estate Companies in China's Corporate financial performance. *25th Annual European Real Estate Society Conference*, *56*(3), 234-246.

Dowling, J., & Pfeffer, J. (1975). Organizational Legitimacy: Social Values and Organizational Behavior. *The Pacific Sociological Review*, *18*(1), 122-136.

Elhauge, M. (2005). The launching of 'social choice and welfare' and the creation of the 'society for social choice and welfare'. *Social Choice and Welfare*, *25*(2-3), 557-564.

Epstein, M. J. (2018). *Making sustainability work: Best practices in managing and measuring corporate social, environmental and economic impacts*. Routledge.

Fauzi, H. (2017). The Relationship of CSR and Financial Performance: New Evidence from New York. *Issues in Social and Environmental Accounting*, *3*(1), 66-75.

Fomukong, D. J. (2014). Corporate Social Responsibility and Financial Performance. *Corporate Responsibility*, *24*(3), 11-37.

Freeman, R. E. (1982). Some Thoughts on the Development of Stakeholder Theory. *Stakeholder Theory*, *24*(3), 47-56.

Freemantle, A. (2004). The Good Corporate Citizen: Pursuing Sustainable

Friedman, M. (1970). The Social Responsibility of Business Is to Increase Its Profits. *Corporate Ethics and Corporate Governance*, *13*(1), 173-178.

Friedman, M. (1984). Capitalism and freedom. *Corporate Ethics and Corporate Governance*, *23*(2), 132-139.

Friedman, N. S. (2010). Cutting costs and making profits through knowledge management. *Knowledge Management*, *61*(2), 33-47.

gas reporting by Chinese companies. *Managerial Auditing Journal*.

Gatsi, J. G., Anipa, C. A. A., Gadzo, S. G., & Ameyibor, J. (2016). Corporate social responsibility, risk factor and financial performance of listed firms in Ghana. *Journal of Applied Finance and Banking*, *6*(2), 21.

Girotra, F., & Yadav, D. (2008). Implementing an ROI Measurement Process at Dell Computer. *Performance Improvement Quarterly*, *11*(4), 103-114.

Gorard, S. (2013). Research Design, as Independent of Methods. *SAGE Handbook of Mixed Methods in Social & Behavioural Research*, *58*(2), 237-252.

Greene, D., & David, J. (2013). A Research Design for Generalizing from Multiple Case Studies. *Case Studies*, *33*(2), 116-126.

Gujarati, D. (2015). Modeling Count Data: The Poisson and Negative Binomial Regression Models. *Econometrics*, *55*(2), 236-248.

Hagal, M., & Brown, G. (2010). Constructing performance measurement in the public sector. *Critical Perspectives on Accounting*, *21*(4), 266-282.

Haider, F. (2010). Cross-National Differences in Government Involvement in CSR. *Encyclopedia of Corporate Social Responsibility*, *16*(1), 648-648.

Hilson, G. (2007). Championing the Rhetoric? 'Corporate Social Responsibility' in Ghana's Mining Sector. *Greener Management International*, (53).

Hussain, A., Fahad Ali, S., Case, K., Masood, T., & Masood, M. (2017). *Assessment of Corporate Social Responsibility (CSR) awareness and practices in manufacturing sector of Pakistan. In Advances in Manufacturing Technology XXXI: Proceedings of the 15th International Conference on Manufacturing Research, Incorporating the 32nd National Conference on Manufacturing Research*. Greenwich, UK: IOS Press.

Ittner, C. D. & Larcker, D. F. (2003). Coming up short on non-financial performance measurement. *Harvard Business Review, 81*(11), 88.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305-360.

Johnson, S. C., & Dinardo, K. (2011). A Panel Data Analysis of Productive Efficiency in Freestanding Health Clinics. *Panel Data Analysis*, *25*(3), 141-151.

Judge, G. (1989). Economic Theory, Econometrics, and Mathematical Economics. *General Equilibrium Models of Monetary Economies*, *28*(1), 136-146.

Juneja, C. H. (2018). Understanding employees' motivation to engage in CSR: A grounded analysis. *Academy of Management Proceedings*, *2018*(1), 10-25.

Kakakhel, LIlyas, R., Iqba, Z., & Afeef, J. (2015). Study of hybrid approaches used for university course timetable problem (UCTP). *2015 IEEE 10th Conference on Industrial Electronics and Applications (ICIEA)*, *46*(2), 114-123.

Kamwara, R. M., Lyria, D. R., & Mbogo, M. J. (2016). Influence of corporate social responsibility on financial performance of industries listed at Nairobi securities exchange, Kenya. *International Journal of Advanced Multidisciplinary Research*, *3*(10), 82-108.

Kaplan, S. E., & Ruland, R. G. (1991). Positive theory, rationality and accounting regulation. *Critical Perspectives on Accounting*, *2*(4), 361-374.

Katsoulakos, P., Koutsodimou, M., Matraga, A., & Williams, L. (2004). Historic Perspective of Corporate Social Responsibility Movement. *CSR Quest*, *36*(2), 22-24.

Kim, K., Kim, M. C., Qian, C., & Park, B. I. (2018). Effects of CSR on Firm Financial Performance: A Competitive-Action Perspective. *Academy of Management Proceedings*, *20*(1), 13277.

Kitzmueller, M., & Shimshack, J. (2012). Economic Perspectives on Corporate Social Responsibility. *Journal of Economic Literature*, *50*(1), 51-84.

Kokemuller, S. (2018). A study on the impact of CSR performance on the financial performance of Indian service sector. *International Journal of Business Competition and Growth*, *6*(2), 115-134.

Kwaning, C. O., Tandoh-Offin, P., Afriyie, H. K., & Tweneboah-Koduah, R. (2014). The Effects of Corporate Social Responsibility Expenditure on the Financial Performance of Financial Institutions: A 2002-2009 Analysis of Agricultural Development Bank, Ghana. *European Journal of Business and Management*, *6*(33), 141-149.

Lanis, R., & Richardson, G. (2012). Corporate social responsibility and tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, *31*(1), 86-108.

Lea, T. (2016). Sharing the Wealth: By-roads and Hidden Treasures. *Cultural Studies Review*, *22*(1), 128-135.

Lindblom, U. (1994). History and present status of hydrocarbon storage in excavated rock caverns. *Rock Mechanics in Petroleum Engineering*, *25*(1), 23-35.

Luo, G., & Du, P. (2015). Do Customers Value CSR Disclosure? Evidence from Italian Family and Non-Family Firms. *Sustainability*, *10*(5), 16-42.

Manchiraju, H., & Rajgopal, S. (2017). Does corporate social responsibility (CSR) create shareholder value? Evidence from the Indian Companies Act 2013. *Journal of Accounting Research*, *55*(5), 1257-1300.

Margolis, J. D., Elfenbein, H. A., & Walsh, J. P. (2009). Does it Pay to Be Good...And Does It Matter? A Meta-Analysis of the Relationship between Corporate Social and Financial Performance. *SSRN Electronic Journal*, *29*(4), 589-598.

Matuszak, Ł., & Różańska, E. (2017). CSR disclosure in Polish-listed companies in the light of directive 2014/95/EU requirements: Empirical evidence. *Sustainability*, *9*(12), 2304.

McWilliams, A., & Siegel, D. (2016). Corporate Social Responsibility: A Theory of the Firm Perspective. *The Academy of Management Review*, *26*(1), 117.

Mehran, G. (1995). Accounting and non-accounting measures of quality-based performances in small firms. *International Journal of Operations & Production Management*, *15*(7), 78-105.

Min, J. S. (2013). The Regulatory Configurations of Political CSR: International Interactions of Business, Civil Society and Government. *SSRN Electronic Journal*, *45*(2), 55-69.

Mitnick, B. M. (2006). Origin of the theory of agency. *An account by one of the Theory's Originators. Rev. University of Pittsburgh*.

Montiel, I., & Delgado-Ceballos, J. (2014). Defining and Measuring Corporate Sustainability. *Organization & Environment*, *27*(2), 113-139.

Moon, T. S., Teh, B. H., & Ang, Y. W. (2014). The Impact of Environmental Improvements on the Financial Performance of Leading Companies Listed in Bursa Malaysia. *International Journal of Trade, Economics and Finance*, *5*(5), 386-391.

Mwaura, K. (2004, October). Corporate citizenship: The changing legal perspective in Kenya. In *Interdisciplinary CSR Research Conference, Nottingham, International Centre for Corporate Social Responsibility (ICCSR).*

Nofsinger, J., & Varma, A. (2014). Socially responsible funds and market crises. *Journal of Banking & Finance*, *48*(2), 180-193.

Nyongesa, E. (2017). The Connection among Corporate Social Responsibility and Financial Performance of Safaricom limited in Kenya. *Journal of Emerging Accounting Issues*, *45*(2), 45-68.

Nurunnabi, M., Alfakhri, Y., & Alfakhri, D. H. (2019). CSR in Saudi Arabia and Carroll's Pyramid: what is 'known'and 'unknown'?. *Journal of Marketing Communications*, 1-22.

Orlitzky, M., & Shen, J. (2013). Corporate Social Responsibility, Industry, and Strategy. *Industrial and Organizational Psychology*, *6*(04), 346-350.

Otuo S. A., & Ansong, A. (2017). Corporate social responsibility and firm performance of Ghanaian SMEs: Mediating role of access to capital and firm reputation. *Journal of Global Responsibility*, 8(1), 47-62.

Pérez, A., & Bosque, I. R. (2015). Customer values and CSR image in the banking industry. *Journal of Financial Services Marketing*, *20*(1), 46-61.

Petrescu, A., & Apostol, R. (2009). Economic Value Added (EVA). *Springer Reference*, *45*(2), 78-89.

Porter, M. E., & Kramer, M. R. (2019). Creating shared value. In Managing sustainable business (pp. 323-346). Springer, Dordrecht.

Post, J. E., Preston, L. E., & Sachs, S. (2002). Managing the Extended Enterprise: The New Stakeholder View. *California Management Review*, *45*(1), 6-28.

Priyadarshini, J., & Gomathi, E. (2018). CSR Report as a Buffer: Mitigating a Negative Effect of CSR Performance on Short-term Financial Performance. *Korean management review*, *46*(5), 1343-1365.

Remišová, A., & Búciová, Z. (2012). Measuring corporate social responsibility towards employees. *Journal of East European Management Studies*, *17*(3), 273-291.

Resmi, M. A., Begum, H., & Hassan, K. (2018). Biderectional Relationship Between Corporate Social Responsibility (Csr) and Financial Performance. *Journal of Economic Literature*, *53*(4), 325-336.

Robson, M. (2013). Methods of achieving and maintaining an appropriate caesarean section rate. *Best Practice & Research Clinical Obstetrics & Gynaecology*, *27*(2), 297-308.

Russo, M. V., & Fouts, P. A. (1997). A Resource-Based Perspective On Corporate Environmental Performance and Profitability. *Academy of Management Journal*, *40*(3), 534-559.

Sarifudeen, J., & Gunapalan, H. (2015). Study on Correlation between CSR Performance and Financial Performance. *Proceedings of the 2015*

International Conference on Economy, Management and Education Technology, *45*(2), 58-69.

Saunders, M. N., & Thornhill, A. (2011). Researching sensitively without sensitizing: Using a card sort in a concurrent mixed methods design to research trust and distrust. *International Journal of Multiple Research Approaches, 5*(3), 334-350.

Sharma, A. K., & Kumar, S. (2010). Economic Value Added (EVA) - Literature Review and Relevant Issues. *International Journal of Economics and Finance, 2*(2), 43-65.

Sherman, K. (2012). Corporate Social Responsibility (CSR) and Social Risk Management. *KazGeo 2012*, *53*(3), 77-98.

Soderstrom, K. M., Soderstrom, N. S., & Stewart, C. R. (2017). Sustainability/CSR research in management accounting: A review of the literature. In Advances in Management Accounting Emerald. *Publishing Limited* (pp. 59-85).

Stern, I. M. (2010). Co-creating a CSR Strategy with Customers to Deliver Greater Value. *CSR, Sustainability, Ethics & Governance*, *65*(1), 89-107.

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *The Academy of Management Review*, *20*(3), 571-589.

Surroca, J., & Tribó,J. A. (2008). Social Responsibility of Multinational Companies: Effects of Stakeholder Pressures on Affiliated Firms' Social Behavior. *Academy of Management Proceedings*, *2008*(1), 1-6.

Tang, G. A. (2012). Discussion of "Accounting-based divisional performance measurement: Incentives for profit maximization". *Contemporary Accounting Research*, *6*(2), 922-926.

Trialogue (2004), The CSI Handbook, 16th ed., Trialogue, Cape Town.

Tweneboah Koduah, E. Y., Tandoh-Offin,, V., Afriyi, F., & Tweneboah-Koduah, H. (2014). The Effects of Corporate Social Responsibility Expenditure on the Financial Performance of Financial Institutions Focusing on Agricultural Development Bank. *International Journal of Services, Economics and Management*, *8*(4), 268-279.

UN Global Compact & Accenture, M. (2013). *Corporate Social Responsibility and International Development: Is Business the Solution?* (569) London, England: United Nations.

Vasilescu, Y., & Popa, D. (2011). Corporate Disclosure, Market Valuation, and Firm Performance. *Financial Management*, *40*(3), 647-676.

Verbeek, M., & Vella, F. (2004). Estimating Dynamic Models from Repeated Cross-Sections. *SSRN Electronic Journal*, *12*(2), 36-45.

Visser, W. (2005). Corporate citizenship in South Africa: A review of progress moral management of organizational stakeholders. *Business horizons*, *34*(4), 39-48.

Waddock, S. A., & Graves, s. B. (1997). The corporate Social Performance-Financial Performance Link. *Strategic Management Journal*, *18*(4), 303-319.

Wanat, T., & Stefańska, M. (2015). Company's CSR activities addressed to its employees – diffusion of CSR to customers by employees. *Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu*, *38*(7), 76-95.

Wang, Q., Dou, J., & Jia, S. (2016). A meta-analytic review of corporate social responsibility and corporate financial performance: The moderating effect of contextual factors. *Business & Society*, *55*(8), 1083-1121.

Wang, S. (2014). Data Analysis and Hypothesis Testing. *CSR, Sustainability, Ethics & Governance*, *56*(3), 75-94.

Weill, P. (2004). Don't just lead, govern: How top-performing firms govern IT. *MIS Quarterly executive*, *3*(1), 1-17.

Wolfe, E. (2017). Implementation of Corporate Social Responsibility (CSR) Policy in the Perspective of Good Government In Karawang Regency. *Proceedings of the International Conference on Democracy, Accountability and Governance (ICODAG 2017)*, *19*(4), 69-88.

World Bank. (2012). *World Development Report 2014: Risk and Opportunity - Managing Risk for Development* (698). Washington, DC: World Bank Publications.

Yeboah, A. (2011). The Effects of CSR on financial performance of MTN Ghana Limited. *SSRN Electronic Journal*, *47*(3), 48-56.

Yu-Shu, P., Chyi-Lin, H., & Altan-Uya, D. (2015). Corporate social responsibility and corporate financial performance: The intervening effect of social capital. *Journal of Advanced Management Science*, *3*(4), 276–283.

Zheng, L. (2016). Empirical research on the relationship of CSR and CFP based investors' reaction: Evidence form Chinese stock market. *2013 International Conference on Management Science and Engineering 20th Annual Conference Proceedings*, *76*(2), 98-117.

APPENDIX

Table 9: Regression Outputs

Variable	Model 1				Model 2			
	Coef.	Std. Err.	z	P>|z|	Coef.	Std. Err.	z	P>|z|
CSR for the Creditor (INCR)	-.01620	.00583	-2.78	0.006	-.00146	.00069	-2.12	0.035
CSR for the Employees (WBGR)	-0.0187	.00222	-8.42	0.000	1.6573	.52517	3.14	0.001
CSR for the Government (ATR)	0.0999	0.03472	2.88	0.004	1.08356	.44845	2.42	0.016
CSR for the Consumer (MBCR)	0.0915	0.03878	2.36	0.018	-0.27071	.08608	-3.14	0.002
CSR for the Social Welfare (SDR)	2.567	.4852	5.29	0.000	6.0027	.19560	30.69	0.000
Firm Size (InTA)	1.1894	.30563	3.89	0.000	.1090621	.0361555	3.02	0.003
Constant	7.7834	2.978311	2.61	0.009	5.4029	.3313535	16.31	0.000
R^2	0.594				0.625			
Prob> chi2	0.000				0.000			
Number of Observation	325				325			

Source: field survey (2019)