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EFFECT OF OWNERSHIP STRUCTURE ON CORPORATE SOCIAL RESPONSIBILITY OF BANKS IN GHANA

BY

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DECLARATION

I hereby declare that this submission is my own work towards the award of Msc. Accounting and finance and that, to the best of my knowledge it contains no materials previously published by another person or any material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this dissertation wholeheartedly to:

1. The Almighty God in whom are hidden all treasures of wisdom and knowledge
2. My Dearest Wife Zeliatu Bawah and our son Hiram Seyram Kofi Adedia
3. My late parents Martha Ameyovi Mekpornorvi Fiagorme Gbeze and Benjamin Kwaku Tsisey Adedia for the love and ever available financial and moral supports towards my education.

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ABSTRACT

The literature has shown that the corporate social responsibility of firms are influenced by the ownership structure of the firm. However, such studies are limited in Ghana. This study therefore examined the effect of ownership structure on the CSR of banks in Ghana. The sample for the study was fifteen commercial banks. The sampling technique was purposive sampling. This study used a quantitative approach to research. The data for the study was obtained from secondary sources. The source was the annual reports of the sampled firms. The study data was analysed by means of regression analysis and the programme Stata 15 was used. The study found that there was positive relationship between managerial ownership and CSR. The relation was significant at the 5% level. The study also found that there was a negative relationship between institutional ownership and CSR. The finding was significant at the 1% level. It was also discovered that there was an insignificant relationship between state ownership and CSR. The finding meant that SO does not influence CSR significantly. Given the positive relationship between managerial ownership and CSR, banks should consider promoting greater executive ownership within their organizations. Encouraging executives to have a personal stake in the company's performance and sustainability can align their interests with those of shareholders and society. This alignment can foster a culture of responsible decision-making and long-term value creation.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the last several decades, there has been a growing consciousness about the impact that corporations have on our world (Du, Bhattacharya, and Sen, 2010; Ali, Frynas, and Mahmood, 2017; Jamali and Mirshak, 2007). Experts have debated whether a corporation's primary responsibility is to maximise profit or if it should also take into account the community and the environment (Ali et al., 2017). The concept of corporate social responsibility centres on the belief that corporations have a duty to address social and environmental concerns in their day-to-day operations and interactions with their many stakeholder groups (Gaither, Austin, and Schulz, 2018). The increased funding for socially conscious initiatives in recent years is evidence of managers' growing interest in corporate social responsibility. This is mainly due to the fact that many sectors of contemporary society are now genuinely curious about the inner workings of businesses and that companies need to work hard to maintain a positive image in the eyes of the general public.

According to the Resource-Based Theory, an organisation's financial performance may be more steady if it has a solid reputation. Businesses with a high probability of failure might improve their financing prospects by focusing on corporate social responsibility. One of the most effective methods for companies to manage risk is via CSR involvement (Lu, Liu, and Falkenberg, 2022). Good corporate governance and corporate social responsibility go hand in hand. According to the overarching principles of corporate governance, making corporate governance essential is meant to raise awareness of networks and the environment and encourage more responsible behaviour on the part of businesses (Fahad, and Rahman, 2020). The ownership structure of a company is an element of corporate governance that influences the implementation of corporate social responsibility (Chijoke-Mgbame, Mgbame, Akintoye, and Ohalehi, 2020). Corporate social responsibility (CSR) initiatives are influenced by three primary facets of the ownership structure: management ownership, government ownership, and institutional ownership (Pareek and Sahu, 2021).

Institutional ownership refers to the stake in a company's management that is held by institutions like governments, banks, and corporations (Dewi and Wirawati, 2021). Because they hold so much stock and have limited options for selling, institutional shareholders are more inclined to support a company's long-term performance objectives. Institutional investors are more willing to support a firm that engages in excellent management practices, such as CSR, because of their positive impact on the company's long-term performance (Kim, Park, and Lee, 2018).

Management ownership refers to the proportion of a company's management that is held by the source of management as a percentage of the total number of stocks in the company (Elgergeni, Khan, and Kakabadse, 2018). According to agency theory, giving managers a larger interest in the firm is one strategy to prevent agency conflicts from occurring inside an organisation. Managers may become true stakeholders in the company's success by gaining a larger stake. However, according to agency theory, aligning the interests of managers and owners via stock grants is an effective means of lowering concerns about management's ability to act in the best interests of the company's owners. Managers with a large stock holding are more invested in making choices that benefit shareholders (Al-Jaifi, 2017). Managers with stock ownership may be more likely to engage in corporate social responsibility (CSR) if doing so increases their firm's value (Nurleni and Bandang, 2018). State ownership refers to the government holding a significant percentage of a company's stock (Dam and Scholtens, 2012). More and more normative pressure is being applied to government firms by non-market actors such as professional associations, non-government organisations, and the media (Dhanesh, 2020). Because of this, State-owned enterprises are more likely to comply with the expectations of non-government stakeholders and maintain their CSR initiatives. The literature documents that the firm's ownership structure is related to the decision to engage in CSR activities (Nugraheni, Indrasari and Hamzah, 2022; Dakhli, 2021; Malik, Ahsan, and Khan, 2017). This study, therefore, examines the effect of ownership structure on the CSR of banks in Ghana.

1.2 Problem Statement

Before investing money in a company, investors often consider factors such as the company's track record, brand recognition, and CSR initiatives. Investors consider a company's track record of doing good in the community as one factor in making their investment decision (Ali, Frynas, and Mahmood, 2017). Corporate social responsibility demonstrates how much concern a company has for the communities and the environment that will be impacted, either directly or indirectly, by its operations. The extent to which a corporation discloses its CSR activities may also be affected by the preferences of its investors and shareholders. Shareholders, as the legal owners of a business, have the authority to demand that management prioritises issues such as social performance. Companies are evaluated on their social performance based on how much of an impact they have on their local community. Therefore, the firm's presence is beneficial to the company and the community as a whole. Corporate social responsibility initiatives may be influenced by the company's ownership structure (Chijoke-Mgbame, Mgbame, Akintoye, and Ohalehi, 2020). They argue that if the ownership structure of the firm is CSR-focused, then the firm will engage more in CSR activities, and vice versa.

Prior empirical studies on the connection between ownership structure and CSR yielded conflicting findings. Management ownership was shown to have a significant negative influence on CSR disclosure, whereas institutional ownership was found to have a favourable impact (Nurleni and Bandang, 2018). They explain that when managers do not own a significant portion of a firm, they spend less on CSR and place greater attention on activities that pay off immediately. In addition, they explain that institutional investors with higher holdings consider the firm's long-term performance and are highly likely to support CSR activities. Khan, Muttakin, and Siddiqui (2013) observed that state ownership positively affects CSR activities. They argue that societal pressure from pressure organisations might compel government-owned enterprises to engage in CSR initiatives.

Despite the role ownership structure plays in firms engagement in CSR activities, the Ghanaian literature has failed to address it. There are studies on ownership structure and firm performance (Darko, Aribi, and Uzonwanne, 2016; Isshaq, Bokpin, and Onumah, 2009). Others focused on CSR and firm performance (Agyemang and Ansong, 2017; Famiyeh, 2017). There appears to be a gap in the Ghanaian literature, as no study has examined the effect of ownership structure on CSR. This study fills this gap by examining the effect of ownership structure on the CSR of banks in Ghana.

1.3 Aims and Objectives

The general objective of the study is to examine the effect of ownership structure on the CSR of banks in Ghana. These are the specific objectives

1. To examine the effect of managerial ownership on corporate social responsibility
2. To examine the effect of institutional ownership on corporate social responsibility
3. To assess the effect of state ownership on corporate social responsibility

1.4 Research Questions

1. What is the effect of managerial ownership on corporate social responsibility?
2. What is the effect of institutional ownership on corporate social responsibility?
3. What is the effect of state ownership on corporate social responsibility?

1.5 Significance of the Study

This study fills a gap in the Ghanaian setting as it seeks to assess the effect of ownership structure on CSR . Also the study is useful to researchers as the findings could propel them to identify intervening variables in the relationship between ownership structure and CSR

The finding is beneficial to policy makers since the finding can be used to inform policy decisions related to corporate governance and shareholder rights. For example, policy-makers may decide to adopt regulations or incentivize certain types of ownership structures in order to encourage more responsible business practices.

The finding of this study can help shareholders to identify companies that are more likely to have strong CSR practices. This can be especially important for shareholders who are concerned about the long-term sustainability of their investments and who want to minimize the risk of negative social or environmental impacts.

The research is also important to investors as it can aid them to understand the potential risks and benefits associated with different ownership structures. This can help them make an informed decision on which firm suits their investment pattern.

1.6 Methodology

This thesis falls under the quantitative research strategy since the study entails objective measurements and the statistical, mathematical, or numerical analysis of data. The study explains the link between ownership structure and CSR hence fitting the description of an explanatory research. The data covers the period 2010 - 2021 and the population are all commercial banks in Ghana. Because the data covers several years and firms, it is classified as panel data. The study uses secondary data source. The data is gathered from the sampled firms' annual reports and industry statistics. The method to analyse the data is an ordinary least square regression. Specifically panel data regression is employed to analyse the data. The independent variables are institutional ownership, managerial ownership and state ownership. The dependent variable is CSR and the control variables are firm size, leverage, GDP and profitability.

1.7 Scope and limitation of the Study

The study covers all commercial banks in Ghana and the data for the study are gathered from the annual reports of the banks. The study is limited to availability of data and as such the sample may not be representative of the population of interest, which can limit the ability of the researcher to generalize the findings to a larger population.

1.8 Organization of Study

This thesis is divided into five chapters. Chapter one addresses the theme problem statement objectives and methodology of the study. The second chapter explains the concepts in the study as well as theories relevant to the study and the empirical review. Chapter three explains how the research is conducted and the chapter four presents the results and discussions of the findings. The fifth chapter summarises the findings make recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a summary of the literature on the topic. The separate aspects of this chapter include; conceptual, theoretical and empirical reviews and the conceptual framework.

2.2 Conceptual Review

2.2.1 Concept of Corporate Social Responsibility

According to Klimkiewicz and Oltra (2017), the concept of corporate social responsibility (CSR) refers to the manner in which a business considers and addresses issues that extend beyond its fundamental requirements in terms of economics, technology, and the law. According to Klimkiewicz and Oltra (2017), it is the responsibility of the business to analyse its process of decision-making in such a way that the effects of its actions on the external social system result in social benefits in addition to the conventional economic gains that the organisation seeks. They also claim that personal responsibility for one's community begins where the law leaves off. A company is not acting socially responsibly if all it does is obey the law, as any morally upstanding individual would. A second, more explicit definition of CSR is provided by Carroll (1979). According to Carroll (1979), responsible business conduct might be seen as a pyramid, with economic duties at the base, followed by legal, ethical, and lastly charity responsibilities. According to Carroll (1979), corporate social responsibility (CSR) entails accepting responsibility not just for the firm's legal and financial duties but also for the top of the pyramid. According to Carroll (1979), charitable donations are a component of corporate social responsibility (CSR), but they are not the only component. Carroll (1999) offered this interpretation; according to him, the significance of this commitment is far lower than that of the other three categories. The reason for this is because many individuals believe that firms are not acting irresponsibly if they do not fulfil their duties. In order to fulfil these responsibilities, companies need to generate profits while also abiding by the law and being responsible members of the community (Carroll, 1979).

According to Cho, Chung, and Young (2019), the definition of corporate social responsibility (CSR) is when a firm engages in activities that have the appearance of helping people in addition to those that are mandated by law or that are beneficial to the company. This phrase appears rather often in literature about corporate social responsibility (CSR), but it should not be taken literally since it suggests that CSR initiatives should go beyond what is beneficial for the corporation. It denotes that activities cannot be beneficial to the company and society at the same time since that is not possible.

According to Dyck, Lins, Roth, and Wagner (2019), in order for businesses to be considered socially responsible, two requirements must be satisfied. To begin, they are prohibited from engaging in any conduct that would intentionally harm their investors, workers, customers, or suppliers, as well as the community in which they do business. Second, businesses that cause harm to their stakeholders have an obligation to remedy the situation as soon as they become aware of it and are informed of it. This definition, on the other hand, is distinct from the others in that it places an emphasis on a baseline of responsibility and asserts that businesses that behave in a socially responsible manner are not eligible for any rewards. According to Dyck et al. (2019), firms are engaging in socially responsible behaviour when they do not do harm to the environment.

2.2.2 Ownership Structure

According to Garanina and Aray (2021), a company's ownership structure influences its behaviour, values, strategic policies, and performance. Shareholders' concerns and the structure of ownership of the company's stock have a significant impact on CSR reporting. According to Raimo, Vitolla, Marrone and Rubino (2020) ownership structure refers to the way in which ownership of a company is organized and the distribution of voting rights and control among the owners.

Shahab, Ntim, Ullah, Yugang and Ye (2020) refers to ownership structure as the types and number of shareholders that own the company's stock the way in which control over the company is distributed among the shareholders. Bataineh (2021) states that ownership structure refers to the degree to which ownership of the company is concentrated among a small number of shareholders as such a company with a high degree of ownership concentration may be more susceptible to control by a small group of shareholders, while a company with a low degree of ownership concentration may be more resistant to control by any single group of shareholders.

2.2.3 Ownership Type

According to Boerkamp (2016), it is important to know the identity of the firm's shareholders as there is evidence that ownership concentration has an effect on firm performance which is determined by who the largest shareholders are. According to Shahab et al. (2020), it is not only important to know the ownership concentration but also the identity of the different types of owners. This is because different shareholders have different levels of wealth, different risk profiles, and different priorities. Bataineh (2021) suggests that identity refers to the majority shareholders. Their identity is important as they drive the process of decision making. Bataineh

(2021), suggests that the identity of the shareholders can be classified as foreign, domestic, and institutional. While, Boerkamp (2016) identified three categories of owners namely managerial ownership, state ownership and institutional ownership.

2.2.3.1 Institutional ownership

Institutional ownership refers to organizations such as financial institutions, pension funds, college endowments, hedge funds, insurance companies, mutual funds, and boutique asset management firms (Khan, Srinivasan, and Tan, 2017). Typically, these institutions buy large numbers of a company's outstanding shares with the aim of exerting significant control and influence over the management of the firm.

When individuals or groups from outside an organisation have a voice in the direction in which the organisation is headed, this kind of ownership is referred to as "institutional ownership" in business language (Dakhli,2021). Institutional share ownership demonstrates that institutions have a voice in how a firm is operated and may be utilised by outside parties to assist resolve agency disputes. Institutional share ownership is also a proxy for voting rights. One example of a kind of control is social responsibility, which occurs when institutions exert pressure on businesses to behave in a manner that is beneficial to the general public. The firm publishes data on its social programmes, including information that is both financially and non-financially related, as a method to demonstrate how responsible it is as a business. People who are not employed by the firm could become more conscious of its obligations to the community and the environment if they hold shares in the company (Kim, 2019).

2.2.3.2 Managerial Ownership

Dixon, Guariglia and Vijayakumaran (2017) indicate that managerial ownership arises when the managers of the firm purchase the firm's shares. According to Lumapow (2018), managerial ownership is mostly associated with firms that are not mature; as firms become more mature the degree of managerial ownership typically reduces. Sani (2020) argues that management ownership acts as an indicator of the quality of the firm. The managers increase their shareholding when the firm is more valuable; indicating to investors that a firm has good prospects. Researchers have found that managerial ownership provides the most conflict because management often aligns their interest, which are sometimes in contention, with those of the other stakeholders (Lin, Sawani and Wang, 2022).

According to Islami, Jumono, Munandar, and Abdurrahman (2022), managerial ownership refers to the percentage of a company that is held by the management. This includes the board of directors and commissioners who are in charge of making decisions for the company. It is possible that managerial ownership will provide management more authority over decision-making and will encourage managers to exercise more caution in their decision-making since they will be directly impacted by the outcomes of their actions. In light of this, choices made by management will place a greater emphasis on what is in the best interest of shareholders. Shareholders will make it difficult for management to achieve its goal of increasing the value of the firm while simultaneously increasing earnings.

2.2.3.3 State Ownership

According to La Porta et al (2002) government participates in business mainly for developmental reasons. The government's presence is required in instances where the firms are economically, socially and strategically important to the country. Additionally, in countries with underdeveloped financial sector, state-ownership allows the government to provide financing and management risks. Conflicts of interest may arise between the different categories of owners. For example, banks have dual duties as lenders and owners, while the government has the dual role of regulators and owners (Clarke, 2004).

For each of the owners, their preference with regards to the firm's strategy will entail a trade-off between the stockholder's value and other goals. Vickers and Yarrow (1988) found that state ownership is characterized by inefficiency and high level of bureaucracy; the government typically lacks the incentives to aggressively pursue the maximization of profits. Various academics have made arguments against state ownership that include price policy, political interference, and human capital challenges (Shleifer & Vishny, 1994; Ngoc, 2007). Mang'unyi (2011) indicates that despite the challenges, public ownership helps to tackle problems of market failures and can restore the purchasing power.

Tihanyi, Aguilera, Heugens, Van Essen, Sauerwald, Duran and Turturea (2019) explain that state ownership of businesses and other organizations through direct ownership of the company's stock or other ownership instruments. Publicly-owned enterprises are typically controlled by a government agency or other public entity and may be operated for the benefit of the general public or to achieve specific policy goals.

Boubakri and Saffar (2019) defines state ownership as the combination of state and private ownership of a business or organization. In this mixed ownership structure, the state may own a controlling stake in the company, while private investors hold the remaining shares.

Fonseka, Samarakoon, Tian and Seng (2021) refer to state ownership as situations where the state exercises control over a company or organization without necessarily owning a majority of the company's stock or other ownership instruments where the state may have the ability to appoint a majority of the company's board of directors or may have the power to veto key decisions made by the company.

According to Ho, Phung and Nguyen (2021) state ownership refer to situations where the state has the ability to influence the operations or decision-making of a company or organization without necessarily having direct control over the company where the state may have the ability to set regulations or policies that affect the company, or may have the ability to provide financial support or other incentives to the company.

2.2.4 Significance of Ownership Structure

Desender, Aguilera, Crespi and GarcÍa-cestona (2013) indicate that the significance of ownership structure is the key focus of corporate governance as the ownership structure determines the agency and transaction costs. Bataineh (2021) asserts that the ownership structure of a firm can determine the distribution of control and decision-making authority among shareholders. So a company with a concentrated control structure, in which a small number of shareholders hold a majority of the voting rights, may be more susceptible to control by a small group of shareholders. On the other hand, a company with a dispersed control structure, in which voting rights are more evenly distributed among shareholders, may be more resistant to control by any single group of shareholders.

Garanina and Aray (2021) explains that ownership structure of a firm affects the alignment of interests between shareholders and management. So company with a high degree of ownership concentration may be more likely to have a strong alignment of interests between shareholders and management, as the interests of the controlling shareholders are likely to be closely aligned with the interests of the company as a whole. On the other hand, a company with a dispersed ownership structure may have a weaker alignment of interests, as the interests of the various shareholders may be more diverse and may not always be aligned with the interests of the company as a whole.

According to Shahab, Ntim, Ullah, Yugang and Ye (2020) the ownership structure of a firm can also affect the company's responsiveness to the needs and concerns of stakeholders, such as employees, customers, and the broader community. So a company with a dispersed ownership structure may be more responsive to the needs and concerns of a diverse group of stakeholders, as the company may be more accountable to a larger number of shareholders. On the other hand, a company with a concentrated ownership structure may be less responsive to the needs and concerns of stakeholders, as the company may be more accountable to a smaller group of controlling shareholders.

2.3 Theoretical Review

The relevant theories for the study are stakeholder theory, agency theory and legitimacy theory.

2.3.1 Agency Theory

Jensen and Meckling (1976) are the ones responsible for establishing the client-agent dynamic that exists between shareholders and management. They compared this connection to a contract, in which one or more parties (the main) pay another party (the agent) to take care of some of the tasks that belong to the main parties. This involves allowing the agent considerable leeway in the decisions they make. Jensen and Meckling (1976) proposed the agency theory, which was founded on the idea that the aims of managers and shareholders are distinct from one another. In addition to this, they brought up the "agency costs" that were brought on by competing interests (Zaid et al., 2020). Agency issues arise if management and stockholders do not consistently strive toward the same objectives (Eisenhardt, 1989; Zaid et al., 2020). Therefore, it is in the best interest of the management to maximise profits, not only for themselves but also for the shareholders (Sreevas et al., 2020). It is possible that they will make choices not to maximise earnings but rather to safeguard their own interests or to assist the company in expanding (Kachouri and Jarboui, 2017). In this instance, remedies for corporate governance might assist in lowering the agency issue and making information more transparent (Govindan et al., 2021; Bushman and Smith, 2001; Jo and Harjoto, 2012; Ruangviset et al., 2014; Jarboui et al., 2020).

One example of this would be a dispute between very large shareholders and very small investors (Hope, 2013). Large owners may have alternative aims in mind, despite the fact that Friedman (1970) asserts that the objective of every investor is to gain as much money as possible while minimising unnecessary expenditure. Large owners, for instance, may have an interest in enhancing the reputation of the firm (or themselves) (Carroll et al., 2010) and growing the value of the business by increasing the amount of money paid toward CSR-related costs (Jensen and Meckling, 1976). Through effective management, significant shareholders may also have an impact on the day-to-day operations and overall direction of the organisation (Shleifer and Vishny, 1997). However, the role of minority shareholders is contingent on the degree to which shareholder rights are safeguarded throughout the nation as a whole (La Porta et al., 1998), and it is possible that they will not have sufficient influence on management. The second potential conflict of interest arises from the fact that management and owners collaborate on various projects (Fama and Jensen, 1983). As a consequence of this, the agent is more likely to make strategic decisions (including CSR performance) based on the interests of significant shareholders, which may result in a reduction in the agent's opportunistic behaviours that are brought about by information asymmetry (Fama, 1980). (Filatotchev et al., 2013).

Overall, the agency theory suggests that a company with a weak alignment of interests between shareholders and management may be less likely to prioritize CSR, as management may not see the value in investing in social and environmental initiatives if they do not directly benefit the company's bottom line. On the other hand, a company with a strong alignment of interests may be more likely to prioritize CSR, as the interests of shareholders and management are more closely aligned and management may see the value in investing in initiatives that benefit both the company and society as a whole.

2.3.2 Stakeholder Theory

According to the stakeholder theory, a firm is not just responsible to its shareholders but also to all of its other stakeholders (Friedman, 1970). According to this idea, stakeholders are any persons, groups, or organisations that have a significant voice in how a business operates and are influenced by the choices that it makes. The term "interested parties" is another name for stakeholders (Freeman, 1984). A contemporary corporation's stakeholders include its owners, consumers, consumer protection groups, rivals, the media, employees, members of Special Interest Groups, environmentalists, suppliers, government agencies, local organisations, and communities.

According to the notion of stakeholders, each stakeholder group has the right to refuse to be used in any way that would assist another party in achieving their objectives. Because of this, every stakeholder group needs to be able to have some input on the way the firm develops (Evan and Freeman, 1988). Therefore, it is the social responsibility of managers to adopt and adhere to two universal management principles: corporate legitimacy, which states that running a business should be done for the benefit of all stakeholders, and fiduciary in relation to stakeholders, which states that management actions should be done as agents of all stakeholders (Evan and Freeman, 1988).

In terms of CSR, stakeholder theory suggests that companies should consider the interests of all stakeholders when making decisions and should strive to balance the needs and concerns of different groups in a way that is fair and just. This can involve taking into account the impacts of corporate actions on the environment, employees, customers, and local communities, as well as on shareholders. A company with a strong commitment to CSR may be more likely to adopt practices that are sustainable and ethical, and to engage in activities that benefit society and the environment. In this way, ownership structure can influence the extent to which a company prioritizes CSR and the types of CSR activities it engages in.

2.3.3 Legitimacy Theory

The legitimacy hypothesis is predicated on the concept that a "social contract" exists between an organisation and the society in which it operates (Deegan, 2002). It is derived from the concept of organisational legitimacy, which was first described by Dowling and Pfeffer (1975) as the state or status that arises when an entity's value system is in line with the wider social system of which it is a part. The credibility of the entity is placed in jeopardy whenever there is a gap, whether actual or potential, between two different value systems. According to legitimacy theory, organisations should consistently make an effort to operate in accordance with the norms and regulations of their respective societies (Dowling and Pfeffer, 1975; Deegan, 2002; and Frynas and Yamahaki, 2016).

The legitimacy theory comprise two primary components: the strategic and the institutional (Suchman, 1995; Chan et al., 2014; Panwar et al., 2014; and Frynas and Yamahaki, 2016). The term "strategic legitimacy" refers to the fact that management has influence over the legitimization process (Suchman, 1995). People believe that managers might demonstrate that an organisation is attempting to comply with societal norms by using various tactics. According to this view, the legitimacy of an organisation derives from those who are not affiliated with the organisation (Chan et al., 2014; Panwar et al., 2014). In contrast to the strategic perspective, the institutional view maintains that the legitimacy of a firm is derived from factors other than the acts or characteristics of the organisation itself (Chan et al., 2014). According to this point of view, organisations do not have a great deal of control over their legitimacy since the choices on validity are influenced by the culture and ideology of the individuals who make them (Chan et al., 2014).

According to legitimacy theory, organizations seek to establish and maintain legitimacy in the eyes of various stakeholders, such as customers, employees, regulators, and the general public. Legitimacy can be gained through various means, including conforming to societal expectations and values, demonstrating transparency and accountability, and engaging in activities that benefit society.

In terms of the relationship between ownership structure and corporate social responsibility (CSR), legitimacy theory suggests that the way in which ownership of a company is held and exercised can affect the company's perceived legitimacy in the eyes of stakeholders. For example, a company with a dispersed ownership structure, where ownership is widely held among many different shareholders, may be seen as more legitimate because it is accountable to a diverse group of owners and is therefore less likely to engage in practices that are perceived as being unethical or irresponsible. On the other hand, a company with a concentrated ownership structure, where ownership is held by a small group of shareholders, may be seen as less legitimate because it is more focused on maximizing profits for a narrow group of owners and may be less responsive to the interests of other stakeholders.

In terms of CSR, legitimacy theory suggests that companies that engage in activities that benefit society and the environment may be seen as more legitimate in the eyes of stakeholders, as these activities demonstrate a commitment to societal values and expectations. In this way, ownership structure can influence the extent to which a company engages in CSR activities and the perceived legitimacy of those activities.

2.4 Empirical Review

Nugraheni, Indrasari, and Hamzah (2022) evaluated the influence of CSR disclosure on ownership structure in Indonesian firms. The ownership structure of this research consisted of managerial ownership, institutional ownership, public ownership, and foreign ownership. These companies were listed on the Indonesian stock exchange between 2017 and 2019 and belonged to the sensitive industry classification. The structure of ownership includes managerial ownership, institutional ownership, public ownership, and foreign ownership. Using panel data regression, the data were evaluated. Institutional ownership positively affected CSR disclosure, however managerial, foreign, and public ownership had no effect.

The relationship between corporate social responsibility and ownership structure was investigated by Dakhli (2021). This paper explicitly explored the effect of financial performance on the link between ownership structure and CSR. The study relies on panel data from 200 French businesses registered between 2007 and 2018. According to the data, investors' perceptions on CSR activities differ. While institutional ownership influences CSR engagement positively, management ownership has a negative effect.

Malik, Ahsan, and Khan (2017) investigated the relationship between ownership structure and CSR. This study applied a composite index measure of CSR and five ownership structure characteristics, namely individual ownership, institutional ownership, government ownership, foreign ownership, and insider ownership. In this study, 47 nonfinancial companies listed on Pakistan's Karachi Stock Exchange were analysed using panel data estimation as a regression technique. Size, profitability, age of firm, and leverage are all control factors addressed in this study. The findings of this study indicate that, with the exception of government ownership, all other ownership characteristics have a positive connection with CSR. Insider ownership has a negative effect on corporate social responsibility, while institutional, individual, and international ownership have a positive effect.

Zaid, Abuhijle, and Pucheta-Martnez (2020) examined the impact of professional shareholders as a way of stakeholder engagement on CSR disclosure. The research demonstrated that when board independence is high, government, institutional, and foreign investors have a higher positive impact on CSR disclosure.

Utami (2020) examined the association between ownership structure, business size, and CSR disclosure. This research used multiple linear regression analysis to analyse the data. In this research, the causal approach was used. The population of this research comprises all mining companies listed on the Indonesia Stock Exchange between 2016 and 2018. This research demonstrates that institutional ownership, foreign ownership, public ownership, and business size have little effects on corporate social responsibility disclosures.

Elgergeni, Khan, and Kakabadse (2018) explored the relationship between firm ownership structure and outstanding corporate governance and CSR in the United Kingdom during a period of austerity. From 2008 to 2012, 50 of the original sample of more than 250 companies that were routinely listed on the FTSE4good index are examined. The CSR definition distinguishes between voluntary and required CSR concepts. The results indicate that the ownership structure of the Board of Directors and strong company success impact the level of voluntary CSR.

Kilic, Kuzey, and Uyar (2015) used content analysis and panel data analysis to examine yearly bank reports from 2008 to 2012. Between 2008 and 2012, bank CSR reporting improved, according to the data. The study's findings also revealed that size, ownership dispersion, board composition, and board diversity had a strong positive effect on CSR reporting by banks.

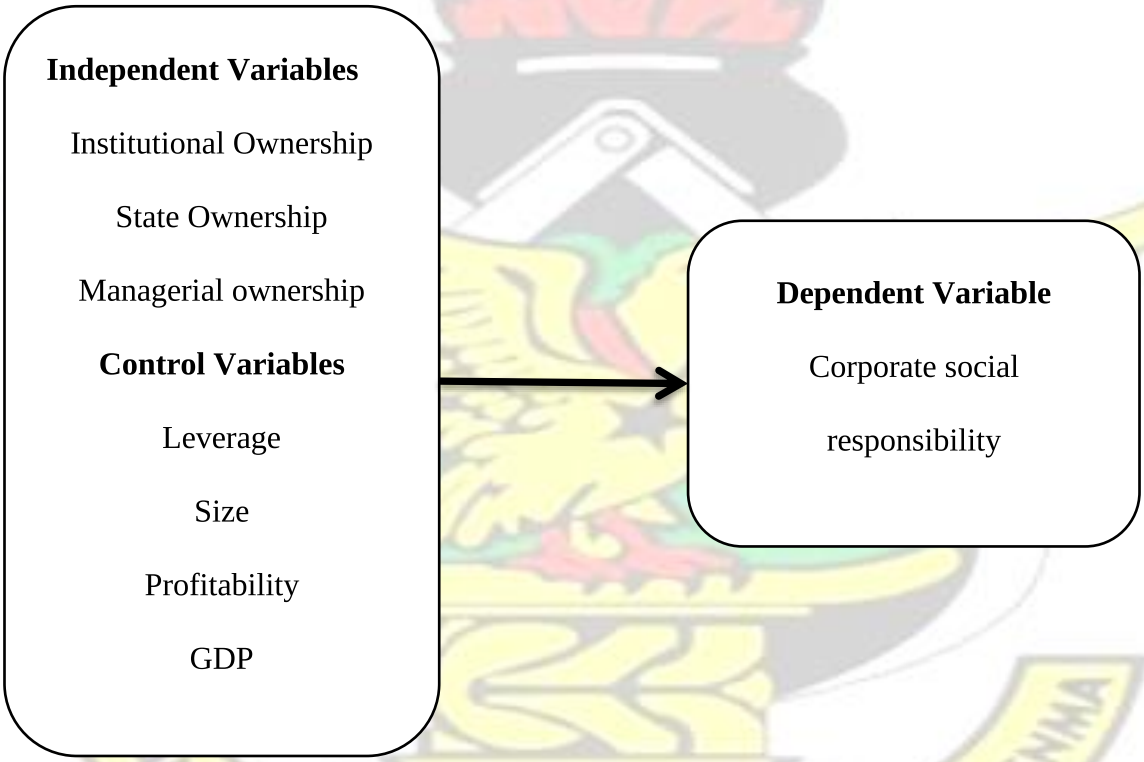
Oh, Chang, and Martynov (2011) analysed 143 firms with 407 annual reports that were listed on the Indonesia Stock Exchange (IDX) from 2012 to 2014. The research reveals that institutional, managerial, and foreign ownership have significant positive effect on CSR disclosure.

Using agency theory and sociological perspectives on institutions, Sahasranamam, Arya, and Sud (2020) examined differences in the motivations of different owners to pursue a socially responsible agenda. Their analysis of a sample of Indian businesses from 2008 to 2015 indicates that business group and family ownership is advantageous to CSR-related community engagement.

2.5 Conceptual Framework

The framework for the study is presented in a diagram in figure 2.1. The diagram portrays the link between the independent variables and the dependent variable. The independent variables (institutional ownership, managerial ownership and state ownership) are linked to the dependent variable (CSR) and the control variables (firm size, leverage, GDP and profitability) are linked to the dependent variable.

Figure 2.1: Conceptual framework



Source: construction by Author

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes how the research was conducted. Therefore, in this chapter, the areas covered include research design, study population, and sampling techniques. Other parts covered in this chapter include sample size, model specification, data analysis, and variables and measurement.

3.2 Research Design

A research design is a protocol for gathering and analysing data in order to accomplish a study's stated aims (Bryman and Bell, 2015). This study used a quantitative approach to research. Quantitative research is a methodology that employs numerical data and statistical methods to draw conclusions (Bryman and Bell, 2015). The reason for choosing the quantitative design is because the study entails the collection of numerical data and using statistical tools on the data to make inferences.

3.3 Population of the Study

A population is a unique group of people or things that all have at least one thing in common for the purpose of collecting and analysing data (Kothari, 2004). In respect of that, the population of the study comprised all commercial banks in Ghana which in total sum up to twenty-three.

3.4 Sample Size and Technique

The sample for the study was fifteen commercial banks. The sampling technique was purposive sampling. The study could not utilise the whole population because some of the banks' annual reports were not available hence they were excluded from the study. Also some banks were excluded due to insufficient data. The period for the study was 2010-2021. The period was selected to capture most of the banks since utilising old data would results in a lot missing data.

3.5 Data Collection Methods

The data for the study was obtained from secondary sources. The source was the annual reports of the sampled firms. The researcher downloaded the annual reports of the sampled firms and extracted the relevant data from them into an Excel sheet.

3.6 Data Analysis

The study data is analysed by means of regression analysis and the programme Stata 15 was used. Predicting a single dependent variable from a set of independent variables may be done with the use of a method called regression analysis. All areas of company decision-making may benefit from the widespread and flexible use of regression analysis (Hair, Black, Babin and Anderson, 2013). Because of its general applicability, regression analysis is an excellent method for investigating a wide range of dependent relationships. Many different types of regression may be used in the process of determining which independent variables predict the dependent variable in regression analysis.

Beginning with logistic regression, this model is usable when the dependent variable has up to two possible values. Regression analysis has been used in a number of CSR studies to test whether or not a corporation engages in CSR activities. Businesses will be given a "1" if they provide a CSR report, and a "0" if they do not. Linear regression, like logistic regression, is a kind of regression analysis. The dependent variables in linear regression are predicted using linear predictor functions. In linear regressions, the independent variable may be predicted using a wide variety of estimate techniques (s). The ordinary least squares (OLS) estimate is the most popular and basic estimator in linear regression. In cases when the dependent variable is measured in units of measure other than absolute size, such as ratios and intervals, this method is useful. Independent variables' effects on the dependent variable are evaluated using t-test statistics in OLS regression. Endogeneity considerations are particularly important in research assessing the impact of ownership structure on CSR, yet OLS regression has the inherent restriction of ignoring them.

Other studies have also made use of fixed effects or random effects models (Kiliç, Kuzey and Uyar, 2015; Sahasranamam, Arya and Sud, 2020). Both fixed effects models and random effects models are widely used for analysing panel data. Whether or not the data is evenly distributed and contains sufficient observations per business determines whether a fixed effects model or a random effects model should be used. In the presence of imbalanced data and a small panel size, with few observations per business, the fixed effects model becomes less suitable. It is possible to choose between fixed-effects and random-effects models using the Hausman test. Since the data for this study was a panel data the panel regression was adopted and the Hausman test was performed to determine the appropraite model between fixed-effect and random-effect. Several problems can occur with regard to panel data. These include multicolinearity, heteroscedasticity, and serial correlation. This study tested for them to ensure reliable results.

3.6.1 Multicollinearity

Finding out whether the independent variables are connected to each other is the purpose of the multicollinearity test. In order to determine the presence or absence of multicollinearity, correlation coefficients between variables are analysed (Basuki and Yuliadi, 2015). The presence or absence of multicollinearity may be determined by the use of the partial correlation technique between two independent variables. Correlations over 0.90 may indicate that the model incorporates more than one causal relationship. On the other hand, multicollinearity is absent from the model if and only if the correlation coefficient is less than 0.9.

3.6.2 Serial Correlation

The serial correlation test, as described by Atahrim (2013), is used to determine whether or not two sets of observational data, such as time series data are correlated. This issue arises due to the fact that residuals are not independent of one another across observations. Time series data often exhibit this phenomenon. Serial correlation overestimates the true R-squared and F-statistic values since its output is skewed with a smaller variance than the true value (Basuki and Yuliadi, 2015). The Wooldridge test for autocorrelation was used to test for Serial correlation.

3.6.3 Heteroskedasticty

The heteroscedasticity test seeks to determine whether the residual variance of the regression model is unequally distributed (Atahrim, 2013). Homoscedasticity occurs when the variant variables in the regression model have the same or constant value. The problem of heteroscedasticity, therefore, more often present in the cross-section data than in time-series data. The white test was used to test for heteroskedasticity.

3.7 Regression Model

The panel regression model is presented below. The model follows the study of Dakhli (2021). The estimation technique was the random effect regression.

$$CSR_{it} = \alpha + \beta_1 MO_{it} + \beta_2 LEV_{it} + \beta_3 Size_{it} + \beta_4 PRF_{it} + \beta_5 GDP_{it} + \varepsilon_{it} \ldots .(1)$$

$$CSR_{it} = \alpha + \beta_1 IO_{it} + \beta_2 LEV_{it} + \beta_3 Size_{it} + \beta_4 PRF_{it} + \beta_5 GDP_{it} + \varepsilon_{it} \ldots .(2)$$

$$CSR_{it} = \alpha + \beta_1 SO_{it} + \beta_2 LEV_{it} + \beta_3 Size_{it} + \beta_4 PRF_{it} + \beta_5 GDP_{it} + \varepsilon_{it} \ldots .(3)$$

CSR: corporate social responsibility, MO: Managerial Ownership, IO: institutional ownership, SO: state ownership, LEV: leverage, PFR: profitability, GDP: gross domestic products

3.8 Variables and Measurement

The independent variables are institutional ownership, managerial ownership and state ownership. The dependent variable is CSR and the control variables are firm size, leverage, GDP and profitability. The details are presented in Table 3.1.

Table 3.1 study variables

Variable	Measure	Supporting Studies
	Independent Variables	
Institutional Ownership	The number of shares owned by institutions divided by total shares	Dakhli (2021)
Managerial Ownership	The number of shares owned by executives divided by total shares	Malik, Ahsan, and Khan (2017)
State Ownership	The number of shares owned by state divided by total shares	Nugraheni, Indrasari, and Hamzah (2022)
	Dependent Variable	
Corporate Social Responsibility	The natural log of the actual amount spent on CSR activities	Ramzan, Amin, and Abbas, (2021)
	Control Variables	
Size	Natural log of total assets	Asare, Alhassan, Elgergeni, Khan,

		and Kakabadse (2018)
leverage	Total debt divided by total assets	Sahasranamam, Arya and Sud (2020)
Profitability	Return on assets	Kiliç, Kuzey and Uyar (2015)
GDP	Growth in Gross domestic product in a year	Mkadmi et al. (2021)

Source: construction by Author

3.9 Validity and Reliability

In quantitative research, it is customary to assign concept validity, external validity, and internal validity (Bryman and Bell, 2015). The first is focused with ensuring the precision of the measurement, while the second and third are concerned with identifying causal relationships in the context of experimental research (Lahm, 2007). This study analyses the elements over a period of eleven years to remove inaccurate results. Validity of this research is determined by evaluating the regression model for heteroskedasticity, multicollinearity, and residue autocorrelation. The element of reliability refers to the consistency and stability of the acquired results (Bryman and Bell, 2015). Using data from the annual reports of the sample companies, the study ensures the accuracy of the information.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This chapter presents the findings of the study. The variables are discussed descriptively. The numerous tests performed on the data are presented as well as the regression results.

4.1 Descriptive Statistics

Table 4.1 shows firms commit significant amount towards CSR activities. The mean CSR spending is 12.038, indicating an average level of expenditure on CSR activities across the observed entities. The standard deviation of 3.791 suggests some variation in CSR spending among the entities. The minimum value of 0.000 indicates that some entities did not report any expenditure on CSR, while the maximum value of 16.160 implies that some entities allocated a significant amount to CSR initiatives.

The mean managerial ownership across the banks is 0.003 with a standard deviation of 0.01. This suggests that, on average, executive ownership is quite low across the banks in the sample. The low mean executive ownership indicates that executives have limited ownership stakes in these banks. This ownership structure might reduce the alignment of interests between executives and shareholders. Executives with higher ownership stakes often have stronger incentives to maximize long-term value and may prioritize sustainable practices and responsible decision-making. Looking the number of shares bank issue it is acceptable an individual cannot hold significant percentage in it. The minimum and maximum values are both 0.00 and 0.04, respectively. This indicates that there may be some variation in executive ownership levels among the banks, but the majority have very low levels.

The mean institutional ownership is 0.86, indicating that, on average, institutional investors hold a significant ownership stake in the banks. The high mean institutional ownership suggests that institutional investors play a significant role in these banks. Institutional investors often have the resources and expertise to influence corporate decisions. They may prioritize financial performance and could potentially exert pressure on management to focus on short-term gains. This may affect strategic decisions, risk-taking behaviour, and corporate governance practices within the banks. The standard deviation of 0.19 suggests some variation in institutional ownership levels among the banks. The minimum value of 0.01 implies that there may be some banks with relatively low institutional ownership, while the maximum value of 1.00 suggests that some banks have complete institutional ownership.

The mean state ownership is 0.17, indicating that, on average, there is a moderate level of state ownership in the banks. The moderate mean state ownership suggests that there is some level of government influence or involvement in these banks. State ownership can have varying effects depending on the nature and extent of government intervention. It may impact decision-making processes, strategic direction, and risk management practices within the banks. Government ownership can also influence the prioritization of societal interests and the promotion of specific policy goals. The standard deviation of 0.20 suggests some variability in state ownership levels among the banks. The minimum value of 0.00 indicates that there may be some banks with no state ownership, while the maximum value of 0.97 implies that some banks have a relatively high level of state ownership.

Table 4.1 Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
CSR	169	12.038	3.791	0.000	16.160
MO	160	0.003	0.008	0.000	0.035
IO	161	0.860	0.190	0.009	1.000
SO	161	0.167	0.203	0.000	0.968
Size	169	21.727	0.923	19.102	23.636
PRF	169	0.028	0.023	-0.104	0.080
LEV	169	0.854	0.106	0.559	2.081
GDP	169	6.012	3.484	0.514	14.047

Source: construction by Author: CSR: corporate social responsibility, MO: managerial ownership, IO: institutional ownership, SO: state ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products

The mean bank size is 21.727, which indicates a relatively large average bank size among the sample. Larger bank size, as indicated by the higher average and maximum bank size values, can suggest potential advantages such as economies of scale, greater market presence, and increased capacity for risk-taking. Larger banks may have more resources to invest in technology, expand their operations, and diversify their portfolios. However, they may also face challenges such as increased regulatory scrutiny, potential systemic risks, and difficulties in maintaining efficient operations. The standard deviation of 0.923 suggests some variation in bank sizes. The minimum and maximum values of 19.102 and 23.636, respectively, indicate that there is a range of bank sizes within the sample.

The mean profitability is 0.028, suggesting a positive average profitability for the banks. Positive average profitability suggests that, on average, the banks in the sample are generating profits. Higher profitability can indicate effective management, successful business strategies, and a competitive advantage in the market. It can also reflect a strong financial position, which enables banks to withstand economic downturns and support growth. Negative profitability for some banks indicates potential financial challenges or inefficiencies that need attention. The standard deviation of 0.023 indicates some variability in profitability levels across the banks. The minimum and maximum values of -0.104 and 0.080, respectively, show that profitability varies among the banks, with some banks experiencing negative profitability and others achieving higher levels of profitability.

The mean leverage is 0.854, suggesting that, on average, the banks in the sample have a relatively high level of leverage. The relatively high average leverage suggests that the banks in the sample have a significant level of debt relative to their equity. Higher leverage can amplify returns when conditions are favorable, but it also increases financial vulnerability in adverse situations. Banks with high leverage may face higher interest expenses, greater default risks, and potential constraints on lending and capital adequacy. It is crucial for banks to carefully manage their leverage to maintain financial stability. The standard deviation of 0.106 indicates some variation in leverage levels among the banks. The minimum value of 0.559 and the maximum value of 2.081 demonstrate that there is considerable variation in leverage ratios across the banks.

The mean GDP is 6.012, indicating an average GDP level among the observed countries or regions. The standard deviation of 3.484 suggests significant variation in GDP levels. The minimum value of 0.514 and the maximum value of 14.047 illustrate a wide range of GDP values across the countries or regions included in the sample.

4.2 Multicollinearity

This study examines whether the independent variables for the study are highly related. The results are seen in Table 4.2. The table shows that the highest correlation is between institutional ownership and state ownership at 0.53. According to Basuki and Yuliadi (2015), this value means that the independent variables are not highly correlated, and as such, there is no multicollinearity.

Table 4.2 correlation

	CSR	MO	IO	SO	Size	PFR	LEV
CSR	1						
MO	0.0743	1					
IO	0.4487	0.2314	1				
SO	0.3319	0.1567	0.526	1			
Size	0.2129	-0.162	0.147	0.1544	1		
PRF	-0.3136	-0.135	-0.3358	-0.1609	0.0892	1	
LEV	0.1505	0.2068	0.3416	0.1473	0.3072	-0.3298	1
GDP	-0.1295	0.1235	-0.1263	-0.0144	-0.4589	-0.0033	-0.0329

Source: construction by Author, CSR: corporate social responsibility,MO: Managerial Ownership, IO: institutional ownership, SO: state ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products

4.3 Model Specification

The selection between fixed effect and random effect is determined through the administration of the Hausman test. According to the data presented in Table 4.3, the calculated p-values for all the three equations are above 5%. This result suggests that the null hypothesis cannot be rejected, thereby indicating that the random effect is suitable for the study.

Table 4.3 Hausman test

	Hausman Test		
	stat	p-vale	Meaning
Equation one	4.3	0.37	Random effect
Equation two	3.5	0.62	Random effect
Equation three	6.5	0.26	Random effect

Source: construction by Author

4.4 Serial Correlation Test

The study tested for serial correlation. The Wooldridge test in Table 4.4 shows that the p-value is significant at the 1 percent level. This indicates the presence of serial correlation and a rejection of the null hypothesis. The problem of serial correlation is controlled using the robust standard errors.

Table 4.4 Serial correlation

	Serial correlation test		
	stat	p-value	Meaning
Equation one	9.309	0.00***	Serial correlation

*Source: construction by Author: ***: 1 percent significance level*

4.5 Heteroskedasticity Test

Table performs the White's test for heteroskedasticity. The results shows that the p-values are above the 5 percent significant level indicating that the null hypothesis cannot be rejected confirming the absence of heteroskedasticity.

Table 4.5 White test

	White test		
	stat	p-value	
Equation one	19.22	0.52	Homoskedasticity
Equation two	29.87	0.07	Homoskedasticity
Equation three	25.33	0.19	Homoskedasticity

Source: construction by Author

4.6 Effect of Managerial Ownership and Corporate Social Responsibility

Table 4.6 shows that the r-squared is 25 percent. This shows that the independent variables explain 25 percent variability in the dependent variable. The wald chi^2 is significant at the 1 percent level confirming the overall fitness of the model.

The table shows that there is a positive relationship between managerial ownership and corporate social responsibility (coeff; 57.32662). The p-value is 0.05 which means that the relationship is significant at the 5 percent level. The findings imply that an increase in managerial ownership leads to an increase in CSR activities. The findings is similar to the studies of Oh, Chang, and Martynov (2011).

Table 4.6: MO and CSR

CSR	Coef.	Std. Err.	t-value	P-value
MO	57.32662	28.90948	1.98	0.05**
Size	1.90389	0.5010731	3.8	0.00***
PRF	-18.54463	14.88101	-1.25	0.21
LEV	-6.831183	1.282392	-5.33	0.00***
GDP	0.0553002	0.0835759	0.66	0.51
Constant	-23.61211	11.68815	-2.02	0.04**
Wald chi	167.5***			
R-sqaure	0.25			

*Source: construction by Author: CSR: corporate social responsibility, MO: managerial ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, ***: 1 percent significance level, **: 5 percent significance level*

One potential explanation for this positive relationship is that managers who have a significant personal stake in the company may be more motivated to make decisions that are in the long-term best interests of the company, rather than just maximizing short-term profits. This may include investing in CSR initiatives, as these can contribute to the company's reputation and long-term sustainability.

Also this finding supports the stakeholder theory. Stakeholder theory suggests that companies have a responsibility to consider the interests and needs of all stakeholders – including shareholders, customers, employees, suppliers, and the broader community – when making business decisions. According to this theory, companies that prioritize the interests of their stakeholders are likely to be more successful in the long term, as they are able to build strong and mutually beneficial relationships.

In the context of managerial ownership and corporate social responsibility (CSR) activities, stakeholder theory suggests that managers who have a significant personal stake in the company may be more motivated to make decisions that are in the long-term best interests of the company, rather than just maximizing short-term profits. This may include investing in CSR initiatives, as these can contribute to the company's reputation and long-term sustainability, and align the interests of the company with those of its stakeholders.

Hence managers with shareholdings prioritize the interests of customers, employees, and the broader community, as they are also shareholders in the company and have a personal stake in its long-term success. This can lead to a focus on CSR initiatives that benefit these stakeholders, such as environmental protection, employee engagement, and community development.

4.7 Effect of Institutional Ownership and Corporate Social Responsibility

Table 4.7 shows that the r-squared is 25 percent. This shows that the independent variables explain 25 percent variability in the dependent variable. The wald chi^2 is significant at the 1 percent level confirming the overall fitness of the model. The table shows that there is a negative relationship between institutional ownership and corporate social responsibility (Coeff;-4.700538). The p-value is 0.01 which means that the relationship is significant at the 1 percent level. The findings imply that an increase in institutional ownership leads to a decrease in CSR activities. The finding is similar to the studies of Nugraheni, Indrasari, and Hamzah (2022).

Table 4.7: IO and CSR

CSR	Coef.	Std. Err.	t-value	P-value
IO	-4.700538	1.696937	-2.77	0.01***
Size	1.670297	0.5387923	3.1	0.00***
PRF	-14.76376	15.55717	-0.95	0.34
LEV	-7.187619	1.701487	-4.22	0.00***
GDP	0.0058644	0.0779763	0.08	0.94
Constant	-13.61387	12.42528	-1.1	0.27
Wald chi	244.34***			
R-sqaure	0.25			

*Source: construction by Author: CSR: corporate social responsibility, IO: Institutional ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, ***: 1 percent significance level*

A potential explanation is that institutional investors are accountable to their clients, who are often looking to maximize their returns. As a result, institutional investors may be less willing to invest in CSR activities, which can have a long-term payoff but may not generate immediate profits.

The negative relationship between institutional ownership and CSR is also consistent with the agency theory of corporate governance. This theory holds that there is a separation of ownership and control in modern corporations. However, conflicts of interest can arise in this agency relationship. Managers may have different priorities or incentives than the shareholders they represent. Institutional investors, as shareholders with significant ownership stakes, may also face conflicts of interest. While some institutional investors integrate CSR considerations into their investment strategies, others may prioritize short-term gains to satisfy their clients or deliver favourable financial returns.

As a result, if institutional investors prioritize short-term gains and financial performance, they may exert pressure on company management to focus on meeting financial targets rather than engaging in broader societal concerns, including CSR practices. This pressure can manifest as demands for higher profits, cost-cutting measures, or reluctance to invest in initiatives that may have long-term benefits but require upfront costs.

4.8 Effect of State Ownership on Corporate Social Responsibility

Table 4.7 shows that the r-squared is 22 percent. This shows that the independent variables explain 22 percent variability in the dependent variable. The wald chi^2 is significant at the 1 percent level confirming the overall fitness of the model. The table shows that there is a positive relationship between state ownership and corporate social responsibility (2.636431). The p-value is 0.12 which means that the relationship is not significantl. The findings imply that an increase in state ownership does not affect CSR commitment. The finding is similar to the studies of Dakhli (2021).

Table 4.8: SO and CSR

CSR	Coef.	Std. Err.	t-value	P-value
SO	2.636431	1.705065	1.55	0.12
Size	1.461754	0.5151903	2.84	0.01***
PRF	-17.92716	14.8292	-1.21	0.23
LEV	-7.014365	1.499426	-4.68	0.00***
GDP	0.045539	0.0791234	0.58	0.57
Constant	-13.84857	12.57084	-1.1	0.27
Wald chi	190.14***			
R-sqaure	0.22			

*Source: construction by Author: CSR: corporate social responsibility, SO: State ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, ***: 1 percent significance level*

4.9 Robustness Check

The study conducts robustness check using the feasible generalized least squares (FGLS) regression. The feasible generalized least squares (FGLS) regression is an extension of the ordinary least squares (OLS) regression that accounts for heteroscedasticity and serial correlation, which are common in panel data analysis. FGLS takes into consideration the potential correlation of error terms within each cross-sectional unit and across time periods. The result is presented in Tables 4.9 to 4.11. The results in Tables 4.9 and 4.10 indicates that MO has a significant positve effect on CSR and IO also has a significant negative effect on CSR. These findings confirm the results in the random effect regression. Also Table 4.11 shows that SO has a significant positve effect on CSR. This finding deviates from the results of the random effect regression. Hence the results of the study is not fully robust.

Table 4.9: Robustness check between MO and CS

CSR	Coef.	Std. Err.	t-value	P-value
MO	57.68676	34.32176	1.68	0.09*
Size	1.941459	0.3277602	5.92	0.00 ***
PRF	-21.21312	11.56596	-1.83	0.07*
LEV	-7.143473	2.458894	-2.91	0.00***
GDP	0.0592885	0.0882684	0.67	0.50
Constant	-24.12454	7.607659	-3.17	0.00***
Wald chi	52.42***			

*Source: construction by Author: CSR: corporate social responsibility, MO: managerial ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, ***: 1 percent significance level, *: 10 percent significance level*

Table 4.10: Robustness check between 1O and CS

CSR	Coef.	Std. Err.	t-value	P-value
IO	-4.910501	1.420437	-3.46	0.00***
Size	1.712921	0.3310186	5.17	0.00***
PRF	-18.44227	11.16364	-1.65	0.10*
LEV	-7.492307	2.513404	-2.98	0.00***
GDP	0.0048488	0.0871779	0.06	0.96
Constant	-14.01402	7.891995	-1.78	0.08*
Wald chi	55.03***			

*Source: construction by Author: CSR: corporate social responsibility, IO: Institutional ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, *: 10 percent significance level, ***: 1 percent significance level*

Table 4.11: Robustness check between SO and CS

CSR	Coef.	Std. Err.	t-value	P-value
SO	3.043953	1.340938	2.27	0.02**
Size	1.512455	0.3455906	4.38	0.00***
PRF	-21.94221	11.30994	-1.94	0.05**
LEV	-7.211389	2.565434	-2.81	0.01***
GDP	0.0481604	0.0874798	0.55	0.58
Constant	-14.77799	8.084775	-1.83	0.07*
Wald chi	46.54***			

*Source: construction by Author: CSR: corporate social responsibility, SO: State ownership, LEV: leverage, PRF: profitability, GDP: gross domestic products, ***: 1 percent significance level,**: 5 percent significance level,*: 10 percent significance level*

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This is the final chapter of the study. This chapter summarises the findings of the study and provides a conclusion to the study. In addition, recommendations are made to the banks and for future research.

5.2 Summary of Findings

The study found that there was positive relationship between MO and CSR. The relation was significant at the 5% level. This finding meant that an increase in MO leads to an increase in CSR.

The study also found that there was a negative relationship between IO and CSR. The finding was significant at the 1% level. The finding meant that an increase in IO leads to an increase in CSR.

It was also discovered that there was an insignificant relationship between SO and CSR. The finding meant that SO does not influence CSR significantly.

5.3 Conclusion

The general objective of the study is to examine the effect of ownership structure on the CSR of banks in Ghana. The study sampled 15 banks. The data for the study was obtained from secondary sources. The source was the annual reports of the sampled firms. The data was analysed using random effect regression, and a robustness check was performed using FGLS regression. It is inferred from the findings that executives with higher ownership stakes may have stronger incentives to prioritise corporate social responsibility and engage in socially responsible practises. Also, Institutional investors, who often prioritise short-term financial gains, may exert pressure on management to focus on financial performance rather than broader societal concerns, potentially compromising CSR initiatives. However, state ownership does not influence CSR. These findings highlight the importance of ownership structures in shaping CSR outcomes and emphasise the role of executives and institutional investors in driving CSR practises within the banking industry.

5.4 Recommendation

Given the positive relationship between managerial ownership and CSR, banks should consider promoting greater executive ownership within their organizations. Encouraging executives to have a personal stake in the company's performance and sustainability can align their interests with those of shareholders and society. This alignment can foster a culture of responsible decision-making and long-term value creation.

Recognizing the negative impact of institutional ownership on CSR practices, banks should actively manage the potential conflicts of interest between institutional investors and CSR goals. They can engage in open and transparent dialogue with institutional shareholders, emphasizing the importance of CSR and the long-term benefits it can provide. Banks should strive to strike a balance between financial performance and societal responsibility, ensuring that CSR initiatives are not compromised by short-term profit considerations.

Banks should focus on robust and transparent reporting of their CSR activities, including clear disclosure of goals, performance indicators, and outcomes. By doing so, they can enhance stakeholder trust, attract socially conscious investors, and demonstrate a commitment to sustainable practices. Regularly evaluating and monitoring CSR initiatives will enable banks to assess their effectiveness and make necessary adjustments to align with evolving societal expectations.

5.5 Recommendation for Further Studies

Future studies should explore Mediating and Moderating Factors: Investigating the mediating or moderating factors that influence the relationship between ownership structures and CSR can provide a more comprehensive understanding of the complex dynamics involved. Variables such as organizational culture, corporate values, strategic orientation, and external pressures could play a role in shaping the relationship and should be explored in future research.

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