

THE EFFECT OF PHILANTROPIC ACTIVITIES ON COMPANY'S PROFITABILITY

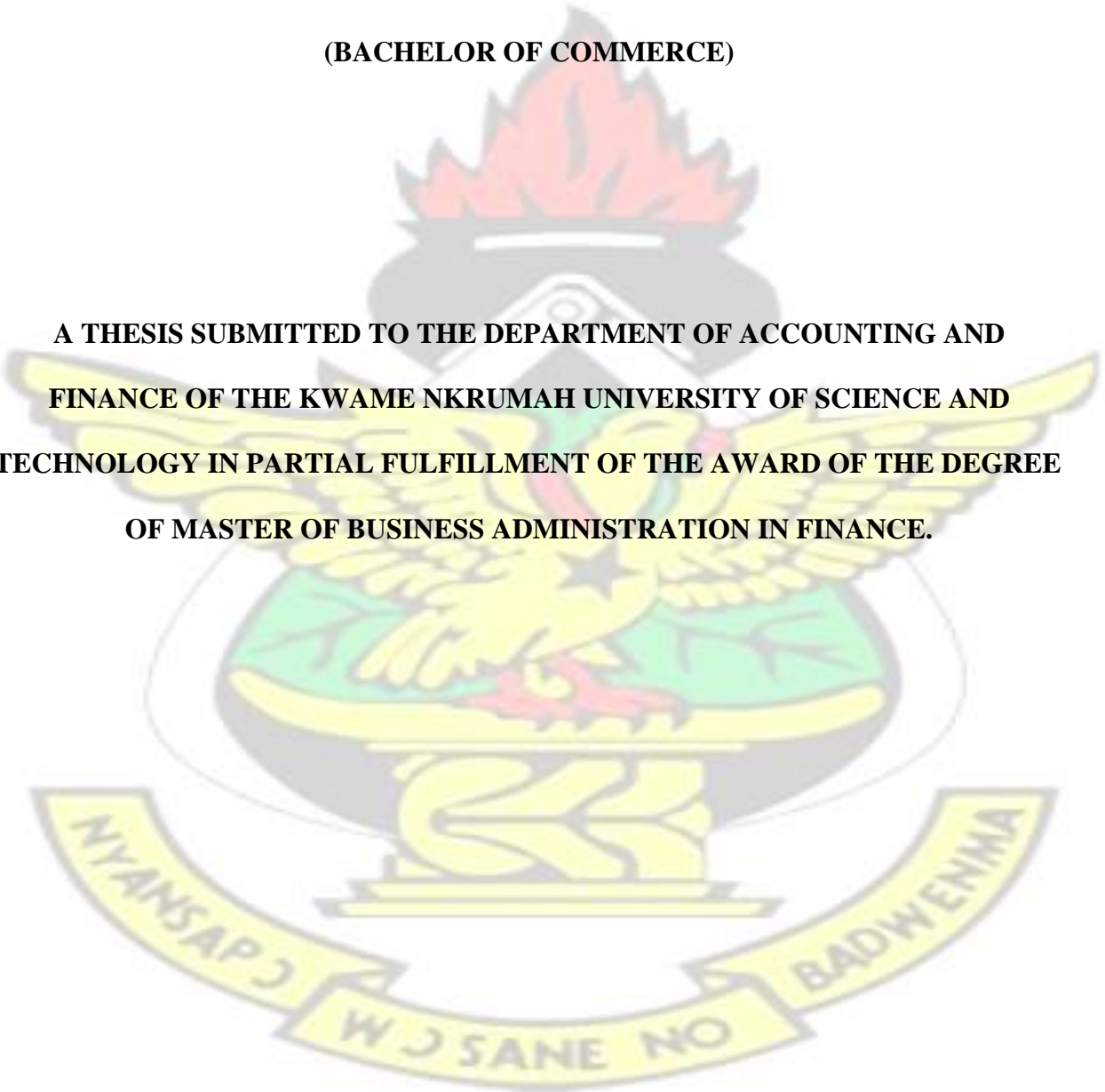
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**A THESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND
FINANCE OF THE KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY IN PARTIAL FULFILLMENT OF THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION IN FINANCE.**



JULY, 2015

DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person or 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 work to the memory of my beloved wife the Late Mrs Vera Akpene AmevorMesiotso, our adorable lovely daughter Shiphrah Makafui Adzo Mesiotso, my siblings and Rev. and Mrs. Jonathan Lawrence Mesiotso.

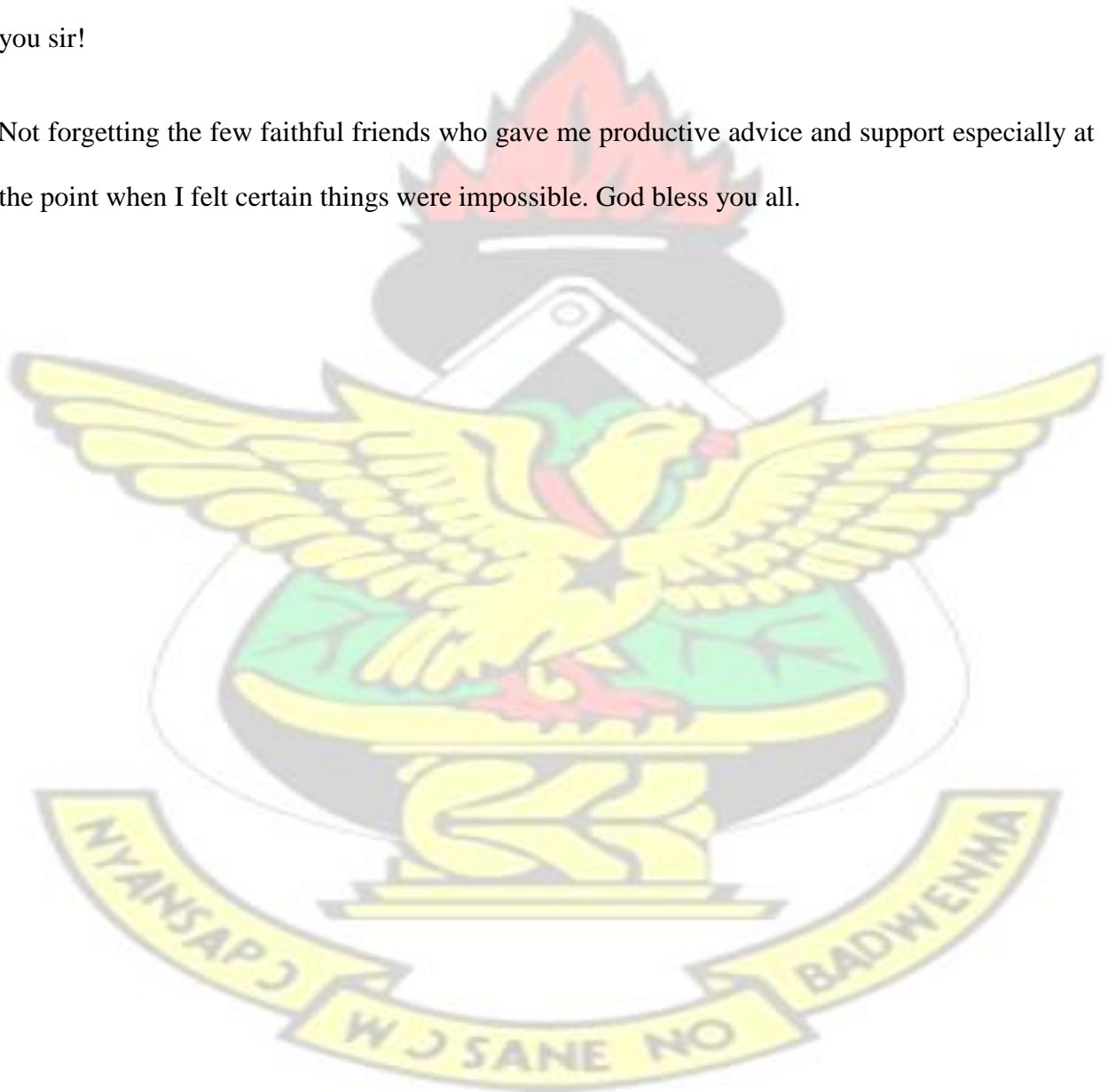


ACKNOWLEDGEMENTS

I praise my heavenly father for His loving-kindness for granting me the strength and favor to complete this work.

My deepest gratitude also goes to Mr. Michael Adusei for his time and dedication to an excellent supervision which was not just to condemn wrong sections but his interest and readiness to a superb guidance is enough to boost once morale to want to thrive harder. Thank you sir!

Not forgetting the few faithful friends who gave me productive advice and support especially at the point when I felt certain things were impossible. God bless you all.



ABSTRACT

This thesis sought to examine the philanthropic activities policies of six companies in Ghana and the associated benefits enjoyed by Ghanaians. Specifically, the thesis aimed at determining the effect of philanthropic activities on company's profitability, value creation and image enhancement it have on company's products and services. The methodology used in gathering the fact was mainly secondary data sources. Data on the selected companies' financial statements were collected, collated and analyzed using tables and graphs for easy interpretation. Purposive sampling techniques were used for the study. It was revealed from the research that, philanthropic activities have positive relationship with profitability, image enhancement and value creation. The study recommends among others that philanthropy responsibility projects should be well structured and implemented to the fullest in order to have maximum impact. In addition, organizations should liaise with community authorities to identify areas or opportunities available to them to better the lives of the people and therein enhance profit potentials through the provision of social amenities. This will go a long way to improve the general living standards of the people thereby sustaining organizational positioning.

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CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Business is gradually changing from profit-centered to socially-focused activities within developing countries like Ghana, with businesses moving beyond shareholder interests to stakeholder's interest. Customers demand services and goods to impact positively on the society and the environment. Of all the diverse intentions of companies, profit making is the sole aim of business. But due to government regulations and ethical compliance, companies are including more socially-driven programs as part of their businesses. However, poor tools for measuring corporate social responsibility (CSR) outcomes impede how companies can maximize the opportunities brought by CSR programs (Utting, 2000). The recent economic meltdown has put companies under criticism for focusing solely on profit at the neglect of the society (Bryman, A. (2004). —The Philippine Business for Social Progress identifies the genesis of CSR as the recognition that the most valuable resource in any country is the person; that the growth and vigorous development of private enterprise must be anchored on sound economic and social conditions; that the higher purpose of private enterprise is to build social and economic conditions which shall promote the well-being of the community (2011 World Bank Report).

There are two schools of thought regarding how CSR is defined; the idea that businesses exist mainly to make profits within the confines of the ethics and the law (Levitt 1958, Friedman 1970) and the idea that businesses are obliged to the wider society (Blomstrom and Davis, Epstein 1987; Carroll 1979; McGuire 1963 and Andrews 1973). These frameworks require corporate entities to operate in a manner that meets or exceeds the legal, ethical and societal demands of the business. The definitions believe in the school of thought that sees CSR has

broader responsibility to the larger stakeholders, and it's very appropriate for this research since it considers a wide range of responsibilities toward society. CSR —is not an elective in the University of the Hard World. It is a full credit course (Lassonde, Pierre 2003).

Lehman and Johnson (1970), distinguish CSR from corporate philanthropy where they define the latter as charitable assets transfer below prices on the market. Corporate philanthropy is thus understood in this study as a voluntary allocation of a firm's resources to activities that are not profit-oriented (Wood & Wartick and 1998). These activities include donation of services, partnering and volunteering, with non-profit entities (Carroll and Buchholtz, 2003, p. 38). The study, examines the philanthropic activities and their effect on company profitability in Ghana. Firms focus on profit and it is expected that they will derive some benefit in the long run during their corporate charitable activities. To analyze the impact of philanthropic activities on company profitability, ten companies have been chosen.

1.1 Statement of the Problem

A form of evidence of the philanthropic activities that the firm undertakes is essential in order to heighten performance in transparency, accountability and legitimacy. Measuring the impact of these activities provide the basis for this justification. One could expect that firms committed to their social responsibility are motivated to measure the impact of their philanthropic expenditure. In the African context especially Ghana, extensive research have been carried into philanthropic activities, but these research works fail to measure the related impact of these activities towards profit realization of entities. Moreover most firms in Ghana have not seen the need to pay back to society either because the law enforcement agencies are reluctant of their duties or they do not see the call for such activities. Realizing the need for entities to harness philanthropic activities issues gives birth to this research, which has conducted a study into philanthropic activities to see whether they have a bearing on firms' profitability.

1.2 Objectives of the Study

The general aim of the study is to answer the question —What is the relationship between philanthropic activities and entity’s profitability? The following specific objectives were looked at to answer the research questions.

- ✓ To assess the effect philanthropic activities have on company’s profitability.
- ✓ To determine the effects of philanthropic activities on value creation for company’s products and services.
- ✓ To determine the effects of philanthropic activities on image enhancement of company’s products and services.

1.3 Research Questions

This study seeks to find answers to the following questions concerning the effect of philanthropic activities on some selected companies’ financial performance;

- ✓ Are there possibilities that philanthropic activities will inhibit profits in company’s annual report?
- ✓ Do philanthropic activities create value for shareholders?
- ✓ Does philanthropic activity enhance the image of company’s products/services?

1.4 Scope of the Study

This study focuses on the philanthropic activities companies do and their impact on overall financial performance with key emphasis on the research questions raised above. The study considered various philanthropic activities undertaken in areas identified by the selected companies and targeted key customers that might have joined such organizations as a result of these good works.

1.5 Significance of the Study

The study seeks to analyze the effect of philanthropic activities on firms' profitability in some selected organizations. The research findings would inform firms of the importance of practicing corporate social responsibility in respect of philanthropic activities. Firms would therefore give the concept a role in their long term strategic plans. To students, teachers and lecturers, the study would impart knowledge and could be used as a source of reference. It can also serve as a source for further research work on a related topic.

1.6 Organization of the Study

The study will be organized into five main Chapters. Chapter one will introduce the study by providing a background to the study and the statement of the problem. The chapter will also state the objectives and research questions for the study in addition to giving the scope, purpose and organization of the study. Chapter Two will provide a review of key literature and materials that have provided the context for this study on the philanthropic activities and financial performance. Chapter Three spells out the methodology that will be used to carry out the study. Chapter Four will present the results and discussions of the findings of the study, while Chapter Five presents a summary of findings, conclusions and recommendations of the study.

1.7 Limitations of the Study

Time and monetary constraints were the limiting factors of the study. Also, the study was qualitative in nature, therefore, it relied on respondents' perceptions and views, and the quality of data depended on them.

The study focused on the effect of philanthropic activities on profitability of some selected firms. The study was carried out in the selected areas where philanthropic activities have been carried out. The respondents are basically management and staff of the chosen organizations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reassesses published academic and scholarly writings on the subject of philanthropic activities and their effects on profitability as studied in the past. The chapter reviews the definitions of corporate social responsibility, philanthropic activities and profitability. It further examines the concept of philanthropic activities and the goals of its implementation, conceptual/theoretical framework and the objectives of the study. The chapter also looks at the approaches to the philanthropic activities in various countries as documented from studies. Finally, the chapter makes an overview of the company's philanthropic activities in Ghana. This was done by examining the various philanthropic activities performed by companies as well as the hidden benefits associated with their implementation.

2.1 Definition of CSR, Philanthropic Activities and Profitability

The World Business Council for Sustainable Development proposes a definition for CSR as: the ethical behavior of a company towards society management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business, and CSR is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (WBCSD, 1999). The council's definition purported to mean that the responsibilities of companies are not only limited to ordinary shareholders but also to the public at large. Nevertheless the measurement of this other responsibilities apart from statutory duties to shareholders legitimizes company's everlasting relationships with the environment in which they operate.

A variety of motivations for firms making philanthropic activities have been advanced in the existing literature (Siefert et al., 2003, pp. 195). Among these alternative motivations, a central path paints philanthropy both as a way for companies to demonstrate their philanthropic responsiveness to the communities in which they operate (Berman et al., 1999; Wood and Jones, 1995), and as an activity that stimulates goodwill towards companies within those communities. Earlier work has argued that corporate philanthropy influences the perceptions of the firm in the eyes of a variety of stakeholders including investors, customers, suppliers, actual or potential employees, and the voluntary sector (Saiia, et al., 2003; Himmelstein, 1997; Smith, 1994). Philanthropic activities may, therefore, serve both the needs of communities, and enhance the long-run financial performance of the firm.

Profitability on other hand is the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business' activities. Technically, the word profitability means the ratio of profit to revenue, not just the amount of profit you make. But the interesting questions are _how you do that? _Is it sustainable?' and _how can it be improved?'

2.2 The Concept of Philanthropic Activities

The practices of philanthropic activities have evolved from the day business first existed in this world until today. The main reason for a company to exist is to create profit. Making profit is nothing wrong but the means used to derive such profits are of concern. Before 1970, basically, corporate entities share their profit with the community through philanthropic activity. In other words, expenditure on philanthropic activities is after-profit obligation. If companies are not profitable they do not have to act responsibly. This impact is even worse during severe economic depression or when a company is managed by unethical, short-term thinking

managers that would lead to societies having no choice than accepting discrimination, child labour, pollution and dangerous working conditions. Another debate which arises in this approach is, if companies are just being good and donating a lot of money to social initiatives then they will be wasting shareholders' money. That is not sustainable in the long-run, and shareholders will quickly lose interest. Thus, during 1970 to 1990, companies have shifted from sharing profits with the community as a soft approach of philanthropy to the hard approach of using philanthropy for the purpose of profit-making. Philanthropic activities are perceived as a public relation tool in improving a company's image and performance. Philanthropic activities are therefore linked to improving a company's bottom line. Therefore, during 1990 to 2001, embedding socially responsible principles in corporate management has become a corporate obligation. Philanthropic activities are increasingly being embedded into the corporate mission, strategy and actions of companies. For a long term survival, philanthropy has been adopted as a corporate routine. Strategic philanthropy is where a company achieves sustainability in such a way that its philanthropic activities have become part and parcel of the way in which it carries out its business. Its links to the bottom line of a company has been laid out clearly because, if it does not contribute to the bottom line, it will eventually be rejected by other stakeholders of the company.

2.3 Conceptual/Theoretical Framework

The study is interested in investigating the possibility that philanthropic activities will inhibit profitability in its annual report. In fact, profitability of firms may be managed using socially responsible actions. Petrovits (2006) provides evidence that firms sometimes contribute to their philanthropic foundations in order to achieve profits objectives. Chih et al. (2008) report that companies with more philanthropic activities exhibit more profit aggressiveness, which is a form of profit management strategy. On the other hand, Jensen et al. (2004) provide a compelling description of the agency costs incurred when a company's equity is overvalued.

An anticipated consequence of profits management is to increase the stock price; thus, profits management can lead to overvalued equity. When this happens, the company's performance eventually will be unable to meet the market's expectations. The authors (Jensen et al.2004, pp. 44-45) describe it as follows: "The situation faced by managers and the board of such a company is fraught with confusion and mixed signals that make it extremely difficult to limit the destruction of the core value of the firm...."

2.4 Philanthropic Activities and Profitability

Margolis and Walsh (2002) stated that, one hundred and twenty-two published studies between 1971 and 2001 empirically examined the relationship between philanthropic activities and financial performance. The first to publish his study was Narver in 1971. The relationship between philanthropic activities and financial performance empirically comprises two essential types. Event study methodology was first used to assess the short-run financial impact (abnormal returns) when firms engage in either socially responsible or irresponsible acts. The study's results have been mixed. Wright and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship between expenditure on philanthropic activities and financial performance. Other studies, discussed in McWilliams and Siegel (1997), are similarly inconsistent concerning the relationship between expenditure on philanthropic activities and short run financial returns. The second type of study examines the relationship between some measure of corporate social performance (CSP) and measures of long term financial performance, by using accounting or financial measures of profitability. The studies that explore the relationship between social responsibility and accounting-based performance measures have also produced mixed results. Cochran and Wood (1984) located a positive correlation between philanthropy responsibility and accounting performance after controlling for the age of assets. Aupperle, Carroll, and Hatfield (1985) detected no significant relation between philanthropic activities and a firm's

risk adjusted return on assets. In contrast, Waddock and Graves (1997) found significant positive relationships between an index of CSP and performance measures, such as ROA in the following year. Studies using measures of return based on the stock market also indicate diverse results. Vance (1975) refutes previous research by Moskowitz by extending the period for analysis from 6 months to 3 years, thereby producing results which contradict Moskowitz and which indicate a negative CSP/CFP relationship. However, Alexander and Buchholz (1978) improved on Vance's analysis by evaluating stock market performance of an identical group of stocks on a risk adjusted basis, yielding an inconclusive result.

2.5 Evaluation of Financial Performance and Philanthropic Activities

Although evaluating financial performance is considered a simpler task, it also has its specific difficulties. Here, too, there is little consensus about which measurement instrument to apply. Many researchers use market measures (Alexander and Buchholz, 1978; Vance, 1975), others put forth accounting measures (Waddock and Graves 1997; Cochran and Wood 1984) and some adopt both of these (McGuire, Sundgren, Schneeweis, 1988). The two measures, which represent different perspectives of how to evaluate a firm's financial performance, have different theoretical implications (Hillman and Keim, 2001) and each is subject to particular biases (McGuire, Schneeweis, & Hill, 1986). The use of different measures, needless to say, complicates the comparison of the results of different studies. In other words, accounting measures capture only historical aspects of firm performance (McGuire, Schneeweis, & Hill, 1986). They are subject, moreover, to bias from managerial manipulation and differences in accounting procedures (Branch, 1983; Brilloff, 1972). Market measures are forward looking and focus on market performance.

2.6 Philanthropic Activities and Value Creation

Marketing managers have long recognized that securing customer loyalty is a valuable goal, partly because retaining customers tends to require fewer marketing resources than recruiting

new ones. Moreover, customer loyalty consistently shows high correlation to sales growth and profitability. Loyal customers demonstrate several pro-company behaviours: they tend to re-purchase the company's product or service, commit a higher share of their category spending to the company, and are more likely to recommend the company or brand to new customers (Reichheld and Sasser, 1990). Traditional marketing strategies often focus on customer-loyalty scores and on improving loyalty by enhancing customers' perceptions of the product's quality and value. The perception of a company's values through its philanthropic activities also matters, of course. All else being equal, a consumer is more likely to choose a product made by a highly responsible company than one made by a less responsible one. Customer awareness of a company's philanthropic efforts is an additional channel by which loyalty can be achieved. Field research studies have shown that a company's philanthropic involvement can lead customers to feel a deeper sense of identification with the company and develop a more positive evaluation of the company's abilities—and that this results in product purchases (Cone Corporate Citizenship Study, 2004)

2.7 Philanthropic Activities and Image Enhancement

Philanthropic activity is a required investment to create sustainable development for the business, because it offers the companies an opportunity to bridge the trust gap among different stakeholders such as, government, customers, employees, suppliers, investors, and others. Ajala (2005) says philanthropic activities offer opportunity to build goodwill, affect corporate image and reputation as a result of company's contribution to the welfare of the community, either local or international. She added that a philanthropic activity enhances growth of investors' confidence in the company's shares. A company that consistently fulfills its social obligations makes itself a welcomed member of the community and this may attract customers both home and abroad to be part of the company's building process. Besides Porter and Kramer (2006) state that, being socially responsible can enhance the company's reputation. They later

explained that firms are philanthropically responsible because it will improve company's image, strengthen its brand, enliven morale and even raise the value of its stock.

2.8 Philanthropic Activities in Ghana

Since entering Ghana in 2008, Airtel Ghana has achieved remarkable accomplishments through its philanthropic activities efforts, such as Airtel Ghana Touching Lives, Airtel Rising Stars, Millennium Development Project and its Schools Adoption Program. Airtel as a corporate citizen has developed systematic philanthropic activities programs by integrating philanthropy responsibility into its business model, taking advantage of its expertise in information and communications technology to promote innovation and contribute to community development. The company has a partnership with government agencies and NGOs regarding long-term capacity building in education, health care, economic development, soccer, etc. In recent times, the company teamed up with the Ministry of Health by donating 1500 mobile handsets and Airtel SIM cards in support of the ministry's community based health planning and services programme (CHPS). MTN Ghana foundation and Vodafone foundation also have similar intervention programmes but there are no much empirical studies that suggest that these philanthropic activities have a link to profitability.

The Ghana Islamic Microfinance has also carved a niche for fighting against predatory loan practices through innovative asset delivery Shariah compliant microfinance services. Through its micro ijara scheme, it rents agricultural land and then subleases it to a farmer for an agreed period of time which they pay back in the form of crops. The Ghana Islamic Microfinance also offers an interest free loan scheme to women farmers in the form of high quality inputs, private extension services, tractor services against a guaranteed purchase price for their crops.

This flexible package doubles farmer's crop yields, which makes farming more profitable and improves overall food security and provides guaranteed market for their produce boosting their

incomes and securing their livelihoods. Islamic finance is a moral system of finance which emphasizes the balance between for profit activities, or the market, and not-for-profit activities, including social and philanthropic activities.

2.9 Findings of Other Research Works

Companies using accruals to manage profits face negative long-term consequences. Sloan (1996) finds that firms with large positive discretionary accruals subsequently experience significant negative abnormal returns. Beneish (1997) examines a number of companies using aggressive accruals to manipulate profits which were subsequently charged by the Securities Exchange Commission for violating generally accepted accounting principles. Finally, accounting-based profits management is generally believed to be unethical (Fischer and Rosenzweig 1995; Kaplan 2001).

The real profit management literature identifies the following common ways to use activities to manipulate profits: boost sales by increasing prices in count or through more lenient credit terms; reduce discretionary expenditure such as advertising or training expenses, and/or reduce reported cost of goods sold by overproducing (Healy and Wahlen 1999; Fudenberg and Tiróle 1995; Dechow and Skinner 2000). Roychowdhury (2006) finds evidence that these real profit management activities are not optimal corporate responses to economic circumstances. As a result, firms may suffer long-term consequences. Labelle et al. (2010) point out there is a "near vacuum" of empirical literature which addresses the role ethics plays in controlling profit management. Their results indicate that a higher level of corporate moral development is associated with higher quality financial reporting. The results of Chih et al. (2008) are similar. They find that companies with higher social responsibility engage in less profits smoothing and less profits decrease/loss avoidance.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The research examined the effect of philanthropic activities on company's profitability. The researcher designed a plan to visit and interview the six selected companies who practice philanthropic activities in order to obtain data to answer research questions. The design, population, sample size, method of sampling on the population, the instrument of the study, data collection procedure, data analysis, validity and reliability of the research instrument have been described in the sections below.

3.1.1 Research Design

The survey approach adopted for the research design used is the survey design. According to Creswell (2002), survey takes less time which allows the researcher obtain people's opinions characteristics. It was deemed appropriate to use the survey approach in investigating how corporate philanthropy affects profitability.

3.1.2 Methods for the Collection of Data

According to Moore, N (2006), —secondary data analysis saves time that would otherwise be spent collecting data and, particularly in the case of quantitative data, provides larger and higher-quality databases that would be unfeasible for any individual researcher to collect on their own. Secondary sources of data collection method have been chosen because of the nature of this study which requires qualitative data analysis. The secondary data was obtained from companies' financial statement. The companies' annual reports contain relevant information for the purpose of this study. The data obtained from these financial statements were analyzed and used.

3.1.3 Units of Analysis

The units for consideration in this study were the management, of which my main contact persons were the branch managers in the sampled companies within the Kumasi Metropolitan Assembly (KMA). The six companies within the metropolitan assembly made up the primary sampling unit. The six companies chosen represented all the companies that are practicing philanthropic activities in the country.

3.1.4 Target Population

It is whatever group the investigator wishes to make inferences about. The total number of companies that practice philanthropic activities in the KMA are about twenty-five. The population of companies studied is six. This population consisted of five males and one female branch managers in the six sampled from twenty-five companies within the metropolitan assembly. This population was the targeted group companies of interest for the study.

3.1.5 Sample Size

Six out of twenty-five companies were sampled for the study. These six companies are spread across three industries namely manufacturing, banking and insurance within the metropolitan assembly. From these companies, the researcher focused on branch managers from each company. The researcher however focused on this level since this is the main source of very important information relevant for the purpose of this study.

3.1.6 Sampling Technique

Purposive sampling techniques were used for selecting the participants for the study. The companies and the branch managers were purposively sampled. Creswell (2002) stated that, in purposive sampling, researchers intentionally select individuals and sites to learn or understand a phenomenon. Cohen et al., (2003) cited in Avoke (2005) also assert that purposive sampling enables researchers to handpick the cases to be included in the sample on the basis of their

judgment and typicality. In this way, the researcher builds up a sample that is satisfactory to specific needs.

3.2 Validity of the Research Instrument

According to Mugenda and Mugenda (1999), Validity is the accuracy, meaningfulness and the degree with which results obtained from the analysis of data actually represent the phenomena of the study. To ensure that the study instrument is valid, and as the quality of a research largely depends on the quality of the instruments used and procedures of collecting the data, the researcher ensured that the annual reports used are audited by a well-recognized auditing firm.

3.3 Reliability of the Research Instrument

Reliability has to show the degree at which the research instruments will yield good results. In order to achieve this, the researcher sorted out the annual reports himself in order to assess their clarity.

3.4 Data Analysis

Data was spread on excel spread sheets and tables, and then analyzed using statistical measures such as percentages and graphs. This helped summarize and describe variables state such as the degree of philanthropic activities offered, specific types of activities offered, availability of resources and impact of activities on the livelihoods of residence.

3.5 Ethical Consideration

Whilst economic and legal responsibilities incorporate ethical rules about fairness and justice; ethical responsibilities encompass activities and practices that are acceptable or unacceptable by the society, though not codified into law. Ethical responsibilities can be described as strategic managers' values about right and wrong business behaviour or conduct. Ethics or values are dynamic and precede the establishment of law. In essence, ethics are the driving force behind the creation of laws or regulations. Moreover, ethical responsibilities embrace

society emerging values and norms which a business is expected to meet. Sometimes, such values and norms may require a higher standard of performance than that required by law.

Carroll's ethical component advocates the need for a firm to: perform in a manner consistent with societal expectations and ethical norms; recognize and respect new or evolving ethical/moral norms adopted by society; and prevent ethical norms from being compromised in order to achieve corporate goals (Carroll, 1991:41).

3.6 Case Selection

The six companies chosen for the purpose of this study were picked intentionally because of the availability of accurate information on their philanthropic activities. The researcher studied all possible companies practicing philanthropy responsibilities within the population and came to a conclusion that the six companies namely GCB Bank Limited, Fan Milk (Ghana) Limited, Cal Bank Limited, Enterprise Insurance Company Limited, Agriculture Development Bank Limited and PZ Cussons (Ghana) Limited could serve the intent of the study.

3.7 Organizational Profile for the selected Companies

This section briefly examines the profile of the companies selected for the studies. It looks at the policies of the companies concerning their philanthropy responsibility toward the communities they operate in.

3.7.1 Profile of Ghana Commercial Bank Limited

GCB Bank Ltd. started in 1953 as the Bank of the Gold Coast to provide banking services to the emerging nation for socio-economic development. The Bank was to provide special attention to Ghanaian traders, business people and farmers who could not elicit support from the expatriate banks. In 1957, when Ghana attained independence, Bank of Ghana was established as the Central Bank while the Bank of the Gold Coast was renamed Ghana

Commercial Bank to focus solely on commercial banking services. The Bank had been wholly government owned until 1996 when under the economic recovery programme, part of the government ownership was divested. Today, government ownership stands at 21.36% while institutional and individual holdings add up to 78.64%. From the one branch of the 1950s, GCB now has over 150 branches and 11 agencies throughout the country.

GCB provides a wide range of products and services for the benefit of its customers. From the traditional products of the Current/Savings Accounts, GCB now offers specialized products and services including Link2Home for Ghanaians resident abroad, doorstep cash collection, loans and overdrafts, Internet Banking (Commernet Plus), Royal Banking, Smart Pay (Fee Payments), Kudi Nkosuo, GCB Inland Express Money Transfer, International Money Remittance Payments, GCB Kidistar Account and MasterCard. There are also investments products like treasury bills as well as fixed and call deposits. These are cut to suit the individual needs of customers.

The bank's philanthropic activity is to support indigenous Ghanaian businesses, institutions and communities in the interest of the nation. GCB's philanthropic responsibility policy areas includes: Education, Agriculture, Sports, Institutions, Environment and Community Development

3.7.2 Profile of Fan Milk (Ghana) Limited

The Danish entrepreneur, Erik Emborg, after several visits to West Africa in 1950's realized that there was a market for locally produced dairy products in Ghana. By combining his own skills in trading with Danish knowhow in dairy science, he created one of the first dairy businesses in Ghana in 1960. Availability of fresh milk is limited in West Africa so the manufacturing principle was based on reconstituting milk from milk powder originating from surplus milk in Denmark. The company was called Ghana Milk Company Limited, but already

in 1962, the Fan Logo was introduced and the company changed name and became known as Fan Milk. Besides, Eric Emborg passed the model on to Nigeria, Togo, Burkina Faso, Ivory Coast and Liberia. Fan Milk today offers unique frozen dairy products, juice and juice drinks to a total population of more than 200 million people inhabiting seven West African countries.

The philanthropy responsibility policy of Fan Milk Ghana Limited is committed to conducting its business in a transparent as well as socially and environmentally responsible manner. In this regard Fan Milk operates in accordance with the relevant laws of the country.

In adherence to this policy, the company has joined the UN Global Compact to support the CRS policies and related activities.

3.7.3 Profile of Cal Bank Limited

CAL Bank Limited was formerly known as Continental Acceptances Ltd and CAL Merchant Bank commenced operations in July 1990, providing world class financial solutions to the Ghanaian banking sector. CAL Bank received its Universal Banking License in 2004 and soon commenced providing specialized retail banking services. The bank provides a broad range of banking and financial solutions to large corporations, small and medium-sized enterprises, public sector institutions and retail customers through a network of 24 branches and over 100 ATMs across Ghana.

The bank believes in being involved in developing the community within which they operate. In so doing CAL Bank has selected specific community activities to focus on. Below are the bank's core objectives of philanthropic activities:

- ✓ To improve the level of education of the underprivileged in society and to contribute to the development of education in Ghana

- ✓ To improve the level of sanity and law enforcement in our communities and to increase environmental awareness
- ✓ To make a positive contribution to the underprivileged by supporting a wide range of health initiatives
- ✓ To develop and promote the known and lesser known sports as a means of fostering social integration
- ✓ To promote and invest in arts and culture in Ghana
- ✓ To address important societal needs
- ✓ To give direct assistance, resources and support to individuals and families in their times of bereavement

3.7.4 Profile of Enterprise Insurance Company Limited

Enterprise Group was incorporated on 24th November 2008 and is the holding company of Enterprise Insurance, Enterprise Life, Enterprise Trustees as well as Enterprise Properties. The Group was listed on the Ghana Stock Exchange in 2010. The group is managed by a team of proven and accomplished professionals who bring their experience and expertise to bear in steering the affairs of the Group, ensuring exceptional service to clients, job enrichment to staff and increased returns to shareholders and all stakeholders.

Enterprise Insurance Co. Ltd was established in 1924 and is the oldest insurance company in Ghana. Enterprise Insurance was listed on the Ghana Stock Exchange (GSE) in 1991 becoming the first insurance company to be publicly listed on the Ghana Stock Exchange.

The focus of Enterprise Group on its philanthropy responsibility policy is to impact positively the lives of people within the communities in which it operates. These responsibilities are usually in the areas of health and education. This is because; the company believes that they can influence society if we have a healthy population who has been well equipped with sound

education for growth and sustainability of our economy. This undoubtedly reflects the company's commitment of providing an —advantagel to all who come into contact with them.

3.7.5 Profile of Agricultural Development Bank Limited

ADB was established by Act 286 in 1965 as the Agricultural Credit and Cooperative Bank.

The Bank started operations from a building on the Tunisia Road, West Ridge - Accra. The National Liberation Council (NLC Decree 182) in 1967 changed the name of the Bank to Agricultural Development Bank and amended key sections of the original Act 286. The bank becomes universal bank offering a full range of banking products and services in retail, commercial, corporate and investment banking. Its business focus is universal banking with development focus. The Government owns 52% of the shareholding, with the remaining 48% held by the Financial Investment Trust on behalf of the Bank of Ghana. ADB is committed to building a strong customer-oriented Bank, run by knowledgeable and well-motivated staff, providing profitable financial intermediation and related services for a sustained and diversified agricultural and rural development.

The philanthropy responsibility of the bank is basically focused on its mandate to promote and finance players in the agricultural sector. The company fulfills this responsibility annually by becoming the lead sponsor of the National Best Farmer Award programme.

3.7.6 Profile of PZ Cussons (Ghana) Limited

PZ Cussons was formed in Ghana (then the Gold Coast) in 1934. PZ Cussons became a Public Company in 1976, and was listed on the Ghana Stock Exchange within 12 months of the inception of the Stock Exchange in 1990. From the early activities of importing, exporting and general trading, an industrial base was established in 1969 known as Sparta Manufacturing Limited and Tema Thread Limited (PZ's manufacturing subsidiaries). Consequent to the Economic Recovery Programme instituted by the Government at that time, opportunity was

taken in the late 80's and early 90's to rejuvenate PZ's industrial potential, concentrating on Health Care and Beauty Care Products. From this modest beginning PZ has since become a market leader in branded over the counter pharmaceuticals through such household names as Drastin, Zubes, Robb, Super Atlas multivitamin and Blood tonic.

With the introduction of the Venus Hair care products in November 1993, the Company achieved a prominent position in the Hair care products sector of the market. The Company also offers a wide range of cosmetics and toiletry products. Further to these achievements, a household products section which includes Camel antiseptic and Cussons Morning Fresh; a new brand of washing up liquid, was also established in the 1990's. In 1995 a decision was made to build a new soap factory in Ghana; a total new investment to the value of approximately \$10 million. The new factory has been successful and until December 2012, produced high quality toilet and laundry soap under the internationally known brand names Imperial Leather and Premier for toilet soap as well as Canoe and Duck brands for laundry soap. In order to optimize its global supply chain and consolidate its competitive advantage in sales, marketing and distribution, PZ Cussons Ghana ceased the manufacturing of all products and relies on supplies from its OUs across the world.

The company believes passionately in Doing Good Business as it's a key part of their culture and who they are. PZ Cussons aimed to make a positive impact on society through the products which they sell, the way in which products are designed, manufactured and packaged and the contributions they make to the communities in which they operates.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter deals with presentation, analysis and interpretation of the data collected from the annual report and financial statements of the six companies under study to show the effects of philanthropic activities on company's profitability.

4.1 Philanthropic Activities on Profitability

To evaluate the effects of philanthropic activities on profitability, the researcher used profit after tax, total assets and operating expenses as base determinant.

The formula used in tables below to compute Percentage on profit (PoP) spent on philanthropic activities for each company under the study is Amount spent on **Corporate Social Responsibility/Profit after Tax x 100**, (CSR/PAT x 100).

4.1.1 Philanthropic Activities on Profitability for GCB LTD

The table below shows philanthropic activities on GCB's profitability from 2010 to 2014 financial years.

Table4.1.1 Philanthropic Activities on Profitability for GCB LTD

Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	48,002,000	542,801	1.130788
2011	16,683,000	480,258	2.878727
2012	138,645,000	2,568,091	1.852278
2013	223,508,000	644,327	0.288279
2014	270,057,000	1,384,000	0.512484

Source: GCB financial statements from 2010 to 2014

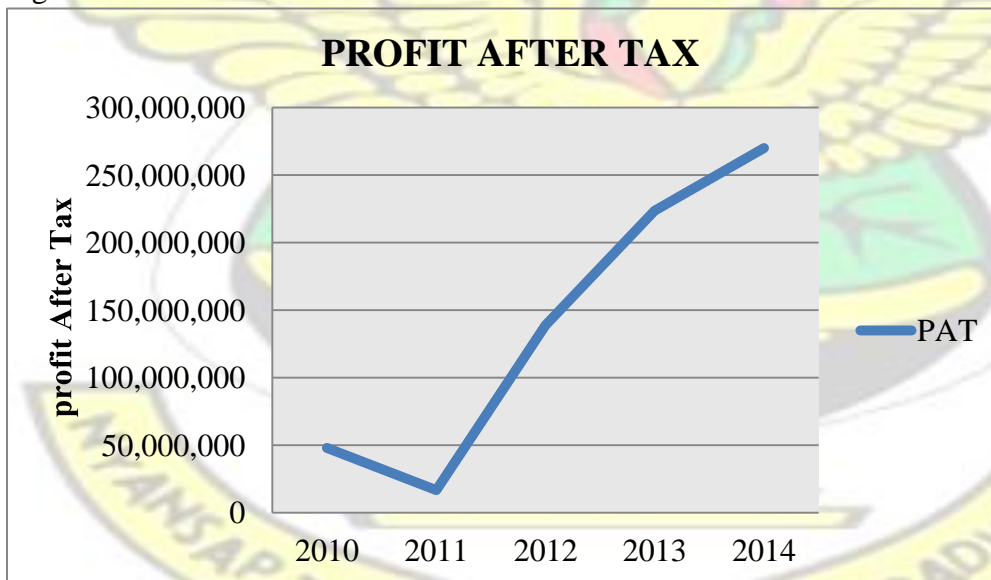
From table 4.1.1 you could see that GCB spent 1.13% out of their profit after tax in 2010 as philanthropic activities representing GHC 542,801. In 2011 profit reduced from 48,002,000 to 16,683,000, GCB also decreased their philanthropic activities from 542,801 to 480,258. From

this it is clear that, as GCB spent more on philanthropy activities, their profit increased but as they reduced it their profit also decreased.

From table 4.1.1, GCB increased their contribution on philanthropic activities from 480,258 to 2,568,091 and their profit increased from 16,683,000 to 138,645,000. From this, it is clear that the company benefited a lot from that philanthropy activity they embarked on in 2012.

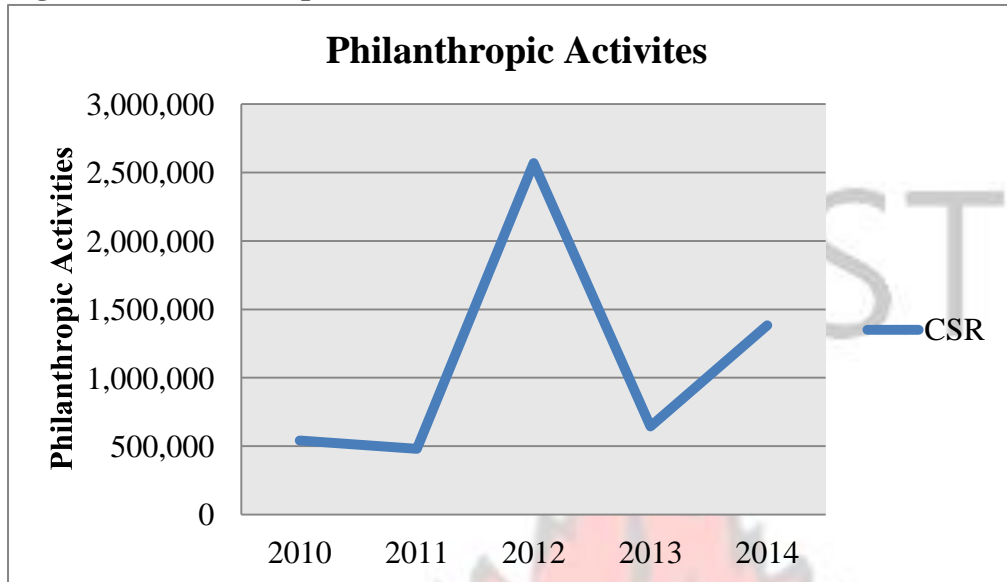
This means that philanthropic activities have a positive relationship with profit on GCB. From 2013 and 2014, GCB started reducing their investment on philanthropic activities. This may be because they are benefiting from the investment made in 2012. Care must be taken to continue in investing in philanthropic activities since from 2010 to 2012, the data gathered shows that they have positive relationship with profitability of the company. From figure 4.1 and 4.2, it shows the trend of Philanthropic activities and profit after tax at GCB.

Figure 4.1 Profits after Tax for GCB from 2010 to 2014



Source: GCB financial statements from 2010 to 2014

Figure 4.2 Philanthropic Activities of GCB from 2010 to 2014



Source: GCB financial statements from 2010 to 2014

4.1.2 Philanthropic Activities on Profitability for Fan Milk Ltd

The table below shows philanthropic activities on Fan Milk Ltd profitability from 2010 to 2014.

Table 4.1.2 Philanthropic Activities on Profitability for Fan Milk Ltd

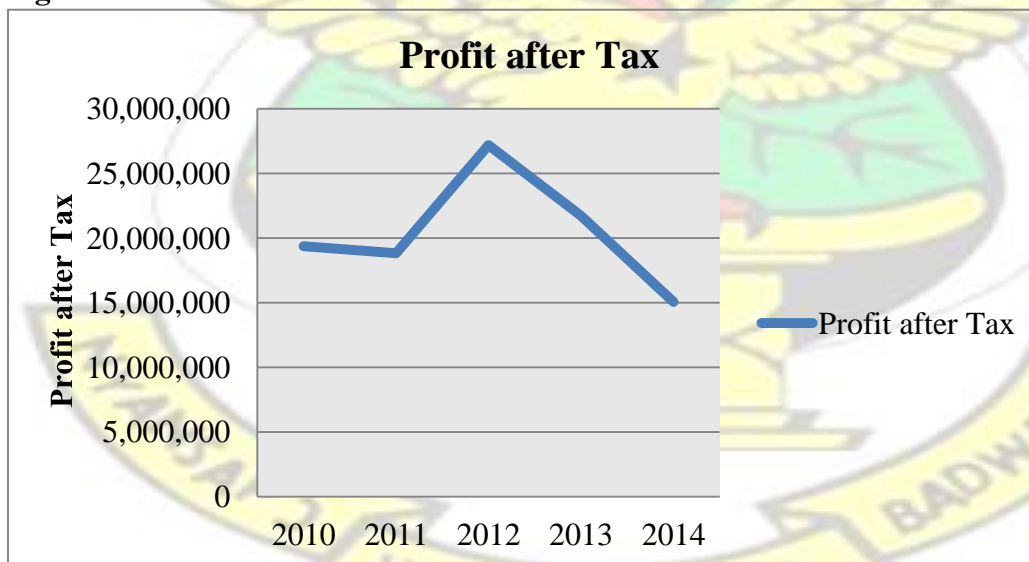
Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	19,370,000	11,000	0.056789
2011	18,819,000	12,000	0.063765
2012	27,198,000	19,000	0.069858
2013	21,722,000	122,000	0.561643
2014	15,049,000	117,000	0.77746

Source: Fan Milk Ltd financial statements from 2010 to 2014

Expenditure on philanthropic activities by Fan Milk Ltd does not seem to have any clearer relationship (in respect of direct or indirect) between charitable donations and profit for the year as highlighted in Table 4.1.2. A closer look at the table indicates that as philanthropic

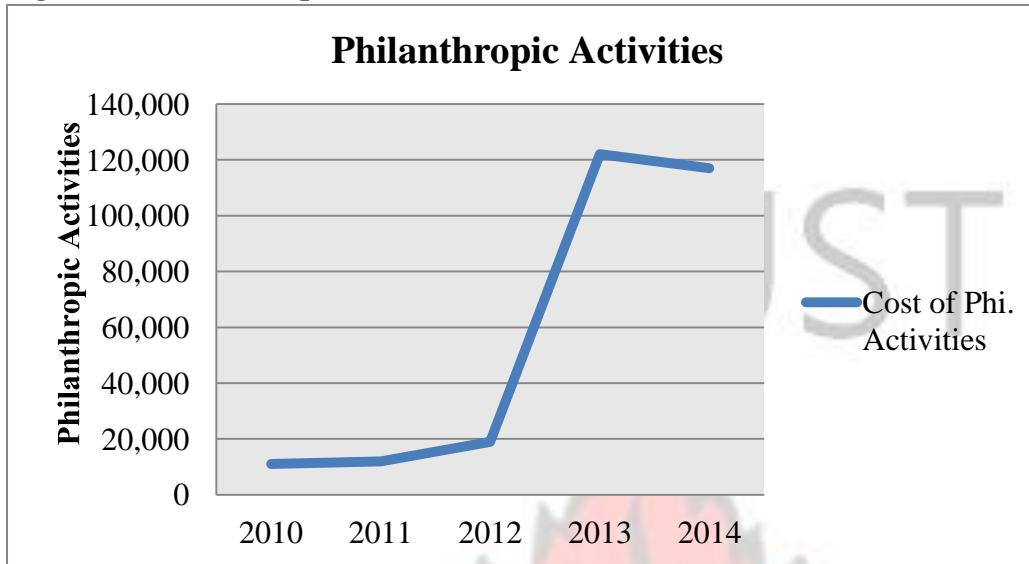
activities cost rises from 11,000 in year 2010 to 12,000 in 2011, and from 19,000 (2012) to 122,000 in 2013; profit for the year decreases in 2011 and 2013. The main philanthropic activities which yielded 19,370,000.00 profits after tax includes support extended to the Ghana National Scholarship Beneficiaries Association (GNASBA) in respect of minivan and distribution of company's products and litter bins to 76 schools. A rise in philanthropic expenditure for the year 2011 could be attributed to the provisions of numerous dustbins to 52 communities and 109 schools, donations made to Ghana Police Service, Ghana fire Service, Savelugu School for the Blind and support extended to 2011 Farmer's Day celebrations. These actions have impacted positively on the 2012 profits after tax. The 2013 and 2014 strategy adopted by the company to support traditional areas like Oguuaa, Mankessim, Anlo, Ada, Aflao, Peki, Krobo and Ga in support of their annual festival, suggested a longer profitability plan for the future. The trend for philanthropic activities cost and profit after tax is shown in figure 4.3 and 4.4 respectively.

Figure 4.3 Profitsafter Tax for Fan Milk Ghana Limited



Source: Fan Milk Ltd financial statements from 2010 to 2014

Figure 4.4 Philanthropic Activities for Fan Milk Ghana Limited



Source: Fan Milk Ltd financial statements from 2010 to 2014



Philanthropic

4.1.3 Activities on Profitability for Cal Bank Ltd

The table below shows philanthropic activities on Cal Bank Ltd profitability from 2010 to 2014.

Table 4.1.3 Philanthropic Activities on Profitability for Cal Bank Ltd

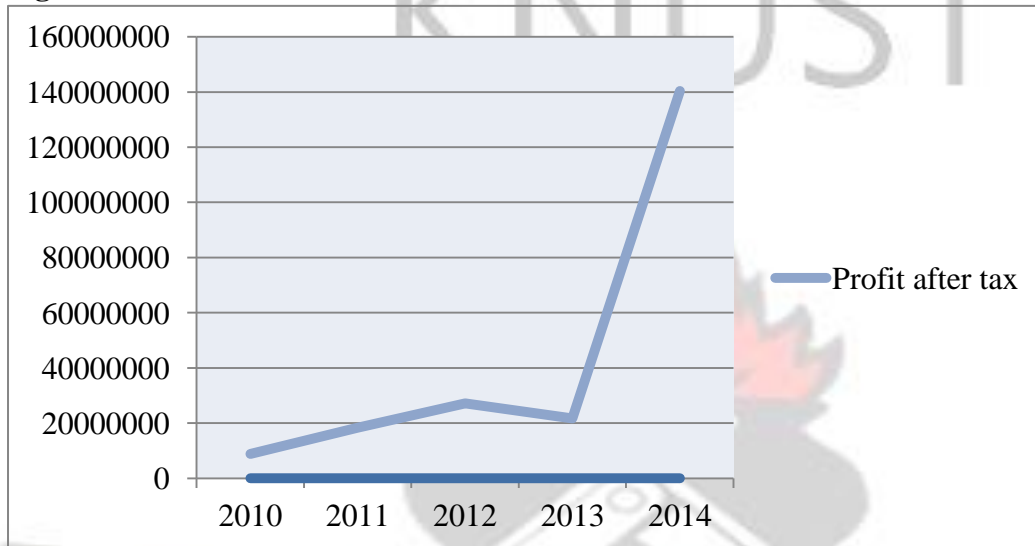
Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	8,810,000	177,862	2.018865
2011	18,338,000	141,109	0.76949
2012	27,198,000	19,000	0.069858
2013	21,722,000	122,000	0.561643
2014	140,352,000	390,000	0.277873

Source: Cal bank Ltd financial statements from 2010 to 2014

Table 4.1.3 indicates that, about 2.02% of profit after tax has been invested heavily in philanthropic activities in 2010 by Cal Bank Ltd. This investment has yielded massive returns in 2011 and 2012 as demonstrated in the profit for the year figures. The bank spent these resources mainly on donations to institutions like Princess Marie Louis Children's Hospital, School for the Blind and supported —Joy FM's read 100 projects to build e-library facilities within the refugee communities in Ghana. CAL bank coincidentally reduced their expenditure on philanthropic activities in 2011. This was necessary, because the bank focuses strategically on credit assessment process called environmental and social management systems (ESMS) policy which has no much cost burden. Profit falls in the year 2013 although cost on charitable activities has risen. Again the bank investment drives in philanthropic activities has been manifested in 2014, where 390,000.00 has been used among others to sponsor the National Beach Soccer championship and —green Ghana project which was done in collaboration with Department of Parks and Gardens to plant over six thousand trees in Accra, Kumasi and Takoradi. This expenditure together with 2013 investment was done because of evidence the

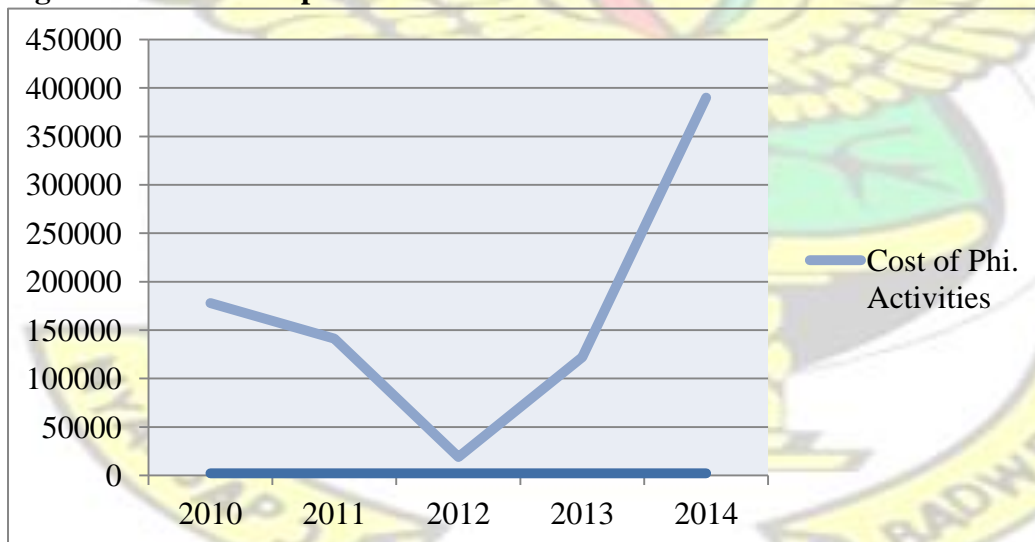
earlier investment made in 2010 and 2011 brought to the organization. Figures 4.5 and 4.6 respectively depict the trend of expenditure incurred on philanthropic activities and profit after tax by the bank.

Figure 4.5 Profits after Tax for Cal Bank Limited



Source: Cal Bank Ltd financial statements from 2010 to 2014

Figure 4.6 Philanthropic Activities at Cal Bank Limited



Source: Cal Bank Ltd financial statements from 2010 to 2014

4.1.4 Activities on Profitability for Enterprise Insurance Co. Ltd.

Philanthropic

The table below shows philanthropic activities on Enterprise Insurance Company Limited's profitability from 2010 to 2014.

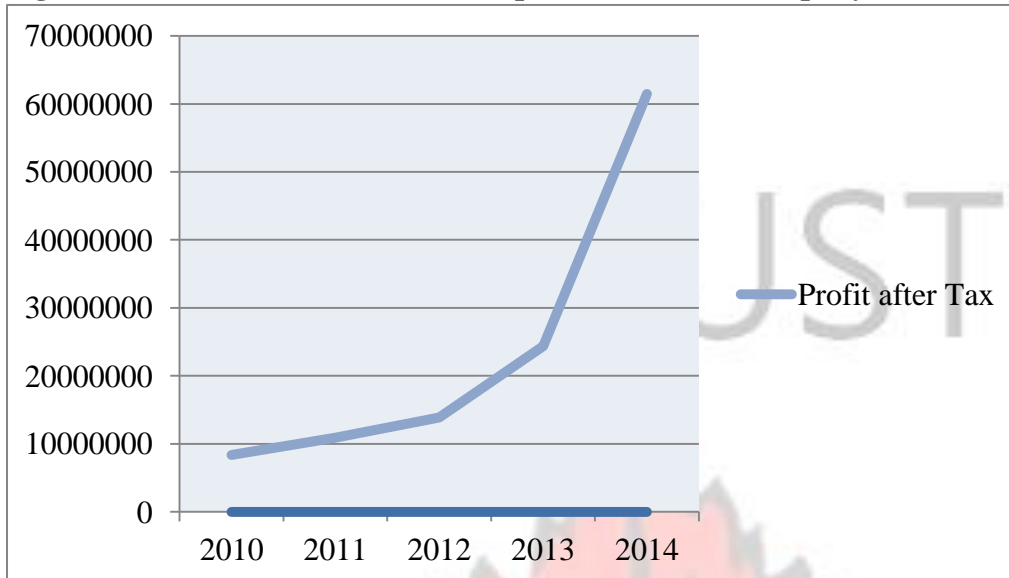
Table 4.1.4 Philanthropic Activities on Profitability for Enterprise Ins. Co

Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	8,353,000	18,500	0.221477
2011	10,914,000	25,000	0.229064
2012	13,889,000	23,400	0.168479
2013	24,376,000	31,550	0.129431
2014	61,441,000	38,250	0.062255

Source: Enterprise Insurance Co. financial statements from 2010 to 2014

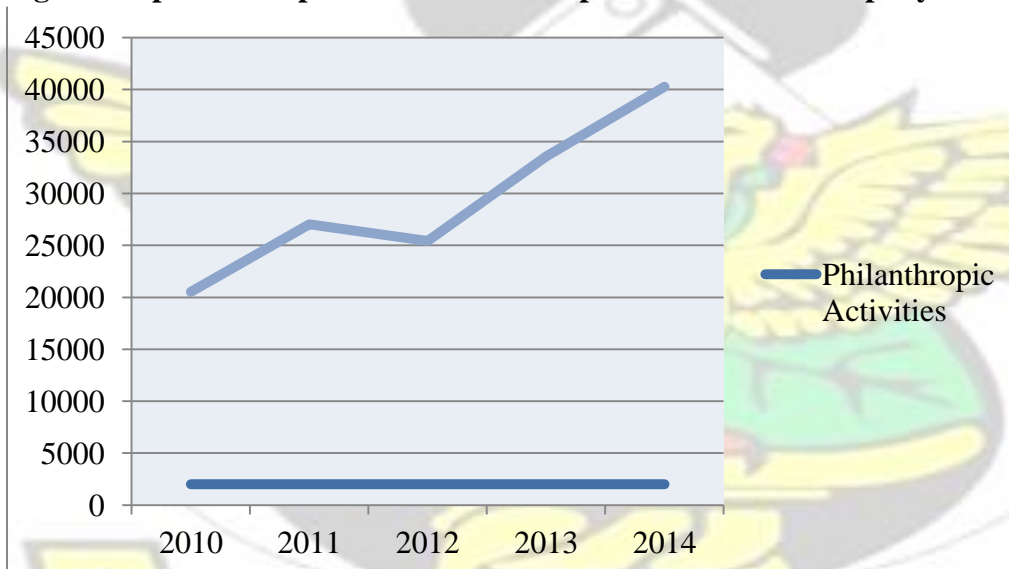
From table 4.1.4, it can be observed that cost of philanthropic activities has direct effects on profit after tax. As expenditure incurred on philanthropic activities increases, profit after tax also increases. This could suggest that, the public patronage of Enterprise's services has a direct bearing on the company's involvement in the philanthropic activities. Profit for the year 2012 has risen to 13,889,000 from 10,914,000 in 2011 although philanthropic activities cost has a decline by 6.4% $\{(1,600.00/25,000.00)*100\}$. These increases in profit for the year could be attributable to earlier expenditure done in 2010 and 2011 on the philanthropic activities. Nevertheless profit has seen appreciable growth from 24,376,000.00 to 61,441,000.00 as against 38,250 in 2014 from 31,550 as expenditure spent among others on education (supports given to University of Ghana Medical School, Zawadi Africa Education Fund, Adjumako local basic school, Mfantseman Girls Senior High School etc) and donations to other institutions like forensic department of the Ghana Police Service, representing 0.06%. These gestures reflect in the 2014 profit after tax figures. Expenditure on philanthropic activities and profit for the year are demonstrated in the figures 4.8 and 4.9 respectively:

Figure 4.7 Profits after Tax for Enterprise Insurance Company Limited



Source: Enterprise Insurance Co. financial statements from 2010 to 2014

Figure 4.8 philanthropic Activities at Enterprise Insurance Company



Source: Enterprise Insurance Co. financial statements from 2010 to 2014

4.1.5 Activities on Profitability for ADB LTD

The table below shows philanthropic activities on Agricultural Development Bank Limited's profitability from 2010 to 2014.

Philanthropic

Table 4.1.5 Philanthropic Activities on Profitability for ADB LTD

Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	11,652,000	605,725	5.198464
2011	43,608,000	1,295,518	2.970826
2012	26,696,000	680,814	2.550247
2013	80,629,000	453,623	0.562605
2014	47,865,000	1,845,484	3.855602

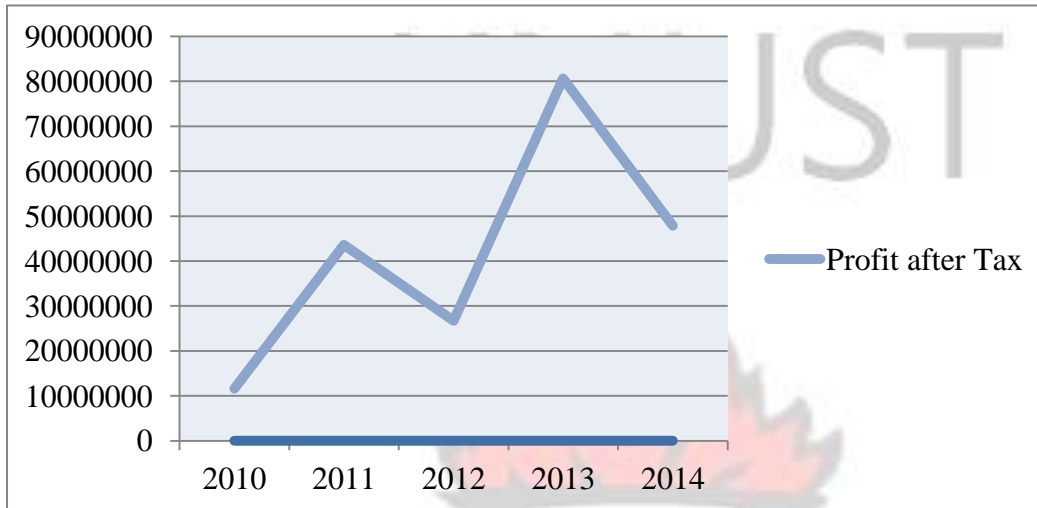
Source: ADB financial statements from 2010 to 2014

From table 4.1.5, it can be observed that, ADB spent 605,725 representing 5.2% on profit after tax in the year 2010 as the highest ever social contract expenditure spent within the five years under study. This heavy investment coupled with 2011 expenditure of 1,295,518.00 pushed the strategic goal of the bank in providing financial support for its trademark National Best Farmer Award to the tune of 98,000 in 2011 together with donations of computers to the security services and some selected educational institutions. These charitable activities thereafter reflected in 2011, 2013 and 2014 profit after tax figure of the bank (see table 4.5). In the year 2012, the bank continued its philanthropic engagements and spent 680,814.

—though this marked a decline in the 2011 amount of 1,295,518.00, our flagship sponsorship for the National Best Farmer Award Project was maintained with cost 130,005.00 incurred on the house for the national best farmer (ADB Annual report, 2012). The investment of 1,845,484.00 made on philanthropic activities in 2014 could be among others ADB's strategic project executed which includes sponsorship package for the National Best Farmer Award project, construction of a police post at Achimota Golf Hills and assisted National Sanitation Day activities. The table also demonstrated that the bank has attached considerable importance to the philanthropic issues, by providing almost 3.02% (average of % on profit) of

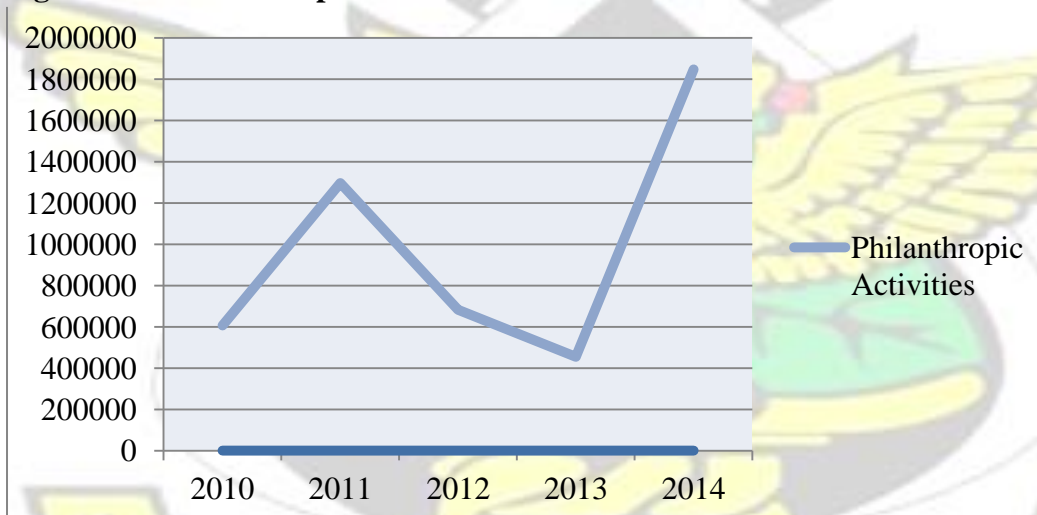
profit to the public. Figures 4.9 and 4.10 show the trend of expenditure on philanthropic activities and profit after tax respectively.

Figure 4.9 Profit after Tax for ADB Limited



Source: ADB financial statements from 2010 to 2014

Figure 4.10 Philanthropic Activities at ADB Limited



Source: ADB financial statements from 2010 to 2014

4.1.6 Philanthropic Activities on Profitability for PZ CUSSONS (Ghana) Ltd

The table below shows philanthropic activities on PZ Cussons (Ghana) Limited profitability from 2010 to 2014.

Table 4.1.6 Philanthropic Activities on Profitability for PZ CUSSONS Ghana Ltd

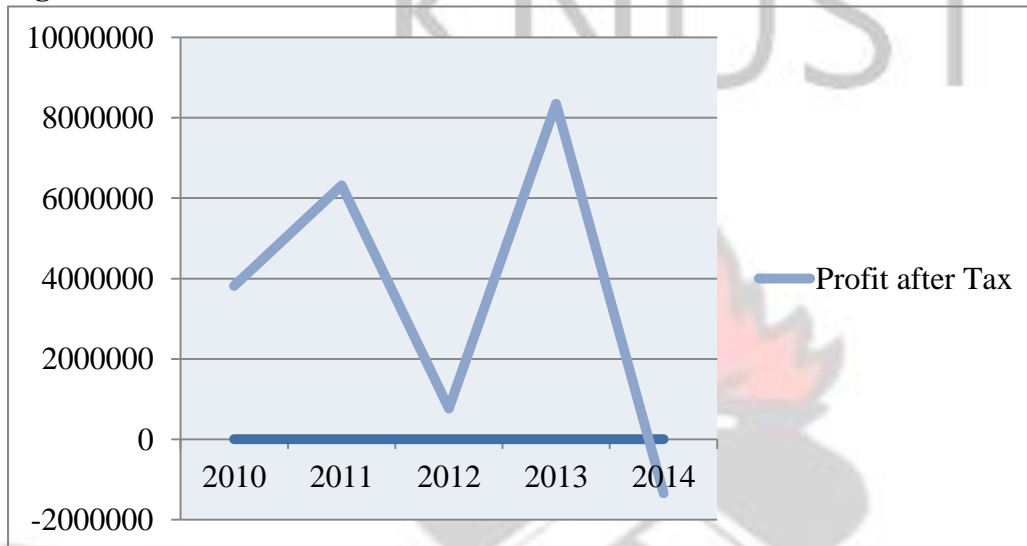
Year	Profit after Tax	Cost of Phi. Activities	% on Profit
2010	3,819,450	37,284	0.976161
2011	6,314,191	21,224	0.336132
2012	763,610	42,107	5.514202
2013	8,342,377	46,803	0.561027
2014	-1,340,480	43,262	-3.22735

Source: PZ Cussons financial statements from 2010 to 2014.

The table 4.1.6 presents a mixed relationship between the cost of philanthropic activities and profit after tax. It can be seen that about 0.98% of the company profit after tax went in for charitable donations in the year 2010. The expenditure on philanthropic activities for 2011 has reduced to 21,224.00 from 2010 figure of 37,284.00. This reduction has allowed more profit to be made available for shareholders, since reduction in expenses creates more room for profit to be made. The company has invested so much in philanthropic activities in 2012 financial year by 98.39% $\{(20,883.00/21,224.00)*100\}$ from the 2011 figure. This investment could be seen to have yielded massive returns for the company in 2013 making profit after tax to be 8,342,377.00. This means that as more charitable donations are made; the general public became aware of the PZ Cussons Ltd social responsibilities, which thereafter translated into their sales volume resulting to higher marginal profit. Philanthropic activities undertaken help an entity become more popular and build public confidence. Even though the company made a loss in 2014, they still contributed 43,262.00 to the society, which advances the argument that

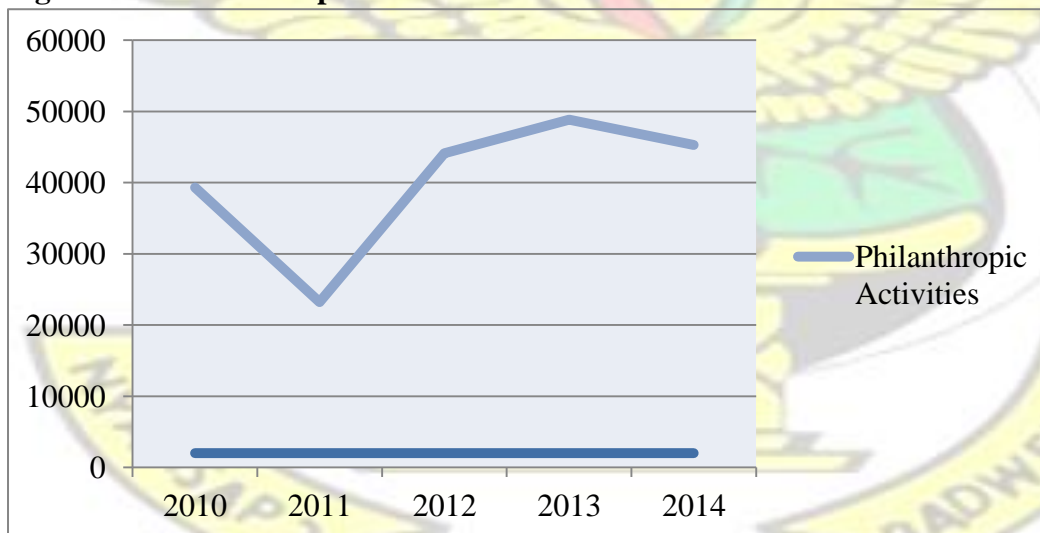
philanthropic activities involvement helps increase future profitability. The graph below depicts the trend of expenditure spent on philanthropic activities and profit after tax represented in the figures 4.11 and 4.12 respectively.

Figure 4.11 Profits after Tax for PZ Cussons Ghana Limited



Source: PZ Cussons financial statements from 2010 to 2014

Figure 4.12 Philanthropic activities at PZ Cussons Limited



Source: PZ Cussons financial statements from 2010 to 2014

4.2 Philanthropic Activities on Value Creation

This section analyzes the correlation between philanthropic activities and value creation. To determine the relationship, financial positions of the companies were gathered to see how their

assets have increased from 2010 to 2014. This will help us determine whether the company's engagement in philanthropic activities has increased their asset for the five (5) years period. The data will also be used to determine how their investment in philanthropic activities will create value for the company in future.

4.2.1 Philanthropic Activities and Total Assets

The purpose of company is to generate profit and serve her customers better. Public confidence in companies' products or services sometimes depends heavily on the way she executes her social contract issues like their contribution to the community in terms of quality product and attending to the social needs of the people in the community. This section addresses whether philanthropic activities in a company increase her assets base through a high involvement of the public. After all, companies exist because of the public.

The percentage of cost of philanthropic activities on total assets measures how effectively a company can turn over its assets quickly to meet the ever increasing social contracts needs of the public. In other words, the ratio shows how efficiently companies can convert the money spent on philanthropic activities issues into revenue. The percentage of total assets that was spent on philanthropic activities was calculated to determine its pattern. The formula: percentage (%) on total assets = cost of philanthropic activities/total assets*100 was used.

4.2.2 The Trend of Philanthropic Activities on Total Assets for GCB LTD

This section assesses the trend of assets for GCB and what percentage (%) was spent on philanthropic activities.

Table 4.2.2 The Trend of Philanthropic Activities on Total Assets for GCB LTD

Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	2,076,361,000	542,801	0.026142

2011	2,454,564,000	480,258	0.019566
2012	2,972,068,000	2,568,091	0.086408
2013	4,232,819,000	644,327	0.015222
2014	3,391,100,000	1,384,000	0.040813

Source: GCB financial statements from 2010 to 2014

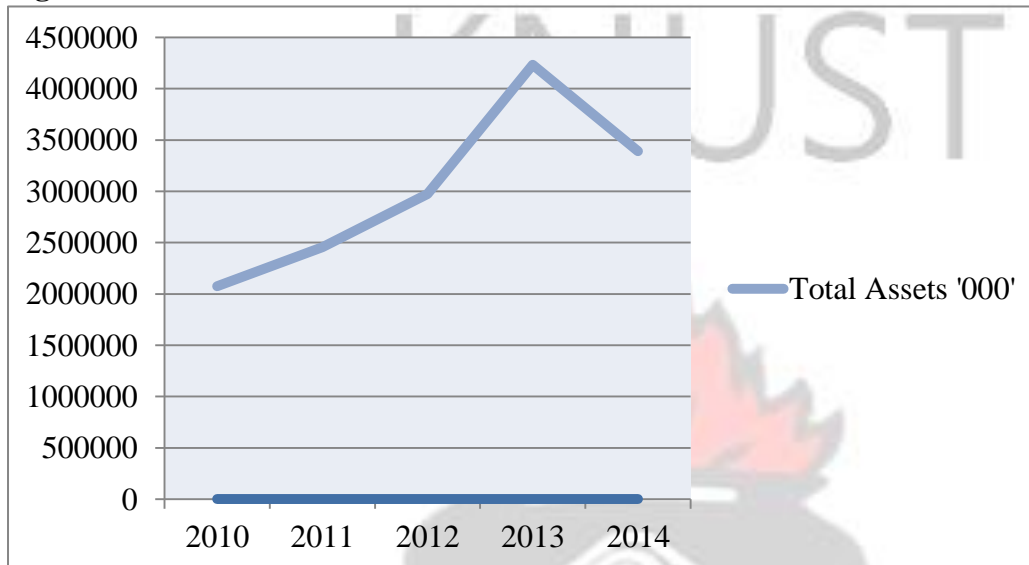
As it can be seen from the table 4.2.2, GCB's 2010 ratio is 0.026%. In other words, every cedi that GCB invested in assets during the year produced GHs 0.00026 as expenditure on philanthropic activities. In 2011 GCB's total assets increased from 2,076,361,000.00 to 2,454,564,000.00, while philanthropic activities cost have been reduced from 542,801 to 480,258. From this it is clear that, the investment made in philanthropic activities by GCB in 2010 have now yielded results in the company's assets improvement.

From table 4.2.2, GCB increased their contribution on philanthropic activities from 480,258 to 2,568,091 and their total assets also increased from 2,454,564,000 to 2,972,068,000. From this, it is clear that the company benefited a lot from that philanthropy activity they embarked on in 2012. This means that philanthropic activities have a positive relationship on total assets for GCB. From 2013 and 2014, GCB started reducing their investment on philanthropic activities with reference to 2012. This may be because they are benefitting from the investment made in 2012.

This means that, the investment the company made has helped to increase the assets for the company and has also helped to increase profit for the company which automatically increased the wealth of the company. From the table it is clear that, through their investment in philanthropic activities, everything about the company keeps on increasing. Though

expenditure is increasing, it increases with assets. This may be because; philanthropic activities are advertisement in itself. Figure 4.13 shows the trend of total assets at GCB.

Figure 4.13 The Trend of Total Assets at GCB Bank Limited



Source: GCB Bank Ltd financial statements from 2010 to 2014

4.2.3 The Trend of Philanthropic Activities on Total Assets for Fan Milk Ltd

This section explains the links between the expenditure on philanthropic activities and the total assets of the company.

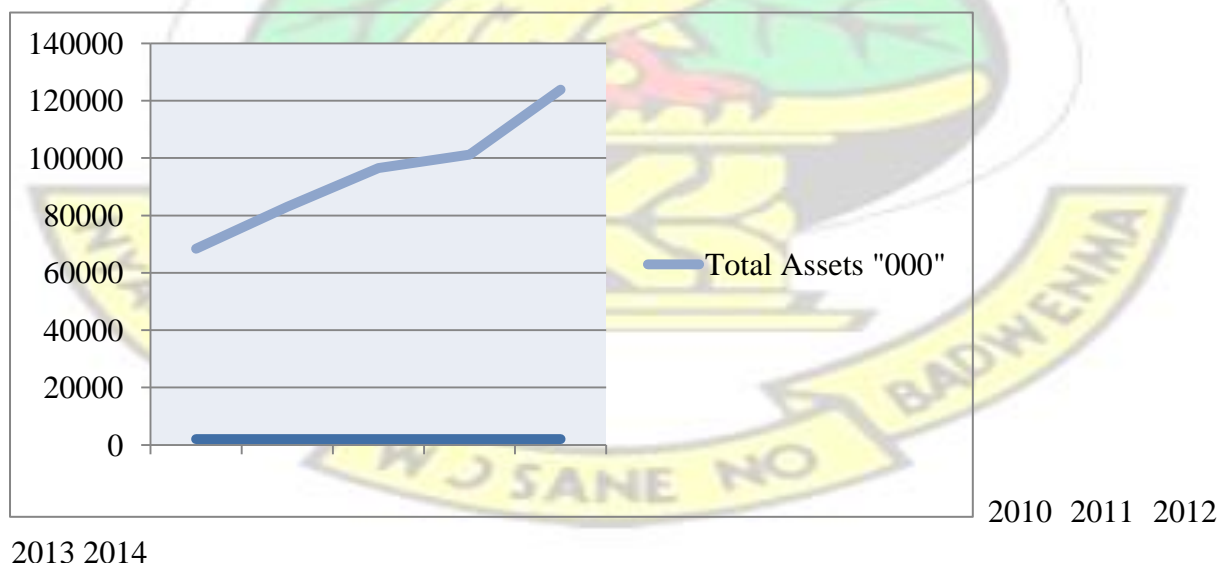
Table 4.2.3 The Trend of Philanthropic Activities on Total Assets for Fan Milk Ltd

Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	68,391,000	11,000	0.016084
2011	83,081,000	12,000	0.014444
2012	96,553,000	19,000	0.019678
2013	101,247,000	122,000	0.120497
2014	123,913,000	117,000	0.094421

Source: Fan Milk financial statements from 2010 to 2014

From table 4.2.3, there is a direct relationship between expenditure on philanthropic activities and total assets. A critical look at the table indicates that, philanthropic activities expenditure kept rising from 11,000 in year 2010 to 117,000 in 2014. Total assets for the same duration also increased from 68,391,000 to 123,913,000 respectively. This means that more revenue have been generated as a result of philanthropic activities involvement which increased positively the liquidity position of the company thereby making funds available for reinvestment in assets. The expenditure in 2014 has reduced to 117,000 (122,000 in 2013), suggesting that Fan Milk Ltd is now more careful of their strategy on philanthropic activities issues. This signifies that the investment Fan Milk Ghana Ltd made in philanthropic activities has yielded significant returns which were used to increase the assets base of the company. This increase in value has helped increase the wealth of the shareholders. The table 4.2.3 summarizes the influences of the philanthropic activities on the company's total assets which suggest that philanthropic activities on itself is a value creation tool in marketing company's products or services. The trend for total assets for the company is shown in figure 4.13.

Figure 4.13 The Trend of Total Assets for Fan Milk Limited



Source: Fan Milk financial statements from 2010 to 2014

4.2.4 The trend of Philanthropic Activities on Total Assets for Cal Bank Ltd

Assessment of philanthropic activities' effect on the total assets of Cal Bank is analyzed under this section. A trend of relationship is established to evaluate the impact of expenditure on philanthropic activities on total assets which leads to the determinant of total wealth of the company.

Table 4.2.4 The Trend of Philanthropic Activities on Total Assets for Cal Bank Ltd

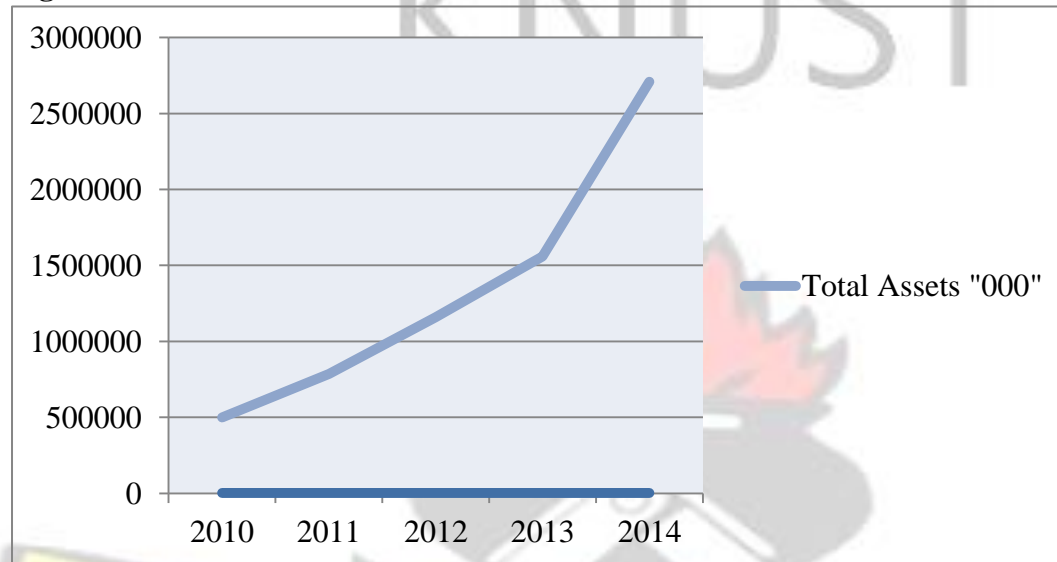
Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	499,751,000	177,862	0.03559
2011	786,063,000	141,109	0.017951
2012	1,159,345,000	230,000	0.019839
2013	1,558,963,000	370,000	0.023734
2014	2,707,542,000	390,000	0.014404

Source: Cal Bank financial statements from 2010 to 2014

Table 4.2.4 indicates that, about 0.04% of total assets have been invested heavily in philanthropic activities in 2010 by Cal Bank ltd. This investment has constantly increased total assets value in 2011 and 2012 as confirmed in the table above. Cal bank coincidentally reduced their expenditure on philanthropic activities from 177,862.00 to 141,109.00 in 2011. This means that, the bank intends on managing cost to achieve maximum return on investment in assets. The table 4.2.4 further shows that, total assets persistently keep increasing in positive relation with expenditure on philanthropic activities from 2012 to 2014. This relationship stipulates that, philanthropic activities involvements do yield maximum return on every single cedi invested. Again the bank's investment drives in philanthropic activities have been manifested in 2014, where 390,000.00 has been spent. This expenditure together with 2013 investment was done because of evidence the earlier investment made in 2010 brought to the

organization. On the whole, the investment made by Cal Bank in philanthropic activities yielded conclusively significant gain which was translated into the total wealth of the company within the five years period. Figures 4.14 depict the trend of total assets by the bank.

Figure 4.14 The Trend of Total Assets at Cal Bank Limited



Source: Cal Bank financial statements from 2010 to 2014

4.2.5 The Trend of Philanthropic Activities on Total Assets for Enterprise Insurance Company Limited

This section assesses the trend of percentage expenditure on philanthropic activities and total assets for Enterprise.

Table 4.2.5 The Trend of Philanthropic Activities on Total Assets for Enterprise Insurance Company Limited

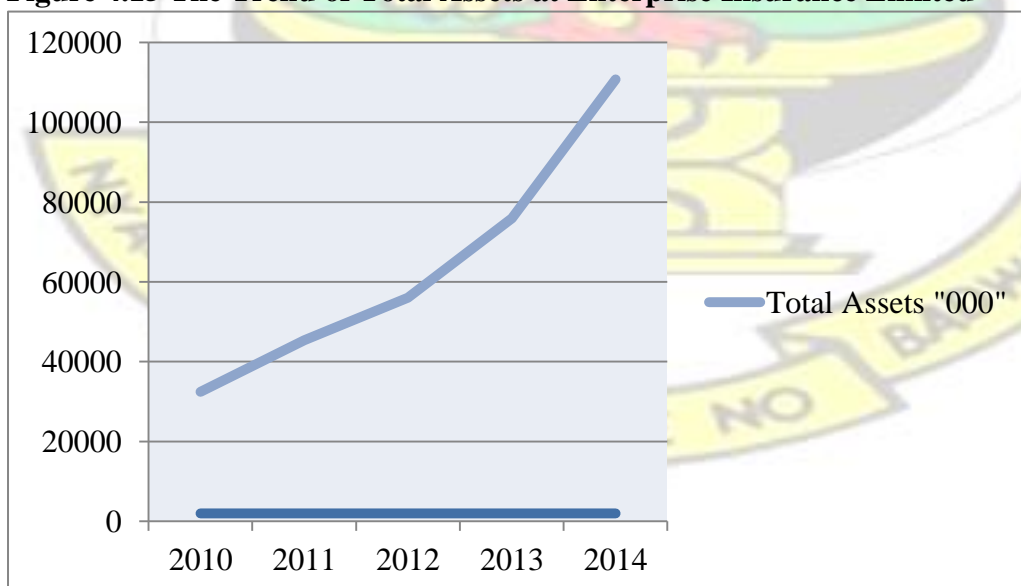
Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	32,493,000	18,500	0.056935
2011	45,356,000	25,000	0.055119
2012	56,070,000	23,400	0.041734
2013	75,968,000	31,550	0.041531

2014	110,768,000	38,250	0.034532
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Source: Enterprise Insurance company financial statements from 2010 to 2014

From table 4.2.5, it can be observed that expenditure on philanthropic activities has direct effects on total assets. Again as expenditure incurred on philanthropic activities increases, total assets also increase. This means that, as the public patronize Enterprise's services, profit escalates leading to massive investment in total assets. Total assets for the year 2012 have risen to 56,070,000.00 from 45,356,000.00 in 2011 although philanthropic activities cost had a decline by 6.4% $\{(1,600.00/25,000.00)*100\}$. The increases in total assets could be attributable to earlier expenditure in 2010 and 2011 on the philanthropic activities. Besides, the subsequent expenditure growth from 2012 to 2014 produced enough reasons for the high marginal value made in total assets for the year 2014. This therefore means that, as more investment made in social contract, total assets value also has direct correlation effects leading to significant rises in the overall wealth of the company. Below demonstrate the total assets of the company for the five years trend in the figure 4.15

Figure 4.15 The Trend of Total Assets at Enterprise Insurance Limited



Source: Enterprise Insurance Company financial statements from 2010 to 2014

4.2.6 The Trend of Philanthropic Activities on Total Assets for ADB LTD

The demonstration of this part analyses the bank's contribution on philanthropic activities as against the investments made in assets of the company.

Table 4.2.6 The Trend of Philanthropic Activities on Total Assets for ADB

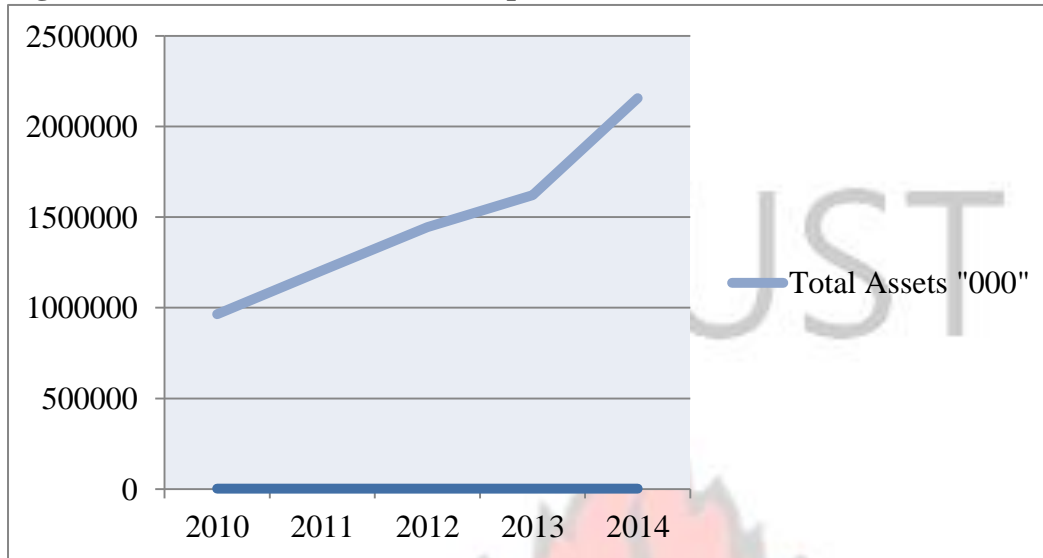
Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	964,503,000	605,725	0.062802
2011	1,205,757,000	1,295,518	0.107444
2012	1,444,223,000	680,814	0.047141
2013	1,621,761,000	453,623	0.027971
2014	2,156,740,000	1,845,484	0.085568

Source: ADB financial statements from 2010 to 2014

From table 4.2.6, it can be observed that, the bank spent 1,295,518.00 representing 0.10% of total assets in the year 2011 as the highest ever social contract expenditure spent within the five years under study. This heavy investment coupled with 2014 expenditure of 1,845,484.00 pushed the strategic goal of bank in providing financial support for the society as a whole to farmers specifically. These thereafter reflected in 2011, 2012, 2013 and 2014 total assets value of the bank placing the company at an attractive position for investment. The table 4.2.6 also demonstrated that the bank has attached significant importance to the philanthropic activities issues, by providing almost 0.07% (% average on total assets) of total assets to the public.

This means that, the more investment the company made in philanthropic activities, the more the value of the bank's assets increases. From the table it is further clear that, through their investment in the —National Best Farmer Award|| programme, everything about the company keeps on increasing. Though expenditure is increasing, it increases with assets. Figure 4.16 shows the trend of total assets of ADB for the five year period.

Figure 4.16 The Trend of Philanthropic Activities on Total Assets for ADB LTD



Source: ADB Limited financial statements from 2010 to 2014

4.2.7 The Trend of Philanthropic Activities on Total Assets for PZ Cussons

This section deals with the effect of percentage of expenditure on philanthropic activities on the total assets of the company. Expenditure trend was determined to find out whether a relationship exists between the two variables.

Table 4.2.7 The Trend of Philanthropic Activities on Total Assets for PZ Cussons

Year	Total Assets	Cost of Phi. Activities	% on Total Assets
2010	41,917,077	37,284	0.088947
2011	56,945,744	21,224	0.037271
2012	62,278,366	42,107	0.067611
2013	72,906,717	46,803	0.064196
2014	85,260,946	43,262	0.050741

Source: PZ Cussons financial statements from 2010 to 2014.

The table 4.2.7 presents a mixed pattern adopted by the company concerning its responsibilities towards the expenditure on philanthropic activities for the years under study. It can be seen from the table that about 0.09% of total assets went into charitable donations in the

year 2010. The expenditure on philanthropic activities for 2011 has reduced to 21,224 from the 2010 figure of 37,284. This reduction has allowed more profit to be made available for shareholders, since reduction in expenses creates more room for profit to be made. This profit thereafter has been used to add value to the existing assets portfolio. The company has increased her investment in philanthropic activities in 2012 by 98.39% from 21,224.00 as recorded in 2011 financial year. This investment has seen further increases in 2013 by 4,696.00 (46,803.00 – 42,107.00). This could mean that as more charitable donations are made; the general public became aware of the PZ Cussons Ltd philanthropic activities, which thereafter translated into their sales volume resulting in the higher marginal profit.

Philanthropic activities undertaken help an entity become more popular and build public confidence. This has therefore caused the raise in the value of total assets through fresh acquisitions. The demonstration of the table 4.2.7 further shows that there is a direct relationship between philanthropic activities and total assets from 2012 except for 2014 financial year which shows inverse relationship. As expenditure incurred on philanthropic activities increases, the total assets base also sees upward adjustment as evidence in 2010, 2012, 2013 and 2014 creating value for the shareholders. The graph below depicts the trend of total assets the company have.

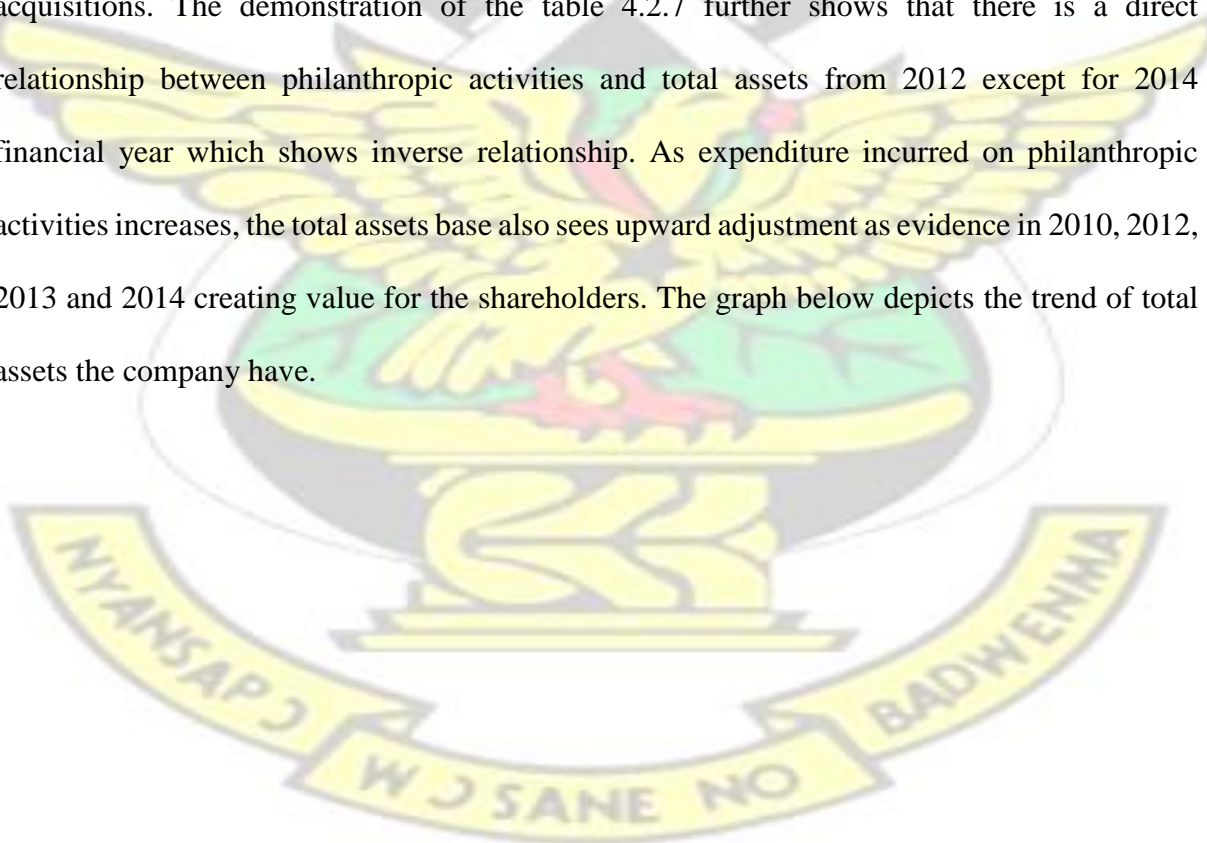
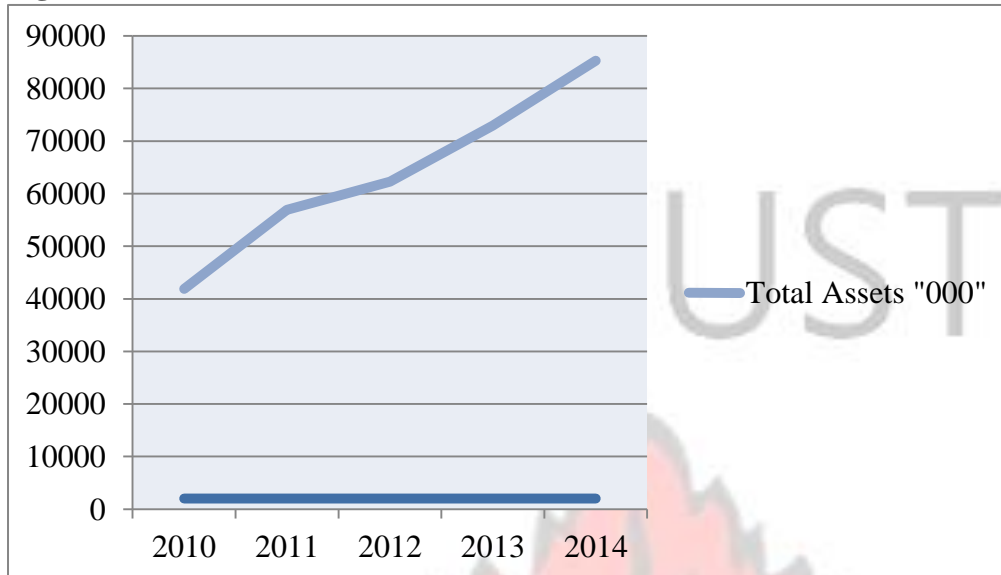


Figure 4.17 The Trend of Total Assets at PZ Cussons (Ghana) Limited



Source: PZ Cussons financial statements from 2010 to 2014

4.3 Philanthropic Activities on Image Enhancement

This section assesses how investment in philanthropic activities has influence image of the companies in question.

4.3.1 Philanthropic Activities on Image Enhancement at GCB

From the data gathered in 2014, the bank has contributed an amount of 50,000.00 towards the 15th anniversary celebration of the enstoolment of the Asantehene, Otumfuo Osei Tutu II and his initiatives in education. The gesture according to Dr Fritz Gockel (the board chairman) is in recognition of Asantehene's injection of dynamism into the chieftaincy institution and his commitment to the provision of quality education. This event created an opportunity for the bank to expand more on the Asanteman land, thus providing opportunities for investment and increasing shareholders wealth.

In 2013, the bank donated a total of 2,103 million to three institutions namely University of Energy and Natural Resources, University of Health and Allied Sciences (one million Ghana cedis each for infrastructure development) and the Ghana Public Health Book Project which

received 100,000.00 to publish a long over-due book on Public Health in Ghana. The book will document the history and development of public Health in our dear nation. In the same year GCB also donated 3,000.00 to Mr. Reuben Anani, visually impaired and whom the Bank had sponsored through three years of education at the University of Ghana, Legon. Mr. Anani with an entrepreneurial spirit has set up a musical band, the Humble Beginners, to offer employment to others. The Bank's donation is to enable him acquire more musical instruments to support his initiative and better generate income for himself as well as his employees. These philanthropy responsibilities exonerate the bank's mandate to support indigenous Ghanaian businesses and linked it to community support in the national interest.

These therefore project the bank's reputation among the public and thereby strengthens the mutual relationship between the bank and the community.

The relationship between Ghana Commercial Bank Limited (GCB) and the Ghana Armed Forces (GAF) was further strengthened on Tuesday, June 11, 2012, when the Bank donated a whopping 50,000.00 to the Military. This donation helped the military to refurbish its officers' cadet mess and expanded Neo-Natal Intensive Care Unit of the 37 Military Hospital. As result of this gesture, military officers will have the sound mind needed for the security work which thereafter promotes peace, financial, economic, social and political stability and the development of the nation. Besides the donation will also help the 37 Military Hospital to save precious lives and possibly prevent premature death. This action also offered the bank a platform to sell its products and services to the officers at the various units, groupings and regional offices. The general public however built up a great perception about the company and this has led the bank to record a substantial increase in total income of 418 million in 2012, making it the best performing bank in Ghana. The income represented a more than 44 per cent jump over the 288 million recorded in 2011 as stated by the board chairman of the company

Dr Fritz A. Gockel at the Bank's 19th Annual General Meeting in Accra on Friday (May 31, 2013).

From the data gathered from the company, it came out that the Bank has handed over an ultra-modern five-unit classroom facility constructed by the company at a cost of 37,596.00 to the Fawoman D/A Primary School at Fawoman in the Ahafo Ano South District of the Ashanti Region. The facility is made up of two classrooms, a sleeping room, a kitchen and bathroom and a place of convenience for the nursery and kindergarten unit of the Fawoman D/A School. This gesture alleviated the plight of some 110 children aged between three and seven years studying under disaster-prone structures constructed in 1987 by the Fawoman Community to serve as a workshop for technical subjects under the Junior High School project. This means that the teaching and learning can now be done in a favorable environment without any disruption.

4.3.2 Philanthropic Activities on Image Enhancement at Fan Milk Company Limited

The company has been sponsoring Ghana National Scholarships Beneficiaries Association (GNASBA) for the past 21 years in the areas of tree planting, clean up campaigns, collection and disposal of plastic waste and malaria awareness programmes. From the data gathered a total of 365 communities cumulatively were visited in the five years period. The company also presented a minivan to the association in 2010 to assist with their operations. This sponsorship collaboration programme propagates the company's image in areas of environmental cleanliness. This ultimately creates awareness of the company's products to the people and thereby grants the company opportunity to sell and market its products. Revenue had been increased that led to absolute increase in profit after tax per table 4.1.2.

From the data gathered, the company undertook sanitation awareness campaign cumulatively in 539 basic schools nationwide in the five years period. A total cumulative approximate

number of pupils refreshed with nutritious products were 523,000 in addition to both teaching and non-teaching staff. The company thereafter distributed numerous litter bins to these participating schools. These gestures heighten the company's reputation in the eyes of the beneficiaries and others who might have come to awareness of these benevolent acts.

The mutual benefits gained by the company cannot be over emphasized on several other donations to institutions and associations such as Ghana Police Service, Ghana Fire Service, Savelugu School of the Blind, Ghana Optometric Association, Graphic Communications Group, Ghana Education Service, Office of the Greater Accra Regional Coordinating Council, Ghana Military Academy, Damongo District Assembly, Village of Hope, Environmental Protection Agency, Ghana Cricket Association, Association of Ghana Industries, National Theatre (Kiddafest), Roverman Productions, Springboard Roadshow, Ahmadiya Muslims headquarters, Kalsoume Sinare Foundation, Chartered Institute of Marketing (CIMG), Takoradi West – Side Street Carnival, 37 Military Hospital, Otumfour Osei Tutu Charity foundations, University of Ghana Sports Association, Ghana Bar Association, Dzorwulu Special School, Ministry of employment and Labor Relations (2014 World Day against Child labor, West Africa Security Services Association (WASSA) Celebrations (Both Military and Police, Ghana Investment Promotion Centre and traditional areas like Cape Coast, Mankessim, Anlo, Ada, Wurupong-Nkonya, Oguaa , Ada and Ga were prominent recipients to support their annual festival celebrations.

4.3.3 Philanthropic Activities on Image Enhancement at Cal Bank Limited

During the years 2010 to 2014, the bank undertook various activities targeted at the underprivileged in society while continuing with their program of support to children in foster homes. Donations made to various organizations included the Ghana Heart Foundation, Ghana Association for the Blind, SOS Hermann Gmeiner International College, the University of Ghana Medical School, Princess Marie Louis Hospital, College of Health

Sciences, the Osu School and the Pentecost University, Effia Nkwanta Regional Hospital in Takoradi, Egyam Orphanage, Burns and Plastic Center, Graft foundation, and the Helen Awuah - Darko Foundation for an outreach on breast cancer awareness, Akropong School for the blind and Institute for Teacher Education for the upgrade of skills of teachers in basic schools. This sponsorship among other benefits especially blood donations help fight infant and maternal mortality among children. Besides the adaptation of eight orphanages across Ghana with sponsorship package of brilliant students from these institutions to pursue their education broadens the passion of the bank for investing and educating the underprivileged child in Ghana. This help built a character that inures to the benefit of society at large among these brilliant students. From the data gathered, it was clear that some of these students who have graduated are currently in the employment of the bank and have contributed immensely to the current performance of the bank.

The environmental and social management systems (ESMS) and policy which are integrated into the bank's credit assessment process put in place in 2011 include sound objectivities and well defined processes, procedures and responsibilities meant for sustainable and social development as a fundamental aspect of sound business management. This policy among others helped train the staff and provided guidelines to ensure a healthy environment and social development

The bank continues to develop and sponsor the beach soccer championship, which has aided the rapid development and growth of beach soccer in Ghana. From just ten clubs in 2010, the Ghana Beach Soccer Association increased its membership to twenty clubs with over 600 registered beach soccer players in 2012. The company also sponsored the association to the world cup qualifier in Morocco and still remains the title sponsor of the National Beach Soccer

Championship in Ghana. This contribution brings to the forefront the talented and skilled players for national development who might otherwise be left untapped.

The bank collaborated with the Department of Parks and Gardens on the —green Ghana to plant over six thousand trees in Accra, Kumasi and Takoradi. This initiative emphasizes the importance the bank placed on delivering a balance between economic growth, social wellbeing and the protection of the environment in support of the goal of sustainable development. In all, the bank's overall high-performance culture goes hand-in-hand with a culture of these responsibilities

4.3.4 Philanthropic Activities on Image Enhancement at Enterprise Insurance Company Limited

From the data gathered, it was clear that the company focuses on impacting positively the lives of people within the communities in which it operates through philanthropic activities. These activities are usually in the areas of health and education. This is because; the company believes that they can influence society if we have a healthy population who has been well equipped with sound education for growth and sustainability of the nation.

From 2010 to 2014, the company supported health programmes such as; Children's heart foundation for children with heart-related challenges, Rotary Club to support the de-worming of under-privileged children in Accra, Breast Care International to create awareness and educate the Ghanaian populace on breast cancer, Child health foundation, for children with cardio-vascular conditions, Cardio Thoracic Centre at Korle Bu Teaching Hospital, Operation Smile project for reconstructive surgery for children with cleft palates and facial deformities, —Save them young needy project, Accra Psychiatric Hospital Christmas donation.

In the area of education, the company sponsored; University of Ghana Medical School for the International Medical Exchange Programme for Medical Students, University of Ghana

Medical School research by the department of Psychiatry on the integration of psychotropic medications into the care of people with mental disorders, Central University College to set up a chair for a visiting professor in the area of economic governance, Ghana Library Board to enhance the library facility, Ghana Military Academy, AISEC, a student body, to educate students on insurance and other career opportunities and generally prepare them for the corporate world, Zawadi Africa Education Fund to support a needy but brilliant student to pursue tertiary education, Adjumako local basic school in the Central Region, to renovate the school building and provide conducive classrooms for children within the community, Tinokong Presbyterian School, Koforidua in support of their school building project, Mfantsiman Girls Secondary School for the construction of the vocational block, Donation of reading books to Tshegu Anglican Basic School in Tamale to help embed the culture of reading. These gestures create marketing opportunities for the company and broaden the horizon of reputations and public perceptions which leads to social participations.

4.3.5 Philanthropic Activities on Image Enhancement at ADB Limited

From the data gathered from the company, it came out that the company in 2014 increased its contribution to philanthropic activities significantly in 2014. The total amount spent was GH¢1,845,484 compared to GH¢453,623 in 2013, representing an increase of over 300% over 2013. The bank constructed a Police post at Achimota Golf Hills and assisted the Ministry of Local Government and Rural Development in respect of the National Sanitation Day activities.

From this data, it means that anybody who has not heard anything about ADB will hear something about it since their generous contribution will be mentioned to all and sundry throughout the programme on national television. This will automatically create a better image for ADB. It is not a surprise that, majority of farmers use ADB as their primary bank for doing business. Again, the construction of police post at Achimota Golf Hills will help create a good image to those in the urban areas who may think have nothing to do with farming. This will

also help all those who will attend the inauguration of the police post to know what the bank is doing to help both people in the rural and urban centres. Finally their contribution towards the national sanitation day activities by the ministry of local government and rural development will help address one major challenge of the country that is keeping the environment clean which has become a national agenda. Any company supporting in this way will forever receive a better recognition from the people. The company is doing all these to create a better image for herself.

The bank continued all these activities from 2011 to 2013 maintaining sponsoring trademark National Best Farmer Award Project through the years and adding donations to charity during the year 2011 and 2012 including donation of computers to the security services and some selected educational institutions as indicated from their financial statement at the appendix iv. From these activities, it is obvious that the bank has seen how their investment in these activities is enhancing their image in Ghana.

4.3.6 Philanthropic Activities on Image Enhancement at PZ Cussons (Ghana) Limited

From the data gathered from the company's annual reports, it came out that there is no detailed information on the specific project or activities they spend their resources on. From the amount spent; it is clear that they have benefitted in terms of image because, from their profitability ratio, it was clear that there is a positive relationship between their expenditure on philanthropic activities and profit. Therefore it is obvious that it has enhanced their image through the philanthropic activities they invested in.

CHAPTER FIVE

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION

This chapter tends to briefly revisit what was set out to achieve as previously stated in chapter one of this study. It also introduces in few paragraphs what has been done in the previous chapters. It will provide a smooth ground into the findings, conclusion and recommendation.

5.1 FINDINGS

In chapter one and two philanthropic activities has been defined by many writers who looked at it from many points of view. The study was basically conducted to assess the effect philanthropic activities have on company's profitability, to determine the effects of philanthropic activities on value creation of company's products and services and to determine the effects of philanthropic activities on image enhancement of company's products and services. In carrying out the research work, secondary sources of data were made use of in gathering relevant information.

5.1.1 Philanthropic Activities on GCB's Profitability

From the information gathered, it was found out that as philanthropic activities expenditure of GCB increases, there was a corresponding increase in profits after tax of the bank and vice visa. For instance in 2011 when the amount spent on philanthropic activities was 480,258.00 the reported profit after tax was 16,683,000.00, in 2012 the expenditure made on philanthropic activities was 2,568,091.00 the reported profit after tax was 138,645,000.00 and when it was 1,384,000.00 spent on philanthropic activities, profit for the year rose to 270,057,000.00. Besides, total assets also increased at similar marginal rate as the investment in the philanthropic activities as seen in table 4.1.1

5.1.2 Philanthropic Activities on Fan Milk's Profitability

Expenditure on philanthropic activities and profit after tax by Fan Milk Ltd does not seem to have any clearer relationship either directly or indirectly, but there is a positive relationship between total assets and expenses on philanthropic activities. For example philanthropic activities expenditure rises from 11,000 in year 2010 to 12,000 in 2011, and from 19,000 (2012) to 122,000 in 2013 but profit for the year decreases in 2011 and 2013. Total assets on the other hand keep increasing from 68,391,000 to 123,913,000 within the same duration.

5.1.3 Philanthropic Activities on Cal Bank's Profitability

Expenditure on philanthropic activities has direct effects on the overall profit after tax figures. For example, investment made in 2010 of 177,862.00 has yielded massive returns in 2011 and 2012 profit for the year figures. Investments made in philanthropic activities by the bank has constantly increased the total assets values as confirmed in 2011, 2012, 2013 and 2012 figures (table 4.2.3) This relationship stipulates that, philanthropic activities involvements do yield maximum return on every single cedi invested.

5.1.4 Philanthropic Activities on Enterprise Insurance Company Limited's Profitability

From table 4.1.4, it can be observed that cost of philanthropic activities has direct effect on profit after tax. As expenditure incurred on philanthropic activities increased, profit after tax also increased. For instance, profit for the year 2012 has risen to 13,889,000 from 10,914,000 in 2011. This increase in profit for the year could be attributable to earlier expenditure spent in 2010 and 2011 on the philanthropic activities. From table 4.2.4, it can also be seen that expenditure on philanthropic activities has direct effects on total assets. Again as expenditure incurred on philanthropic activities increased, total assets also increased.

5.1.5 Philanthropic Activities on ADB's Profitability

The main strategic goal of the bank in its philanthropic activities responsibility is to provide financial support for its trademark —National Best Farmer Award project. This charitable activity thereafter reflected in the bank's profit after tax figures in 2011, 2013 and 2014 financial years (see table 4.1.5). Positive correlation also existed in the total assets of the bank and its philanthropic expenses.

5.1.6 Philanthropic Activities on PZ Cussons' Profitability

From the information gathered, it was found that there is a mixed relationship between the expenditure of philanthropic activities and profit after tax. It was also realized that even though the company made a loss in 2014, they still contributed 43,262.00 to the society, which advances the argument that philanthropic activities involvement helps increase future profitability.

The demonstration of the table 4.2.6 further reveals that there is a direct relationship between PZ Cussons' philanthropic activities and total assets from 2012 except for 2014 financial year which shows inverse relationship. As expenditure incurred on philanthropic activities increased, the total assets base also saw upward adjustment as evidence in 2010, 2012, 2013 and 2014 financial years.

5.2 Philanthropic Activities on Value Creation

This section summarizes the findings the research uncovered from the various companies studied in respect of value created for their products or services.

From the information gathered, it was clear that GCB Bank Limited benefited a lot from philanthropic activities they embarked on. In other words, expenditure on philanthropic activities has a positive correlation with total assets for GCB. This however means that, the

investment the company made has helped to increase the assets for the company and also helped to increase profit for the company which automatically increased the wealth of the company.

From table 4.2.3, there was a direct relationship between expenditure on philanthropic activities and total assets. This means that more revenue have been generated as the result of philanthropic activities involvement which increased positively the liquidity position of Fan Milk (Ghana) Limited thereby making funds available for reinvestment in assets. This increase in value has helped increase the wealth of the shareholders. The table 4.2.3 summarizes the influences of the philanthropic activities on the company's total assets which suggests that philanthropic activities on itself is a value creation tool in marketing the company's products or services.

From the analysis, it was clear that, Cal Bank Limited's investment has constantly increased total assets value from 2010 to 2014. The table 4.2.4 shows that, total assets persistently kept increasing in positive relation with expenditure on philanthropic activities. This relationship stipulates that, philanthropic activities involvements have yielded maximum return on every single cedi invested. On the whole, the investment made by Cal Bank Limited in philanthropic activities yielded conclusively significant gain which was translated into the total wealth of the company within the five years period.

The analysis revealed that the expenditure on philanthropic activities made by Enterprise Insurance Company Limited has a direct effect on total assets. It is therefore concluded that, as more and more investments are made in social contract, total assets value also has direct correlation effects leading to significant rises in the overall wealth of the company.

The data analysis revealed that, Agricultural Development Bank Limited's heavy investment in philanthropic activities in 2011 and 2014 reflected in the 2011, 2012, 2013 and 2014 total

assets value of the bank placing the company at an attractive position for investment. The table 4.2.6 also demonstrated that the bank has attached significant importance to the philanthropic activities issues, by providing almost 0.07% (% average on total assets) of total assets to the public. The data conclusively concluded that, the more investment the company made in philanthropic activities, the more the value of the bank's assets increased.

The analysis of the PZ Cussons (Ghana) Limited presented a mixed pattern concerning its responsibilities towards the expenditure on philanthropic activities for the years under study. The study found out that, as more charitable donations are made; the general public became aware of the company's activities, but has not yielded immediate benefits to the company. Philanthropic activities undertaken help an entity become more popular and build long term public confidence.

5.3 Philanthropic Activities on Image Enhancement

This section summarizes the findings the research uncovered from the various companies studied in respect of image enhancement for their products and/or services.

From the data analysis it was found that as a result of GCB Bank Limited's donation to Mr. Anani, a visually impaired entrepreneur, a musical band has been set up called —the Humble Beginners which offered employment to others and generated income for himself as well as his employees. This singular philanthropy responsibility among others exonerates the bank's mandate to support indigenous Ghanaian businesses and linked it to community support in the national interest. These therefore project the bank's reputation among the public and thereby strengthens the mutual relationship between the bank and the community. The general public however built up a great perception about the company and this has helped the bank to record a substantial increase in total income of 418 million in 2012, making it the best performing bank in Ghana which was affirmed by the bank's board chairman.

Fan Milk (Ghana) Limited's sponsorship collaboration programme with GNASBA propagates the company's image in areas of environmental cleanliness. This and many others ultimately create awareness of the company's products to the people and thereby grant the company opportunity to sell and market its products. These gestures heighten the company's reputation in the eyes of the beneficiaries and others who might have come to awareness of these benevolent acts.

The numerous sponsorship programmes undertaken by Cal Bank Limited and its subsequent overall benefits especially blood donations help fight infant and maternal mortality. In addition the adaptation of eight orphanages across Ghana with sponsorship package of brilliant students from these institutions to pursue their education broadens the passion of the bank for investing and educating the underprivileged child in Ghana. This helps to build a character that inures to the benefit of society at large among these brilliant students. From the data gathered, it was clear that some of these students who have graduated are currently in the employment of the bank and have contributed immensely to the current performance of the bank. This contribution brings to the forefront the talented and skilled players for national development who might otherwise be left untapped.

From the data gathered, it was clear that the Enterprise Insurance Company Limited focuses on impacting positively the lives of people within the communities in which it operates. These activities are usually in the areas of health and education. This is because; the company believes that they can influence society if we have a healthy population who has been well equipped with sound education for growth and sustainability of the nation. The study found out that, the gestures create marketing opportunities for the company and broaden the horizon of reputations and public perceptions which led to social participations.

The Agricultural Development Bank's flagship sponsorship programme for the National Best Farmer Award Project and other benevolent donations were found to be avenues for awareness creation and advertisement opportunities for the bank's products and services.

It is not surprising that, majority of farmers use ADB as their primary bank for doing business. From these activities, it is obvious that the bank has seen how their investment in these activities is enhancing their image in Ghana. The research findings concluded that, any company supporting the public in this way will forever receive a better recognition from the people.

From the data analysis it is clear that PZ Cussons (Ghana) Limited have benefited in terms of image enhancement because, from their profitability ratio, it was clear that there is a positive relationship between their expenditure on philanthropic activities and profit. Therefore it is conclusively obvious that philanthropic activities involvement has enhanced the image of the PZ Cussons (Ghana) Limited.

5.4 CONCLUSION

This research studies the effect of philanthropic activities on company's profitability. Five years financial statements and annual reports were each collected from the six companies studied. The figures from these financial statements were collated into tables and graphs and gave the researcher an opportunity to analyze and interpret the results. The findings of the research show that philanthropic activities involvement improves company's profitability, enhances the reputation of company's product and services and create value for shareholders.

The research findings concluded that philanthropic activities involvements has indeed created value for shareholders, enhanced the reputation of products and services companies engage in thereby improving the overall profitability of companies.

5.5 RECOMMENDATIONS

This section recommends actions to be considered by academia, corporate organization and stakeholders as well as customers so long as philanthropy responsibility is concerned.

Philanthropic activities deserve greater attention and more commitment from corporate organizations in that it guarantees other benefits other than profits, image enhancement and value creation. This offers an opportunity to the corporate world to think out of the box and explore other potentially viable areas to improve the company profit portfolio. Corporate organizations stand to gain over a period of time some returns on philanthropic investments other than their core mandates.

Philanthropy responsibility projects should be well structured and implemented to the fullest in order to have maximum impact. This would enhance the well-being of the beneficiaries. Organizations should liaise with community authorities to identify areas or opportunities available to them to better the lives of the people and thereafter enhance their profit potentials through the provision of some social amenities. This will go a long way to improve the general living standards of the people thereby sustaining organizational positioning.

Further research is needed to quantify in monetary terms how philanthropic activities benefit the companies. In addition, further is required to know the impact of corporate philanthropy on the society and its corresponding value generation for the company.

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