

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ARTS AND SOCIAL SCIENCES

SCHOOL OF BUSINESS

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON THE
FIRM'S FINANCIAL PERFORMANCE. EVIDENCE FROM SELECTED RURAL
BANKS IN ASHANTI REGION**

BY

YAMOAH KUSI OBED

AUGUST, 2016

**THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) ON FIRM'S
FINANCIAL PERFORMANCE. EVIDENCE FROM SELECTED RURAL BANKS
IN ASHANTI REGION**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES, KWAME
NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI, IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTERS IN BUSINESS ADMINISTRATION**

BY

YAMOAH KUSI OBED

AUGUST 2016

DECLARATION

I hereby declare that this submission is my own work towards the Masters of Business Administration (MBA) and that, to the best of my knowledge, it contains no materials previously published by another person nor materials which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

Yamoah Kusi Obed
PG2112514

.....
Signature

.....
Date

Certified By:

Dr. K.O. Appiah
(Supervisor)

.....
Signature

.....
Date

Dr. Daniel Domeher
(Head of Department)

.....
Signature

.....
Date

ABSTRACT

This study explores the relationship between corporate social responsibility and financial performance by using data from 9 selected rural banks in Ashanti region. The study

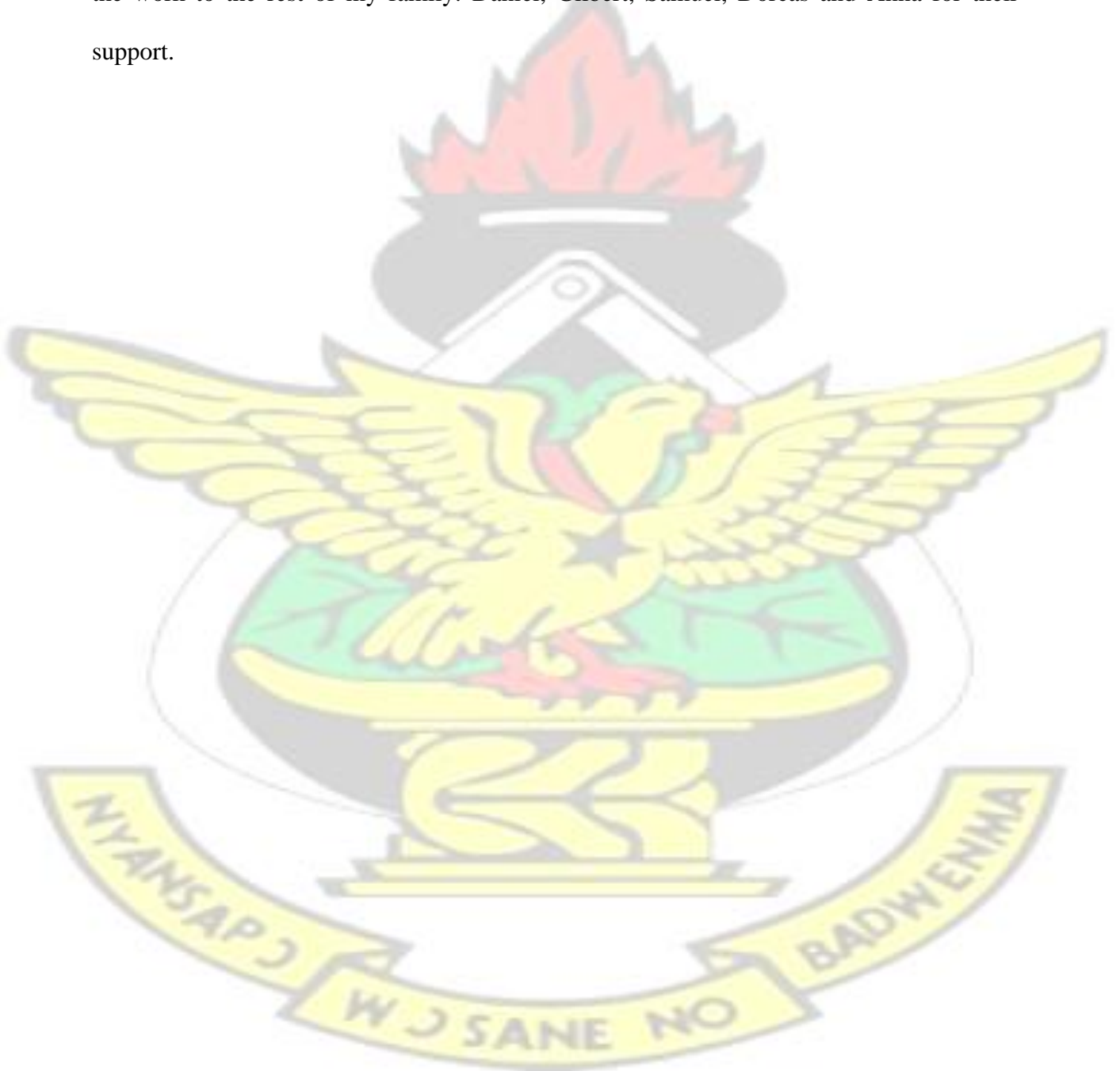
recommends that firms should undertake corporate social responsibility activities as an investment rather than as a cost or expense.

KNUST



DEDICATION

This thesis is dedicated to my father, who taught me that the best kind of knowledge to have is that which is learned for its own sake. It is also dedicated to my parents, who taught me that even the largest task can be accomplished if it is done one step at a time. I again dedicate the work to the rest of my family: Daniel, Gilbert, Samuel, Dorcas and Anna for their support.



ACKNOWLEDGEMENTS

I would like to take this opportunity to first and foremost thank God for being my strength and guide in the writing of this thesis. Without Him, I would not have had the wisdom or the physical ability to do so.

I express my gratitude to my thesis supervisor; Dr. K.O. Appiah has been the ideal thesis supervisor. His sage advice, insightful criticisms, and patient encouragement aided the writing of this thesis in innumerable ways.

I also thank Mr. Anthony Darboh of Association of Rural Banks in Ashanti for taking the time to help me in finding the necessary data and incorporating it into the writing of this thesis.

I would like to thank all my friends for their continued support and friendship.

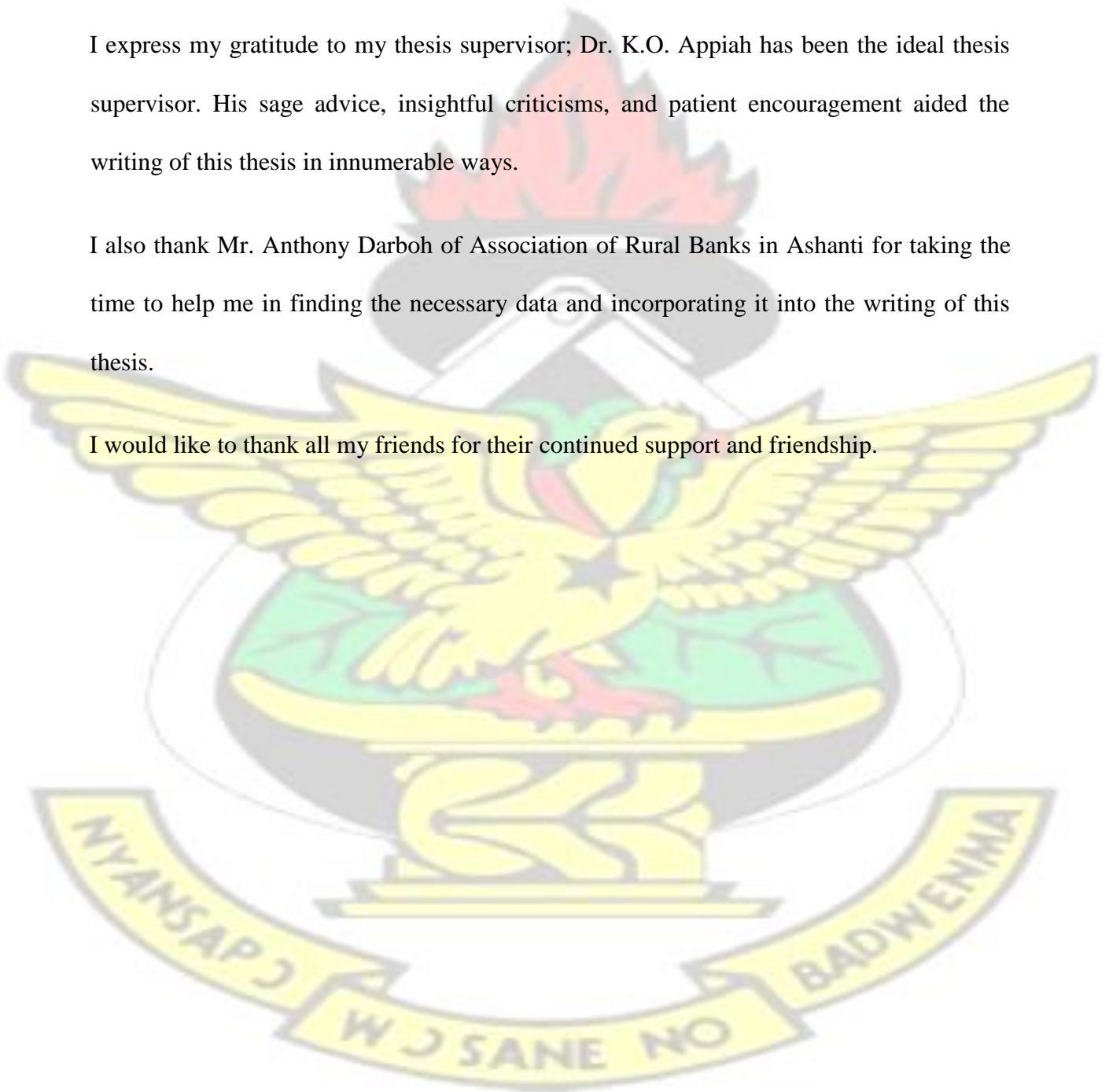


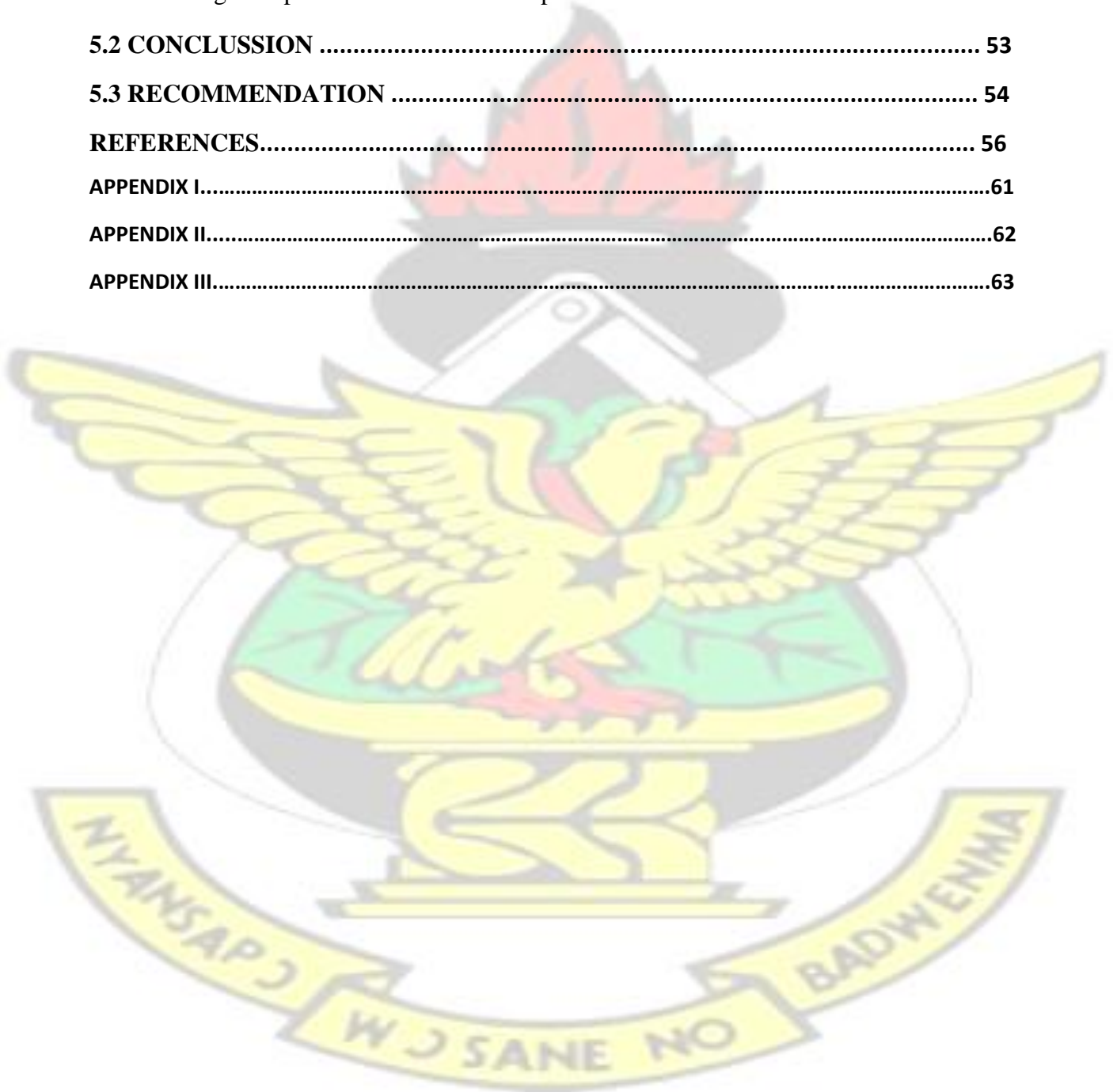
TABLE OF CONTENTS

Declaration	iii
Abstract	iv
Dedication	v
Acknowledgement	vi
Table of contents	vii
List of tables	x
List of figures	xi
CHAPTER ONE - INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of research problem	2
1.3 Research objectives.....	4
1.4 Research questions	5
1.5 Justification for study.....	5
1.6 Scope and limitations of study	5
1.7 Organisation of study	6
CHAPTER TWO - LITERATURE REVIEW	7

2.1 Introduction	7
2.2 Evolution of csr	7
2.2.1 CSR Activities Before 1900	8
2.2.2 CSR Activities From 1900-Present	9
2.3 Defining csr	13
2.3.1 The modern era of social responsibilities begins (1950s)	13
2.3.2 The 1960s: Expansion of CSR literature	15
2.3.3 Definitions of CSR Proliferate: The 1970s	17
2.3.4 The 1980s: Fewer Definitions	20
2.3.5 The 1990s and beyond	22
2.4 Classical theories on csr	23
2.4.1 Stakeholder Theory	23
2.4.2 Legitimate Theory	25
2.4.3 Shareholder Theory	27
2.5 Empirical studies on CSR	29
2.6 Development of CSR in Ghana.....	30
2.6.1 Rural banks contribution to CSR.....	32

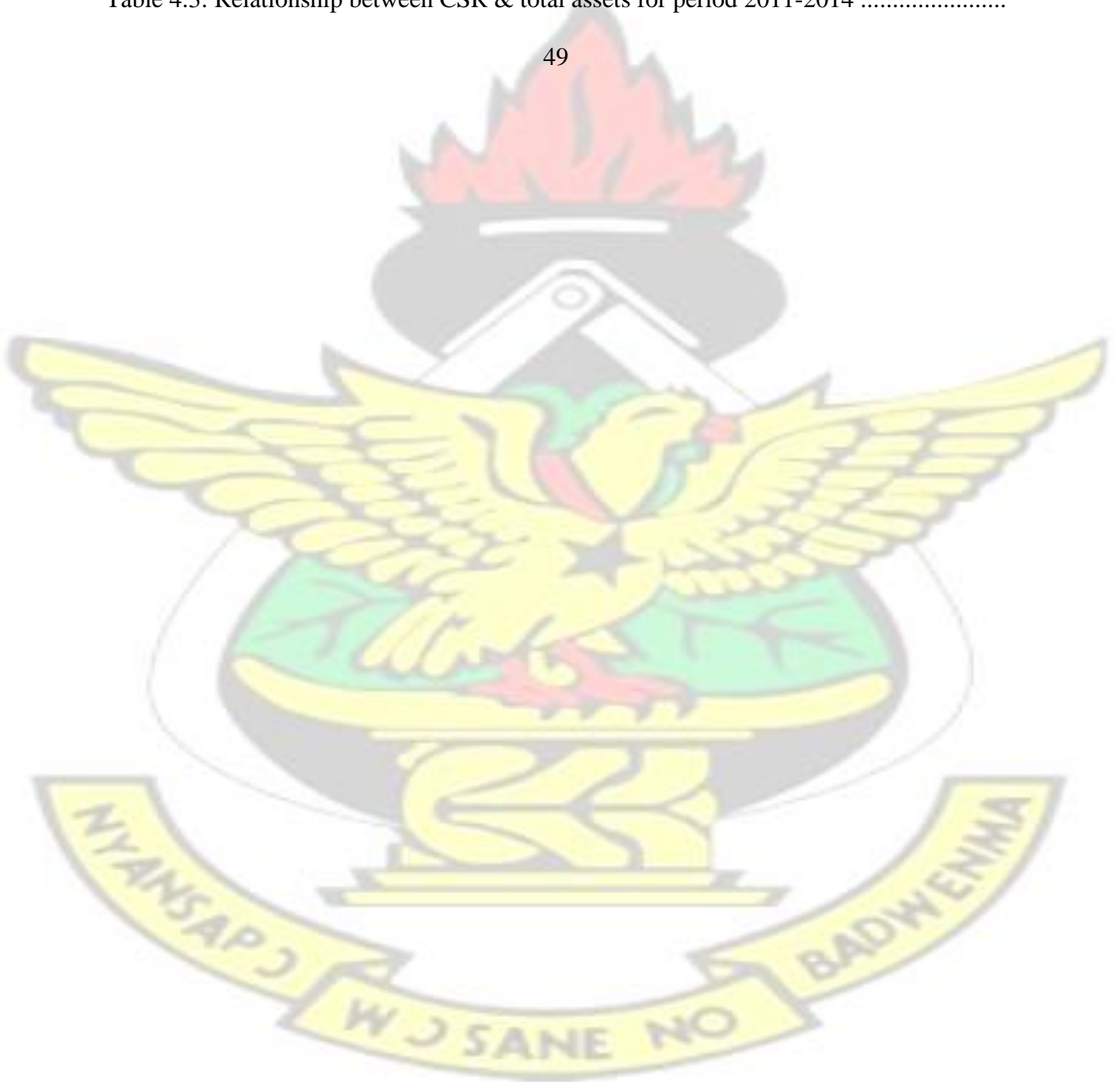
2.7 Measures of Corporate social responsibility.....	34
2.8 Measures of Financial performance.....	35
2.9 Corporate social responsibility campaigns by selectected rural banks	36
2.10 Chapter summary.....	37
CHAPTER THREE - RESEARCH METHODOLOGY	39
3.1 INTRODUCTION	39
3.2 RESEARCH DESIGN	39
3.3 POPULATION AND SAMPLE SIZE	40
3.4 RESEARCH INSTRUMENT	40
3.5VALIDITY OF RESEARCH INSTRUMENT	41
3.6 DATA ANALYSIS TECHNIQUE	41
3.7 PROFILE OF SELECTED RURAL BANKS.....	42
CHAPTER FOUR - DATA PRESENTATION AND ANALYSIS.....	47
4.1INTRODUCTION	47
4.2.Data presentation and analysis	48
4.2.1 Correlation analysis between CSR, net profit and total assets.....	48
4.2.1 Presentation and Analysis of correlation analysis.....	49
4.2.3 Relationship between CSR & net profit	49

4.2.4 Relationship between CSR & total assets	50
CHAPTER FIVE - SUMMARY, RECOMMENDATION AND CONCLUSION	52
5.0 Introduction	52
5.1 Summary of Findings	52
5.1.1 Findings - impact of CSR on financial performance.....	52
5.2 CONCLUSSION	53
5.3 RECOMMENDATION	54
REFERENCES.....	56
APPENDIX I.....	61
APPENDIX II.....	62
APPENDIX III.....	63



LIST OF TABLES

Table 3.1: List of Selected Rural Banks	40
Table 4.1: Correlation between CSR ,net profit & total assets for period 2011-2014	47
Table 4.2: Relationship between CSR & net profit for period 2011-2014.....	47
Table 4.3: Relationship between CSR & total assets for period 2011-2014	



LIST OF FIGURES

Fig 2.1: Stakeholder theory	23
Fig 2.2 : Legitimate theory.....	26
Fig 4.1: Relationship between CSR & net income for 2011-2014	49
Fig 4.2: Relationship between CSR and total assets for 2011-2014	50



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In the last few decades, the idea of corporate social responsibility which is referred by others as CSR, also notably referred to as corporate citizenship, corporate conscience or responsible business) has grown exponentially. More multinational and local firms face several numbers of challenges and changes including corporate social responsibility (CSR) as being one of the major problems in modern era of business. This explains why there is the need for firms to understand and examine CSR activities which are undertaken towards the community which also directly impacts the firm's financial performance.

Corporate social responsibility can be traced back in the ancient Mesopotamia during the 18th century where records indicate that King Hammurabi introduced a decree in which the builders, innkeepers, and farmers were sentenced to death if their dereliction of duty was seen to be the cause of death of other workers, or major inconveniences to the local citizens.

The expression "corporate social responsibility" came into ordinary existence in the latter parts of 1960s and early 1970s after several multinational companies formed the word "stakeholder" which meant those on whom an organization's actions have a significant impact on. Many were of the view that the business environment should be more proactive in bringing to a halt activities or actions that cause societal problems and engage in finding solutions to societal problems voluntarily whether they have caused the problems or not.

Corporate social responsibilities activities undertaken by organizations are treated as an investment to the organization rather than as a cost or expense, especially where it indicates the relationship between firms and its stakeholders such as investors, employees, customers and in general the society. The sole objective of a firm is not to only amass profit for its shareholders wealth to increase but also to include in their corporate strategies the welfare of the society as well. There have been proven studies that show a significant positive correlation exist between corporate social responsibilities and firm's overall financial performance whiles other studies have proven a negative correlation between them. Most firms are diverse and perform differently in implementing corporate social responsibility with dependence on several indicators and factors like the culture of the organization, firm's size and demands made by stakeholders.

The term "Corporate Social Responsibility" is generally defined as while a firm perform its core business activities, includes and handles the influence those activities have on the society, economy and atmosphere. Corporate social responsibility defines itself in the fact that firms operate within its rules and regulations in addition to recognizing the welfare of its investors and the society as firms perform their duties.

This study investigates the impact of corporate social responsibility on financial performance of nine (9) selected rural banks within Ashanti Region.

1.2 STATEMENT OF RESEARCH PROBLEM

In developing countries such as Ghana, issues such as high illiteracy rate, poverty, energy crisis, lack of infrastructure, corruption, lack of portable drinking water, teenage pregnancy, etc. is a common phenomenon within the society especially rural areas where most of these

rural banks are rooted. The welfare position of the government is undisclosed under these conditions. Therefore firms like rural banks are given the greatest opportunities to expand their investments in the welfare responsibilities for the society in return for increased recognition, reputations and growth in their businesses which will eventually lead to a solid and healthy financial performance and increased profitability. The Ghanaian community in general is in desperate need for corporate social responsibilities activities as the society faces many problems which they cannot solve themselves. The question of corporate social responsibility has been of increasing concern among firms and businesses. The prevailing reality of businesses now is being socially responsible. However there is no consensus on CSR definition thus the difficulty in trying to fully understand as to what is meant by corporate social responsibility by firms.

In Ghana for instance, the concept of CSR practices vary from industry to industry. While the educational industry is concerned with the personalities it produces for the society, the banking industry practices CSR in relation to social services and community development. Taylor quotes “the concept is defined, approached and practiced from different directions by various people based on the priorities and influenced by the needs and aspirations of their peculiar social, economic and political settings” (Taylor, 2011:19)

What would be interesting for us today in Ghana is that corporations believe CSR is more of a favor being carried out and has therefore received less attention among the business world, but in recent times, more corporate institutions in developing countries are starting to come to terms to the fact that CSR is an obligation that needs more attention which involves issues relating to the welfare of the staff, complying to acceptable industry standards, practicing

good corporate governance, protection of the environment and society's welfare in general. But then the issue is that does CSR lead to a stronger financial performance of these firms. In recent times rural banks have received much attention due to their performances in the economy. The first rural bank in Ghana was established in 1976 primarily to provide banking services to the rural communities. Rural banks are wholly owned by local people within the community who purchase shares to become shareholders. By their nature rural banks are expected to give back a proportion of their profit to the community in which they were established. For instance making donations towards education, health and spearheading specific gender programs which focus on women in development. (ARB APEX bank limited 2012).

Rural banks have been much involved in the list of Ghana Club 100 rankings of which 27% out of the 100 companies were all rural banks. This indicates the extent to which rural banks have grown in recent times both financially and geographically. More rural banks are now reporting on CSR activities in their annual report and have sparked the interest of researchers to investigate if there is any relevant relationship between financial performances and CSR activities of these selected rural banks.

The objective of this study is to find out the impact of corporate social responsibility on the financial performance of nine (9) selected rural banks within the Ashanti Region.

1.3 RESEARCH OBJECTIVES

The objective of this study is to investigate the impact of corporate social responsibility on a firm's financial performance. Specifically, we investigate the following:

1. The relationship between corporate social responsibility expenditure and financial performance.

1.4 RESEARCH QUESTIONS

1. How Does CSR expenditure affects financial performance?

1.5 JUSTIFICATION OF STUDY

The study is expected to provide information about effect of corporate social responsibility on firm's financial performance in relation to selected rural banks in Ashanti Region. It is also expected to provide information on corporate social responsibility activities that has been undertaken by selected rural banks in Ashanti Region. Additionally this study will help shareholders and other policy makers to understand the need to draw clear - cut policies on corporate social responsibility activities. Finally the study is expected to be a vital material for scholarly discourse.

1.6 SCOPE AND LIMITATIONS OF STUDY

This study is focused on selected rural banks in the Ashanti Region. It critically examines the impact that CSR has on the financial performance of selected rural banks in Ashanti Region between the periods of 2011 – 2014. However, the limitation to this study is that it considers only the monetary values that these rural banks commit into CSR activities annually.

1.7 ORGANISATION OF STUDY

This study is structured into 5 chapters. A summary of each chapter is expressed below.

Chapter one (1) explores the general introduction to the study, emphasizing the background of CSR. In addition this chapter conveys to light the study's objectives, additionally talking about the research hypothesis/questions of the study, the study's significance and additionally discussing the study's limitations.

Chapter 2 covers analyses or literature review on the topic. It takes a look at the analysis of papers, books, journals, articles and publications made by previous researchers on the subject and a brief appraisal of the firms and their operations.

Chapter three (3) discusses the methods and approaches adopted during the course of the study, it also takes a look at the research design, and the population of the study is also discussed, sampling procedure and the process involved in processing, analyzing and presenting the data used in the study.

Chapter four (4) analyzes and discusses the data collected. This chapter analyzes the response of both the bank and stakeholders on issues regarding to the study objectives. Finally chapter five (5) compares the results obtained in accordance with the objectives of the study, summary of the findings, the major recommendations and conclusions for tackling the identified problems in the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Numerous speculations have been proposed to clarify what the term CSR is about. Although the literature covers a wide variety of such theories, the review will focus on four major areas which emerge repeatedly throughout the literature reviewed. These include: the evolutionary stages of CSR, explanations of CSR focusing on the shareholder view, stakeholder view and the legitimate theory of CSR, empirical theories on CSR, definitions of CSR by various individuals and businesses and finally the chapter looks at social responsibilities that have been undertaken by the nine (9) selected rural banks in Ashanti Region.

2.2 EVOLUTION OF CSR

The expression „corporate social responsibility“ has been a topic of many discussions in the corporate environment. The concept has been met with controversy with respect to its evolution. The concept of "CSR" was originated in 1953 in Howard Bowen's book titled *“Social responsibilities of the businessman (Bowen, 1953)”*. Many corporate entities and individual researchers have been coerced into believing that CSR is a recent phenomenon, such researchers could be pardoned for assuming that CSR is a recent phenomenon. However, the idea of CSR has a much deeper lineage than generally perceived. Asongu (2007) explains that indeed the concept of corporate social responsibility is very old as the history of business itself even though the concept was not formally formulated until recently. The concept is still facing changes and there is not a

complete agreement as to what the term is all about. In this section, the history of CSR will be categorized into two periods. These are the periods that fall before 1900 and from 1900 to recent periods.

2.2.1 CSR Activities Before 1900

BRASS CENTRE (2007) found that the history of social and environmental worries about business is as old as exchange itself and business itself and that CSR can be followed back very nearly 5000 years. King Hammurabi of Ancient Mesopotamia in around 1700 BC is said to have set up a law in which builders, innkeepers or ranchers were executed if their carelessness was discovered to be the reason for the passing of others or significant hindrance to nearby nationals. In the same time frame, BRASS Center (2007) presents that history has recordings of the grumblings of Ancient Roman representatives about the disappointment of organizations to contribute adequate charges to support their military battles. In 1622 displeased shareholders in the Dutch East India Company are said to have begun issuing flyers grumbling about administration mystery and self enhancement, BRASS Center (2007).

In the research paper, Asongu (2007) proved that the concept of CSR is very much part of the African business history. As it is said of seekers in the Southern Cameroons, and different parts of Africa, these seekers were required to convey some portion of their catch to the boss (conventional rulers). Agriculturists in Eastern Nigeria (Igboland) brought their first collect for the renowned public "New Yam Festival." Professional specialists were seen as overseers of history and a large portion of their works of art were kept in the castles of the boss without been paid for such bits of expressions. In all parts of Africa, Asongu

(2007) uncovers that fundamental experts, for example, specialists were not permitted to charge excessive expenses for their administrations. Truth be told their charges were set to least so that both poor people and rich could stand to pay for the therapeutic administrations been advertised. All these come to recommend to the actuality how profound established the commitment of tradesmen and business persons in customary African social orders. Organizations were seen as a matter of first importance as giving advantages to the entire society, and the benefit thought process of organizations came just second place.

Furthermore, Asongu,(2007) discusses a very interesting Biblical view of business which emphasizes the concept of CSR. In Exodus 22:25 and Deuteronomy 23:19, there is judgment for charging interests on obligations. Moreover, Jesus in some of his amazing illustrations in the new testament, for example, the Prodigal Son (Luke 15:11-32) and the Good Samaritan (Luke 10:25-37), epitomizes the sharing of riches. The joys as recorded by the book of Mathew additionally encourage that feeling of group. Without a doubt, CSR can be seen as an inserted standard in Christianity. It shocks no one if a large number of the social teachings of the Churches bolster CSR. Asongu (2007) reaffirms the Catholic position on the idea of CSR, portraying the worry with respect to the Catholic Church for poor people and underprivileged which has proceeded even to the twentieth and 21st centuries. For instance the latest popes (Benedict XVI and his ancestor, John Paul II) are known not supporters of corporate magnanimity.

2.2.2 CSR Activities From 1900-Present

In 1929,the Dean of Harvard Business School, Donham, in his location conveyed at the North Western University remarked that business began long hundreds of years before the

beginning of history, yet business as we now know it is new in its widening extension and social noteworthiness. Amid the early times of the 1920s, dialogs about the social obligations of business had developed into what could be clarified as the beginnings of the "cutting edge" CSR development. The BRASS Center (2007) intriguingly makes a correlation of the advancement of CSR to sex, expressing that that the social and ecological worries about business are enduring issues, which like sex each new era conceives that it has found. Barnard (1938) and Krep (1940) found that organizations were presently worried about their social obligations, making two references in relation to the social obligations of administrators and organizations.

The time of 1950's saw the beginning of the present day period of corporate social responsibility when it was all the more generally known as social responsibility or SR. The expression Corporate Social Responsibility was begat in 1953 and it was to a great extent credited to Howard Bowen and maybe settled the personality of being the Father of CSR. Bowen (1953) posed the question in the matter of what obligations to society can specialists be sensibly anticipated that would expect?

In 1963, McGuire expressed that the possibility of social obligations assumes that the partnership has financial and legitimate commitments as well as specific obligations to society which reach out past these commitments. Perhaps this may be getting nearer to the present period understanding of corporate social responsibility just like a commitment to citizenry, the environment and so forth and only not to shareholders or creation of wealth.

The possibility of spending time and energy towards the community was then first noticed in 1967. Walton (1967) demonstrated that the idea of corporate social responsibilities ought

to be connected with possibility that organizations must deliberately recognize and acknowledge they have connections of obligation past the organizational limits.

The 1970s together with the 1980s saw CSR attention centered on expressing with more understanding precisely what the obligations of an organization were. The father of management theory, Drucker (1984) ventured on the corporate social responsibility discourse in 1984 as he composed in the California Management Review, on the urgency to transform social issues into opportunities that will bring economic value.

The defining period in corporate social responsibilities was in 1971 when the Committee for Economic Development (CED) published Social responsibilities of Business Corporations. As a set of principles, the CED plots a three-layered model of CSR. These three-layered regions were recognized as:

- The inner circle: the essential obligations an association has for making profit and growth.
- The intermediate circle: the organization should be delicate to the ever changing social contract which exists amongst society and business when it seeks after its economic interest; and
- The outer circle: the responsibilities and activities an organization needs to pursue towards actively improving the social environment example poverty or urban crowding issue.

Amid times of 1970's the expression Corporate social responsibility developed into the expression "neighborliness", which has insights of our contemporary utilization of metaphors, for example, "town" or "ecosystem" to portray a build that is more extensive than simply the limits of a specific framework. The term was built by

Eilbert and Parket (1973) who held that the idea of neighborliness included two stages. Strikingly Eilbert and Parket (1973) expected that the principal stage implied that organizations shouldn't do things which will ruin the environment. Moreover, the other aspect might be communicated as the willful supposition of the commitment in taking care of community issues.

During the 1980s and 1990s, organizational giants had come up against the way that endeavors were being created to control their activities and the organizational backlash started. Most eminently, organizational meddling in the 1992 led to the Earth Summit in Rio blocked the Summit's point of discovering approaches to end the annihilation of the natural habitat and resources. Forty eight organizations were particularly shaped to take part in and impact the Summit's results, especially attempting to move towards intentional reporting.

During 1995, Shell Limited was blamed for involvement in the execution of Ken Saro Wiwa and the other eight different activists which occurred in Nigeria. All of a sudden, companies began to understand the significance of their public reputation and image. Also, they started to comprehend that they required a system to persuade people in general that they could play an exceptionally significant and socially important part inside the ecosystem they possessed. Presently Corporate social responsibility was introduced to present the corporation a human face and dispose of any slight indication of untrustworthy behavior. Be that as it may, the breakdown of Enron during 2001, brought claims of an organization against the reality of its behavior came into spotlight of public investigations. The demand for more transparency and accountability has additionally prompted the present spotlight on corporate social responsibility. So it could end up being the same old thing and nothing changes. Enterprises simply get all the more powerful and put on a show to grasp their social obligations.

2.3 DEFINING CSR

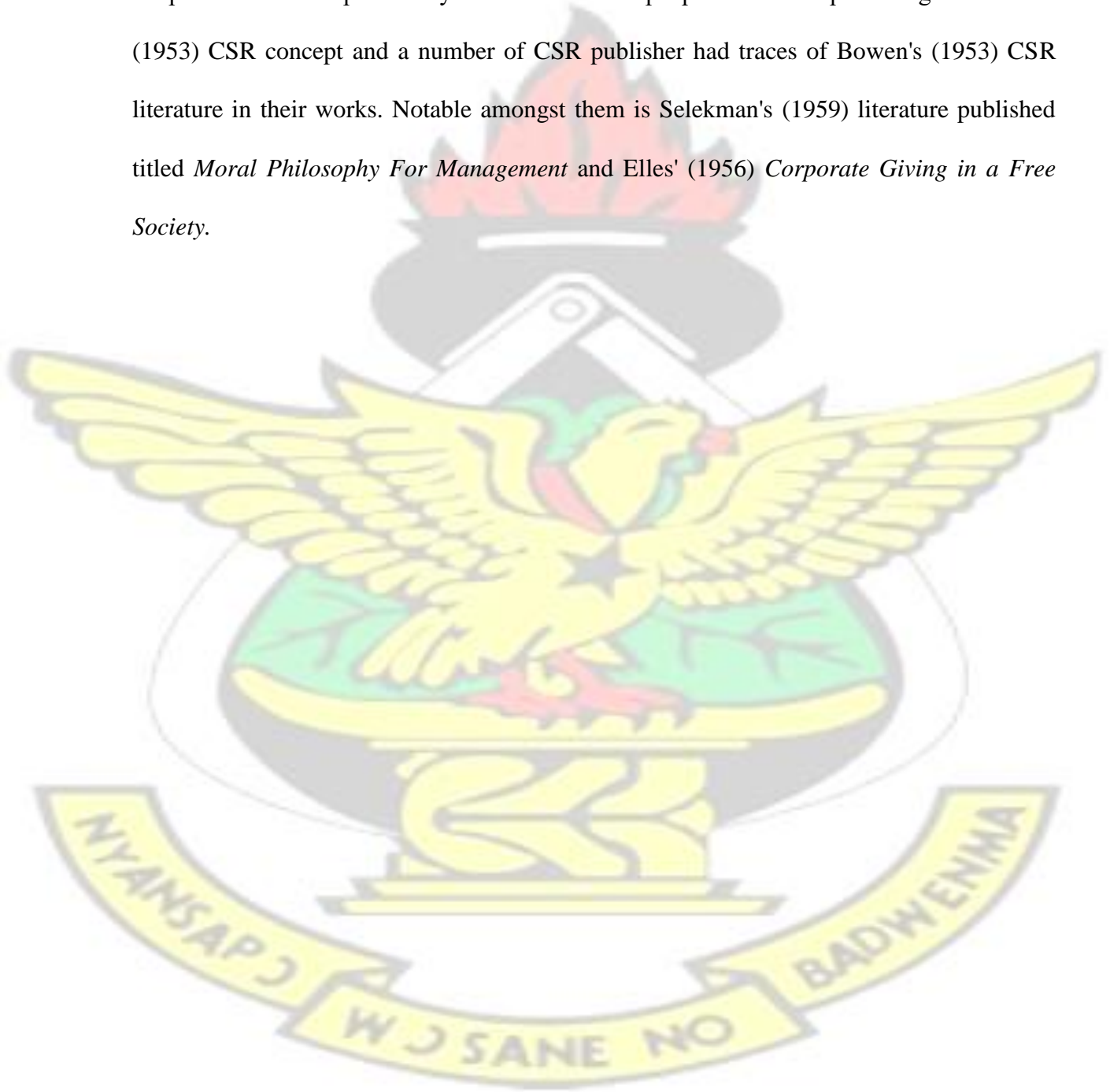
The idea of corporate social responsibility has since quite a while ago existed as business and has drawn numerous definitions dating as far back as the eighteenth century. However formal definitions can be to a great extent credited to the twentieth century. For reasons for this definitional survey, in any case, it bodes well to focus our consideration on later ideas of CSR. In this way, the segment trains in on to distinguish and audit all the significant donors to the meaning of CSR from the 1950s as opposed to survey the various contributing creators and improvements on the subject. The audit of the definitions on the subject will be sorted out on chronicled premise and arranged into the 1950s, 1960s ,1970s and all the more as of late.

2.3.1 The modern era of social responsibilities begins (1950s)

The time of the 1950's saw the beginning of the cutting edge time of Corporate social responsibility when it was ordinarily known as social responsibility or SR. This was because of the way that there were less enterprises overwhelming the business segment. In this era that the father of CSR, Howard R. Bowen published his historic point book titled *The Social Responsibilities of the Businessman* in 1953. He clarified CSR as "the obligations of business to pursue policies, directions or lines of action that are desirable in terms of the objectives and values of our society" (Bowen,1953:6). Bowen's (1953) work comes from the way that few hundred biggest organizations were imperative focuses' of force and basic leadership and that the activities of these organizations touched the lives of nationals. Bowen (1953) posed the question, "what obligations to society can businessmen be sensibly anticipated that would expect?" It is obvious from Bowen's (1953) book that he was more worried with the

tenet of social obligation and how important his talk has added to present day comprehension of the subject.

The literature published on CSR by Bowen (1953) stood out as perhaps the most notable literature from the 1950s, thus earning him the accolade of being called the "Father of Corporate Social Responsibility". Several business people took to the practicing of Bowen's (1953) CSR concept and a number of CSR publisher had traces of Bowen's (1953) CSR literature in their works. Notable amongst them is Selekman's (1959) literature published titled *Moral Philosophy For Management* and Elles' (1956) *Corporate Giving in a Free Society*.



2.3.2 The 1960s: Expansion of CSR literature

The decade of the 1960s saw a wonderful development and extension in the field of CSR writing in endeavors made by a few authors to precisely characterize what CSR implies.

Davis (1960:70), an extremely noticeable author in that period characterized CSR as businessmen's choice and moves made for reasons that is, in any event, in part past the firm's immediate technical or economic interest". Davis (1960) contended that some socially mindful business exercises can be supported by a long, confused procedure of thinking as having a decent risk of bringing long - run financial increase to the firm, subsequently paying it back for its socially responsible standpoint. Davis (1960) went for investigating the relationship between a firm's money related execution and its social obligation.

Frederick (1960:60) added to the early meanings of social responsibility as he expressed that when we summon the expression "social obligations of a businessman," we mean businesspeople ought to regulate the operations of an economic framework that satisfies the desires of people in general. What's more, this implies thus that the economy's method for production ought to be utilized in a manner that distribution and production ought to improve all out the socio economic welfare.

From another perspective, McGuire (1963:144) in his book titled Business and Society contended that the possibility of social responsibilities assumes that the company has financial and lawful pledges as well as specific responsibilities to community which reach out past these commitments. In spite of the fact that McGuire's (1963) definition neglected to plainly characterize what involves those obligations past legal and economic commitments, he later expounded by distinguishing those exercises past legal and economic

limits by saying that company must take enthusiasm for governmental issues, the welfare of the group, education, satisfaction of its workers and the entire social world about it. In actuality, McGuire (1963:144) was rebuking that organizations must go about as appropriate citizens consequently the term corporate citizenship was authored.

Interestingly, Walton (1967:18), argued that there is a circuitous linkage of certain other deliberately firms to organizations, and acknowledgment that expenses are included for which it may not be conceivable to gauge straightforwardly the monetary returns. Walton (1967) accentuated that there was a negative relationship amongst expenses and financial returns since expense was difficult to quantify. In his book titled *corporate social responsibilities*, Walton (1967:18) composed that to put it plainly, the idea of social obligations perceives the closeness of the connections between the company and society and understands that such connections must be remembered by top managers as the organization and the related gatherings seek after their individual objectives.

2.3.3 Definitions of CSR Proliferate: The 1970s

The 1970s decade saw a fast increment in the quantity of CSR writing by numerous journalists.

In Johnson's (1971), *Business in Contemporary Society: Framework and Issues*, the author presented the idea of stakeholder approach in substitution of the stockholder approach regarded fit by numerous organizations. He re-confirmed Davis (1960) thought of a presence of a positive relationship between a company's financial performance and social obligations. Johnson (1971) exhibited an assortment of definitions and after that continued to evaluate and breaks down them. Johnson (1971:50) built up the expression "conventional wisdom,"

which he characterized as a socially mindful firm is the one whose administrative staff adjusts a variety of interests. Rather to strive just for bigger benefits for its stockholders, a mindful endeavor additionally considers its workers, suppliers, merchants, neighborhood groups, and the country.

The Committee for Economic Development (CED) made a point of interest commitment to the idea of CSR in 1971 with their production *Social Responsibilities of Business Corporations*, in which organizations are preeminent anticipated that would fulfill the necessities of the general public since they appeared through public approval. CED (1971:11) watched that business operates by public assent and its fundamental object is to serve valuably the requirements of society-as per the general inclination of society.

In a survey directed by Opinion Research Corporation in 1970 in which the outcomes showed that 66% of the respondents trusted business had an ethical commitment to help other real organizations to accomplish social advancement, even to the detriment of profitability. Because of this, CED (1970) turned out with a set of accepted rules; the CED (1970:15) laid out a three-layered model of CSR. These three-layered regions were distinguished as:

- The inner circle: the essential obligations an association has for making profit and growth.
- The intermediate circle: the organization should be delicate to the ever changing social contract which exists amongst society and business when it seeks after its economic interest; and
- The outer circle: the responsibilities and activities an organization needs to pursue towards actively improving the social environment example poverty or urban crowding issue.

What is significant about CED (1970) set of accepted rules is that the CED is made out of businessmen and instructors and in this way mirrors a critical professional perspective of the changing social contract amongst business and society organizations' recently rising social obligations.

In 1973, two different journalists, Henry Eilbert and Robert Parket (1973) took to the stage to share their contemplations on the writing of CSR. The expression "Corporate Social Responsibility" advanced into the expression "neighborliness", which has insights of our contemporary utilization of illustrations, for example, "ecosystem" or "village" to depict a develop that is more extensive than simply the limits of a specific framework. The term was designed by Eilbert and Parket (1973) who held that the idea of neighborliness included two stages. Curiously Eilbert and Parket (1973) accepted that the main stage implied that organizations shouldn't do things that ruin the area. On the other, it might be communicated as the deliberate supposition of the commitment to tackle neighborhood issues. The creators Eilbert & Parket (1973:7) characterized CSR as maybe the most ideal approach to comprehend social obligation is to consider it "good neighborliness ."The idea includes two stages. On one side, it implies not doing things which ruins the community. With respect to the other side, it might be communicated as the intentional suppositions of the commitment to take care of societal issues.

The individuals who discover neighborliness a clumsy or bashful idea may substitute social obligation to imply the correspondence of a business or Business, by and large, to a dynamic part in the arrangement of expansive social issues, for example, racial separation, contamination, transportation, or urban rot.

In 1975, a financial aspects teacher and supervisor, Buckman trying to characterize CSR, set social obligation in setting. Buckman (1975:2-3) distinguished a few case of Corporate social responsibility as employing groups of minority sections in society, decrease in environmental contamination, more noteworthy investment in projects to enhance the group, enhanced medicinal consideration, enhanced modern wellbeing and security these and different projects intended to enhance the personal satisfaction are secured by the expansive umbrella of social obligation. Buckman (1975:2) characterized Social obligation as the destinations or thought processes that ought to be given weight by business.

Another author to join the talk of CSR, Sethi(1975),who presented corporate social performance (CSP). Sethi (1975:70) talked about the three measurements of corporate social performance and in the process recognized corporate conduct that may be called "social responsibility," "social responsiveness," and "social obligation. "The first measurement expressed by Sethi as social commitment is corporate behavior in light of business sector powers or lawful limitations. He facilitate disclosed social obligation to suggest conveying corporate conduct up to a level which breaks even with the predominant social standards, qualities, and desires of execution. The third measurement was viewed by Sethi as the adjustment of corporate conduct to social needs, which he viewed as expectant and preventive.

In 1976, Fitch added to the writing of CSR by characterizing CSR regarding taking care of social issues. Fitch (1976:38) characterized CSR as the genuine endeavor to take care of social issues brought about completely or to some degree by the enterprise. Fitch's contention depended on the way that, organizations to be socially capable must recognize and characterize a social issue and afterward choose which ones to comprehend first. As

indicated by him, firms ought to unmistakably distinguish amongst social and non-social issues and distinguishes the correct strategies for managing such issues.

The last CSR writing masterpiece in 1979 which was a historic point commitment was finished by Carroll. He proposed a four-section meaning of CSR that was implanted in a calculated model of CSP. Carroll (1979:499) contended that for administrators or firms to participate in CSP they needed (a) an essential meaning of CSR, (b) an understanding/list of the issues for which social obligation existed and (c) a detail of the rationality of responsiveness to the issues. As indicated by Carroll's (1979:500) definition, the social obligation of business incorporates the monetary, legitimate, moral, and optional expectation that society has of organization at a given point in time.

2.3.4 The 1980s: Fewer Definitions

In the decade of the 1980s, the focus on defining what CSR means drifted towards more of research work on CSR which paved way for alternative theories, models, themes, and concepts.

An eminent author, Jones, entered the CSR dialog in 1980 with an intriguing idea of CSR being a procedure. Jones (1980:59-60) characterized CSR as the thought that organizations have a commitment to constituent gatherings in the community other than stockholders and past that endorsed by law and union contract. Two features of this definition are basic.

Initially, the commitment must be deliberately received; conduct impacted by the coercive powers of law or union contract is not willful. Second, the commitment is a wide one, reaching out past the customary obligation to shareholders to other societal gatherings, for example, clients, workers, suppliers, and neighboring groups.

Clearly, Drucker (1954) who had composed prior on CSR presented another importance of CSR by concentrating on the issue of similarity of productivity and obligation. Drucker (1984) was of the perspective that organizations should change over its social obligations into business opportunity. He promote made it clear when he expressed "but the proper 'social responsibility' of business is to tame the dragon, that is to transform a social issue into financial open door and monetary advantage, into profitable limit, into human competence, into generously compensated occupations, and into wealth" (Drucker, 1984:62).

Another study which was finished by looking for the assessments of a specimen of administrators concerning the connection amongst profitability and CSR was distributed by Aupperle, Carroll, and Hatfield (1985). Aupperle (1985) was a development to Carroll's four measurement of CSR in which they arranged it into two, "Economic", which was named concern towards legal and economic performance, discretionary and ethical which they marked sympathy towards society. Aupperle (1985:458) expressed that

fundamentally, then, we recognized that not everybody sees the economic responsibility as a piece of social obligation yet rather thinks of it as something business firms accomplish for themselves. The study was altogether different from all others as it was one of the first to utilize a definitional develop of CSR from hypothetical writing as its measure of CSR.

An expansion to the 1980s CSR writing was Epstein. He was persuaded that social obligation was identified with business morals and corporate social responsiveness. Epstein (1987:104) characterized CSR as corporate social obligation relates fundamentally to accomplishing results from hierarchical choices concerning particular issues or issues which (by some regulating standard) have valuable as opposed to unfriendly impacts on correlated corporate

stakeholders. The regularizing accuracy of the results of corporate activity has been the primary center of corporate social obligation.

2.3.5 The 1990s and beyond

This period saw CSR further respecting elective subjects in this way seeing not very many and exceptional commitments to the meaning of CSR. The most punctual to share her commitments on the talk of CSR was Wood (1991), when she returned to the CSP model talked about before and rebuilt the model into three measurements. Wood(1991), talked about the guideline of CSR, which depended on Carroll's(1979) four spaces (legal, ethical, economic and discretionary) and related it to the three levels society anticipates from the behavior and result of organizations which incorporates, institutional level(social legitimacy), organizational level(public responsibility), and individual level(managerial discretion).

2.4 CLASSICAL THEORIES ON CSR

The specific nature of companies' social responsibilities has always been prolonged public disagreement. Famous and renowned economists have argued that corporations exist only to satisfy the needs of its shareholders while there have been contradictory argument by other scholars that companies exist beyond shareholders and must extend to all stakeholders.

2.4.1 Stakeholder Theory

Stakeholder theory suggests that every business is purposely created to create as much value as possible for stakeholders. Freeman (1984) argues that organizations' responsibilities are not restricted to only shareholders, but it rather envelops their stakeholders, groups of

individuals who can influence or be influenced by the accomplishment of the organizations' objectives, such as, workers, lenders and clients.

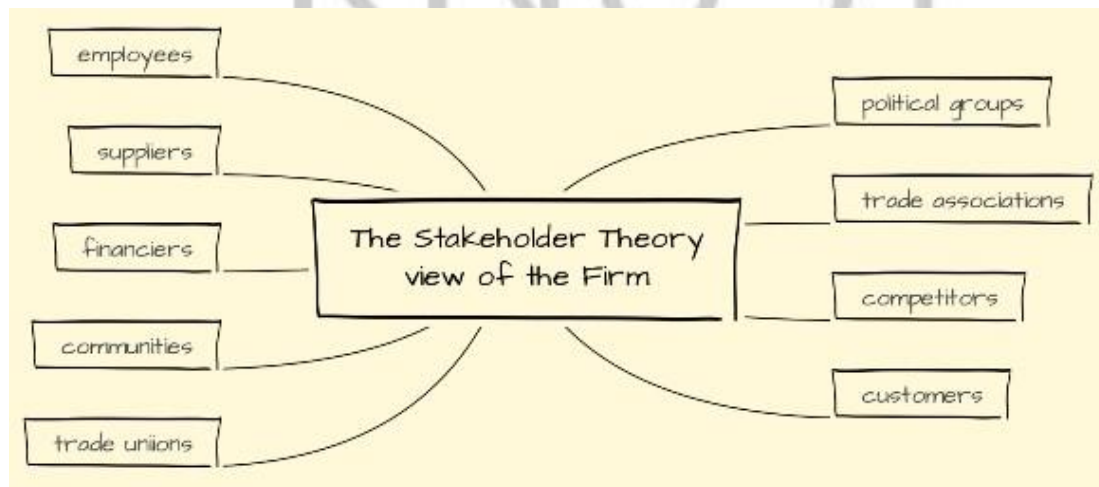


Fig 2.1 Stakeholder theory

(Source www.stakeholdermap.com)

Post (2002) contends that stakeholders add up to an organization's wealth capacity. To maintain growth, companies ought to prioritize stakeholders' interests (Laan, 2009) and take their points of view and exercises into thought. For this situation, Laan (2009), states that CSR exposure is utilized as a method for showing organization accountability.

The theory expects a two dimensional contention. To begin with, stakeholders give the resources, for example, work, capital and income (Sweeney, 2009). In such situations that organizations disregard the necessities and act inhumanely towards these partners, for example, representatives, clients, and society, then they chance losing these basic resources which can contrarily influence the firm's performance.

Moreover, stakeholders are both bearers of risk and beneficiaries from the exercises carried on by organizations (Post, 2002). Stakeholders acquire risks connected with socially

irresponsible exercises, for example, poor quality items used by customers or employee exploitation and destroying the natural environment. As per the principle of distribution justice (Sweeney, 2009), company's profit ought to be shared among the majority of the risk taking individuals, including stakeholders. The stakeholder theory as indicated by Donald and Peterson (1995) in an article titled "*The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications*" can be classified into three sections. These are: instrumental, normative, and descriptive. The first is the depiction of the particular attributes of mindful organizations which incorporates:

1. The firm's nature.
2. The manner in which managers think about managing.
3. How the board members are to think about the interest of corporate constituents.
4. How organizations are actually managed.

Normative is the legitimization for the moves made by the organization in light of the ethical rules (Donald and Preston, 1995). The third is the association between the stakeholder approach and desired result (Donald and Preston, 1995). It recognizes the connection between corporate social responsibility performance and firm performance, adding to the comprehension of the instrumental piece of this theory. The stakeholder theory is used to clarify why organizations are persuaded to report exercises of CSR.

Roberts (1992) uses stakeholder theory to examine the determinants of CSR revelation using logical regression. He inspects the connection between stakeholder power and disclosure of CSR, and past economic performance and firm's strategic posture respectively. Roberts (1992) utilizes rate of ownership, gifts to political gatherings and leverage ratio as intermediaries for stakeholder power, and the quantity of open issues staff and altruistic establishments as intermediaries for vital stance. Also, he utilizes

securities exchange and bookkeeping based measures to test the impact of economic performance in the earlier year on a company's choice with respect to CSR divulgence in the present year. Curiously, CSR has of as of late picked up consideration in Ghana particularly among the RCBs, all things considered the data on the intermediaries for stakeholder power and firms' key stance are hard to acquire, this study concentrates on testing the relationship between Corporate social responsibility reports and a financial performance of a firm.

2.4.2 Legitimate Theory

Legitimacy theory places that organizations are bound by the social contract in which the organizations consent to perform different socially coveted activities consequently for endorsement of its targets and different rewards, and this at last ensures it's proceeded with presence. Legitimacy theory is additionally ordinarily used to clarify the inspirations for CSR reporting (Van der Laan, 2009). Suchman (1995:574) clarified that the activities of a substance are alluring, legitimate, or proper inside some socially developed arrangement of standards, qualities, convictions and definitions".

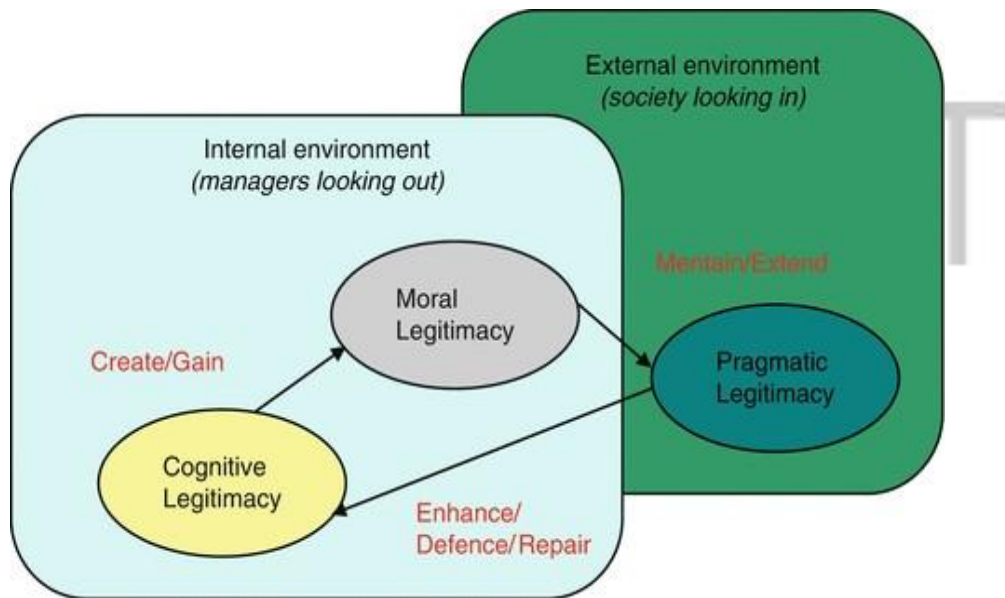


Fig 2.2: Legitimate theory (Source www.springer.com)

Legitimacy theory offers an intense instrument for comprehension deliberate social and ecological divulgements made by enterprises, and that this comprehension would give a vehicle to participating in basic open level headed discussion. Legitimacy theory has the role of clarifying the conduct of organization in developing and implementing intentional environmental and social disclosure of data so as to satisfy their social contract that empowers the acknowledgment of their goals and the survival in a situation.

Social impression of the organization's exercises is accounted for as per the expectation of society. In the circumstance when the association's exercises don't regard social and good values, the association is seriously authorized by society.

Notwithstanding, legitimacy gaps are regular when corporate performance does not match expectations of stakeholders. Hence, an organization may utilize CSR exposure to look for

legitimacy from its stakeholders and to fill in the crevice amongst desire and reality by showing the suitability of its yield, techniques, or objectives through information and education.(Dowling and Pfeffer, 1975; Lindblom, 1993). This may mirror organizations' observations that CSR reports are a legitimate device to adjust stakeholders' impression of an organization with their desires of good corporate conduct (Vurro and Perrini, 2011). From the above examination, organizations are to use CSR to do all that is required to satisfy responsibility and legitimize business operations.

2.4.3 Shareholder Theory

According to the shareholder theory, the aim of organizations is to create wealth for its shareholders. Taking after Friedman (1970), the main obligation of an organizations is to make as much money as possible while conforming to the basic rules of the society, both those embody in law and those embody in ethical custom. Freidman takes a shareholder approach to social responsibility. This approach views shareholders as the economic engine of the organization and the only group to which the firm must be socially responsible. As such, the goal of the firm is to maximize profits and return a portion of those profits to shareholders as a reward for the risk they took in investing in the firm. He advocates that the shareholders can then decide for themselves what social initiatives to take part in rather than having their appointed executive, whom they appointed for business reasons, decides for them.”

Greenwood (2001) also states that as a company is regarded to be an instrument for making profits for the individuals who risk capital, profit maximization is important for its survival. Managers responsible for the organizations' undertakings have agency relationship with shareholders; they have a fiduciary obligation to increase profitability (Friedman, 1970) and

will just attempt projects that have a positive budgetary worth to the firm. CSR activities may prompt protests from shareholders.

CSR commitments are outpourings of monetary assets which don't maximize wealth for shareholders. From a shareholders idea, CSR commitments restrict their venture bringing about unfavorable ramifications on their wealth. Strangely, shareholder theory does not disallow CSR commitments that make value for the firm (Sweeney, 2009). For this situation, the cost benefit principle manages a firm's CSR contemplations, including disclosure and contributions. Under the shareholder theory, CSR ought to be embraced just if the related future income is relied upon to be of higher value than the current related expenses.

Broadly, the literature on CSR indicates three different thoughts. The empirical studies indicate that essentially the relationship between CSR and financial performance are of three types. One thought supports CSR and finds that it results in positive impact on financial performance. The second group rejects CSR and shows that CSR impacts negatively on financial performance and only adds to expenses. The third school of thought is that CSR is just a mere charitable act to society with no impact on financial performance. CSR has a neutral effect.

2.5 EMPRICAL STUDIES ON CSR

It is generally held that corporate social responsibility (CSR) could increase firm's profits and thus most large firms are actively engaged in it.. This strategy helps to reduce costs and creates a reputation for the firm. Other researchers also found in their studies that CSR improves corporate reputation and lowers financial risk which implies that such firms are less likely to go bankrupt (Hammond and Slocum, 1960).In 2000, Paterson found that financial incentives are not the key to attract and retain staff and that a research found that

82% professionals in the UK would turn down job offers from firms that failed to accord with their personal values. Employee satisfaction such as safe working environment impacts positively on the profitability of the firm. Booman (2011) concluded that a healthy and happy workforce can improve a firm's bottom line. In Ghana, the Corporate Social Responsibility Movement (CSR Movement) has argued that profit maximization should not be the company's single objective.

The Ghana Chamber of Mines also defines CSR as the broader responsibilities that results from the relationship that a company develops with both the environment and society in an effort to jointly achieve an integrated environmental management system and satisfy social objectives.

The Ghana Club 100 (GC 100), in ranking the nation's best performing companies considers their social responsibility in areas such as: concern for health, education, poverty alleviation, environmental concerns, issues relating to the socially vulnerable, and contribution to sports development. Ofori (2007) also found that CSR functions complement the overall functions of firms in Ghana which seem to engage in CSR to build corporate image and promote socio-economic development.

On the other hand, firm's profit can be reduced due to higher cost incurred in trying to perform social activities. In 2001, Henderson gave a case against social responsibility. According to him, the concept of CSR is severely damaged. Adoption of CSR increases the possibility of cost increments and impaired performances. He then highlights that managers will have to deal with a wide range of goals, time consuming processes, appraising and monitoring CSR activities. All this may offset any gains from CSR. The idea of Friedman (2007) that explains that business exists only to make profit and was not responsible to

society. Other researchers also believe that CSR is only misleading the public to believe that more is being done which might not be the case. Reich (2008) argues that firms promoting CSR activities have to sacrifice profits for social goods.

O'Neil, Saunders and McCarthy (1989) investigated the relationship between CSR and profitability amongst a group of corporate directors. The study indicated that no relationship existed between CSR and corporate profitability.

2.6 DEVELOPMENT OF CSR IN GHANA

As to Ghana and its corporate social responsibility development, the country has been involved in several global human rights agreements. The Ghanaian government is one of the governments that is focused on the extractive sectors managed by UK standards (Ghana Chamber of Mines, 2009). Their Transparency Initiative, have focused on making their revenue from oil and gold mining known to the public. Stressing on the United Nations declarations to member countries, traditions and endeavors of constituents particularly the International Labor association, the ISO has proceeded with a procedure towards a blended method under the administration of both the Swedish Standard Institute and the Brazilian Association of Technical Standards (Ghana Chamber of Mines, 2012). This procedure has dynamic participation of Ghana where the National Chamber of commerce - committee on Social Responsibility is attempting to contribute towards the fulfillment of ISO26000 by 2014 (Ghana Chamber of Mines, 2012). The main aim of objective is to make philanthropic commitments to social responsibility and will prompt basic direction on ideas, definition and routines for assessment. The Ghanaian government has likewise through its social interventional strategies set the connection by characterizing the private area as

expressing that "the private segment will be required to end up more proactive in making gainful employment, upgrading profitability, and enhancing the personal satisfaction Julian and Ofori-Dankwa 2013. It is additionally anticipated that would be socially responsible, by putting resources into the corporate social responsibility investments in Ghana. Further a Global Compact system was authoritatively launched in Ghana- Accra where some Ghanaian firms have effectively marked on to the Global Compact. The Ghanaian companies are overwhelmed by multinational organizations (Atuguba and Dowuona-Hammond 2006). To make up for the states disappointments and to secure their own particular business conspiracies, the organizations regularly take part in corporate social responsibility. The organizations provide social interventions to the host communities. In response to the lukewarm government interest in CSR and a shriller governmental prominence on fiscal development, Atuguba and Dowuona-Hammond (2006: 11) cautioned the GIPC that the conditions for determining Ghana Club 100 (the first 100 best performing companies for the year) must include, obviously, a detailed section on CSR (Julian and Ofori-Dankwa 2013).

At the point when economic resource got to be accessible from the country's natural and with no fair distribution of development from the revenues, industrialization development centered in the big cities with neglect of the rural people led to the unguided urbanization which prompted degradation of cities environment. This unguided movement of people to the cities (Accra, Takoradi and Kumasi) of the central seat of government led these cities forcibly hold populations they do not have the capacity. The end result of disrespecting the environment was the recent national flood disaster in the country Capital-Accra killing 150 people as result of people sheltering themselves in water ways. At the other point when

mistakenly dangerous wastes (from cyanide) occurred in Newmont Ghana, in 2013 found its way into a nearby river, killing some fishes, the Ghanaian Government through the Environmental Protection Agency (EPA) proclaimed the Harmful Wastes laws.. After these two incidents that happened in Ghana, Accra Metropolitan Assembly (AMA) and Environmental Protection Agency (EPA) respectively were accused of being irresponsible for ensuring that Ghanaian environment are safe and respected (Atuguba and DowuonaHammond 2006).

2.6.1 Rural Banks contribution to CSR

Rural banks in Ghana undertake financial intermediation. This implies that they mobilise deposits from customers and provide lending to others who might need such funds for productive business ventures. The management of rural banks also ensures that they create shareholder value when performing their role as financial intermediaries. Since establishment of the first rural bank in 1976 at Agona Nyakrom in Central Region, rural banks have not only played an important role in the development of financial services sector of Ghana economy, but have also contributed significantly to the lives of the people in various communities in their catchment areas across the country.

Rural banks across the country have impacted positively on rural communities in their areas in terms of education, health, security, employment, business etc. Rural banks' contributions to social and economic development in their areas, as well as a whole, is highly commendable. This is due to the fact that rural banks in Ghana have a small asset base, capital, net worth, and profit in comparison to major banks.

Several rural banks in Ghana are doing much better in terms of corporate social responsibility than some universal banks. Some rural banks have a policy of allocating a specific

percentage of their profit for the year to projects and activities that promote socioeconomic development within their catchment areas

This practice is not common even among some of the major banks. Examples of such rural banks includes Adansi Rural Bank, whose head office is located at Fomena in the Ashanti Region has the policy of using 5% of the bank's net profit for a year to cater for community development. In the 2014 financial year, the Board increased the fund from 5% to 7% (2014 annual report).

Amenfiman Rural Bank at Wassa Akropong in the Western Region also has a policy of investing at least 5% of its annual profit for socio-economic development in communities within their area. It is heartwarming that in spite of the unfavorable macroeconomic conditions, and its negative effect on operating expenses and profit of business organizations, rural banks in Ghana continue to live up to their corporate social responsibility so as to give a boon to the lives of people in the rural communities.

2.7 Measures of Corporate Social Responsibility

Corporate Social obligation has turned into a boundless practice in most industrialized nations. Scholastic examination has concentrated principally on building up a connection between corporate social responsibility (CSR) and financial performance. Notwithstanding, deciding how financial performances and social performance are corresponded is further convoluted by the absence of a standard of estimation for social performance. In many cases, subjective pointers are utilized, for example, business faculty members interestingly different researchers have depended on yearly reports to shareholders and CSR reports

uncovered in the financial journals or the official sites of enterprises. The hindrance with this technique is the way that firms may decide to underreport or over-report its Social obligations and it gets to be difficult on deciding how reliable such an information is, considering the way that numerous corporations are slanted to awe its stakeholders particularly the general public .Other studies have acknowledged the use of survey instruments (Aupperle,1991) or behavioral and perceptual measures (Wokutch and McKinney,1991).Herzel (2011) utilized the Kinder Lydenberg Domini (KLD) analytical and research rating framework. In any case, Nicoloso et al. (2011) propose the Item Response Models (De Boeck and Wilson, 2003), which they used to separate a one-dimensional score, which they call Corporate social responsibility ability, that catches the limit of a firm to conform to the diverse CSR standards. Derwall et al.(2011) expressed that "CSR is a multidimensional and in part subjective idea, and the financial specialists do not have the instruments expected to satisfactorily quantify CSR hones and their impact central estimation of the firm".

2.8 Measures of financial performance

Measuring financial performance is generally less demanding in spite of the fact that it additionally accompanies its own particular type of intricacies. Performance is for the most part measured in two (2) ways, the final results and the means to accomplishing the results.

Diverse tools are used in measuring the distinctive types of performance in firms. Financial performance measures the results of a company's operations and policies in monetary terms. Such results are reflected in the company's return on investment, return on assets, value added. A subjective measure of how well a company uses its assets from its primary method

of business and creates revenues. This term additionally uses as a general measure of a firm's general financial wellbeing over a given timeframe, and can be used to look at comparative firms over the same industry or to analyze sectors or industries in aggregation.

The hopeful contribution of CSR has likelihood to the advancement of businesses and society. The enthusiasm on CSR is on the increase because of its capability of convincing organization performance. This study introduces that Return on Equity (ROE) and Return on Assets (ROA) are used to quantify the financial performance which is affected by CSR exercises. There are numerous disparities within the group of researchers concerning which estimation to embrace for their study. By and by, the two noteworthy measurements frequently used by researchers incorporate the accounting measurement and the market measurement.

Numerous analysts do prefer the market measurement (Alexander and Buchholz, 1978; Vance, 1975), with others picking the accounting measurement (Waddock and Graves 1997; Cochran and Wood 1984). A few analysts incline toward a blended measure by brushing both the accounting measurement and marketing measurement (McGuire, Sundgren, and Schneeweis 1998).

Arguably it can be said that both of these measurements have their own particular points of view and shortcoming which accompanies it. Hillman and Keim (2001) was unmistakably persuaded that the two measures, which speak to alternate points of view of how to assess a firm's financial performance, have diverse theoretical ramifications. Accounting measure catches just the historical parts of a company's performance (McGuire, Schneeweis and Hill, 1986). It is in reverse looking and subject to administrative control with contrasts in

accounting procedures (Branch,1983; Brilllof, 1972).On the other hand market measures are forward looking with much accentuation on the performance of the business sector.

2.9 Corporate social responsibility campaigns by selected rural banks

Rural banks across the country have impacted positively on rural communities in their catchment areas in terms of education, health, security, employment, business etc. Rural banks' contributions to social and economic development in their catchment areas, as well as the nation as a whole, are highly commendable. This is due to the fact that rural banks in Ghana have a small asset base, capital, net worth, and profit in comparison to major banks. Below are some of the corporate social responsibility activities that has been undertaken by the selected rural banks;

In 2014, Kumawuman Rural Bank focused its effort on education by spending an amount of GHC43, 000.00 on scholarships for 72 students from its communities pursuing various courses of studies in the secondary and tertiary institutions. This was expected to go a long way to help in educating the youth who are potential customers .The bank anticipated that these assistance would lead to accelerated development in their communities for the benefit of all. Furthermore, the bank undertook community support services to Effiduasi traditional council, National commission for Civic Education, Ghana Education service (Kumawu), Clergy wives' association (Kumawu), Ghana blind union, Antoa Senior High School, Kumawu Traditional Council, Ebenezer Presby Church, Sekyere Kumawu District Assembly, Roman Catholic Church and farmers day donation.

Amansie West Rural Bank also undertook sponsorship of University of Ghana Medical School Association trip outside Ghana, contributed to support Pakyi No. 2 street

rehabilitation projects and donated towards Otumfuor Osei Tutu's 15th anniversary celebration. Odotobiri Rural Bank contributed GHC904.00 to Ghana Education Service, additionally the bank aided Abuakwa health centre, Manhyia palace and the National Service Personnel Association. Atwima Kwanwoma Rural Bank also made huge impacts as it contributed towards Old Tafo traditional council, Peace and Love hospital and purchased street bulbs for Santasi community.

2.10 CHAPTER SUMMARY

This chapter has talked about in its initial stages how CSR has developed every once in a while. It further examines meanings of CSR from understood essayists on the subject. This section looks at CSR in a broad civil argument concerning the legitimacy and benefit of being a socially mindful business. Contending on the diverse ideas on the part of a firm in the society and evaluating with respect to whether maximization of shareholders wealth ought to be the sole worry of a company. Numerous respectable reporters contend to bolster the way that large firms which have better financial performance have more resources accessible to put into social obligations such as workers relations, concerns for the environment, or society relations. Fiscally solid firms can bear the cost of the advantage of investing in ways that have a long haul key effect, for example, giving services for the society and creating quality purchaser items which is connected to a superior public image and an improved brand picture that gives a positive brand picture among consumers. Then again, firms with budgetary issues more often than not need to allot their resources in undertakings with a shorter skyline. Different contentions have it that financial performance has an immediate effect to great or socially responsible performance. As indicated by

Waddock and Graves (1997), meeting stakeholders' desires before they get to be risky demonstrates a proactive thoughtfulness regarding issues that generally may bring about issues or litigations later on.

KNUST



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

An important aspect of conducting research involves the careful consideration of the methods and approaches that will be used for conducting the study. In choosing which methodologies are appropriate for the study, several factors are seen to have influence such as the set objectives, the nature of the research and the scope.

According to Oni (2003), research methodology sets out all the necessary methods that is involved in the collection of all required information for a study. This chapter carefully examines the research design, research instrument, population and sampling size, validity and reliability of data, measurement of variable, , measurement of variable data analysis technique and the limitations of the research methodology of the study.

3.2 RESEARCH DESIGN

Research design examines the overall strategy that you choose to integrate all the different components of the study in coherent and logical manner to enable the researcher gather the appropriate data to unambiguously achieve the study objectives, De Vaus (2001).it is an outline of the various processes that guides the collection, measuring and analyzing of the data and helps the researcher to find answers to the objectives of the research being carried out. This study uses financial data extracted from annual reports of the firms.

3.3 POPULATION AND SAMPLE SIZE

This study purposefully considered and selected nine (9) rural banks in Ashanti Region since the population of Rural Banks is very large and spread across Ghana.

Based on the above, the study selected the following Rural Banks in Ashanti Region which is listed in the table below

Table 3.1: List of Selected Rural Banks

NO	NAME OF RURAL BANK	HEADQUATERS
1	ODOTOBIRI RURAL BANK LIMITED	JACOBU
2	ATWIMA MPONUA RURAL BANK LIMITED	TOASE
3	AMANSIE WEST RURAL BANK LIMITED	MANSO ANTOAKROM
4	OTUSEKAN RURAL BANK LIMITED	KOFIASE
5	SEKYERE RURAL BANK LIMITED	JAMASI
6	BOSOMTWE RURAL BANK LIMITED	KUNTANASE
7	ATWIMA KWANWOMA RURAL BANK LTD	PAKYI NO. 2
8	JUABEN RURAL BANK LIMITED	JUABEN
9	KUMAWUMAN RURAL BANK LIMITED	KUMAWU

Most importantly, the companies involved in the case study are assured of utmost confidentiality as the sole purpose of obtaining information would be used for academic purposes and not to be shared with other external parties.

3.4 RESEARCH INSTRUMENT

The instrument used for the collection of data for the purpose of this study was annual reports and financial statements. The annual reports and financial statements contain

relevant data for the purpose of this study. The data obtained from the annual reports and financial statements were analyzed and used.

3.5 VALIDITY OF RESEARCH INSTRUMENT

One of the most essential requirements of research is ensuring that the study instrument is reliable and valid in a given period of collecting data. This study observed a series of steps to ensure that the instrument used for data collection was reliable and valid.

Validity is one of the major concerns with research. Seliger & Shohamy (1989:95) described that any researcher can be affected by several kinds of factors, while extraneous to the concerns of the research, can invalidate the findings.

3.6 DATA ANALYSIS TECHNIQUE

Ojo (2005) describes that tables are used to effectively order and summarize the quantitative data. They are used to purposely arrange facts and figures in rows and columns. These facts and figures obtained can be systematically examined.

For profitability testing, the study uses the correlation method to find the cause and effect relationship between corporate social responsibility and impact on the financial performance of the firms. The study also collect data, net profits, total assets and the CSR of the firm's annual reports (2011 to 2014) and then find out the relationship between them. This study uses the Spearman's correlation coefficient, (r_s , also signified by r_s) which measures the strength of association between two ranked variables. The Spearman correlation coefficient, r_s , can take values from +1 to -1. An r_s of +1 indicates a perfect association of ranks, an r_s of zero indicates no association between ranks and an r_s of -1 indicates a

perfect negative association of ranks. The closer r_s is to zero, the weaker the association between the ranks.

3.7 PROFILE OF SELECTED RURAL BANKS

Rural banks were first established in Ghana in 1976 to provide banking services to the rural population, providing credit to small-scale farmers and businesses and supporting development projects, with the first being in Agona Nyakrom in Central Region. The banks are locally owned and managed. By 2002 115 rural banks had been established. They are supervised by the clearing bank ARB Apex Bank under the regulation of the Bank of Ghana, which owns shares in the banks. Below is the profile of the selected rural banks for this study.

ODOTOBIRI RURAL BANK

The establishment of Odotobri Rural Bank Limited was a response by the Government to Odotobri Cocoa Farmers' appeal to help alleviate their plight at a time when they had to travel long distances of over 20km, most often on foot to cash their Akuafu Cheques at Ghana Commercial Banks and Agricultural Development Banks in Bekwai, Obuasi and Kumasi as the case may be. Odotobri Rural Bank Ltd. was incorporated by shares in March 29, 1982 with registration number 20476 under the Companies Code of 1963(Act 179). The Bank was issued with a license to commence Banking Operations on September 7, 1982 under the Banking Act 1970 (Act 339). The bank started actual operations to the public on September 16, 1983.

ATWIMA KWANWOMA RURAL BANK

Atwima Kwanwoma Rural bank was established on the 6th of September 1983 as a financial institution empowered by the bank of Ghana to provide financial service and intermediation within a defined operation area of 32km radius from the main office at Pakyi No.2. As the 68th to be established in the country and the 13th for the Ashanti Region the bank has gone through a lot of changes. The bank started with initial ordinary shares capital of ₵1.0million and ₵ 125,000 preference shares contributed by the indigenous people in the locality and the bank of Ghana. The bank's vision is to transform from rural bank into a fully-fledged hybridized community bank cum micro finance institution.

AMANSIE WEST RURAL BANK

The Amansie West Rural Bank Limited, one of the foremost formidable Rural Banks in the Ashanti Region was established and incorporated as a limited liability company under the company's code "Act 179" of 1963 on 3rd October 1983. It was then certified to commence business within the region on 22nd October 1983.

The Bank finds itself in one of the naturally endowed Districts in the Ashanti Region" Amansie West District" of which its name was coined as, Amansie West Rural Bank Limited.

OTUASEKAN RURAL BANK

Otuasekan Rural Bank Limited, which has its head office at Kofiase in the Ashanti Region of Ghana, was incorporated on May 18, 1988 under the Company's Code 1963 (Act 179). It was issued with the certificate to commence business on May 24, 1988. Otuasekan Rural Bank is owned by shareholders, whose Share Capital (Paid up Capital) stood at Three Hundred Thirty Eight Thousand Four Hundred and Sixty One Cedis. In addition to the head office, the bank has Eight (8) agencies with a total customer base of 125,553 as at December, 2013.

SEKYERE RURAL BANK

Sekeyere Rural Bank was set up and commissioned in 1983 at Jamasi in the Ashanti Region of Ghana. Our role is to play an intermediary function between surplus fund holders and those in need of funds for their economic activities in the communities in which the Bank operates. Sekyere Rural Bank Limited is dedicated primarily to the mobilization of resources from its operational area for on lending to individual savers, groups, small and medium scale enterprises. The bank is registered under Ghana's Companies Code 1963 (Act 179) and licensed under the Banking Law, 2004 (Act 673), as amended, to operate the business of banking.

BOSOMTWE RURAL BANK

Bosomtwe Rural Bank Limited, named after the only natural lake in West Africa, Lake

Bosomtwe in the Bosomtwe District of the Ashanti Region, was established in December, 1983. It has six (6) branches located in four districts named; Bosomtwe, Atwima Kwanwoma, Amansie East and Kumasi Metropolis. From its humble beginning, the bank by dint of hard work and commitment to ethical business practices has grown to become one of the leading rural banks in the country. It has enhanced shareholders' value significantly and has passion for rural poverty alleviation. The bank has received numerous awards since its inception for its meritorious service and social responsibilities.

JUABEN RURAL BANK

Juaben Community Bank Ltd., formerly Juaben Rural Bank Ltd was incorporated on 24th October, 1984 as a Rural Bank and has since then built a reputation as one of the leading Rural Banks in Ghana. The Head Office of the Bank is located at Juaben, in the Ashanti Region about 30 kilometers away from Kumasi. The Bank was the 93rd to be established in the country and the 18th to be established in the Ashanti Region. In addition to the head office at Juaben, the Bank has nine agencies at Ejisu, Kwaso, Bonwire, Aboaso, Fumesua, Atimatim as well as three branches in the Kumasi Metropolis namely Roman Hill, Magazine New Road and Sepe Timpomu.

KUMAWUMAN RURAL BANK

Kumawuman Rural Bank Limited was incorporated in October 1982 as a Rural Banking

Institution and has since built a reputation as one of the Best Rural Banks in Ghana. The Bank was established under the auspices of Kumawuman Biakoye Kuo by Kumawu citizens resident in the Greater Accra Area.

The late Nana Akwasi Amoakohene, the late Nana Addae Boamah, Mr Kwabena Darkwah, Dr. Kwabena Duffuor and Mr. Kwaku Barfi were among the pioneers who worked hard to bring the Bank to Kumawu Traditional Area in the year 1981.

The initial share capital of the Bank was GH¢ 60.40 plus the Bank of Ghana redeemable preference share of GH¢ 12.50 making a total of GH¢ 72.90 before the Bank started operations. Out of the total amount, GH¢ 60.40. Dr. Duffuor and his family contributed GH¢ 20.00, Mr. B. A. Mensah and family GH¢ 10.00 with the remaining amount of GH¢ 30.40 representing the interest of All Other Shareholders. . The bank has 10 branches which is loacated at drobonso, effiduasi,bomso, ahensan, Amakom, banko, tafo, kwamo,asafo and kumawu.

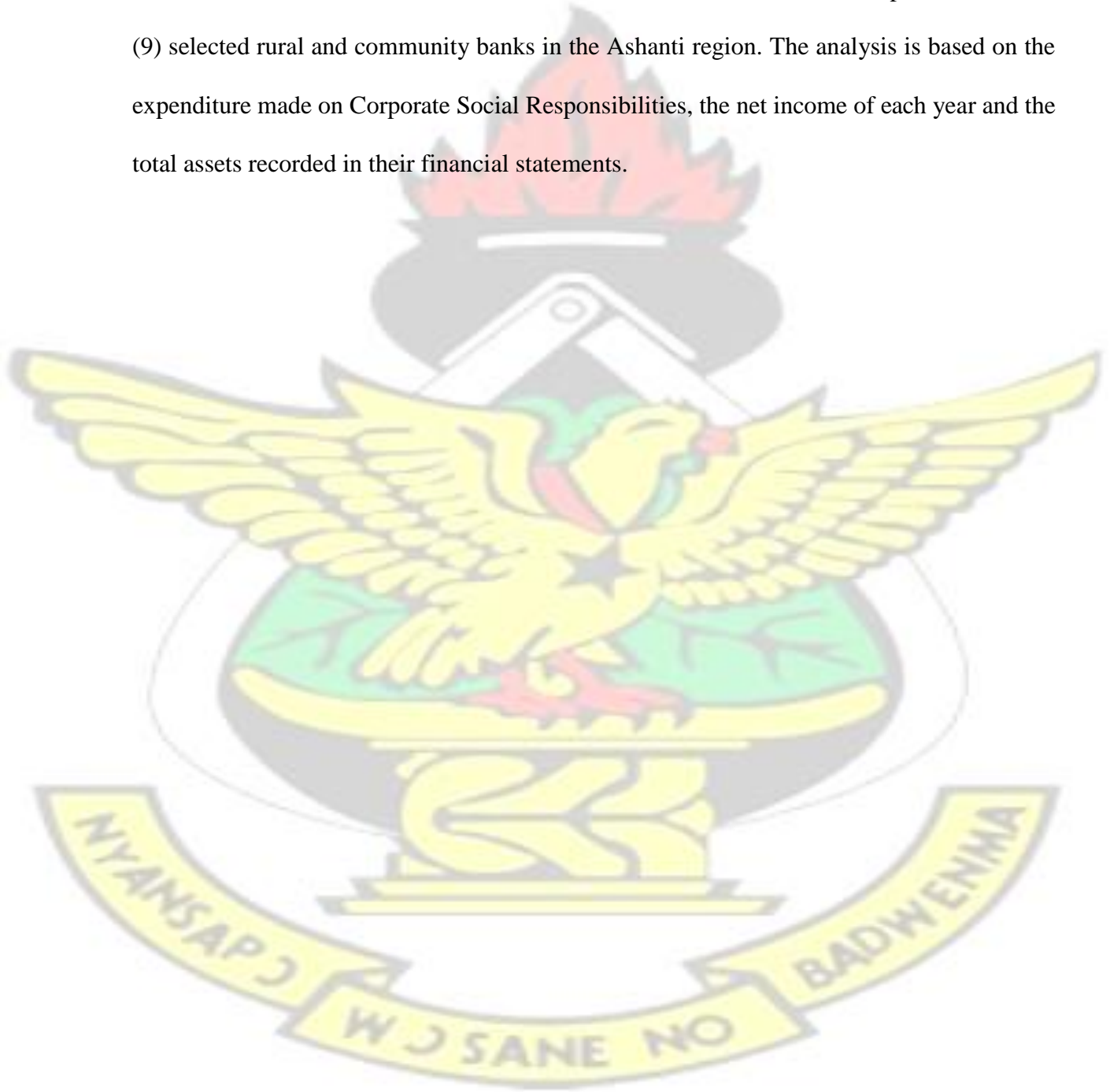


CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 INTRODUCTION

This chapter examines with in depth presentation, the analysis and interpretation of the data collected from field. The main source of data was taken from the annual reports of the nine (9) selected rural and community banks in the Ashanti region. The analysis is based on the expenditure made on Corporate Social Responsibilities, the net income of each year and the total assets recorded in their financial statements.



4.2 DATA PRESENTATION AND ANALYSIS

4.2.1 CORRELATION ANALYSIS FOR CSR, NET PROFIT AND TOTAL ASSETS FOR PERIOD 2011 - 2014

Table 4.1 Correlation analysis for periods 2011 - 2014

	1	2	3	4	1	2	3	4	1	2	3	4	
1 Corporate Social Responsibility 2011	1.000												
2 Corporate Social Responsibility 2012	.883**	1.000											
3 Corporate Social Responsibility 2013	.667*	.633	1.000										
4 Corporate Social Responsibility 2014	.550	.833**	.350	1.000									
1 Net Profit 2011	.500	.567	.300	.367	1.000								
2 Net Profit 2012	.500	.717*	.333	.633	.833**	1.000							
3 Net Profit 2013	.667*	.617	.367	.250	.633	.400	1.000						
4 Net Profit 2014	.583	.717*	.367	.500	.250	.383	.633	1.000					
1 Total Assets 2011	.283	.450	.200	.400	.850**	.850**	.233	.067	1.000				
2 Total Assets 2012	.283	.450	.200	.400	.850**	.850**	.233	.067	1.000**	1.000			
3 Total Assets 2013	.183	.350	.067	.333	.917**	.817**	.333	.000	.933**	.933**	1.000		
4 Total Assets 2014	.350	.467	.067	.450	.900**	.817**	.317	.100	.900**	.900**	.933**	1.000	

*P<.05; **P<.01

The above table 4.1 indicates the correlation analysis between corporate social responsibility, net income, and total assets for the period of 2011 - 2014. The table above indicates CSR and net profit for 2011 as 0.50, CSR and net profit for 2012 as 0.72, CSR and net profit for 2013 recorded 0.32 and CSR and net

profit for 2014 as 0.50. Likewise, CSR and total assets for the years 2011, 2012, 2013, 2014 were given as 0.28, 0.45, 0.07 and 0.45 respectively.

4.2.2 PRESENTATION AND ANALYSIS OF CORRELATION ANALYSIS 4.2.3 RELATIONSHIP BETWEEN NET INCOME AND CSR

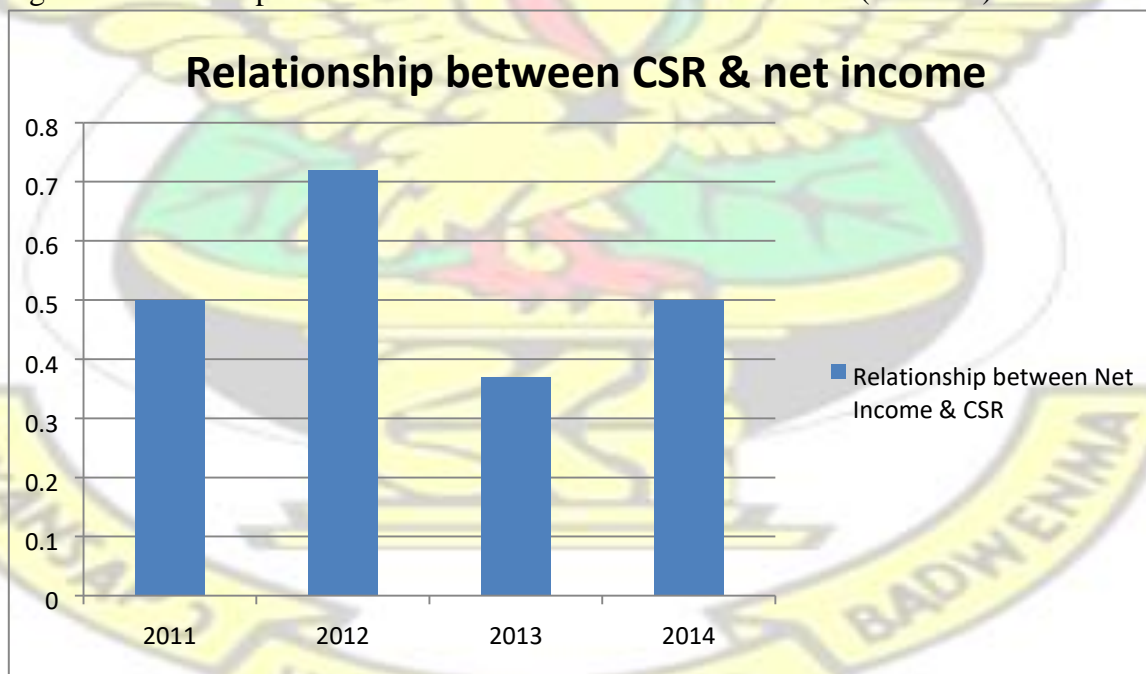
Table 4.2 : relationship between CSR & net profit for 2011 - 2014

YEAR	FIGURE
2011	0.50
2012	0.72
2013	0.32
2014	0.50

Source - field survey 2016

Graphical representation of the relationship between CSR and net profit for 2011 - 2014

Fig 4.1: Relationship between CSR and net income for 2011-2014 (bar chart)



Graph 4.1 shows the relationship between net income & corporate social responsibilities for the period of 2011 - 2014.

The relationship between corporate social responsibility and net income for year 2011 and 2014 indicates a moderate positive relationship with 0.50 and 0.50 respectively as shown in the graph 4.1. But for the year 2013 there was a moderately weak positive association between CSR and net income which recorded 0.32 as represented on graph 4.1. Finally, year 2012 recorded a strong positive relationship with 0.72.

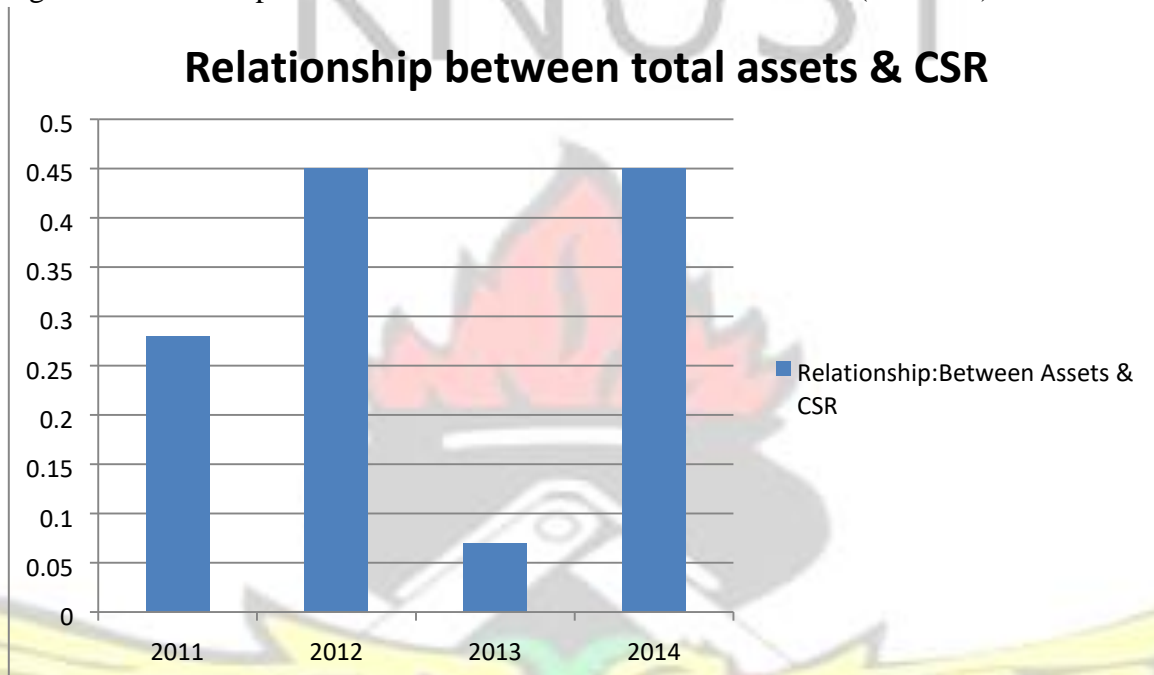
4.2.4 RELATONSHIP BETWEEN CSR AND TOTAL ASSETS

Table 4.3: Relationship between CSR & total assets for period 2011 - 2014

YEAR	FIGURE
2011	0.28
2012	0.45
2013	0.07
2014	0.45

Graphical representation of the relationship between CSR and total profit for 2011 - 2014

Fig 4.2: Relationship between CSR and total assets for 2011-2014 (bar chart)



Graph 4.2 shows the relationship between total assets and corporate social responsibilities for the period 2011 - 2014.

Graph 4.2 indicates a positive relationship between total assets and corporate social responsibility for the years 2011, 2012, 2013, and 2014. However, even though there was a positive association, it can be noticed that all the years had a weak positive relationship with 0.28, 0.45, 0.07 and 0.45 in 2011, 2012, 2013 and 2014 respectively. But 2013 recorded a very weak relationship with 0.07 as shown in graph 4.2.

CHAPTER FIVE

SUMMARY, RECOMMENDATION AND CONCLUSION

5.0 INTRODUCTION

This chapter concisely takes a look at the results from the objectives which were set in chapter one of the study which was to investigate the impact of corporate social responsibility on firm's financial performance. This was achieved using the Spearman correlation analytical technique. It also takes a brief introduction into what has been done in the previous chapters and discusses the findings and recommendation.

5.1 SUMMARY OF FINDINGS

5.1.1 Findings - CSR impact on financial performance

In both chapter one (1) and chapter two (2), CSR has been defined and explained by many renowned and classical authors who took it from many diverse viewpoints. This study was purposely conducted to investigate the impact of corporate social responsibility on a firm's financial performance with specific reference to selected rural banks in Ashanti Region and to find out if CSR expenditure affects the financial performance and also find out if firms with good financial performance spend more on CSR. In undertaking the research work, both primary and secondary data were employed in gathering all relevant information. As tables 4.1 to 4.3 indicate the net profits, changing in assets and spending on CSR by the selected rural banks in Ashanti Region during the period of 2011 to 2014. Table 3.2. shows positive relationship between Corporate social responsibility and financial performance.

Four years data has been collected from 9 selected rural banks in Ashanti Region.

Correlation is used to measure the cause and effect relationship between corporate social responsibility and financial performance. In first measure,

corporate social responsibility is compared with net profit of 9 selected rural banks which shows positive relationship between corporate social responsibility and net profit. For example in 2011, the relationship between CSR and net profit shows a moderate positive association with a figure of 0.50, followed with a figure of 0.72 in 2012, which indicates a strong positive relationship. In second measure corporate social responsibility is compared with total assets of the 9 selected rural banks which also shows positive link between corporate social responsibility and total assets. For example, in 2011, 2012, 2013, 2014, table 3.2 shows a figure of 0.28, 0.45, 0.07 and 0.45 respectively. Thus By these findings, the results show that there is significant positive relationship between CSR and FP. Results show that as the 9 selected rural banks increased spending on corporate social responsibility the financial performance of the rural banks enhanced.

5.2 CONCLUSSION

The study explores the relationship between corporate social responsibility and financial performance of nine selected rural banks in Ashanti Region. Purpose sampling technique has been used to select the nine rural banks. The results show that there is a positive and statistically significant relationship between corporate social responsibility and the financial performance of the banks. Consequently, the study argues that corporate social responsibility initiatives of the banks have been beneficial to them and that other banks may also improve their financial performance if they should embrace the concept of corporate social responsibility.

5.3 RECOMMENDATION

This section looks at measures that are to be considered by stakeholders, academia and corporate institutions in respect to corporate social responsibility

The study shows corporate social responsibility as an investment rather than as a cost or expense thus firms must strategically increase their investment in corporate social responsibility activities because if the institutions or firms invest, there is an increased chance of getting more financial and economic benefits than what firms have invested in corporate social responsibility activities.

Furthermore, firms must not be attracted to merely investing in CSR but the most important aspect for these firms is to fully communicate its spending activities on corporate social responsibility to all relevant stakeholders as to how or where, when and what monetary amount the firms have directly invested in CSR. The concept is similar to investing in advertisements to create a good image in the thoughts of customers so does disclosing CSR investment create a good image in the minds of all stakeholders.

A corporate social responsibility investment manages the reputation of the firm by building an extremely good image in the minds of stakeholders such as suppliers, customers, employees and in general the society. Stakeholders tend to assume positive thinking towards a firm that invests in CSR as the stakeholder thinks a firm fulfilling its commitments towards society has no possibility of doing anything bad for them, so the net effect is enhancing trust in the firm. The trust that stakeholders build in a firm which undertakes CSR will impact on a firm's total profitability and overall success. There it was concluded that CSR has positive impact on firm's profitability.

As intense rivalry and competition among firms arises from the passage of time, stakeholders may easily switch from one firm to another firm, thus it is important for firms to do more CSR investment to retain and entice stakeholders so that the overall financial performance of the firm will increase. Institutions or firms which spend more on CSR activities will protect it from lawsuits, complaints and objections which occur from destroying the environment or injuring employees because of risky operations of firms.

This study accepts that CSR research has a very wide scope and keeps expanding and that the study cannot cover all areas of CSR. In accepting such limitations I recommend that further research be done using the same procedures and methods applied in this study using different industries in Ghana or different countries or could be even extended to cross - industry study.



REFERENCES

- Alexander, G. J., & Buchholz, R. A. (1978). Corporate social responsibility and stock market performance. *Academy of Management journal*, 21(3), 479-486.
- ARB APEX Bank Limited, (2012) Rural and Community Banks. Available online at <http://www.arbapexbank.com/rcbs.php>
- Asongu, J., (2007). Sustainable Development as a Business Responsibility. *Journal of Business and Public Policy*, I (1).
- Asongu, J., (2007). The history of corporate social responsibility. *Journal of Business and Public Policy*, 1(2).
- Atuguba R, Dowuona-Hammond C. (2006). Corporate Social Responsibility in Ghana. Friedrich Ebert Foundation (FES): Accra, Ghana.
- Aupperle, Kenneth E., Carroll, Archie B., and Hatfield, John D. 1985. „An Empirical Investigation of the Relationship between Corporate Social Responsibility and Profitability“. *Academy of Management Journal*, 28: 446–63.
- Barnard, Chester I. 1938. *The Functions of the Executive*. Cambridge, Mass.: Harvard University Press. Bowen, Howard R. 1953. *Social Responsibilities of the Businessman*. New York: Harper & Row.
- Boorman, S. Healthy profits: Workers' wellbeing is directly linked to the bottom line // *Western Daily Press [Bristol (UK)]* July 5, 2011. p. 1.
- Bowen, H. R., (1953). *Social Responsibilities of the Business Man*, New York: Harper.
- BRASS Centre, (2007). *History of corporate social responsibility and sustainability*. [Online] Available at: http://www.brass.cf.ac.uk/uploads/History_L3.pdf [Accessed 10 02 2016].
- Carroll, A., (1979). A Three-Dimensional Conceptual Model of Corporate Performance. *Academy of Management Review*, 4(4), p. 500.

- Carroll, Archie B. (ed.) 1977. *Managing Corporate Social Responsibility*. Boston: Little, Brown and Co. -1979. „A Three-Dimensional Conceptual Model of Corporate Social Performance“. *Academy of Management Review*, 4: 497–505.
- Cochran, P. L & Wood, R. A., (1984) "Corporate Social Responsibility and Financial Performance", *The Academy of Management Journal* 27 (1), pp. 42-56.
- Committee for Economic Development (CED). 1971. *Social Responsibilities of Business Corporations*. New York: CED.
- Davis, Keith. 1960. „Can Business Afford to Ignore Social Responsibilities?“ *California Management Review*, 2, spring: 70–6. 1967. „Understanding the Social Responsibility Puzzle: What does the Businessman Owe to Society?“ *Business Horizons*, 10, winter:45–50. 1973. „The Case for and against Business Assumption of Social Responsibilities“. *Academy of Management Journal*, 16: 312–22.
- De Vaus, D.A. (2001) *Research Design in Social Research*. London: SAGE,
- Donaldson, T. & Preston, L.E., (1995) "The Stakeholder Theory of the Corporation: Concepts, Evidence and Implications", *Academy of Management Review* 20(1), 65-91.
- Drucker, P.F. (1984) *The New Meaning of Corporate Social Responsibility*. *California Management Review*, 26, 53-63.
- Eels, Richard. 1956. *Corporate Giving in a Free Society*. New York: Harper.
- Eilbert, Henry, and Parket, I. Robert. 1973. „The Current Status of Corporate Social Responsibility“. *Business Horizons*, 16, Aug.:5–14.
- Epstein, Edwin M. 1987. „The Corporate Social Policy Process: Beyond Business Ethics, Corporate Social Responsibility, and Corporate Social Responsiveness“. *California Management Review*, 29: 99–114.

Frederick, William C. 1960., „The Growing Concern over Business Responsibility“. California Management Review, 2: 54–61. 1978. „From CSR 1 to CSR2: The Maturing of Business and Society Thought“. Graduate school of business: University of Pittsburgh. Working paper no. 279. 1998. „Moving to CSR 4: What to Pack for the Trip“. Business & Society, 37(1), Mar.: 40–59. 2006. Corporation Be Good: The Story of Corporate Social Responsibility. Indianapolis: Dog Ear Publishing.

Freidman, M. (1970) —The Social Responsibility of Business is to Increase its Profits. Retrieved on 24th September, 2009

Friedman M. The Social Responsibility of Business Is to Increase Its Profits // Corporate Ethics and Corporate Governance, 2007. v4. pp. 173-178

Friedman, Milton. 1962. Capitalism and Freedom. Chicago: University of Chicago Press.

Hammond, S.A., J.W. Slocum. The impact of prior firm financial performance on subsequent corporate reputation // Journal of Business Ethics, 1996.

Henderson, D. The Case Against Corporate Social Responsibility // Policy, 2001. v17 (2). pp. 28-32.

Hillman, A.J., and G.D. Keim (2001) “Shareholder value, stakeholder management, and social issues: What’s the bottom line?” Strategic Management Journal, 22 (2): 125-139.

Juaben Rural Bank Ltd, (2014). *Financial Statement and Annual Reports*, s.l.: Juaben Rural Bank Ltd.

Julian D.S., And Ofori-Dankwa C.J. (2013). Financial Resource Availability And corporate Social Responsibility Expenditures in a Sub-Saharan Economy: The Institutional Difference Hypothesis. *Strat. Mgmt. J.*, 34: 1314–1330

Kreps, T. J. 1940. Measurement of the Social Performance of Business: In an Investigation of Concentration of Economic Power for the Temporary National Economic Committee. Monograph No. 7. Washington: Government Printing Office.

- Kumawuman Rural Bank Ltd, (2014).*Financial Statement and Annual Reports*, s.l.: Kumawuman Rural Bank Ltd
- Lydenberg, Steven D. 2005. *Corporations and the Public Interest: Guiding the Invisible Hand*. San Francisco: Berrett-Koehler Publishers, Inc.
- McGuire, Joseph W. 1963. *Business & Society*. New York: McGraw-Hill.
- O'Neill, H.M., Saunders, C.B., A.D. McCarthy. Board members, corporate social responsiveness and profitability: Are trade-offs necessary? // *Journal of Business Ethics*, 1989. v8 (5). pp. 353-357.
- Odotobiri Rural Bank Ltd, (2014).*Financial Statement and Annual Reports*.s.l.:Odotobiri Rural Bank Ltd.
- Ofori, D. F., & Hinson, R. E. (2007) Corporate social responsibility (CSR) perspectives of leading firms in Ghana. *Corporate Governance*, 7(2), 178-193)
- Organization for Economic Co-operation and Development (OECD). 2001. *Corporate Responsibility: Private Initiatives and Public Goals*. Paris: OECD.
- Otuasekan Rural Bank Ltd, (2014).*Financial Statement and Annual Reports*, s.l.: Otuasekan Rural Bank Ltd.
- Post, J. E. & Berman, S. L. (2001) 'Global Corporate Citizenship in a dot.com World: The Role of Organisational Identity', in J. Andriof and M. McIntosh (eds) *Perspectives on Corporate Citizenship* (pp. 66-82). Sheffield: Greenleaf Publishing.
- Reich, R.B. The Case Against Corporate Social Responsibility // Goldman School of Public Policy, 2008. Working Paper No. GSPP08-003.
- Roberts, P. (Ed). *Testing users satisfaction tools*. *Nurse Researcher*, 6(3), 67-76
- Selekman, B.1959. *A Moral Philosophy for Business*. New York: McGraw-Hill.
- Sethi,S.Prakash.1975.,,DimensionsofCorporateSocialPerformance:AnAnalyticFrame-work". *California Management Review*, 17, spring: 58–64.

Suchman, M.C. (1995) "Managing Legitimacy: Strategic and Institutional Approaches", Academy of Management Review, Vol 20 No. 3, pp. 571-610.

Sweeny, L. (2009) A study of current practice of corporate social responsibility (CSR) and an examination of the relationship between CSR and Financial performance using structural equation modeling (SEM). Unpublished doctoral thesis, Dublin Institute of Technology.

The Ghana Chamber of Mines, Factoid (2012). 83.

The Ghana Chamber of Mines, Performance of the Mining Industry in (2009).

Vance Stanley C. (1975). "Are Socially Responsible Corporations Good Investment Risks?", Management Review, Vol. 64 (8), pp. 19-24.

Waddock, S. (2004) "Parallel universes: companies, academics and the progress of corporate citizenship", Business and Society Review, Vol. 109 No. 1, pp. 5-42.

Waddock, S.A., S.B. Graves. The Corporate Social Performance-Financial Performance Link // Strategic Management Journal, 1997. v18 (4). pp. 303-319.

Wood, D.J. (1991) Corporate social performance revisited. Academy of Management Review, 16, 691-781.

APPENDIX I

		YEAR
--	--	------

NO	NAME OF RURAL BANK	2011 (GHS)	2012 (GHS)	2013 (GHS)	2014 (GHS)
1	Odotobiri Rural Bank Ltd	45,650.00	66,766.00	58,064.10	140,682.50
2	AtwimaMponua Rural Bank Ltd	64,390.33	47,480.00	111,171.50	108,417.60
3	Amansie West Rural Bank Ltd	22,801.44	32,942.79	34,030.00	57,711.00
4	Otuasekan Rural Bank Ltd	7,865.60	8,432.00	11,980.00	19,200.00
5	Sekyere Rural Bank Ltd	13,225.00	33,916.84	10,900.00	119,868.06
6	Bosomtwe Rural Bank	14,060.00	17,297.00	20,230.00	20,900.00
7	AtwimaKwanwoma Rural Bank Ltd	8,000.00	26,000.00	30,608.00	65,914.00
8	Juaben Rural Bank Ltd	40,016.00	43,015.00	51,916.00	51,709.00
9	Kumawuman Rural Bank Ltd	4,980.00	10,696.00	42,785.00	48,705.00

APPENDIX II

		YEAR
--	--	------

NO	NAME OF RURAL BANK	2011 (GHS)	2012 (GHS)	2013 (GHS)	2014 (GHS)
1	Odotobiri Rural Bank	878,223.03	1,440,011.39	2,263,137.61	2,630,322.78
2	AtwimaMponua Rural Bank Ltd	502,245.57	889,541.49	907,028.89	1,032,382.85
3	Amansie West Rural Bank Ltd	658,855.62	824,446.70	1,351,075.00	1,007,721.00
4	Otuasekan Rural Bank Ltd	343,150.89	508,530.00	791,939.00	1,018,561.00
5	Sekyere Rural Bank Ltd	553,473.59	1,158,604.35	1,020,482.41	1,092,025.34
6	Bosomtwe Rural Bank	673,548.31	784,007.39	1,024,542.62	784,348.36
7	AtwimaKwanwoma Rural Bank Ltd	740,152.93	1,791,389.61	350,413.53	385,226.16
8	Juaben Rural Bank Ltd	1,087,847.00	1,803,288.00	2,388,654.00	2,233,874.00
9	Kumawuman Rural Bank Ltd	496,773.00	707,260.00	854,477.00	864,587.00

APPENDIX III

NO	NAME OF RURAL BANK	2011 (GHS)	2012 (GHS)	2013 (GHS)	2014 (GHS)
1	Odotobiri Rural Bank Ltd	3,244,056.20	4,670,067.35	6,899,010.40	9,444,116.17
2	AtwimaMponua Rural Bank Ltd	1,787,390.09	2,629,388.84	2,941,662.68	3,964,446.76
3	Amansie West Rural Bank Ltd	1,710,657.22	2,369,312.68	3,892,961.00	4,773,555.00
4	Otuasekan Rural Bank Ltd	1,458,150.68	1,873,090.00	2,518,110.00	3,595,426.00
5	Sekyere Rural Bank Ltd	2,904,428.07	3,740,694.94	4,269,202.00	4,944,903.60
6	Bosomtwe Rural Bank	3,201,567.00	3,890,180.70	5,031,014.67	5,419,699.74
7	AtwimaKwanwoma Rural Bank Ltd	3,622,045.07	5,233,477.45	8,332,384.19	11,495,644.04
8	Juaben Rural Bank Ltd	3,536,031.00	5,146,850.00	7,469,823.00	9,323,655.00
9	Kumawuman Rural Bank Ltd	1,725,185.00	2,381,535.00	3,179,852.00	3,179,852.00