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The Effects of Corporate Social Responsibility on Corporate Reputation and Firm Financial Performance: Mediating on the Role of Operating Cash Flow, Profitability and Financing

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Authors' contributions

This work was carried out in collaboration between the two authors. Author FOO designed the study, performed the statistical analysis, wrote the protocol, and wrote the first draft of the manuscript. Author ONO managed the analyses of the study and also managed the literature searches. Both authors read and approved the final manuscript.

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ABSTRACT

The study examined the impact of corporate social responsibility on organization financial performance in Nigeria. The purpose of the study was to mediate the role of profitability, productivity, financing and its impact on the organization financial performance of the Nigerian manufacturing company. This Study is predicated on the stakeholder theory and utilitarian theory. secondary data source was explored through Keystone Bank Plc annual financial report in presenting the facts of the situation.

Data disaggregating into operating cash flow profitability, and financing proxies for organization financial performance and corporate social responsibility. The Ordinary Least Square (OLS) Estimation technique and Granger-causality test were adopted. The findings of the study suggests that there is insignificance relationship between operating cash flow and Corporate Social

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Responsibility .profitability and financing have positive and significant relationship with corporate social responsibility The paper recommends that management should see Corporate Social Responsibility as a business opportunity that is beneficial in the long run thereby, incorporating credible and well-structured social responsibility policies and organization can strengthen their relations with customers and ultimately improve their financial performance if discretional social responsibility to stakeholders is integrated into business routines.

Keywords: Corporate social responsibility; financial performance; discretional social responsibility; environmental benefit.

***JEL Classification**: M41; C10.*

1. INTRODUCTION

Generally, financial institutions have the primary obligation to make and maximize profits, now the objective is perceived as the business world is no longer acceptable [1]. Financial Institution is not only concerned with the enormous deposit of their respective customers and management interests, but also maintains relationships with employees, consumers, the community and the environment, it can be accomplished with social responsibility or CSR (Social responsibility for enterprises). According to [2], the stronger the financial strength of any financial institution, the greater will be its wider social responsibility and the more active implementation of CSR. Corporate social responsibility is considered important in an organization where stakeholders will demand that corporate social responsibility be disclosed in the company's annual report to balance the company with the community and the environment. CSR enables financial institutions to make investment decisions, which increases customer favoritism [3].

Disclosure of Corporate Social Responsibility (CSR) is no less important than disclosure of financial performance. One of the advantages of revealing CSR is that parties outside the company can find out how far the company cares about its social environment. capital market indices that include the category of shares of companies that have practiced and disclosed CSR. Public recognition of the importance of social activities carried out by companies, especially financial institutions, increasingly makes the demand for banks increase. Normative principles that exist in the banking service delivery concerning people who care about each other and share, become a social responsibility that must be carried out in the bank to maximize their prosperity socially by taking part in social activities that benefit many people [4].

The environment has turned out to be a vital interest in today's social and economic system so that; the maintenance and improvement of the quality of the environment has become a major topic of discourse for the business world. Companies are held responsible for the protection of a sustainable environment, as their activities exert pressure on the environment [5]. Recent fears about global warming, emissions, trading market for greenhouse gases have intensified stakeholder's interest in corporate social responsibility performance [6]. Against this backdrop, Corporate social responsibility (CSR) is at present an important discourse between companies and their stakeholders as the concept now rank among top agenda of most corporations [7].

The concept of CSR focuses on the commitment of companies to contribute to sustainable development, the interest of stakeholders and the reinforcement of social conditions. Evidence indicates that companies and businesses co-exist in the modern world in a direction that the latest trends between them are not only basically about business ventures seeking to make profits, but also foreshadowing interest such as; society's welfare and other society oriented noneconomic actions (Baker,2004). The dominant components of CSR require organizations to consider the interests of the company and to be responsible for the impact of their activities on customers, employees and shareholders, all facets of their activities [8]. CSR is not only a statutory responsibility to comply with legal pre-conditions; Rather, it requires organizations to voluntarily take additional steps to improve the quality of life of employees and their defendants, older communities, and society as a whole. They are achievable through training, building basic infrastructure, providing health care services, skills training programs, and so on. A center or common denominator within CSR issues is that it addresses the relationship between (businesses) corporations and societies [9].

Financial institutions, especially banks, are increasingly under pressure to take a longer-term view of their investors' business interests and recognize and respond to their corporate obligations [10].

This study concentrates on the impact of operating cash flows, financing and profitability on the disclosure of corporate social responsibility in the commercial field, which is a key area of stakeholder theory and a neglected area of research.

Based on the description of the problem, which was based on the fundamental objective of this research paper is to study the relationship between operating cash flows, financing, profitability and corporate social responsibility, research question has been drawn, respectively. How will operating cash flow, financing and profitability impact corporate social responsibility?.

It also contributes to an insufficiently researched area of stakeholder theory, that is, human and behavioral aspects that need to be developed and considered for analysis and further lead to exploring the actual behavior of stakeholders (Freeman et al. 2020). There is no in-depth study linking operating cash flows, financing and profitability to corporate social responsibility. Financing and profitability for corporate social responsibility. It is the importance and significance of this study that operating cash flows, financing and profitability of corporate social responsibility have been studied together in the Nigerian context.

As a result, the current thematic area will benefit banks who actively participate in CSR activities, tax analysts and policy makers. The research aimed to influence the organization of CSR practices and the advantages to its social environment, i.e. employees productivity, customer satisfaction and the encouragement of social and not social benefit. This study stimulated interest in operating cash flows, financing and profitability and provides valuable information and knowledge on how this enhances the social responsibility of the companies. The current study adds to the expanding reach of recent research studies on the subject of study by supplying vital information to academicians and organizational managers in the banking sector to encourage employee motivation and satisfaction for better performance leading to fruitful outcomes for the organization's financial performance. The organization of the literature review in different fields helps to map the study by: A relationship between operating cash flow and corporate social responsibility, financing and corporate social responsibility, profitability and corporate social responsibility, with utilitarian and stakeholder theory and methodologies previously used in the area of research.

Generally, as narrated through reviewed literature, majority of the available empirical evidence were centered generally on corporate social responsibility and its impact on financial performance, few of the literature mediated on social and nonsocial environmental aspect and employee productivity which appear to be one sided. However, to the best of the researcher's knowledge, it appears that no researches have been conducted on the impact of corporate social responsibilities on financial performance mediating on philanthropic discretion in banking industry. In view of this, the researcher is interested to undertake a study which hinged on the intent to examine corporate social responsibility mediating on discretional responsibility and its impact on corporate reputation and firm financial performance in Nigeria.

2. LITERATURE REVIEW

2.1 Conceptual Clarifications

The CSR is seen from various perspectives. Perspectives vary from author to author and therefore there is not a generally accepted unified definition of the concept. But when we critically examine the various definitions given, we can see that they focus on three themes, as [11] points out. These themes are companies' relations with economic, social and environmental sustainability. It is on this basis that several terms like corporate conscience, good corporate citizenship, business responsibility, business citizenship, social performance, sustainable responsible business, community relations, and responsible business are used to connote CSR.

The concept is therefore closely linked to the principle of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits and dividends, but also based on the immediate and long term social and environmental consequences of their activities [12]. Some notable definitions of CSR by various authors are: killic et al [12] have defined CSR as corporate social responsibility to society at a point in time that includes economic expectations, legal, ethical and philanthropic issues.

According to Hapsoro and Sulistyarini, [13], it is the capacity of the company to relate to ethical values, transparency, labour relations, compliance with legal requirements and general respect for the communities in which it operates. In another similar definition of Migdad, [14] CSR is the economic, legal, moral and philanthropic actions of businesses that affect the quality of life of the stakeholders involved. In a concise definition provided by Cajias,, Fuerst, and Bienert, [15], it is described as the ability of companies to manage business processes to produce a global positive impact on society.

More or less of the organizational" definitions of CSR are: The European Commission (2006) defined CSR as a concept which makes companies decide voluntarily to lead to a better guild and a cleaner environment by incorporating social and environmental concerns in their business operations and in their interaction with their stakeholders. In another definition given by Becchetti [16], it is seen as a way to analyze the interdependent relationships between businesses and economic systems, and the communities within which they are based.

The World Business Council for Sustainable Development - WBCSD (1998) defines the CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the men and their families as well as of the local community and society at large.

2.2 Operating Cashflow

Operating cash flow is cash flow in excess of that required to fund all of a firm’s projects that have positive net present values when discounted at the relevant cost of capital which also involves the day to day running costs of every organization. These are regular funds that must be disbursed to the company's stakeholders in order for the company to be effective and to maximize profits, as well as to meet their stated objectives (Money & Schepers, 2007). Operating cash flow is the cash flow from the main revenue-generating activities, which involves the cash effect of the transactions that enter into the determination of net profit or loss in the profit or loss account. Operating cash flows are used to determine whether the corporation's operations are sufficient to repay the short-term debt and to cover the costs associated with operating the corporation. The operating cash flow shows the cash receipts and expenses of the company's operations, indicating whether the company generates more cash than is used to manage the company and reinvest to grow the company. (Monday et al,2007).

2.3 Financing

Finance is one of the major and integral concerns of companies, and thus plays a major role in all the company's activities. It is used in all fields of activity under various names. Finance may be delineated as the artistry and scientific discipline of handling money. This comprises financial services and financial instruments. Finance also is referred as the supply of money at the time when it is called for. The finance function is to obtain funds and use them effectively as part of business concerns. The financial concept includes capital, funds, money and amount. However, every word has a unique meaning. The study and understanding of the concept of finance becomes a significant part of the business concern [15].

2.4 Profitability

According to the Primeaux (1997) definition, profit is the end result of subtraction of total costs (TRQ) from total revenues (RT). As a result, maximizing profits produces the right amount of goods and services based on the right amount of resources (Primeaux, 1997). Profitability can be defined as the ability from a behavioral point of view to produce the right quantity and quality of goods and services that consumers want in society's legal and ethical standards [17]. Failing to account for the ethical effects of decisions can bring about negative consequences that signify opportunity costs for the society and consumers, hence, managers who fail in taking into account ethical aspects of their decisions are not profit maximizing due to the costs incurred as a result of overlooking ethical dimensions of the decision (Primeaux, 1997), [17].

The Social Impact of Corporate Social Responsibility on Financial Institutions.

According to Arthur [6], CSR research has identified factors sometimes described as drivers that are used as a rationale for companies that have voluntarily engaged in adopting CSR. While the drivers apply to all businesses, the extent of their applications and the role they play in improving the financial situation varies from company to company, and also from sector to sector. Some of these noteworthy factors are briefly explained in this way:

- **Management, Reputation:** Corporate organizational reputation is something that is established over time, CSR offers a way by which companies can manage and act upon the attitude and perception of their stakeholders, which in turn contributes to trust building and reciprocal benefits between business and the immediate surroundings. Tuppen [18] shows that CSR issues are important drivers of the company's image and reputation, are key determinants of consumer satisfaction and, by extension, generate positive financial returns, As argued by both Uadiale and Fagbemi [19].
- **Qualitative Workforce:** In surveys conducted by Globe Scan Inc (2005) & Eweje (2006) it is found that CSR plays significant role in attracting and retaining talented diverse work force. Companies that account for the interests or needs of their employees perform in terms of quality and delivery compared to those that do not offer that (Grant Thompson Int‟l Report, 2011). In the view of Turban and Greening [20] CSR is considered to have bearing on encouraging customers‟ orientation toward organizational attainment.
- **Investor Relations and Access to Capital:** The investment community is increasingly viewing CSR as an akin to long-term risk management and good governance practice. In a survey conducted by Hill and Knowlton [21] it is found that analyst place much more importance on corporate reputation compared to what they do on financial performance.
- **Risk Profile & Risk Management:** CSR provides more effective risk management, helping companies reduce preventable losses, identify emerging issues and use leadership positions as a means to gain a competitive advantage. Risk management is central to many corporate strategies, because reputations that take decades to build can be ruined in a matter of hours by incidents such as corruption, scandals or even environmental accidents. They can also draw the attention of regulatory agencies, courts, governments and the media. Thus, establishing a real cultivation of 'doing the proper thing' within a corporation can offset these risks as cited by Brine et al. [9].
- **Learning and innovation:** Learning and innovation are essential for the long-term survival of any business, and on this basis, CSR is considered a vehicle used by businesses to address environmental and societal risks.
- **Competitiveness and Market Positioning/ Brand differentiation**: In crowded markets, companies strive for a unique marketing proposition that can distinguish them from the competition in the psyches of consumers, and at the same time CSR can play a part in establishing customer loyalty based on distinctive ethical values. In this capacity, business service organizations can also benefit from establishing a reputation of integrity and best practices.
- **Operational efficiency:** CSR offers opportunities to reduce the company's current and future costs through improvements in operational efficiency. In addition, companies that improve working conditions and work practices are also experiencing a rise in productivity.
- **Operating licence:** Companies that do not fulfill their societal responsibilities risk having their licence revoked because of a dispute between members of the community. Businesses can also be seriously patronized by members of the community.
- **Laws and regulations:** Another factor in CSR is the role of independent mediators, in particular government, to ensure that corporations do not adversely affect social well-being in general, including individuals and the environment. CSR critics argue that governments should lay out the agenda for social duty by the way of laws and regulations that will allow a business to conduct its duties in the guild they are going.

The Social Impact that Banks has on Corporate Social Responsibility

The Bank has different areas of focus for its CSR programme and consistently tries to focus on the fundamental needs of society, reaching as many people as possible through its CSR initiatives. The aim is to target all parts of the country with its CSR activities, but banks currently use Lagos as a test area for its projects and initiatives being the business center in the country which is highly competitive with each other. As regards internal CSR work, the Foundation is currently concentrating on the commitment and understanding of CSR initiatives. Below are a few of the CSR initiatives [22].

- **Micro-credit -** Banks have introduced different types of micro-finance loans to their customers for small and medium-sized enterprises as a livelihood and also various farm loans to farmers to support both consumption and commercial farming. The Nigerian government has also implemented a micro-credit financing program, but interest rates are still at 36%. So the goal for the banks is to give people the opportunity to take out an interest-free loan or at least at very low interest rates.
- **Scholarships - Banks also operate a scholarship program.** The goal is for elementary, secondary and even university students to be examined annually as part of scholarships. Banks deploy this program to encourage students in the field of study finds it important that students do not feel like “second-hand” students as a result of scholarships. As a result, banks have also introduced a grant that is offered to the school in combination with the scholarship which makes the scholarship beneficial not only for the student but also for the school.
- **Environment -** Banks also work intensively to improve the social well-being of people in the environment in which they conduct their business through management rather than waste and environmental matters. For example, a project was initiated to set up waste collection centres and provide training for people to become collectors. The vision is to create an environmental movement where all businesses, big and small, contribute with something in the job of improving the environment.

Implication of Corporate Social Responsibility on Organization Finance and Profitability

Folajin, Ibitoye and Dunsin [23] showed in their article that the relation between CSR, financing and profit is a controversial issue. Folajín et al. [23] added that companies can view CSR as an additional constraint or cost, although it can be an opportunity for them to innovate and gain a competitive edge. Friedman (cited by Foote, Gaffney, & Evans, 2010) criticized the money spent on CSR, stating that the primary responsibility of managers is to maximize the profits of the organization in their contracts with the owners of the corporation.

Hapsoro and Sulistyarini, [13] noted that CSR is not always providing a positive impact on the financial performance, some cases showed that it could sustain a negative impact as well. Whereas McWilliams and Siegel [24] added that many empirical studies have shown that CSR and profitability may be engaged in a positive, negative or even neutral relationship. Nollet et al., etc. , [2] said that CSR can be seen as a means to achieve the organization's ultimate objective, which is to increase shareholder returns, but cannot be seen as an objective in and of itself. Companies should strike a balance between some financial return and the satisfaction of their stakeholders at least in the short term [13]. Mallet et al, (2016) added that executives used to care only about the profits and the benefits of the shareholders, while nowadays companies may have to widen their goals to include the CSR.

Friedman [2] put forward the idea that maximizing profit is the only essential moral aspect that the executive can offer the company and this idea was supported by four arguments. First, he mentioned that managers should follow the interests of shareholders in accordance with their legal contract. Secondly, it will be illegal for managers not to follow the interests of shareholders, because that will be considered a tax on shareholders [2].

Third, it advised companies to focus more on their core business to be more cost-effective. Fourthly, since not all companies are committed to CSR, then CSR can be an added cost for companies that care about the company leading to unfair competition between Friedman companies [2]. Nollet et al, [2] strongly criticized the overstated idea presented by Friedman, saying that responsibility of business should be seen in a wider view and should take in consideration other agents and shouldn’t only consider the shareholders’ interest and that the provided idea will need more examination and analysis, The end result lies on the financial performance of the corporation Peloza (2006) mentioned that due to many criticisms of CSR by whom, managers tried to ensure that CSR will deliver a financial income to the firm by developing different strategic forms for CSR. While Demacarty (2009) pointed out that the CSR doesn't necessarily provide a stronger financial return nor does it produce weaker return, it depends on the techniques that are used to increase the financial.

Waddock and Graves (1997) studied the linkage between corporate social performance (CSP) and financial performance; they hypothesized a positive relationship between CSR and financial performance using CSP as a measure of CSR and return on investment (ROI), return on assets (ROA) and return on equity (ROE) as measures of profitability or the firm's financial performance. The study reported that the improved financial performance leads to increase in the CSP. Moreover, companies that engage in CSP have good financial performance as the ability to invest in socially responsible activities indicates good management performance which provides the company with resources that can be used for discretionary assets (Waddock and Gravel 1997).

2.5 Theoretical Underpin

2.5.1 Stakeholders theories

Stakeholder theory emphasizes the maintenance of balance between all stakeholders and contributes to the wellbeing of all. A more specific definition of stakeholders describes a group that is important for the success and survival of the organization, and a broader definition includes a membership association that may influence or be influenced by the organization (Freeman, 2020). Employees may be included in the two stakeholder definitions. By exploring the employment relationship in stakeholder theory, in a sense, we try to analyze the ethics analysis of HRM provided by stakeholder theory, with an emphasis on employees working in an organization as responsible people with "names and faces". (Green Wood vs. Freeman, 2011).

2.5.2 Utilitarian theories

In utilitarian theories, the corporation functions as a function of the economic system in which the function is mechanic, that is to say. traditionally referred to as profit maximization. CSR ideas stem from an awareness of the need for a responsible economy, rooted in business ethics. Thus, the old idea of letting companies go their own way leaves room for determinism, individualism, public control and personal responsibility for social responsibility. Utilitarianism could also be seen as synonymous with instrumental theories (Bowie, 1998; Campbell, 2007), in which society is viewed solely as an instrument of wealth creation, and its social activities are simply a way to achieve economic results. Instrumental theories were also based on the fundamental idea to invest in a local community in which Friedman (1970) He clearly stated earlier that the investment will provide long-term resources and facilities for people's livelihoods in the community.

Utility theories are related to strategies for competing advantages. Advocates of such theories are, for example, Porter and Campbell, (2007) and Crane et al, (2004) who considered theories as the basis for developing strategies in the dynamic use of society's natural resources for competitive advantages. Strategies also include altruistic activities that are socially recognized as marketers.

2.6 Related Empirical Review

Sarwar Uddin *et al.* [25] examined Corporate Social Responsibility and Financial Performance Linkage-Evidence from the Banking Sector of Bangladesh and made use of T.Test, The results of the study reveals that the average return on asset ratios of the banks having high corporate social performance is higher compared to that of banks having low CSR, Shehu [26] carried out similar research on the effect of Corporate social responsibility on profit after tax of some selected deposit money banks in Nigeria while he made use of static panel data system, the findings discovered that CSR has significant effect on profitability also Richard and Okoye [27] investigated Impact of Corporate Social Responsibility on Deposit Money Banks in Nigeria with static panel, the study also discovered that CSR has a great impact on the society by adding to the infrastructure and development of the society. Olayinka and Temitope [28] linked the relationship between CSR and financial performance in developing Economies with qualitative research method and the result showed that CSR has a positive and significant relationship with financial performance measures.

On the contrary, Folarin et al (2014) looked at corporate social responsibility and organizational profitability: an empirical study by United Bank of Africa (2006-2012) with the common leasehold location, the result showed that there is an inverse relation between CSR and UBA's profitability. Along the same vein Fiori and Izzo, [29] carried out a research on the impact of voluntary disclosure of CSR on stock prices of Italian listed companies using static panel, the results indicate that the disclosure of CSR policies (particularly those referred to employees) leads to higher stock prices because of the prevalence of a sound perception of the marketplace. Ali et al, [30] investigated the CSR behaviour of Pakistani consumers with an inter-corporate survey enterprise in Pakistan the result revealed that the CSR of producers does not encourage consumers to buy a product from the cellular industry in Pakistan. Servaes and Tamayi [31] also conducted research on the impact of CSR on business value based on the role of customer awareness using a standard rental square.

3. METHODOLOGY

In analyzing the effect of corporate social responsibility on corporate reputation and financial performance of Keystone Bank Plc. The study used time series data and the method of estimating ordinary least squares.

3.1 Source of Data

The Study utilizes secondary source of data, which were sourced from Keystone Bank Plc which spanned from the period of 1992-2018.

3.2 Model Specification

The following mathematical model was developed to analyze the impact of operating cash flow, financing and profitability on corporate social responsibility in Nigeria disaggregating the operating cash flow, financing, and profitability into categories to determine the impact of each donation on sections on corporate social responsibility of the Bank as such the following linear relationship is specified as;

$$CSR=f\,(OCF, TOF, EBIT) \ldots \quad .(1)$$

This explicitly stated as:

$$CSR= \beta_1 OCF_{It}+ \beta_2 TOF_{It} + \beta_3 EBIT_{It} + \varepsilon_{it\ldots} \quad .(2)$$

CSR= Corporate Social Responsibility

TOF= Total Financing = Amount of financing for sale and purchase +Amount for finance for rent+ amount of financing for profit sharing

EBIT = Variable profitability is proxied by EBIT.

EBIT is an indicator of a company's profitability, calculated as revenue minus costs, excluding taxes and interest. The EBIT

formula is: *EBIT = Net Income + Interest +Tax*
μ_t- Error term

4. ANALYSIS AND DISCUSSION OF RESULTS

4.1 Preliminary Analysis of Regression Variables

The Table 1 presents the descriptive statistics for the variables in the study based on time-series data of the Keystone Bank Plc Nigeria from the year 1992 to 2018.

The descriptive statistics suggests that the average amount of donations realized through operating cash flow, total financing and profitability are 1.3million, 4.1million and 0.3 million naira respectively. The highest total to 67.4 million on operating cash flow, 19.5 million on total financing and 44.7 million on profitability from the year 1989 to 2019. All the variables are not in tandem with Jarque-Bera test except corporate social responsibility at 5% level of significance.

4.2 Unit Root Test

The time series properties of the variables were ascertained informally through the chat plot as shown in Fig. 1.

The coefficient of determination, R2 (0.44), indicates that about 44% of the variation in corporate social responsibility was explained by all of the explanatory variables examined, and 56% by other factors influencing the variable not captured in the model.

The F test is used to determine the significance of the model or the explanatory power of the model, so that if the F (Prob) statistics are below 0,07 at the significance level of 7%, the model is regarded as good and adequate for forecasting and policy analysis. From the result, Prob. (Statistics F) is 0.000000 at a significance level of 5%, which implies that the model is appropriate for forecasting and policy analysis. Finally, the Durbin-Watson value of 3.11 indicates the lack of top-notch auto-correlation among the variables used in the model, i.e. Auto-correlation is not a problem.

4.3 Granger-Causality Test

The result of the granger-causality test suggests that there exist a Uni-directional causal relationship running from donation to operating cash flow to corporate social responsibility, more so unidirectional causality running from profitability and financing to corporate social responsibility

Table 1. Preliminary analysis table

	ROE	OCF	TOF	EBIT
Mean	0.170434	13329456	4124224.	354683.3
Median	0.185883	600000.0	4329003.0	0.000000
Maximum	0.433206	67436622	19567867	44778611
Minimum	-0.063052	0.000000	0.000000	0.000000
Std. Dev.	0.404326	17894560	72054678.	15689343.
Skewness	0.074290	1.987108	2.593327	3.334786
Kurtosis	4.223426	5.834341	7.567085	12.01543
Jarque-Bera	0.311841	20.43056	60.10784	211.4377
Probability	0.424534	0.333614	0.111112	0.111112
Sum	3.224943	2.70E+08	62491070	21311111
Sum Sq. Dev.	0.435672	1.27E+11	4.22E+74	8.22E+22
Observations	27	27	27	27

Source: Researcher's Computation from EViews

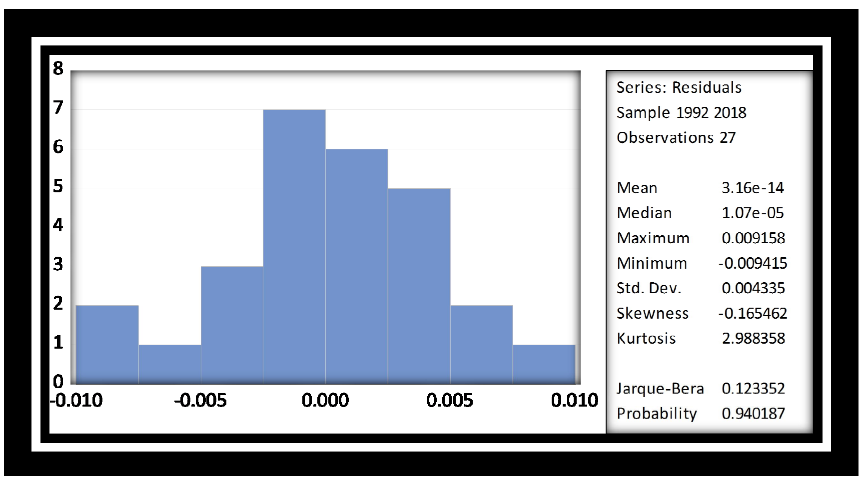

Fig. 1. Normality test

Source: Researcher's Computation from E Views

Table 2. Result of unit root test

Variables	Linear unit root tests			
	ADF	P- Value	P-P	P- Value
CSR	-6.22	0.0000*	-20.11	0.0001*
OCF	-23.12	0.0001**	-3.32	0.003**
TOF	-22.42	0.0001	-3.11	0.0072*
EBIT	-22.33	0.0007*	-4.12	0.0004*

*Nb: Unit root hypotheses are tested at 5%; *Stationarity of the first difference **Stationarity of the variable at first difference*

Table 3. Result of OLS estimation

Dependent Variable: D(ROE)
Method: Least Squares
Date: 09/12/20 Time: 02:45
Sample (adjusted): 6 23
Included observations: 27 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.024227	0.051681	-0.445676	0.78602
OCF	1.21E-12	3.60E-22	0.289643	0.67547
TOF	0.33E-13	1.22E-05	0.065407	1.7756
EBIT	0.44E-09	1.56E-22	1.064225	1.3122
R-squared	0.446781	Mean dependent var		-0.004532
Adjusted R-squared	0.238901	S.D. dependent var		0.194823
S.E. of regression	0.156421	Akaike info criterion		-0.554834
Sum squared resid	0.389065	Schwarz criterion		-0.387954
Log likelihood	8.076378	Hannan-Quinn criter.		-0.503457
F-statistic	13.98456	Durbin-Watson stat		3.118654
Prob(F-statistic)	0.000721			

Source: Researcher's Computation from E Views 7; From the regression result above all the variables have positive and significant effect on corporate social responsibility of Keystone Bank Plc

5. DISCUSSION OF FINDINGS

The above determinations are in line with the work of Chapple and Moon (2005) who asserted that corporate social responsibility referred to as "corporate citizenship" and can involve incurring short-term costs that do not offer an immediate financial benefit to the company, but instead promote positive social and environmental alteration. Also, in the work of Folajin *et al.* [23] the study revealed that Corporate Social Responsibility spending has a short-term inverse effect on Net Profit but in the long run it will provide better returns. The study also concluded that there is a negative correlation between CSR spending and bank profitability. But the support given to society through the bank's CSR will make the business environment more user-friendly and loveable for the organization's long-term survival.

In line with the determinations of the study that shows the statistical insignificance of operating cash flow to corporate social responsibility CSR, the survey concludes that operating cash flow does not play significant role in corporate social responsibility does not play significant role in the profitability of Keystone Bank of PLC in Nigeria. More so, the causality test suggests that it is only finance through donation and profit from the company that augment a change in the financial performance of the bank. Based on the results of the research, it can be concluded that: operating cash flow does not have any significant effect on corporate social responsibility, the day today activities of any business depend on the operating cash flow. so that it can be concluded that H1 is rejected. Profitability proxied by Earnings before interest and tax (EBIT) has a significant positive effect on CSR (Corporate Social Responsibility).

This is indicated by the significance value of 5% is higher than the P-value of 1.312 and the correlation coefficient of 0.44. T test results also indicate that t arithmetic> t table so it can be concluded that H1 is accepted. Financing have a significant positive effect on CSR (Corporate Social Responsibility). This is indicated by the significance value of <α = 0.5 and the correlation coefficient of 0.33. T test results also indicate that t arithmetic> T table so that it can be concluded that H2 is accepted. test results also indicate that t arithmetic> T table so that it can be concluded that H3 is accepted. (4) Profitability and Financing together have a significant effect on CSR (Corporate Social Responsibility).

Constraints that are still commonly found in the implementation of CSR are cost issues, competent human resources, distribution of activities and determination of targets, forms of activities, licensing and regulatory issues, lack of partnerships, socialization of activities, understanding of implementation and evaluation in the field, and many persons who carry out illegal levies on the ground.

6. CONCLUSION

The conclusion is that corporate social responsibility has a strong influence on corporate performance. The company's performance is based on profitability and appropriate financing. Both cost-effectiveness and funding play an important role in the organization and enhance system-wide or efficiency. It is analysed that corporate social responsibility contributes to activities in terms of improvement of profitability, increase of market value, value and interest of corporate stakeholders. Today, the competitive private business market organization has an objective to increase its value and profit anywhere in the world market. But now, each organization also wants to know its clients about the social responsibility of the companies they carry out for the well-being of a society.

People have become more aware of the impact that companies and a specific company have on society and its environment. It is concluded from the above discussion and analysis that due to awareness among the people about corporate social responsibility, they can prefer the product of those companies which are performing corporate social responsibility activities and for them price does not matter, they don’t think now that the product have high price is of good quality and less price of product has cheap quality, they give value to that products whose firms are involve in corporate social responsibility function and business activities, and for them price does not matter either high or low.

Most private organizations spend on CSR activities, thereby increasing customer satisfaction. It is significant to see the relationship between CSR and satisfaction. We can elaborate this point in a way that what types of activities performed by corporations can satisfy clients. Equally we can, now that it is not possible that always corporation’s actions and bodily functions can provide benefit to customer and fulfill them. Thus, it is a wise decision that is to be conducted by bank community to invest or allocate funds in such corporations which are performing corporate social responsibility activities that are satisfying their customers, in this way that can construct a potent relationship with customers and can form their society green and neat and their customers loyal. Company perform corporate social responsibilities it can create effective image in its consumer’s eye and fulfill their expectations which in result increase their profits and they lead to success and this success can also enhances the economy of a whole country because production increases and by performing CSR activities companies can increase their profits as well as make the environment green.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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