EMPIRICAL EXAMINATION OF CORPORATE SOCIAL RESPONSIBILITIES AS A PREDITOR OF FIRMS FINANCIAL PERFORMANCE

Oyenekan, K. B, Adebayo, O. P, Adesanya, O. D, Onayemi, O, Adesanya, O
Department of Business Management, Covenant University, Ota Nigeria
Corresponding authors: olufunke.adebayo@stu.cu.edu.ng,
oluwatoyin.adesanya@stu.cu.edu.ng,

Abstract

Corporate Social Responsibility is an ethical but voluntary donation; It is a service an organisation gives back to the community or the environment wherein they do operate and benefits from. The aim of this study is to empiricallyanalyze corporate social responsibility and its effects on firms'performance. Other objectives of the study include to examine how philanthropic responsibility affects return on assetand to determine how economic responsibility of a firm influences return on equity. The study further examined the moderating effect of perceived organizational culture on the relationship between corporate social responsibility and firm performance. A Nigerian bank which had been active at CSR was used to predict the extents of corporate social responsibility on firm performance. A total Number of 183copies of questionnaire were administered but 173 copies of questionnaire were returned and found useable. Regression andcorrelation analyses were employed for the test of hypotheses. It was discovered that corporate social responsibility, such as economic responsibility and philanthropic responsibility, is a significant predictor of financial performance. It was further discovered that corporate culture moderates the relationship between corporate social responsibility and firm performance. Based on these findings, it was recommended that banks should embrace corporate social responsibility as a strategic tool for enhancing the image of their firm thereby leading to their improved performance.

Key Words: Corporate Social Responsibility, Firm Performance, Perceived Organisation Culture, Financial Performance

1.0 INTRODUCTION

Organizational culture being the fabric of how things should be done in an organization, some firms fail to see its essence. The researcher examined if perceived organizational culture moderates a relationship between Corporate Social Responsibility and firm's financial performance.

In the Nigerian society, there has been an extremely contemporary and contextual issue to all stakeholders including the government, the corporate organization itself, and the general public as it relates to Corporate Social Responsibilities [CSR]. As stated in the work of Adeyanju(2012) the community contended that the payment of taxes and the fulfilment of other civic rights are enough justification to have the freedom to take back from the society in terms of CSR undertaken by other stakeholders. What characterized the Nigerian society was of the odorous contamination of the air, the water and of the environment. Most corporate organizations are concerned about what they can take out of the society, and failed to emphasize the need to give back to the society (their host communities). There an emphases that for organisation to developed they have to be socially responsible to their operating environment (Adeneye & Ahmed, 2015).This attitude however often rendered the entire community not fit to live in. A case in mind is the Niger Delta area of Nigeria. It translated to negative integrity and reputation on the part of corporate identity as people perceived this as exploitation and greed for profitability and wealth maximization within a decaying economy of Nigeria. For this cause, the researcher evaluated the extent of relationship between ethical responsibility of a firm and its return on assets.

Today CSR goes far beyond the old philanthropy of the past donating money to good causes at the end of the financial year, but rather, an all year round responsibility that companies accept the environment around them for the bestworking practices for their engagement in their local communities and for their local communities and for their recognition that brand names depends not only on quality, price and uniqueness but on how cumulatively they interact with company work force community and environment. To have a healthy

operations and peaceable business climate, it is the responsibility of organizations to be socially responsible as this can boost their reputation among their stakeholders (Ananaba, & Chukwuka, 2016)

CSR is of great importance to the firm to develop relationship with the stakeholders Murtaza, Akhtar, Ijaz & Sadiqa, (2014) but there are a lot of damages these companies are doing to the environment like not engaging in public activities for the community. For this reason, the researcher found out if the economic responsibility of the firm affects their return on equity.
Stated in Ijaiya,(2012), it is the responsibility of government to ensure that adequate regulatory and enforcement framework exists which ensures that companies carryout their operations in an environmentally responsible manner and in the event of non-compliance, that the laws are enforced in this respect, the Nigerian government has failed in its social responsibility to its citizens. There is still no comprehensive law regulating the environmental impacts in the various industry and the environment laws are weak and sometimes in conflict. (Carroll, 1998; Lin, 2010; Maignan, 2001; Maignan & Ferrell, 2000; Ramasamy &Yeung, 2009.) also pointed out that firms however do not abide by the legal regulation which is the minimum social requirement for corporate responsibility and they tend not to incorporate regulations into operational strategies and management and why their financial performance is at a low rate. For this reason, the researcher evaluated the significant relationship between legal responsibility and the firm's return on equity.
Therefore, corporate social responsibilities of selected Bank will be evaluated as it has a foundation that shows a high sense of social responsibility in Nigeria.

The objectives of this study are:

1. To examine if perceived organizational culture moderates a relationship between corporate social responsibilities and firm's financial performance.
2. To examine how philanthropic responsibility of a firm affect the firm's return on asset.
3. To evaluate the extent of relationship between ethical responsibility of a firm and its return on asset.
4. To find out how economic responsibility of a firm affect the firm's return on equity.
5. To evaluate the significant relationship between legal responsibility of a firm and its return on equity.

2.0 CONCEPTUAL CLARIFICATIONS AND HYPOTHETICAL DEVELOPMENT

2.1 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) as an idea began in the 1950s when numerous individuals accepted that the activities of partnership are nearly identified with society and people in general and ought to adjust to and fulfill social qualities and desires (Bowen, 1953). CSR, according to Philip Kotler, "is a pledge to enhance the group prosperity through optional business practices and support of corporate assets". An exceptionally crucial viewpoint in his definition alludes to a willful duty a business makes in picking and executing socially and earth mind-full practices and making commitments. CSR lessens the data crevice between the firm and partners and accordingly brings down the company's expense of capital and upgrades firm esteem (Margolis & Walsh 2003, Orlitzky, 2003). It additionally gives a channel through which the firm can deal with its open picture (Hooghiemstra, 2000).
CSR can be seen as an arrangement of strategies, practices, and projects included in business method, supply chains, and choice making techniques amid the greater part of the organization and much of the time are made note of issues identified with business morals, administration, group venture, human rights, ecological concerns, the commercial centre and work environment (Corsano, 2008).CSR highlights three principles: the reconciliation of the financial measurement with the social and natural ones, the organizations' obligations against all the partners (and not just shareholders), and the intentional character of CSR practices. The following hypothesis is therefore proposed in order to find how corporate social responsibility impacts on organization financial performance.
H1 Perceived organizational culture moderates a relationship between corporate social responsibility and firm's financial performance.
Organizational culture is a basic component of organizational life. It holds the association together — it is the fabric of 'the way we do things around here'. Hierarchical society has been introduced as a mystery which has held the consideration of experts and scholars worldwide for no less than two decades (Ogbonna & Harris, 1998).

Schein (1985) characterized organizational culture as "An example of fundamental suppositions – created, found, or grew by a gathering as it figures out how to adapt to its issues of outside adjustment and inner reconciliation – that has functioned admirably enough to be viewed as substantial and, to be taught to new individuals as the right approach to see, think and feel in connection to those courses of action." Also, Pareek & Rao, (1999) defined culture as "total, solidified and semi stable imparted way of life of individuals as reflected in the vicinity of a few conditions of life over others, in the reaction inclinations towards a few noteworthy issues and phenomena (disposition), in the composed methods for filling time in connection to specific undertakings (ceremonies), and in the methods for advancing coveted and avoiding undesirable conduct (sanctions)".

Cameron and Quinn identify four basic types of organizational culture that assessments fall within: Hierarchy, Market, Clan, and Adhocracy. Hierarchical organizations tend to value standardization, control and a well-defined, inward-driven authority structure; while a Market-oriented organization is similar to a Hierarchy in its value of stability and control, but relies on an external focus and values differentiation over integration, relationships and transactions over directives; besides, clans build off hierarchies as well, with an inward focus and concern for integration, but derives its true power from a team-centered approach, not unlike families, clans value cohesion, group commitment and loyalty; while an adhocracy shares with clans the values of flexibility and discretion, yet are driven by an outward focus.

Each of these base organizational cultural type carries with it different attitudes and behaviours, different work patterns that must be recognized to effectively optimize effort. It should also be acknowledged that more than one type of behaviour may be present. Work groups within larger organizations may operate as subcultures, while they still work within the orbit of the parent; they are likely to have discrete workspace needed.

H2: Philanthropic responsibility of a firm affects return on asset.

Philanthropic responsibility as corporate activities is beyond economic, legal, and ethical norms. It is the active and proactive giving back to society for the improvement of the overall quality of life, support of national policy, and the creation of a harmonious society (Carroll, 1998; Lin, 2010; Maignan, 2001).

If time, resources or staff volunteer hours are limited, many community initiatives still benefit from simple financial support. There is long-term positive impacts when organizations Support programs and events in local communities like donating plants, flowers to local nursery via an event-driven beautification project; restaurants, bakeries and cafes can donate food for event goers, and help set up the food-stations; a concert venue could lend their lighting or sound equipment and staff to facilitate live entertainment.

All of these efforts just to build positive brand recognition in the community where they operate.

A research, by Zulfiqar (2016) on Pakistani public listed textile companies attested to the fact that corporate philanthropy had significant positive correlation with the return on assets (ROA), but negative with return on equity (ROE); while corporate performance and return on asset was moderated by the financial performance.

H3: There is a significant relationship between ethical responsibility and return on asset.

In Branco and Rodrigues, 2006; Carroll, 1998; Lin, 2010; Maignan, 2001, ethical responsibility is defined as corporate core values and ideals that must conform to moral norms in society, conform to social expectations or prohibitions in order to protect the rights and public good of interested parties.

Considering the more extensive group needs is regularly advantageous to a business' budgetary prosperity. Creating long-term partnerships with the community, and avoiding environmentally and socially damaging short-term solutions, secures enduring economic stability. Ethical responsibility opposes economic responsibilities which only concern profit maximization without minding the practices that prohibited by members of the society even though they are not codified by law" (Carroll, 1991). Productivity may seem to have opposing impact when moral and natural issues are parts of the worry of business which might threaten the turnover of the organization, yet, moral obligation practice of care and alert must determine the choices and activities that may influence the society (Schepers, 2006; Smith, 2003).

This obligation requires business to reliably perform, perceive and regard traditions and moral standards perceived by the general public to benefit expansion of the business, and to at the long run give back to the society (Carroll, 1991).

Empirically, Bragdon and Marlin (1972), in Margolis & Walsh, (2001) related environmental performance (measured as the level of pollution) to financial performance (measured using accounting measures such as average return on capital and average return on equity), and found that there was significant positive relationship (Wagner, 2001).

H4: There is a significant relationship between legal responsibility of a firm and its return on equity.
Legal responsibility is that corporations' must to abide by legal regulations which are the minimum social requirement for corporate responsibility. Regulations need to be incorporated into operational strategies and management principles, including obligations in manufacturing, consumption, labour safety, and environmental protection, to avoid harming interested parties (Carroll, 1998; Lin, 2010; Maignan, 2001; Maignan& Ferrell, 2000; Ramasamy&Yeung, 2009).
Organizations ought to operate within lawful obligation. Legitimate obligation characterizes what business is obliged to comply with via laws and regulations from the industry, state, government and global association. However, Friedman proposed optional obligation. Optional obligation is characterized as "absolutely intentional and guided by an association's longing to make social commitment not commanded by financial matters, law or morals" (Samson, 2009). This rule obliges business to perform moral activities to the workers, group and environment intentionally without return expectation (Kerr, 1996).
The review of literature by Ugwunwanyi&ChukwukaEkene (2016) questioning CSR promulgation and implementation challenge discovered that the issue was with government and its agencies overseeing business ethical conducts in Nigeria. Promulgation and enforcement of CSR laws became optional due to socio-political insecurity and corruption. The recommendation therefore is to create a legal frame work that will affect CSR laws as obligations for the organizations.
H5: Economic responsibility of a firm affects the firm's return on equity.
Economic responsibility according to Carroll, 1998; Lin, 2010; Maignan, 2001; Rego et al., 2010 stated that organizations ought to adequately use assets and give items or administrations at sensible costs, keep up reasonable and stable mechanical rivalry arrange, and fulfil the hobbies and needs of invested individuals, keeping in mind the end goal to make job, benefit, and development; these are the most principal obligations of companies.
Through CSR perspective, businesses continually changes, creates and infrequently operate in an antagonistic environment thereby making business for social responsibility (BSR) a character of CSR, making businesses progress in conventions that respect moral values and by individuals, groups, and the common habitat admiration. However, this is carried out vis-à-vis the financial performance of the organizations.
Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.
It measures the results of a firm's policies and operations in monetary terms. These results are reflected in the firm's return on investment, return on assets, value added etc. It also measures the extent to which a business generates a profit from the use of land, labour, management, and capital. Financial performance can however be measured by Rate of return on assets (ROA) and Rate of return on equity (ROE).
Return on Assets (ROA)
Return on assets is the ratio of annual net income to average total assets of a business during a financial year. It measures efficiency of the business in using its assets to generate net income. It is a profitability ratio. The formula to calculate return on assets is:

$$ROA = \frac{\text{Annual Net Income}}{\text{Average Total Assets}}$$

Return on Equity (ROE)
The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
ROE is expressed as a percentage and calculated as: Return on Equity = Net Income/Shareholder's Equity.
The working assumption of CSR research is that corporate social responsibility and financial performance are universally related. However, there is no evidence which suggests that at the business organisational level; there may be an overall positive correlation between CSR and FP indicators (Orlitzky et al., 2003).
Empirically, some researchers who conducted studies on the construct negated the relationship: Vance (1975) negated Moskowitz research by extending the time period for analysis between six months to three years, thereby producing results which contradict Moskowitz and which indicate a negative corporate social responsibility and financial performance relationship; also, McWilliams & Siegel, 2000; Welch &Wazzan

(1999). As cited in Margarita (2004), McGuire, Schneeweis and Branch (1990) reported a negative relationship between corporate social responsibility and financial performance. Wright and Ferris (1997) discovered a negative relationship between corporate social responsibility and financial performance. Another set of studies correlates some measures of CSP with long term figures that measure firm performance through accounting or financial profitability data. Needless to say, the results of these studies were disparate as well;

On the other studies researched by Alexander and Buchholz (1978) who improved on Vance's analysis by evaluating stock market performance of an identical group of stocks on a risk adjusted found the test in conclusive result; similarly, McWilliams and Siegel, (1997); Roman, Hayibor, & Agle, (1999); Margolis & Walsh, (2003); Allouche & Laroche, (2005); Van Beurden & Gössling, (2008); Orlitzky, Schmidt, & Rynes, (2003); McWilliams and Siegel (2006; 2001) found inconsistent relationship between CSR and short run financial returns, firm performance.

However, Waddock and Graves (1997) study measured the return based on the stock market, found diverse results but significant positive relationships between an index of CSR and performance measures like ROA in the following year. Orlitzky, Schmidt, & Rynes, (2003) came to the same conclusion after developing a meta-analysis on fifty two studies which showed positive association between corporate social responsibility and financial performance; Margolis & Walsh (2003) found positive relationship on the whole with little evidence of a negative association between a corporate social responsibility and financial performance. Also, Posnikoff (1997) reported a positive relationship corporate social responsibility and financial performance. Margarita, (2004) tested the sign of the relationship between corporate social responsibility and financial performance. The study used extensive data covering a five year period, 1996-2000; Cochran and Wood, (1984) cited in Muhasebeve, Finansman, & Dergisi, (2012) located a positive correlation between CRS and accounting performance after controlling for the age of assets. CaterinaGhelli, (2013) found the relationship between corporate social responsibility influenced by financial performance in both directions, supporting the theory of virtuous circle proposed by Waddock & Graves (1997). Furthermore, Carroll & Hatfield (1985) found no relation between CSR and a firm's ROA adjusted by its ranking in the Value Line Safety Index, but showed CSR and accounting-based indicator as having positive correlations and a caused based relationship existed between the variables.

Of importance is Wu (2006) study which showed that firm size has a positive relationship with both corporate social responsibility and financial performance. However, this positive effect is not significant- the variable size has no visible effect on this relationship; but there was clear empirical evidence between CSR and FP (Van Beurden &Gössling, (2008); Margolis, Elfenbeim and Walsh (2009) in similar study to Orlitzky (2003), found a mild but statistically significant relationship between the two ($r = 0.13$).

2.2 STAKEHOLDERS THEORY OF CORPORATE SOCIAL RESPONSIBILITY

The partner idea is a hypothesis of authoritative administration and business morals that addresses ethics and values in dealing with an association. It was initially nitty gritty by R. Edward Freeman in the book "Vital Management: A Stakeholder Approach". The idea recognizes and models the gatherings, which are partners of an organization and portrays and prescribes systems by which administration can give due respect to the diversions of those gatherings. As indicated by Freeman's definition "a partner in an association is any gathering or person who can influence or is influenced by the accomplishment of the association's goals".

In the conventional perspective of the organization, the shareholder view (normally the one and only perceived in business law in many nations), the shareholders or stockholders are the managers of the organization. The organization has a coupling trustee obligation to put their needs first to build esteem for them. In more seasoned models of the organization, the endeavor changes over the inputs of speculators, representatives, and suppliers into usable yields which clients purchase, accordinglygive back some capital advantage to the undertaking. By this model, organizations just address the needs and wishes of those four gatherings: financial specialists, workers, suppliers, and clients. Be that as it may, partner hypothesis contends that there are different gatherings included, including administrative bodies, political gatherings, exchange affiliations, exchange unions, groups, different vested parties (e.g. non-benefit associations), related organizations, planned workers, forthcoming clients, and the general population on the loose. Now and again even contenders are considered partners.

Company's stakeholders can be grouped, for example, in the following four categories, as portrayed in the partner idea as profoundly pertinent for CSR, as without it, it would be difficult to differentiate different gatherings (partners) that can be very persuasive for organization's prosperity.

Additionally, utilizing partner idea can help to help as part of measuring CSR. Clarkson recommended that corporate social execution can be investigated and accessed all the more viably by utilizing a structure taking into account the administration of an enterprise's associations with its partners than by utilizing models and techniques in light of ideas concerning CSR

Hypothesis 1

H_0: Perceived organizational culture does not moderate a relationship between corporate social responsibility and firm's financial performance.

H1: Perceived organizational culture moderates a relationship between corporate social responsibility and firm's financial performance.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.099	.253		63.739	.000
	CSR	-.363	.123	-.222	-2.954	.004
2	(Constant)	.873	.968		.902	.369
	Perceived organizational culture	-.130	.079	-.079	-1.645	.102
	CSR	.516	.032	.770	15.951	.000
a. Dependent Variable: Financial Performance						
R1 = .222[a]		R2 = .789[b]				
R^2 1 = .049		R^2 2 = .622				
Adj.$R^2$1 = .043Adj.R^2 2 = .617						
F-value 1 = 8.724		F-value 2 =254.435				
R^2 Change 1= .049		R^2 Change 2= .573				
Overall.Sig = . 004 Overall.Sig = 000						

The hierarchical multiple regression analysis was used to find out the moderating effect of Perceived Organizational Culture on Corporate Social Responsibility and Firm's Financial Performance. The above Table CSR was keyed in at step 1, describing 49% of the variance in Financial Performance. After the keying in of Financial capabilities scale in the step, the overall variance described by the model in total was 62.2%, F(1,172) = 254.435, P< .001. Financial responsibility described an additional 57.3% of the variance in Financial Performance after controlling for CSR R square change = .573, F change (1,170) = 87.24, p< .001. In the coefficient Table, financial performance was statistically significant, having a scale of beta value of (beta = .770, P< .001). This means that financial performance made a contribution in moderating the relationship between CSR andPerceived organizational culture. The implication of this finding is that despite the well-laid plans by the organization to engage in CSR, organizations must put in place Perceived organizational culture which will enable the organization to identify and explore the opportunities available to them.

Hypothesis

H_0: Philanthropic responsibility of a firm does not affect return on asset.

H1: Philanthropic responsibility of a firm affects return on asset.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.456	.270		9.083	.000
	Phil	.520	.061	.548	8.575	.000
R	.548[a]					
R^2	.301					
Adj.R^2	.297					
F	73.530					
Overall.Sig	.43280					

The table above shows a model summary. It discloses the extent to which the variance in the dependent variable (firm's financial performance) explained by the independent variable (corporate social responsibility) is 30.1% i.e. (R square =.301*100). This means that our model (corporate social responsibility) explains 30.1% of the variance on firm's financial performance. The adjusted R square shows 0.297, while the standard error estimate indicates 0.43280 which signifies that the error term was relatively above average. The table above shows the assessment of the statistical significance of the result. The ANOVA table tests the null hypothesis to determine if it is statistically significant. From the results, the model in this table is statistically significant (F (1, 172) = 73.530, p= .000) and hence the null hypothesis was rejected because it is less than 0.05 significance level. The table above also shows the simple model that expresses the extent to which corporate social responsibility has on firm's financial performance. In this that corporate social responsibility has an impact on firm's financial performance as (t=8.575) is greater than the slope (b=0.520) and sig. n=0.000. Findings from this research showed that corporate social responsibility affects firm's financial performance. Therefore, we reject null hypothesis (H_0) which states that corporate social responsibility does not affect firm's financial performance and thereby accept the alternate hypothesis (H_1) which implies that corporate social responsibility affects firm's financial performance.

Decision Rule; Hence, we reject the null hypothesis. The implication of this result is that philanthropic responsibility of a firm affects return on asset.

Hypothesis 3

H_0: There is no significant relationship between ethical responsibility and return on asset.

H_1: There is a significant relationship between ethical responsibility and return on asset.

Correlations

		Ethical	return on assets
Ethical responsibility	Pearson Correlation	1	.673**
	Sig. (2-tailed)		.000
	N	173	173
Return on assets.	Pearson Correlation	.673**	1
	Sig. (2-tailed)	.000	
	N	173	173

Hypothesis 4:

H_0: Economic responsibility of a firm does not affect the firm's return on equity.
H_1: Economic responsibility of a firm affects the firm's return on equity.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.405	.305		4.602	.000
	Economic	.319	.029	.646	11.070	.000
R4	.646a					
R^2 4	.417					
Adj. R^2	.414					
F	122.541					
Overall.Sig	.38163					

a. Dependent Variable: return on equity.

The table above shows a model summary. It discloses the extent to which the variance in the dependent variable (firm's financial performance) explained by the independent variable (corporate social responsibility) is 30.1% i.e. (R square =.301*100). This means that our model (corporate social responsibility) explains 30.1%

of the variance on firm's financial performance. The adjusted R square shows 0.297, while the standard error estimate indicates 0.43280 which signifies that the error term was relatively above average. The table above shows the assessment of the statistical significance of the result. The ANOVA table tests the null hypothesis to determine if it is statistically significant. From the results, the model in this table is statistically significant ($F (1, 172) = 73.530$, $p= .000$) and hence the null hypothesis was rejected because it is less than 0.05 significance level. The table above also shows the simple model that expresses the extent to which corporate social responsibility has on firm's financial performance. In this that corporate social responsibility has an impact on firm's financial performance as ($t=8.575$) is greater than the slope ($b=0.520$) and sig. n=0.000. Findings from this research showed that corporate social responsibility affects firm's financial performance. Therefore, we reject null hypothesis (H_0) which states that corporate social responsibility does not affect firm's financial performance and thereby accept the alternate hypothesis (H_1) which implies that corporate social responsibility affects firm's financial performance.

Decision Rule; Hence, we reject the null hypothesis. The implication of this result is that economic responsibility of a firm affects return on equity.

Hypothesis 5

H_0: There is no significant relationship between legal responsibility of a firm and its return on equity

H_1: There is a significant relationship between legal responsibility of a firm and its return on equity.

Correlation

		Legal	return on equity
Legal	Pearson Correlation	1	.832**
	Sig. (2-tailed)		.000
	N	172	172
return on equity	Pearson Correlation	.832**	1
	Sig. (2-tailed)	.000	
	N	172	173

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation of results: the relationship between the variables (legal responsibility of a firm and its return on equity) was investigated using Pearson correlation coefficient. The results from table above show that there is a significant positive correlation of (0.832) between both variables at 0.0001 level of significance

Thus, as obtained from the table $\{r = 0.832, p < 0.05, n = 173\}$.

Decision rule: Since there is a positive relationship between the two variables, we therefore reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). This implies that there is a relationship between legal responsibility of a firm and its return on equity.

3.0 CONCLUSION AND RECOMMENDATION

From the result of this study, it is revealed that Corporate Social Responsibility (CSR) has a significant positive influence on firm's financial performance. It was established that there is significant positive correlation between Corporate Social Responsibility and firm's financial performance. It was concluded that perceived organizational culture moderate the relationship between CSR and firm's financial performance. Going by the findings, it is recommended that:

- Organizational culture being the fabric of 'the way we do things around here', it should be taken seriously as each of these organizational cultural types entails different attitudes and behaviours, different work patterns that must be recognized to effectively optimize effort. It should also be acknowledged that more than one type of behaviour may be present. Work groups within larger organizations may operate as subcultures.

- Organizations should engage more in carrying out activities voluntarily on a sporadic basis in the community, making regular donations to charities, contributing to the educational sector by awarding scholarships as a means of giving back to the society.
- Organizations should have decision-making process that is based on ethical values, the organization should have informal norms and rules to be followed by everyone in the organization, the organization's projects should be coordinated easily through all functional units so as to be more socially responsible to their customers and society at large.
- Organizations should engage in public activities for the local community, respect the interest of its agents and stakeholders and make efforts concerning environmental protection.
- Organizations should engage in truthful relations with customers, comply with the laws for business activities and publicize information required by the law regarding their organization for the society.

REFERENCES

Alexander, G. J., and Rogene A. Buchholz (1978) "Corporate social responsibility and stock market performance." Academy of Management Journal, 21 (3): 479-486.

Adeneye, Y. B & Ahmed, M (2015) Corporate Social Responsibility and Company Performance *Journal of Business Studies Quarterly 7(1)ISSN 2152-1034*

Ananaba, U &Chukwuka, E (2016) Corporate Social Responsibility and Its Implementation in Nigeria : Problems and Prospects*Global Journal of Human Resource Management 4(2) .60-69, March 2016*

Bowen, H. (1953), Social Responsibilities of the Businessman. New York: Harper and Row.

Branco, M. C. and Rodrigues, L. L. (2006). Corporate social responsibility and resource-based perspectives. Journal of Business Ethics, 69, 111-132

Carroll, A. B. (1998). The Four Faces of Corporate Citizenship. Business and Society Review, 100[1], p. 1-7.

Carroll, A. B. (1991) The Pyramid Of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders, Business Horizons 34, 39–48.

CaterinaGhelli(2013), Corporate Social Responsibility and Financial Performance: An Empirical Evidence, 78-80.

Cochran, P. L., and R. A. Wood (1984) "Corporate social responsibility and financial performance." Academy of Management Journal, 27 (1): 42-56

Hooghiemstra, R. 2000. 'Corporate communication and impression management: new perspectives why companies engage in corporate social reporting'. *Journal of Business Ethics*, 27:1/2, 55–68.

McWilliams, A., & Siegel, D. (2000). Corporate Social responsibility and Financial Performance: Correlation or Misspecification? Strategic Management Journal, 21, 603-609.

McWilliams, A., & Siegel, D. S. (2001). Corporate Social Responsibility: A Theory of the Firm.Academy of Management Review, 26, pp. 117-127.

Maignan, I., (2001) 'Corporate citizenship as a marketing instrument', European Journal of Marketing, 35: 457-484.

Margarita (2004). Corporate Social Responsibility and financial performance. pp 17.

Margolis, J. D., & Walsh, J. P. (2001). People and Profits? The Search for A Link Between A Company's Social and Financial Performance. Mahwah, NJ: Lawrence Erlbaum Associates.

Margolis, Joshua D., and James P. Walsh (2001) "Social Enterprise Series No. 19 -- Misery Loves Companies: Whither Social Initiatives by Business?" Harvard Business School Working Paper Series, No. 01-058

Margolis, J.D. and Walsh, J. 2003. 'Misery loves companies: rethinking social initiatives by businesses. *Administrative Science Quarterly*, 48:2, 265–305.

McWilliams, A., and D. Siegel. (2000) "Corporate social responsibility and financial performance: Correlationor misspecification?" *Strategic Management Journal*, 21 (5): 603-609.

Murtaza, I. A Akhtar, N. A Ijaz, A &Sadiqa, A (2014) Impact of Corporate Social Responsibility on Firm FinancialPerformance: A Case Study of Pakistan International Review of Management and Business Research 3(4)

Ogbonna, E., & Harris, L. C. (1998). Organizational culture: It's not what you think. Journal of General Management, 23(3), 35-47.

Orlitzky, M., Schmidt, F. L., &Rynes, S. L. (2003). Corporate Social and Financial Performance: A Meta-analysis. Organization Studies, 24, 403-441.

Pareek, U., &Rao, T. V. (1999). Designing and managing human resource systems. New Delhi: Oxford University Press and IBH.

Posnikoff J.F., 1997, "Disinvesment from South Africa: They did well by doinggood", Contemporary Economic Policy, 15, 76-86.

Ramasamy, B., Yeung, M.C.H. and Au, A.K.M. (2009), "Consumer support for corporate social responsibility (CSR): The role of religion and values", Journal of Business Ethics, . 91(1) 61-72.

Vance, S. C. (1975) "Are socially responsible corporations good investment risks?" Management Review, 64: 18-24

Waddock, S. A., and Samuel B. Graves 1997) "The corporate social performance-financial performance link". Strategic Management Journal, 18 (4): 303-319.

Wagner, M. (2001). A review of empirical studies concerning the relationship between environmental and economic performance. Centre fo Sustainability Management e. V., Lueneburg.

Wright, P. & Ferris, S. P. (1997), "Agency conflict and corporate strategy: The effect of divestment on corporate value", Strategic Management Journal 18 (1), 77–83.