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Corporate Social Responsibility and Financial Performance – A Comparative Analysis of Listed Deposit Money Banks in Nigeria and Ghana

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Abstract

The goal of this research was to look into the relationship between corporate social responsibility and financial performance by doing a comparative analysis of listed Deposit Money Banks in Nigeria and Ghana from 2009 to 2018. In the study, secondary data from yearly reports, descriptive statistics, and the hausman test were used. The first objective was met by utilizing graphs to explain the trend of CSR donations in Nigeria and Ghanaian listed deposit money banks. Panel regression was used to achieve goal two. It was discovered in Nigeria and Ghana that there is a negative and significant relationship between corporate social responsibility and DMB financial performance. According to the research, listed deposit money banks should create a department to manage their companies' expenditure in connection to the allowed budget for CSR donations and the company's earnings. Furthermore, the Central Bank of Nigeria and the Bank of Ghana should limit the sums of money donated to corporate social responsibility activities by listed deposit money institutions to avoid excessive amounts being committed to CSR courses in the name of gratifying stakeholders. It also advocated that listed deposit money banks spend moderately on CSR courses to guarantee that they continue in excellent financial health and long-term viability.

Keywords: Financial performance, environmental sustainability initiatives,responsibbusiness practices,.

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1 Introduction

Business ethics is not a new or trendy topic; research suggests that sticking to ethical standards and principles has been a topic that has lasted through the centuries and survived the test of time.[1] CSR programs are classified into four categories based on their sustainability: environmental sustainability initiatives, direct philanthropic donations, responsible business practices, and a focus on economic responsibility.

The preceding brings to light CSR in Nigeria in relation to the CSR bill currently before the National Assembly. The oil industry is Nigeria's most productive market, and it accounts for 70% of the Nigerian government's revenue. The Nigerian oil industry is dominated by large players such as Shell, chevron, Texaco, Exxon Mobil, and Agip, which have expanded their commercial interests across the seas into the country's geographical boundaries. Though there has been a strong challenge to rights violations by multinational corporations in Nigeria over the years, recent efforts by foreign advocacy organizations and the unwavering struggle of affected victims are making the companies more socially conscious.

The country's various challenges, such as low per capita income, a weak currency, capital flight, low productivity, low savings, and so on, make it difficult for indigenous enterprises, the majority of which are engaged in retail and primary commodity production, to engage in social activities. MTN, Valco, Goldfields, and AngloGold are examples of large-scale manufacturing, telecommunications, and mining firms that have aided the country's socioeconomic development. However, as is the case throughout the world, extractive enterprises whose activities have a direct influence on the environment and local inhabitants are always in the news for obvious reasons; they are either violating or fulfilling some of the CSR agenda's precepts.

Financial performance problems in commercial banks have existed for a long time, prior to financial reforms. Many commercial banks have gone bankrupt as a result of high levels of non-performing loans. Prior to the implementation of the structural adjustment program in Nigeria in July 1986, the Nigerian commercial banking sector was characterized by fixed and relatively low interest rates, mandated allocation of bank credit, and quantitative ceilings on bank credits, all of which resulted in distortions and inefficiencies in these banks' results.

Despite the fact that the immediate outlook for global financial markets and, consequently, global economic development prospects are bleak, commercial banks in good standing will remain resilient. The statements of financial position as well as the statement of profit or loss and other comprehensive income are essential information in determining a company's overall financial health since the income statement indicates the establishment's operating success and the statement of financial position examines the going concern of the establishment. So far, the majority of research on this topic has concentrated on the relationship between Corporate Social Responsibility (CSR) and Financial

Performance (FP). Many researchers discovered a favorable association between CSR and FP, including found an adverse effect.[1,2,3,4,5,6]

Furthermore, past investigations have revealed inconsistency in the literature as a source of concern. The main issue highlighted was a lack of comparison of outcomes from two developed countries, which became the focus of this paper, which analyzed the relationship between CSR and financial performance of Nigerian and Ghanaian listed money deposit banks.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Concepts of Corporate Social Responsibility

The term "corporate social responsibility" (CSR) originally became widespread in the 1960s. It has since been extensively defined and applied indiscriminately to cover both legal and moral obligations.[7] When a company makes a financial commitment to its shareholders, it also makes a commitment to its customers, vendors, government, workers, and other stakeholders, as well as the environment. In terms of corporate social responsibility, companies should not pursue profit maximization arbitrarily, but should meet appropriate social responsibilities and obligations, as well as strike a balance between social responsibility and company growth. Scholars analyze social responsibility primarily from two perspectives. One of them is to investigate the motivations for filing social responsibility reports, such as supervisory and stakeholder incentive, as well as lower finance cost motivation.[8,9]

Scholars, on the other hand, discuss the repercussions of satisfying social responsibilities, which primarily refer to the relationship between social responsibilities and corporate success. The analysis of the two's relationship has yet to generate a conclusion. Participating in CSR initiatives allows corporations to make amends to society for the social and environmental harm caused by their operations. Analytical studies have used a variety of approaches to operationalize the notion of CSR, with one of the most coveted being the examination of the contents of annual reports. The purpose of this approach is to employ a grid of notation to determine the degree of societal information communication. Many studies have used credit rating agencies' credibility metrics to assess the level of involvement of societal companies.[10,11,12] These indices have frequently been used in research on the relationship between CSR and financial success. These measures, however, are not extremely theoretical. [13] Other studies have focused on questionnaire survey measures, which allow you to operationalize the three aspects of CSR by assessing items.

Measures that operationalize the Carroll [14] paradigm may fall into this group. It is also a show of gratitude to the host community. In reality, corporate institutions are social constructions that rely largely on society support to thrive. [15] Although businesses may engage in CSR activities to preserve society's support, the question here is whether CSR investment provides any financial benefits or is simply a drain on company cash.[16,17]

Despite the fact that research on CSR is extensive in advanced economies, evidence from developing countries is lacking. [18] In Nigeria, CSR research, in particular, is still in its infancy. As a result, the purpose of this study is to give new empirical evidence on the impact of CSR investment and disclosure on firm financial results from both the developed and developing world perspectives. According to [19], several CSR studies are conducted in advanced economies; thus, incorporating data from less developed countries could potentially contribute to improving current theories of corporate finance and corporate social responsibility.

2.1.2 Concept of Financial Performance

Performance is a difficult concept to grasp in terms of meaning and calculation. It has been identified as the end result of operation, and the appropriate metric used to quantify corporate performance is thought to be dependent on the type of firm being evaluated and the goals to be achieved through that evaluation.[20.21] According to,[22] performance assessment systems are information systems that are used to measure both individual and organizational performance. Until recently, organizations depended on financial performance metrics to examine and evaluate the performance of their personnel. Market, accounting, and mixed variables can be used to assess firm success in terms of CSR. [23]

Market capitalisation is a market variable (MKTCAP). Return on equity (ROE), return on assets (ROA), return on investment (ROI), and return on capital utilised are all accounting factors (ROCE). Market Value Added is the mixed variable (MVA). Each of these variables is a reliable predictor. Profitability ratios are used to assess a company's overall profitability efficiency. According to,[24] profitability ratios are calculated using either revenue or expenditure.[25] The ratios are intended to highlight a firm's profitability, managerial efficiency as measured by returns on capital used, and capital use intensity - the rate at which invested capital is turned over, according to the ratios. [26]

2.2 Theoretical Review

There are other CSR assumptions, but in this study, the stakeholder hypothesis was used. Milton Friedman proposed the theory in 1984. The main idea of the stakeholder notion is a company re-definition. The definition, in general, focuses on what the firm should be and how it should be envisioned. The corporation, according to McWilliams, Siegel, & Wright, [27] in Fontaine, [28] should be viewed as a collection of stakeholders with the goal of managing their goals, needs, and points of view.

The introduction of CSR, according to Friedman [29], is related to the agency dilemma, which denotes the interests of managers and shareholders. Similarly, he contended that poor CSR is caused by a conflict of interest between managers and stakeholders. If managers are profit-driven, he would believe that all profit is mine and all pollution is yours. This point satisfied me much too much. Managers who are profit-oriented have a conflict with their stakeholders, while managers who are stakeholder-oriented have no conflict and would like to invest in their stakeholders. CSR, according to Waddock and Graves [30] and Freeman [31], has a significant relationship with the firm's financial efficiency. Jones [32] asserts that a corporation that conducts its business with cooperation and in the protection of stakeholders has a favorable effect on the firm's financial outcomes. Firms that defend their clients would enjoy a competitive advantage.

2.3 Empirical Review of Literature

According to Kim, Kim, & Qian,[33] corporate social responsibility and financial performance have a positive relationship. According to Agyemang, & Ansong, CSR has a significant positive link with corporate credibility. This suggests that SMEs who engage in CSR activities have a good reputation. As a result, this finding is consistent with earlier research suggesting that corporate stakeholders' perceptions of a firm's CSR efforts are positively related to their assessment of the firm's credibility. Mwangi & Jerotich [34] Ryznar & Woody, 2014; Devie, Liman, Tarigan, & Jie, [35] Giannarakis, Konteos, Zafeiriou, & Partalidou,[36] Cherian, Umar, Thu, Nguyen-Trang, Sial, & Khuong,[37] are among the other scholars who feel that CSR has a favorable impact on financial performance.

According to Obafemi, Oluwabunmi, & Collins,[38] bank investments in CSR activities have a negative impact on their financial performance, implying that CSR investment depletes the banks' financial capital. Banks are unlikely to profit in proportion to the amount of money put in CSR operations. In fact, while CSR investment may provide certain non-financial benefits to banks, the financial gains may be insufficient to offset the cost of CSR investment. This study contradicts the findings of [39] who observed that CSR had a positive impact on the financial outcomes of a sample of Nigerian publicly traded companies. It does, however, correlate with the findings of Peng and Yang [40] who identified a negative relationship between CSR and financial success in Taiwanese firms. According to an increase in CSR activities by companies that paid little or no attention to CSR during their business planning stage will have a negative impact on the company's financial outcomes because it will diminish the company's income.

Firms with the finest CSR, on the other hand, will still have a positive link with their financial outcomes, but the impact on their financial position will be small. Furthermore, according to CSR has a negative impact on the success of exploitation operations. Furthermore, businesses with a favored social strategy are penalized and earn lower asset and equity capital profitability than other enterprises. CSR can compel a corporation to incur investment-generating costs that diminish profits. The influence of CSR on CFP has long been a source of worry for managers Cochran& Wood according to McCann (2020), Despite substantial empirical investigation into the essence of this link, there is no conclusive evidence in the empirical literature.

3.0 Methodology

Panel regression analysis was used in this study to explore the relationship between CSR and financial reports of Nigerian and Ghanaian listed deposit money banks. Because the variables' data were based on a certain time period and a large number of organizations, the Ex-post Facto design (after the fact) was chosen for this study. Furthermore, data exists, but little effort is made to control or change key independent elements, most likely due to the difficulty of manipulating these variables. Because the former influenced the latter prior to this timeframe, both the independent and dependent variables are included in this study and are observed concurrently. The study's findings were also presented in the form of tables utilizing descriptive analysis.

This study's population includes 25 Nigerian Stock Exchange-listed deposit money banks and ten Ghana Stock Exchange-listed deposit money banks. The banking sector is used because it is one of the most important sectors for the economy to function, and its significance as the "lifeblood" of economic activity, drawing deposits and lending to states and individuals, households and enterprises, cannot be overstated.

According to Balsely and Clover, it is usually recognized to use 10% of the population as the sample size in research studies because a sample size of 10% of the overall population has been widely recommended to begin a research activity. This was backed up by Ogolo, who went on to say that once the population is identified, a sample of at least 10% may be generated. The companies were chosen from a population of 25 deposit money banks registered on the Nigerian stock exchange floor in 2017 and ten listed banks in Ghana, with the premise that the sample taken reflects at least 10% of the whole population. The annual report for a total of 20 selected organizations was studied over a ten-year period.

Secondary data was used in this study. The files include annual reports and accounts from banks considered for this examination between 2009 and 2018. The time chosen is impacted by the availability of data.

3.1 Measurement of Variables

Dependent Variables

Financial performance

Return on Assets (ROA): $\frac{\text{Net Profit after tax} \times 100}{\text{totala ssets}}$

Bashir, Hassan & Cheema and others employed ROA as a dependent variable. This displays the administration's true efficacy in utilizing the total asset to generate a return on investment. This reflects the actual earnings generated by each asset unit. It is the most precise approach of determining profitability.

3.1.1 Independent Variables

Corporate Social Responsibility

This is estimated using the natural logarithm of the sampled firms' CSR expenditures.

3.1.2 Control Variables

Firm size is calculated using the natural logarithm of total assets.

Leverage is calculated by dividing debt by total assets.

3.2 Model Specifications

To assess the validity of the hypothesis in relation to the relationship amid CSR and financial performance of listed banks on the Nigerian Stock Exchange and in Ghana, a modified adaptation of Duke and Kanpang's econometric model was employed in this study. As a result, the Duke and Kanpang Econometric model is depicted as follows:

CENPERF = X1WASTMGTCOS + X2POLLABATCOS+ X3SOCICOS + X4FINESPENCOS + μt

Where:

CORPERF denotes the overall output of the firm as a consequence of Social Responsibility-related expenses.

WASTMGTCOS denotes the annual cost of waste management.

POLLABATCOS is an acronym that stands for the annual cost of emissions abatement.

SOCICOS denotes the annual social expense borne by businesses.

FINESPENCOS is the annual expense paid by businesses for environmental fines and penalties.

μt is the error term for the model

X1, X2, X3 and X4 are the coefficient of the social responsibility cost elements in the model.

Because the study encompassed a wide range of environmental investments and performance proxies, the aforementioned model was modified to investigate the relationship between the dependent variable (financial performance) and two or more regressors or independent variables (CSR expenditures, firm size and leverage). As a result, we created a fundamental definitional paradigm that will serve as the foundation for our future study. This appears to be the model:

Perf= f (CSR expenditures, firm size and leverage) …….. eq (1)

$ROAit = \beta 0it + \beta 1CSRit + \beta 2FSIZEit + \beta 3LEVit + \mu it$………… eq (2)

Where ROA= Returns on assets

CSR= corporate social responsibility expenditures

FSIZE= firm size

LEV= leverage

μt is the error term that captures other explanatory variables that were not specifically captured in the model.

β0 is the intercept of the regression.

β1, β2, β3 and β4 are the coefficients of the regression.

3.3 Data Analysis Method

This investigation's data was examined using descriptive statistics and panel ordinary least square regression. The methodology for panel data is based on a combination of time series and cross-sectional data. It is important in determining the predictability of independent variables on the dependent variable. Longitudinal data and repeated steps are two more terms for the previously mentioned type of data.

3.4 Apriori Expectation

The priori is such that β1, β2, β3, >0. This means that the explanatory variables (β1CSR, β2FSIZE, and β3LEV) and the dependent variable have a positive association. The correlation coefficient's magnitude will assist us in explaining the various levels of relationship between the explanatory factors.

4.0 Data Analysis and Interpretation

4.1 Descriptive statistics

In this section descriptive analysis is organized among ten listed Deposit Money Banks in Nigeria and ten listed deposit money bank in Ghana.

Descriptive statistics of the dependent variable (bank performance), independent variables (CSR expenditures), and control variables were conducted on the 100 observations in table 1.0 to determine the data distribution, mean, and variances (Table 1.0). According to descriptive statistics, the average ROA for the entire study is 0.011400, with maximum and minimum values of 0.11 and -0.23, respectively. 0.0324 was the standard deviation. This demonstrates the consistency with which ROA was found among the banks under consideration. The CSR has a mean of 8.1519 points, a maximum of 9.78 points, a minimum of 5.89 points, and a standard deviation of 0.74 points.

The investigation demonstrates that the standard deviation values are close to zero, indicating that the mean values are stable and the sample is not volatile. CSR also has a standard deviation of 0.74, which is less than one, indicating that it has a negative but significant impact on the study model.

On the 73 observations reported in table 1.1, descriptive statistics of the dependent variable (bank performance), independent variables (CSR expenditures), and control variables were also performed to analyze the data distribution, mean, and variances (Table 1.1).). The results of the analysis show that the standard deviation values are close to zero, indicating that the mean values are steady and the sample is not volatile. CSR also has a standard deviation less than one, indicating that it has a negative yet significant impact on the study model.

4.2 Correlative matrix

Table 3.1

The table above depicts the relationship between the researched factors used to capture CSR and the financial results of Nigerian and Ghanaian deposit money banks. The goal of the correlation analysis was to find out if there was a lot of intercorrelation between the independent variables. Wisdom, Lawrence, Akindele, & Muideen, propose a correlation of less than 80% to show the absence of substantial intercorrelation. According to the matrix above, the largest correlation between the independent variables is 17 percent in Nigeria for LEV and FSIZE and 27 percent in Ghana for FSIZE and CSR.

correlated Random Effects - Hausman Test (GHANA)

4.4 panel regression

The Hausman test was used to determine which model best fits the panel regression. If the P-value is statistically significant, a fixed effect model should be used, according to the criterion. Use a random effect model if the P-value is not statistically significant. Furthermore, the P-value (0.5059) in Nigeria is greater than 5%. As a result, for this regression investigation, a fixed effect model was adopted. In Ghana, the P-value (0.0322) of 5% is meaningless. As a result, we employed a model with random effects.

4.4.1 Discussion of Panel Regression Results

i. The research looked into the connection between corporate social responsibility and the financial results of Nigerian and Ghanaian deposit money institutions. ROA was used to define the dependent variable, while the natural logarithm of CSR expenditure was used to determine the independent variable.

ii. The coefficient of determination, R-squared, for Nigeria is 0.55 (55 percent), whereas the modified R-squared, which accounts for all independent variables, is 0.49. (49%) This demonstrates that the independent variables describe 49% of the dependent variable, while the remaining 51% is subject to influences not captured by this study. The F-statistic is positive (8.992898), showing that the model is fit, and this is supported by the likelihood of the f-statistic, which is significant at 1%, 5%, and 10%. The result of 2.13 for the Durbin Watson statistics suggests that there is no evidence of autocorrelation in the parameter estimates. There is a negative significant connection between corporate social responsibility (LEV, FSIZE) and corporate financial performance of Nigerian deposit money institutions, according to the data.

Table 1.1- NIGERIA

	ROA	CSR	FSIZE	LEV
Mean	0.011400	8.151908	7.982234	0.882915
Median	0.010000	8.299407	8.674431	0.875139
Maximum	0.110000	9.777209	9.694970	1.378108
Minimum	-0.230000	5.888741	5.652619	0.057880
Std. Dev.	0.032412	0.738608	1.328949	0.129002
Skewness	-3.982922	-0.553727	-0.430355	-1.935936
Kurtosis	33.31925	3.407144	1.464352	20.03725
Jarque-Bera	4094.632	5.800912	12.91265	1271.914
Probability	0.000000	0.054998	0.001571	0.000000
Sum	1.140000	815.1908	798.2234	88.29146
Sum sq. Dev.	0.104004	54.00863	174.8444	1.647499
observations	100	100	100	100

	ROA	CSR	FSIZE	LEV
Mean	0.025342	4.936941	6.225051	0.851864
Median	0.030000	5.250083	6.278195	0.851545
Maximum	0.070000	6.407731	6.847465	0.945368
Minimum	-0.040000	2.657056	5.416809	0.647878
Std. Dev.	0.020144	0.915172	0.351830	0.047400
Skewness	-0.681607	-1.184660	-0.446276	-1.630044
Kurtosis	4.246999	3.437236	2.309673	9.147367
Jarque-Bera	10.38230	17.65643	3.872656	147.2723
Probability	0.005566	0.000147	0.144233	0.000000
Sum	1.850000	360.3967	454.4287	62.18604
Sum Sq. Dev.	0.029216	60.30289	8.912454	0.161764
observation	73	73	73	73

Table 2.1 – Ghana

NIGERIA	ROA	CSR	FSIZE	LEV
ROA	1.000000	0.182976	0.156887	-0.079475
CSR	0.182976	1.000000	0.149202	0.093373
FSIZE	0.156887	0.149202	1.000000	0.179629
LEV	-0.079475	0.093373	0.179629	1.000000
GHANA	ROA	CSR	FSIZE	LEV
ROA	1.000000	0.179352	0.092697	-0.236428
CSR	0.179352	1.000000	0.274070	0.111337
FSIZE	0.092697	0.274070	1.000000	0.177076
LEV	-0.236428	0.111337	0.177076	1.000000

4.4 panel regression

Correlated Random Effects - Hausman Test (NIGERIA)

Equation: Untitled

Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.334692	3	0.5059

Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.790871	3	0.0322

Regression table

NIG					GHA				
Var	Coeff	Std. Error	t-Stat	Prob	Var	Coeff	Std. Error	t-Sta	Prob.
CSR	-0.002	0.002	-1.061	0.29	CSR	-0.008	0.003	-2.601	0.01
FSIZE	0.008	0.003	2.243	0.02	FSIZE	0.016	0.005	3.189	0.00
LEV	0.004	0.011	0.435	0.66	LEV	-0.088	0.047	-1.875	0.06
C	-0.038	0.033	-1.161	0.24	C	0.039	0.047	0.841	0.40
	NIG	GHA				NIG	GHA		
R-square	0.553	0.354			Mean depend va	0.038	0.037		
Adj R-squ	0.492	0.250			S.D dep var	0.046	0.033		
S.E.ofregr	0.029	0.018				0.077	0.020		
F-statistic	8.992	3.405			Durbin-Wat	2.127	1.457		
Prob (F-stat)	0.000	0.001							

CSR was likewise found to have a substantial (-0.002117) but negative (-0.002117) connection with ROA. This suggests that for every unit increase in CSR, the production (ROA) of the tested enterprises reduces by 0.2 percent. This implies that the more corporations engage in CSR, the lower their profits. We may conclude that there is no significant association between corporate social responsibility and financial performance of Nigerian deposit money banks based on the significant likelihood value of -3 percent.

ROA was discovered to have a significant (0.008488) positive connection with FSIZE. This is further backup based on the reality that for every growth in firm size, the profitability of Nigerian Deposit Money Banks rises by 0.8 percent. This demonstrates that the bigger the firm's potential and goodwill, the larger the impact of their social responsibility, therefore promoting the firm and resulting in positive profitability benefits. The study's control variables were the LEV and FSIZE. ROA has a considerable positive association with both LEV and FSIZE.

iii.When the connection between corporate social responsibility and financial performance of Deposit Money Banks in Ghana is examined, the R-squared is 0.3545 (35%) and the modified R-Squared is 0.2504 (25%), indicating that changes in the independent variables can explain 25% of changes in the dependent variable (FSIZE & LEV). The F-statistic is positive (3.4059), showing that the model is fit, and this is supported by the likelihood of the f-statistic, which is meaningful at 1%, 5%, and 10%. The Durbin Watson statistics value of 1.45 suggests that the parameter estimations are free of autocorrelation. The data indicate a strong link between corporate social responsibility (LEV, FSIZE) and the financial success of Ghanaian deposit money institutions. CSR has a significant (-0.008) but negative (-0.008) connection with ROA. This implies that the more corporations engage in CSR, the lower their profits. This means that an adverse substantial association between corporate social responsibility and Ghanaian deposit money bank financial results exist.

ROA was found to have a positive (0.01) and meaningful relationship with FSIZE. This illustrates that the greater the firm's potential and goodwill, the greater the effect their social responsibility would have, thus promoting the firm and bringing about positive profitability results. The LEV and FSIZE were used as the study's control variables. Both LEV and FSIZE have a significant positive relationship with ROA.

4.5 Discussion of Findings

The study's goal was to look into the relationship between corporate social responsibility and financial results of Nigerian and Ghanaian listed deposit money banks. As a result, the article set out to conduct a comparative examination of Nigerian listed deposit banks and Ghanaian listed deposit money banks, as well as how these measures effect their financial outcomes.

To accomplish this purpose, the study began with a 10-year trend examination of the corporate social responsibility activities of Nigerian and Ghanaian listed deposit money banks. Listed Deposit Money Banks in Nigeria spend more on CSR efforts than their Ghanaian counterparts, according to the trend research. The majority of Ghanaian listed Deposit Money Banks used for this study failed to cross the one billion naira mark for CSR donations after converting cedis to naira, whereas the majority of Nigerian listed Deposit Money Banks consistently spent over one billion naira in CSR donations over the years, with some banks crossing the one billion mark, including UBA Nigeria and Zenith Bank Nigeria, with UBA being the highest.

This illustrates the breadth of corporate social responsibility initiatives in both countries' banking industries, with the level of CSR donations indicating that listed Deposit Money Banks in Nigeria participated in more CSR activities than their Ghanaian counterparts.

The study's goal was to look into the effect of CSR on the financial performance of Deposit Money Banks in Nigeria and Ghana. To achieve this goal, the panel least square regression analysis approach was used to evaluate the impact of corporate social responsibility expenditure on the financial results of listed Deposit Money Banks in Nigeria and Ghana. CSR donations were used to represent the amount of money spent on corporate social responsibility by each Deposit Money Bank in Nigeria and Ghana, while return on asset was used to reflect each Deposit Money Bank in Nigeria and Ghana's financial performance. The study was carried out using EViews 10.0. The study's findings indicate that there is no substantial relationship between corporate social responsibility and the financial performance of Nigerian deposit money banks.

This conclusion runs counter to our earlier assumptions, which predicted a positive relationship between corporate social responsibility and the financial performance of Nigerian deposit money institutions. This study, on the other hand, demonstrates unequivocally that the corporate social responsibility programs of Nigeria's listed deposit money banks have no noticeable impact on their financial success. This is not surprising given that in their report on the relationship between CSR practice and financial performance of Nairobi Securities Exchange firms listed in the manufacturing, building, and allied market, Mwangi, & Jerotich (2013), discovered an insignificant positive relationship between CSR and financial financial performance. Furthermore, Obafemi, Oluwabunmi, and Collins (2018) provide additional insight into why there may be a negligible relationship between CSR and financial results, noting in their analysis of the effects of CSR investment and disclosure on corporate financial performance that CSR investment without due disclosure has little to no impact on corporate financial performance.

As a consequence, even though these companies engaged in CSR activities, their activities may not have been fully disclosed in their financial statements or annual reports, which may explain why our findings contradict our a priori assumptions. However, the results contradict the majority of CSR and financial efficiency reports, such as (Kim, Kim, & Qian, (2018); Feng, Wang, & Kreuze, (2017); Okegbe, & Egbunike, (2016).

The study's findings demonstrated a significant unfavorable relationship between corporate social responsibility and deposit money bank financial performance in Nigeria and Ghana. This conclusion also runs counter to our earlier assumptions, which predicted a positive relationship between corporate social responsibility and the financial performance of Nigerian and Ghanaian deposit money banks.

This conclusion, however, implies that participation in corporate social responsibility initiatives by Nigerian and Ghanaian listed deposit money banks may have a negative influence on firm financial results if not adequately managed and monitored. This finding is similar with previous findings, such as those of Elouidani, & Zoubir. (2015), who revealed that CSR had a negative as well as a considerable impact on the financial output of Casablanca-listed firms. To back this up, Cherian, Umar, Thu, Nguyen-Trang, Sial, & Khuong, (2019), revealed a significant inverse association between Indian firm success and CSR initiatives. As a result, this data suggests that continued participation in CSR practices will result in poor financial performance in both the Nigerian and Ghanaian banking industries.

According to the stakeholder concept, directors must ensure that the interests of all stakeholders are maximized; nevertheless, according to the findings of this study, CSR engagement has a detrimental impact on financial performance. As a result, seeking to defend the interests of all stakeholders is unprofitable and puts the company in jeopardy. That is, banks do not engage in CSR.

5.0 Findings, Conclusion, and Recommendations

The study's main goal was to assess the relationship between CSR and financial performance of Nigerian and Ghanaian listed deposit banks. This study discovered a negative significant relationship between the CSR actions of Nigerian and Ghanaian listed deposit money banks and their financial success. That is to suggest:

i. Regulation redistributes wealth; ii. Since regulators (legislators) want to stay in office, legislation is often written to maximize political support; and iii. Interest groups compete by providing political support in return for favorable legislation.

ii. The government seeks regulation in order to avoid or correct substantial social or consumer damage caused by market imperfections, and to ultimately improve economic performance in the market (Pigou, 1932).

iii.A corporation's financial output is inextricably linked to the happiness of multiple stakeholders other than its shareholders ().

The CSR activities of Nigerian and Ghanaian listed deposit money banks have a negative significant link with their financial success.

When it comes to the impact on society, there is no doubt about the importance of corporate social responsibility. However, there is a concern that banks will overspend due to increased demand for corporate social responsibility initiatives from neighboring communities and the investing community. Such pressure can have a substantial influence on a company's financial health, particularly in the banking business. The report's findings indicate a negative relationship between corporate social responsibility contributions and the competence of publicly traded deposit money banks. As a result, in conclusion, listed deposit money banks should exercise prudence while participating in CSR activities so that they do not invest financial capital in a way that undermines the organization's long-term financial well-being.

The following factors should be considered to promote corporate social responsibility reporting.

i. In publicly traded banks, a department should be established to track the expenditures of their companies in relation to the allocated budget for CSR donations and the company's revenue.

ii. The Central Bank of Nigeria and the Bank of Ghana should control the sums of money donated to corporate social responsibility activities by listed deposit money banks in order to prevent disproportionate amounts from being committed to CSR courses in the name of satisfying investors.

iii.Listed deposit money banks should invest moderately on CSR courses to ensure that they remain in good financial health and long-term viability.

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