CHRISTIAN SERVICE UNIVERSITY COLLEGE

SCHOOL OF BUSINESS

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE AND PERFORMANCE OF LISTED COMPANIES IN GHANA

BY

ISAAC AGYEMANG MENSAH

SAMUEL OBENG AMOAKO

DEBORAH KWARTENG

BELINDA OYETUNDE AGYEMANG

BEATRICE GYIMAH

A DISSERTATION SUBMITTED TO THE BUSINESS STUDIES, CHRISTIAN SERVICE UNIVERSITY COLLEGE, IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF A BACHELOR OF BUSINESS ADMINISTRATION

JUNE, 2018

DECLARATION

We do hereby declare that this research work was entirely conducted by us under supervision and does not contain any material which might have already been presented by anyone for award of any certificate.

With the exception of certain information gathered from the field and quotation from renowned writers which are appropriately acknowledged, other information was obtained as a result of our dedication to work and untiring efforts.

Candidates Name	**Index Number**	**Signature**	**Date**
Isaac Agyemang Mensah	10001292	……………..	……………..
Samuel Obeng Amoako	10001331	……………..	……………..
Deborah Kwarteng	10004075	……………..	……………..
Belinda Oyetunde Agyemang	10004076	……………..	……………..
Beatrice Gyimah	10002052	……………..	……………..

SUPERVISOR'S DECLARATION

We hereby declare that this work has been undertaken under your supervision in accordance with the guidelines on supervision laid down by the School of business, Christian Service University College.

Supervisor's Name:	**Signature**	**Date**
Mr. Abraham Osei-Wusu	……………..	……………..

CERTIFIED BY

Head of Department Name:	**Signature**	**Date**
Dr. Mrs. Joyce Ama Quartey	……………..	……………..

ABSTRACT

This study aims to analyze and explain the relationship between the Corporate Social Responsibility (CSR) and the Firm Value, either direct or indirect through the Corporate Financial Performance (CFP) and the Firm Risk. The research object is the listed companies in Ghana Stock Exchange for the period of 2014-2017. The CSR is measured from information disclosure index based on Global Reporting Initiative (GRI) 3.1 reporting standard. The Tobin's Q and Price to Book Value (PBV) are used as the indicators of the Firm Value. The CFP is determined from the Return on Assets (ROA) and the Return on Equity (ROE). The Firm Risk is computed from the idiosyncratic risk. A Structural Equation Modeling (SEM) is utilized to analyze the data. The results show that the CSR has no significant effect to the Firm Value. In one side, the CSR has positive significant effect to the CFP and the CFP has positive significant effect to the Firm Value. Further, the CSR has positive significant effect to the Firm value through the CFP. In the other side, the CSR has negative significant effect to the Firm Risk, and the Firm Risk has negative significant effect to the Firm value. However, the CSR has no significant effect to the Firm Value through the Firm Risk.

DEDICATION

We dedicate this work to God Almighty for the strength and knowledge He granted us to be able to complete this long essay. Also to our parents and families for their immense support towards our education. We also dedicate this work to our close friends for their encouragement and support throughout the programme. The final dedication of this work goes to our noble supervisor Mr. Abraham Osei- Wusu, may God richly bless you.

ACKNOWLEDGEMENT

We wish to express our sincerest gratitude to the Almighty God for his abundant grace he showered on us from the beginning of this course to the end of it culminating into the writing of this project work. We would also like to express our deep gratitude to Mr. Kinsley Sosu-Mintah and all lecturers for their support, advice, guidance and encouragement. We also thank our families for their love, understanding, support and encouragement throughout the course and thesis.

TABLE OF CONTENT

Contents

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

1.0 INTRODUCTION

This chapter consists of the background of the study, problem statement, research objectives, research questions, significance of the study, the scope and the organization of the study.

1.1 BACKGROUND OF THE STUDY

Companies are in existence to create value for their shareholders. It can be obtained by increasing the value of the company. Shareholders are interested in the appreciation of their investment companies make and are willing to invest more in such companies. Shareholders major concern for companies is to make profit in other to increase the value of the firm. They ignore the other aims of the company to increase the social welfare and to preserve the environment. The economic and development activities that neglect the social and environment impact on the environment will generate social problem, environmental pollution, global warming, etc.

Over the last decade, global awareness about the importance of the social and environmental responsibility has become a major topic. Many environmental damages and natural disasters remind us back about the necessity of a company to pay attention to the non-financial aspect in its operational. Lately, there is an increasing number of the society who demands for the minimization of the negative effect of the company activities on the environment, Susilowati (2013).

According to Visser et al. (2010) a company is not merely having a role as a business entity that pursues financial success, but also as a good corporate citizen. This concept confirms that a company must expand its responsibility in the social and environmental aspects. A company has right, obligation, and responsibility to the society, as well as the other citizens.

Corporate Social Responsibility (CSR) is the managerial obligation to take action that protects and improves both the welfare of the society as a whole and the interest of the organization. According to Business for Social Responsibility (BSR), corporate social responsibility is defined as achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.

While the Corporate Social Performance (CSP) is defined as a configuration of business organization principles of social responsibility, processes of social responsiveness and observable outcomes in relation with the employee, stakeholder, and societal relationships, Visser et al. (2010). Ho (2010) posits that although companies agree that the social responsibility may increase long term benefit and support the continuity of a company, there is also criticism that the execution of the corporate social responsibility may distract the company business focus. Therefore, a set of regulations is needed to control the responsibility of a company to the social and environmental aspect, to support the sustainable development.

For the obligation of the social and environmental responsibility in Indonesia has been regulated in the Government Regulation no.40 of 2007 concerning Limited Company and the Government Regulation no.47 of 2012 concerning Social and Environmental Responsibilities for Limited Company. The disclosure of the social and environmental responsibility is also set in the regulation of Capital Market Supervisory Agency and Financial Institution (now Financial Services Authority) no. X. K.6 of 2012 concerning the Obligation to Submit Annual Report for Issuers or Public Companies.

The social and environmental responsibility can be interpreted as an approach to long term value creation. It is not only for the shareholders, but also for the stakeholders, according to the ability of the company in taking chances and managing the risks, Chirieleison (2004) and

Ghelli (2013). Many researches related to the social aspect of a company have been done, especially in the context of the financial aspect and the firm value. The various results may be obtained from different research methodology, Margolis and Walsh (2001).

Numerous corporate organizations employ CSR as a medium for disseminating information to the public. Finch (2005) and Thorne et al. (2008) argue in favor of the benefits organizations derive from CSR reporting. According to Moreno and Capriotti (2009) corporation's committed to the execution of CSR activities would indirectly contribute to corporate reputation as well as economic advantages. According to Hinson et al.'s (2010) listed banks in Ghana report more information relating to CSR activities than unlisted companies. Insurance companies' disclosure of CSR activities can be in the form of publicizing their efforts to make the society a better place to live in. Insurance firms, however, may disclose CSR activities via several print and electronic media, such as television, annual reports, newspapers among others.

The Professional and Business Community, especially the Ghana Club 100, the Chartered Institute of Marketing Ghana's (CIMG) and Ghana CSR Diary and Award, identify, interrogate, propagate and reward CSR initiatives and projects implemented by more than 30 deserving firms in Ghana. Outstanding firms receive awards based on their strategic marketing approach which encompasses its customer and product, human resource development, corporate reputational management, community involvement as well as other CSR initiatives.

Some researches show positive relationship between the CSP and the CFP or the Firm Value, Aggarwal (2013); Bidhari et al. (2013); Barnet and Salomon (2011); Ghelli (2013); Margolis et al. (2009); Tilakasiri (2012); Vijfvinkel et al. (2011). The other results reveal that there is no relationship between the CSP and the CFP because of lack of understanding in their complex relationship, Singh (2014); Tyagi (2012); Tjia and Setiawati (2012); Fauzi et al.

(2007); Nyirenda, (2013). There are also results that show mixed relationship, Nguyen et al. (2015); Pan et al. (2014) or negative relationship, Crisóstomo et al. (2011); Hirigoyen and Rehm, (2015). Furthermore, researches about the relation between the CSP and the Firm Risk display a negative relationship, Albuquerque et al. (2014); Toms et al. (2011); Luo et al. (2009); Cajias et al. (2011) or a positive one, Bouslah (2012).

This research aims to analyze the relationship between the CSP and the Firm value, either direct or indirect through the CFP and the Firm Risk.

1.2 PROBLEM STATEMENT

Since the conception of Corporate Social Responsibility (CSR) into the corporate world, many agitations have been emerged as to what benefit a firm can derive from CSR. A renowned economist Milton Friedman in 1970 was the first person to air his opinion on CSR. He claimed that the only social responsibility of a business is gratify to the wills of its shareholders and maximizing profits within the frontiers of laws and business ethics. Friedman (1970) however argued that organizations should not concentrate on CSR unless it acts as a value creator and adheres to the wishes of the firm's owners. According to Cheng et al. (2014) CSR can fortify the relationship with a firm's owners and stressed that companies using CSR tend to reduce its capital constraints through better access to bank loans which makes it tranquil to carry out strategic investments. Grafström et al. (2008) deliberate on how the traditional division of stakeholders (citizens, institutions, customers and media which are classified as to being directly or indirectly affected by the corporation) is in need of review, partly due to the digitalization of the world and increased flow and access to information.

According to Peng and Yang (2014) most research on this topic have focused on the US Stock Exchange and this restrict the opportunity to generalize results as the degree of governance, business practices and environmental policies varies globally. Further, the researchers argue that study in the area would benefit from input from other countries to enhance understanding regarding the nature of the CSR, financial performance and firm value relationship.

The intricacy of the assertions made by activists of CSR in terms of the value it creates and the costs it incurs raises questions as to what the possible effects of the CSR will have on businesses operating in Ghana. Though many researchers have spent time to investigate the relationship between CSR and firm value but published research keen to the Ghana market is scarce. In recent increasingly competitive marketplace and considering the regulations for large Ghanaian companies to report CSR activities, it is imperative to research into the nature of the relationship amid CSR and financial performance on firm value. If the relationship is considered to be positive, firms could be encouraged to increase its investments and reporting's beyond the required levels. Contrariwise, if a relationship cannot be empirical or is deemed negative, firms might benefit financially from keeping CSR investments and reporting's only at the required level.

1.3 OBJECTIVES OF THE STUDY

The general objective of this study is to assess the impact of CSR on firm value and performance. Specifically, the study seeks to achieve the following objectives:

1. To examine CSR on firm value and performance.

2. To analyze the effect of CSR on firm performance.

3. To determine the effect of corporate social responsibility on firm value.

1.4 RESEARCH QUESTIONS

1. Does CSR have any effect on firm value and performance?
2. What is the effect of CSR on firm performance?

3. What impact does the corporate social responsibility have on firm value?

1.5 SIGNIFICANCE OF THE STUDY

1. The study contributes towards the CSR literature in Ghana, especially on the issue of the effect of CSR on firm value and performance.
2. The hopes to contribute to the policy making by giving empirical evidence on the impact of CSR on the listed companies on Ghana Stock Exchange.

1.6 SCOPE OF THE STUDY

The study focus on examining the relationship between corporate social responsibility, firm value and financial performance in Ghana, shall cover mainly firms with good stands within the period of 4years from 2014-2017 on Ghana Market Stock Exchange coupling annual reports and financial statements. The study will also focus specifically on the core objectives; the relationship between CSR and firm value in the country, relationship between CSR and Corporate Financial Performance (CFP).

1.7 ORGANIZATION OF THE STUDY

The study will be structured into five chapters as arranged below;

Chapter one will be the introduction. It will consider the background to the study, statement of the problem, research questions, objectives, justification, scope, limitations and the organization of the study.

Chapter two will focus on the review of related literature. It is the review of related researches of previous researchers.

Chapter three will look at the methodology used for the study. It will explain the research design, details of the population, sampling procedures, sample size and the instruments used in collecting data for the study. It will also discuss the data collection procedures and analysis.

Chapter four will present the results of the study according to the research questions. It also will present the discussion of results based on the literature review.

Chapter five will present the summary, conclusions and recommendations for the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Over the years, significant advances in Firm Value have been made by many researchers. This study assesses the impact of CSR on firm value and performance. In this chapter, literature the definition of CSR, benefits of CSR, CSR theories, Conceptualization issues of CSR, The link between CSR and financial performance, CSR performance and firm value, CS R and Firm Value, Development of CSR in Ghana and Financial Performance.

2.1 WHAT IS CORPORATE SOCIAL RESPONSIBILITY

Before discussing ways in which CSR activities can improve firm value, it is an imperative to deliberate on activities that include CSR. Notwithstanding the enormous literature on the topic, the core view as to what activities are encompassed under the canopy of CSR has not begun. Baron (2001) posits that CSR is an ill- and incompletely defined concept. The researchers based their broad definition proposed by the WBCSD (2004), which contended that "CSR is the commitment of an organization to contribute to sustainable economic growth and development, working with employees, their families, the local community and society at whole to increase quality of their life."

This definition includes the elements that are generally included in empirical work on CSR, such as the community, the environment, human rights, and the treatment of employees. Whereas some of these elements relate to social dimensions, others focus on stakeholders (e.g., treatment of employees). As such, this definition is consistent with Griffin and Mahon's (1997) multidimensional notion of CSR and with the work of Dahlsrud (2008), who reviewed various definitions of CSR and found that the stakeholder and the social dimensions receive exactly the same attention based on frequency counts in Google searches.

The inclusion of stakeholders within the remit of CSR is, however, not without controversy, especially given that the boundary between stakeholder management and CSR is not clear cut. For example, Jensen (2001) argued that anyone who can potentially benefit from its engagement with the firm is a stakeholder. That would include issues related to human rights, the environment, and the community, elements that others would consider more "social." This definition of stakeholder is similar in spirit to Freeman's (1984) definition of a stakeholder as "any group or individual who can affect or is affected by the achievement of an organization's purpose," although Freeman (1984) explicitly considered groups and individuals that can be negatively affected by the firm's actions as well. According to this view, all CSR activities fall under the remit of stakeholder management. Harrison et al. (2010) also made a clear distinction between stakeholders orientation versus a focus on social issues and considered only the latter activities as CSR.

In a nut share, even though there are some dissenting opinions, most of the literature involves both the social and stakeholder dimensions in the CSR remit. Therefore, consistent with this view and our definition, we consider both facets of CSR in our work.

2.2 CSR BENEFITS

Du et al. (2010) opined that CSR activities enable organizations to elicit favorable attitudes and behaviors from their stakeholders by strengthening stakeholder-firm bonding that favorably influences corporate image. Such practices play a critical role in the all-important dialogue that takes place between organization and their stakeholders and thus have become an issue of pivotal interest to those who man corporate affairs, Bhattacharya et al. (2008).

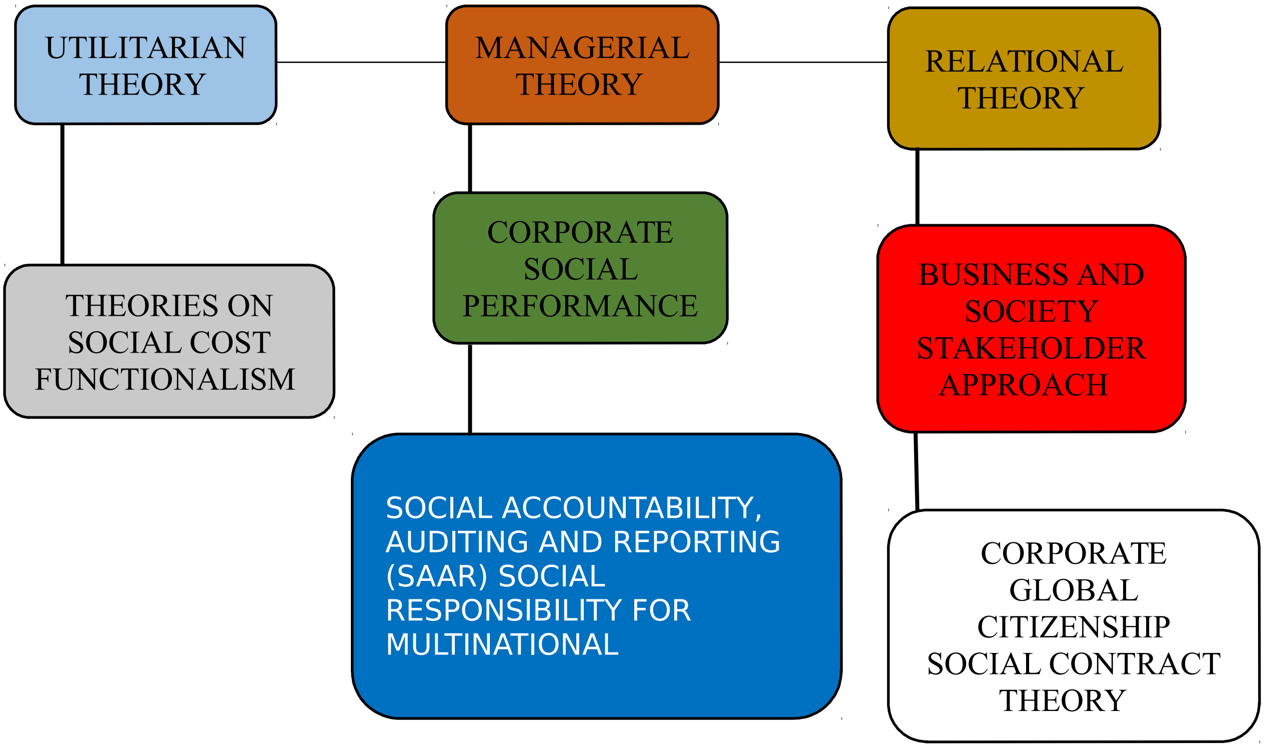
Upon evaluating the combined effects of corporate philanthropy, community involvement, and environmental concerns, Brown and Dacin (1997) concluded that CSR positively influences consumers' perception and acceptance of products through company evaluations. Customers are favorably disposed towards products belonging to organizations that undertake multiple programs of socially responsible business orientation, Murray & Vogel (1997); Sen & Bhattacharya (2001). According to Sen et al. (2006), consumers who are aware of an actual corporate philanthropy initiative by an organization have more positive attitudes as well as brand purchase and investment intent towards such a business entity. In tandem with this position, Wigley (2008) confirmed that consumers who are exposed to a company's CSR information have significantly more positive attitudes and stronger purchase intentions.

CSR activities undoubtedly result in increased brand reputation and customer loyalty. In an era of increasing competition, positive awareness that emanates from socially motivated programs has a tendency to improve firm reputation, Fombrun & Shanley (1990), enhance brand differentiation, and ultimately help gain competitive advantage, Kay, (1993). By drawing consumers away from competitors through virtuous deeds, evidence in extant literature indicates that organizations can improve their profitability. Socially responsible organizations also tend to benefit from premium pricing. According to Baron (2009), strategic CSR activities afford morally managed organizations the benefit of product differentiation and premium pricing thereby reducing the effects of price competition.

2.3 CORPORATE SOCIAL RESPONSIBILITY THEORIES

The absurd incredible heterogeneity of methodologies and theories of CSR, the research discussion is taking into account an examination by Secchi (2007) and it is contrasted with analysis by Garriga and Mele (2004). Secchi has thought of a collection of theories in view of firm's standard and host community. The theories are as per the following: The utilitarian theory, the managerial theory, and the relational theory.

Figure 1. *The Theoretical Linkages of CSR Theories*



2.3.1 Utilitarian Theory

The old thought of laissez faire business offers approach to determinism, independence to public control, and individual moral responsibility to social responsibility. Utilitarian could likewise be brought synonymously with instrumental theories Garriga and Mele (2004); Harrison and Wicks (2013) in which the firm is seen as just an instrument for creating wealth, and its social interventions are just the programmes to accomplish financial results. The utilitarian theories are identified with systems of strategies for wining market competition. The advocates of these theories are, for example, Porter and Kramer (2011) and Chiu et al., (2014) who saw the theories as origins for conveying strategies in the dynamic utilization of natural assets of the company for wining market competition advantages. The systems additionally incorporate philanthropic strategies that are socially perceived as instruments for marketing purposes. Secchi (2007) further partitions the utilitarian cluster of theories into two, to be specific, the social cost of the firm and the thought of functionalism. The social cost theory has a premise for corporate social responsibility in which the financial framework in the host society is said to be affected by the corporate non-monetary powers. It is likewise called instrumental theories Garriga and Mele, (2004) in light of the fact that it is comprehended that corporate social responsibility as a simple intends to the end, which prompts the way that the social force of the organization is appeared particularly in its political correlation with the host community. The theories of utilitarian, in this manner, recommend that the firm needs to acknowledge social obligations and rights to partake in social co-operation, Harrison and Wicks (2013). Inside of it, the theories of functionalist, particularly advocates that the firm is seen as a piece of the financial framework, which one of the objectives is to making profits for the business. The organization is seen as an investment portfolio, and ought to be profitable to all stakeholders including investors and partners, Chiu et al. (2014).

2.3.2 Assumptions of the Theory

The assumptions that oversee the theory are encompassed by moral proxy. Utilitarian accept that ethical operators dependably need to advance the best conceivable result seen from a fair-minded point of view, Harrison and Wicks (2013); Chiu et al. (2014). Accordingly, organizations are similarly committed to advance the joy of aggregate strangers, for instance poor Africans, and those firmly identified with the organization, for instance the workers. Utilitarian have by and large contended that helping the poor and hungry individuals, for instance, in Africa, as opposed to moderately well-off individuals, for instance, in

Netherlands, appears to boost bliss as seen from an unprejudiced perspective, different things being equivalent, Sanderson (2014).

2.3.3 Managerial Theory

Secchi's (2007) examination further burdens the rationale of managerial theory that accentuates corporate administration in which corporate social responsibilities are drawn nearer by the corporate internal partners within the firm. This has the effect of difference in between utilitarian and managerial point of view of CSR. This recommends that everything outside to the firm is considered for hierarchical process of firm’s choice of making decision. Managerial theories are likewise emphatically identified with political theories taking into account the conceptualization by Garriga and Mele (2004) and bolstered by Detomasi (2008) and additionally Hühn and Dierksmeier, (2015). They push that social responsibilities of organizations emerge from the measure of social power a company has and the firm is seen as being similar to a subject with certain inclusion in the society. The base of the political force of CSR is in light of Davis' (1960) thought who suggested that business is a social foundation and it must utilize control mindfully. It is additionally noticed that causes that produce the social force are from within and without of the firm.

2.3.4 Relational Theory

Relational theory has the origin from the unpredictable company-environment relationships. The development of the theory was by Garriga and Mele's (2004) examination of stakeholder methodology which were then upheld by the work of Cuppen, Hisschemöller & Bergsma (2010), as the term infers, the two interrelations between them are the center of the investigation of corporate social responsibility. Results about the three gatherings of CSR theories are as per the following: Utilitarian is disentangled in its perspectives by the people and mechanical from the company viewpoint, managerial is exceptionally hierarchical situated and quantifiable; and relational is qualities based and additionally associated between the company and host community, Chiu et al. (2014); Sanderson (2014).

This decision is further fortified by Hühn and Dierksmeier, (2015) not really far off conceptualization about CSR theories are clustered into instrumental, political, integrative and ethically based. Instrumental hypothesis is concentrating on accomplishing monetary goals through social performance; political concentrating on a liable utilization of business strategies in the political grounds; integrative focusing on drawing together administration issues, open responsibility, management of stakeholders and corporate social performance; and moral theory is underlining methodologies to accomplish a decent society. Then again Garriga and Mele investigated maps of corporate social responsibility into four sorts of areas. They are: Instrumental theories, Political theories, Integrative theories, and ethical theories. There is undoubtedly a few likenesses do exist in both conceptualizations of corporate social responsibility and the argument will be in light of accentuations and methodologies.

2.4 CONCEPTUALIZATION ISSUES OF CORPORATE SOCIAL RESPONSIBILITY

To complete corporate social responsibility, organizations reiterate their philosophies and values, both in their procedures and activities and in their communication with other social performers. Corporate social responsibility is by and large philanthropic in nature and alludes to practices that surpass a simple compliance with the governing law. The social and ecological responsibility of companies may mirror the changing desires of host communities, Pérez and del Bosque (2014). For instance, what companies consider advantageous practices today may get to be basic ones tomorrow? Furthermore, it is normal that diverse social performers intrigued in the operations of a certain companies will organize distinctive social and ecological demands, which may repudiate or contend each other at a particular time, Henriques and Richardson (2013); Higgins, et al. (2014). Corporate social responsibility carriages some difficulties for companies, including the need to characterize their responsibilities concerning those of the general public division, focus the degree of their commitments in the supply network and resolve until what point later on they ought to envision and arrange for the results of their operations, particularly on account of natural asset utilization, Clay (2005); Phillips and Caldwell (2005). Logic in corporate social responsibility is crucial on the grounds that notwithstanding the numerous issues it can address, corporate social responsibility likewise has its cutoff points and cannot substitute for the part of government in authorizing laws and global labour standards. Corporate social responsibility as described by European Commission (2001) is an idea whereby organizations incorporate social and ecological concerns in their business activities and in their connection with their stakeholders in an altruistic manner, taking after progressively mindful that responsible conduct prompts sustainable business achievement. CSR- social interventions may incorporate voluntary commitments from foreign and local companies, Prakash and Potoski (2011), for example, raising money, gifts and donations to communities where companies operate from and others like recovery of denied communities, recovery of neglected area and creating of new redevelopment for employment opportunities. Be that as it may, what cuts over various definitions that researchers have proposed on the idea of corporate social responsibility are the general convictions that, beyond the pursuit to maximize company profits, corporate institutions assume a critical part in tackling society's problems? In the study of Pérez and del Bosque (2014). The principal thought of corporate social responsibility is that "it reflects both the social goals and the social effects of business achievement, and that responsibility as needs be falls upon the organization, however the exact appearance and direction of the obligation lies at the circumspection of the company. Such a description of corporate social responsibility makes it an obligatory practice in that, it accepts business that has an immediate responsibility to help in taking care of community's problems, Green and Peloza (2014).

We contend that, however the modalities of executing corporate social responsibility projects are at the decision of corporate institutions; it does not make CSR an uninhibitedly picked program to contribute towards social success. Hence, for Aristotle and succeeding advocates of the more extensive perspective of corporate social responsibility, for example, Byrne, (2014) the generally held tight perspective of corporate social responsibility that business is fundamentally concerned with profit making and amplification than social concern is doubtful. For Byrne, corporate institutions should have responsibility beyond just improving their profits on the grounds that they appreciate more prominent social and economic power in any community. The clear clash between corporate social responsibility and objectives of the company was seen ahead of schedule by the Nobel laureate Milton Friedman, who had proclaimed that any push to utilize corporate assets for simply philanthropic purposes would create socialism.

Truth is told; Friedman (2008) suggested that company law ought to be changed to dishearten corporate social responsibility. But over thirty years after Friedman made his statement, corporate social responsibility has turn into a business mode. Shockingly enough, experimental study has shown positive, unbiased and even negative effects of corporate social responsibility on economic performance. While corporate social responsibility cynics can clarify away the act of corporate social responsibility as an aftereffect of pressures from the communities, a clarification for the profit thought processes behind corporate social responsibility turns out to be much more important to clarify the origin of the community pressure.

2.5 THE LINK BETWEEN CSR AND FINANCIAL PERFORMANCE

Aupperle et al. (1985); Friedman, (1970); Jensen (2002); McWilliams & Siegel (2000) posit that based on neoclassical economics, some researchers have argued that CSR unnecessarily raises a firm's costs in areas that do not yield any direct economic benefits thereby placing the organization at a competitive disadvantage. A classic example is when a firm decides to invest in pollution-control technology when other competitors do not consider such investment as necessary. Agency theory also suggests that CSR initiatives could serve as avenues through which managers can "legally" expend valuable firm resources at the expense of firm's shareholders wealth maximization objective. Hence, some have concluded that CSR only results in colossal managerial benefits rather than yielding any financial gains to corporate shareholders, Brammer & Millington (2008).

Some scholars have also attributed the negative effects of CSR on financial performance in the context of emerging economies to poor stakeholder engagement. It has been established that the ways firms relate with their stakeholders and communicate CSR activities to stakeholders can affect their financial performance, Rettab, Brik, & Mellahi (2009). For instance, Lima Crisóstomo, de Souza Freire, and Cortes de Vasconcellos (2011) studied the relationship between CSR and corporate financial performance in Brazil using financial and

CSR data of 78 non-financial listed companies in the period 2001–2006 and concluded that in Brazil, CSR did not enhance the value of firms because managers failed to involve stakeholders. They posit that many external stakeholders were not aware of firms' CSR initiatives in Brazil to assist these firms translate such investments to better financial performance. On the whole, business entities in emerging economies do not appreciate the importance of communicating their CSR activities to their stakeholders, Min Foo, (2007); Wright, Filatotchev, Buck, & Bishop, (2003). Mellahi and Wood (2003) argued that because stakeholders are not normally aware of CSR activities in developing economies, such initiatives are likely to have a negative impact on financial performance.

The next perspective, closely connected to stakeholder engagement analysis, advanced that CSR activities can have a positive effect on firm's performance by providing better access to valuable resources, Cochran & Wood (1984), attracting and retaining higher quality employees (Greening & Turban, 2000; Turban & Greening, 1997), allowing for better marketing of products and services, Fomburn (1996); Moskowitz, (1972), creating unforeseen opportunities, Fombrun, Gardberg & Barnett (2000), and contributing toward gaining social legitimacy, Hawn, Chatterji, & Mitchell (2011). Furthermore, CSR may function in similar ways as advertising does, increasing demand for products and services and/or reducing consumer price sensitivity, Dorfman & Steiner (1954); Milgrom & Roberts (1986); Navarro (1988); Sen & Bhattacharya (2001) and even enabling firms to develop intangible assets such as goodwill, Gardberg & Fombrun (2006); Hull & Rothenberg (2008). The stakeholder theory Freeman (1984); Freeman et al. (2007); Freeman, Harrison, Wicks, Parmer & de Colle (2010) expounds that CSR includes managing multiple stakeholder ties concurrently which can mitigate the likelihood of negative regulatory, legislative, or fiscal action, Berman, Wicks, Kotha, & Jones (1999); Freeman (1984); Hillman & Keim (2001).

Carroll and Shabana (2010) summed up the reasons why CSR could have a positive relationship with financial performance to include; reduction in cost and risk, enhanced competitive advantage; developing reputation and legitimacy and seeking win–win outcomes through synergistic value creation. Longo, Mura, and Bonoli (2005) and Torugsa, O'Donohue, and Hecker (2012) have demonstrated that SMEs can enhance their financial performance while proactively making progress toward CSR initiatives. Some empirical evidence have, however, assumed the absence of any kind of relationship between CSR and financial performance. The proponents e.g. Ullman (1985) of this position argue that there are so many intervening variables between CSR and financial performance to expect a relationship exist, except by chance.

2.6 CSR PERFORMANCE AND FIRM VALUE

The management of CSR activities affects corporate financial performance Balakrishnan, Sprinkle, and Williamson (2011); Borghesi, Houston and Naranjo (2014); Elliott et al. (2013); Flammer (2015); Henri and Journeault (2010); Klassen and McLaughlin (1996). Research can be classified into studies that investigate the direct or indirect e.g. reputation; see Herremans, Akathaporn and McInnes (1993) financial impact of CSR performance e.g., Matsumura, Prakash and Vera-Muñoz (2014); Sharfman and Fernando (2008) and of CSR disclosure Dhaliwal et al. (2011); Dhaliwal et al. (2012) or both Cho et al. (2012); Patten (2002). In sum, the literature suggests a tentatively positive relationship between CSR activities, mostly in the environmental context, and financial performance and/or firm value based on market and accounting measures Margolis, Elfenbein and Walsh (2009); Orlitzky, Schmidt, and Rynes (2003).

Nevertheless, there is also a school of thought associated with Milton Friedman that argues that investments in CSR activities reduce firm value because disposable cash flows to shareholders are diminished, Clacher and Hagendorff (2012); Friedman (1970). However, this logic only holds true if CSR investments (1) do not generate returns above a firm′s capital costs and (2) have lower returns than alternative opportunities in which a firm could invest (Margolis, Elfenbein and Walsh (2009); Smith (2003). Even if a firm invests in CSR activities for which these conditions hold true, investors can underestimate their attractiveness, as it is difficult for them to evaluate the long-term effects of CSR investments. The existing literature suggests that a firm's CSR performance affects:

- Future economic benefits, Al-Tuwaijri, Christensen and Hughes (2004); Clarkson, Li and Richardson (2012); Cormier and Gordon 2001; Herremans, Akathaporn and McInnes (1993); Dhaliwal et al. (2011); Orlitzky, Schmidt and Rynes (2003);
- The cost of capital, Anderson and Frankle (1980); Casey and Grenier (2015); Dhaliwal et al. (2011); Klassen and McLaughlin (1996); Plumlee et al. (2015); Richardson and Welker (2001); and the
- Growth of a firm, Huang and Watson (2015).

More concretely, most studies of environmental CSR performance find a positive association between that performance and financial performance and/or firm value, Al-Tuwaijri, Christensen and Hughes (2004); Matsumura, Prakash, and Vera-Muñoz (2014); Sharfman and Fernando (2008). Social performance has a negative effect, according to Richardson and Welker (2001). Other studies in this area find that certain aspects of social dimensions, such as gender, Post (2015).

2.7 CORPORATE SOCIAL RESPONSIBILITY AND FIRM VALUE

According to Penman and Zhu (2014) the link of the financial theories between the CSR and firm value are in light of equilibrium asset pricing models and on the efficient market hypothesis. It forecasts three conceivable relations. One course of reasoning proposes an unbiased relation. It expects that the risk connected with compliance with CSR is not valued; accordingly all organizations that are for or against corporate social responsibility do comply with CSR, with similar expected returns for investors which serve as the cost on equity capital for the companies, Elbannan (2014). This philosophy is in accordance with standard financial theory (risk return model) where just risk components are price by the market determinants.

Then again, if the risk related to CSR compliance is (accurately) estimated by the market forces, the same risk return standard would suggest a negative connection between corporate social performance and financial performance. As set forward by Jia and Zhang, (2014), organizations which effectively represent the corporate social responsibility risk elements that are perceived as risk free ventures for investment - with respect to the organizations that overlook it. Thusly, on a risk-adjusted premise, their normal returns are anticipated to be lower. At last, the third view hypothesizes that the compliance with Corporate Social Responsibility standards is efficiently not priced by the participatory forces of market demand and supply. A positive connection takes after relying upon the indication of the inefficiency of the market. Case in point Arvidsson, (2014) contend that, if an adequately vast number of financial investors overestimate the likelihood that hostile occasions identified with corporate social responsibility issues may influence organizations not complying the corporate social responsibility standards, then their shares will give lower (higher) risk adjusted return than socially mindful organizations shares. Since the response to the inquiry whether the risk related to Corporate Social Responsibility issues is (accurately) valued by the market sector cannot be agreed on hypothetical grounds just, it is financial investors' view of the importance of the Corporate Social Responsibility rule that reckoning at last, Elbannan (2014); Harjoto and Jo (2015). On the off chance that investors accepted that organizations applying the Corporate Social Responsibility standards are waste of resources, they would focus a negative return premium for these organizations stocks. Actually, if corporate social responsibility conduct of organizations is in accordance with investors' convictions, they would focus a positive return premium for these organizations stocks, Harjoto and Jo (2015). We turn now towards the observational statistical evidence. Envisioning, we can say that experimental analysis have fizzled so far to catch investors' convictions.

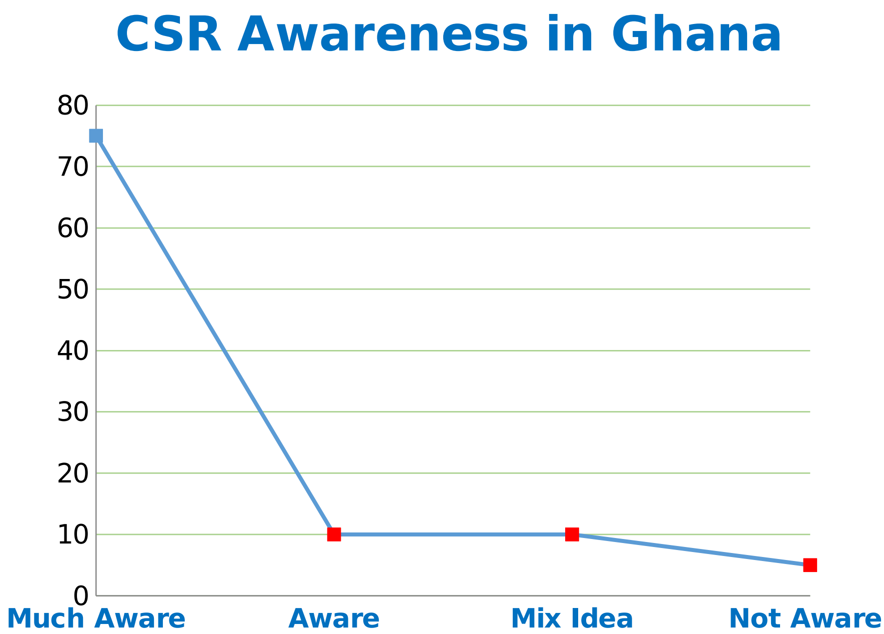
2.8 DEVELOPMENT OF CSR IN GHANA

As to Ghana and its corporate social responsibility development, the country has been involved in several global human rights agreements. The Ghanaian government is one of the governments together with Kyrgyzstan, Azerbaijan and Nigeria, who have focused on the extractive sectors managed by UK standards, Ghana Chamber of Mines (2009). Their Transparency Initiative, have focused on making their revenue from oil and gold mining known to the public. Stressing on the United Nations declarations to member countries, traditions and endeavors of constituents particularly the International Labor association, the ISO has proceeded with a procedure towards a blended method under the administration of both the Swedish Standard Institute and the Brazilian Association of Technical Standards, Ghana Chamber of Mines (2012). This procedure has dynamic participation of Ghana where the National Chamber of commerce - committee on Social Responsibility is attempting to contribute towards the fulfillment of ISO26000 by 2014 Ghana Chamber of Mines (2012).

The main aim of objective is to make philanthropic commitments to social responsibility and will prompt basic direction on ideas, definition and routines for assessment. The Ghanaian government has likewise through its social interventional strategies set the connection by characterizing the private area as expressing that "the private segment will be required to end up more proactive in making gainful employment, upgrading profitability, and enhancing the personal satisfaction Julian and Ofori-Dankwa (2013). It is additionally anticipated that would be socially responsible, by putting resources into the corporate social responsibility investments in Ghana. Further a Global Compact system was authoritatively launched in Ghana- Accra where some Ghanaian firms have effectively marked on to the Global Compact.

The Ghanaian gold mine companies are overwhelmed by multinational organizations, Atuguba and Dowuona-Hammond (2006). To make up for the states disappointments and to secure their own particular business conspiracies, the organizations regularly take part in corporate social responsibility. The historical backdrop of formalized corporate social responsibility in Ghana can be tailed back to the corporate social responsibility behaviors in the gold mine multinational companies with the concentrated on helping the impacts of their extraction operations on the society. The organizations provide social interventions to the host communities. In response to the lukewarm government interest in CSR and a shriller governmental prominence on fiscal development, Atuguba and Dowuona-Hammond (2006) cautioned the GIPC that the conditions for determining Ghana Club 100 (the first 100 best performing companies for the year) must include, obviously, a detailed section on CSR, Julian and Ofori-Dankwa (2013). The question then is the companies as well as the host communities know their responsibilities in the society?

Figure 2 CSR Awareness in Ghana



The researchers wanted to find out the awareness level of respondents to CSR activities. From the analysis, the researchers found out that, majority of the respondents, thus 73% were much aware of CSR activities; this was followed by 11% of the respondents who indicated that, they were aware of some companies that embark on CSR activities. Surprisingly, 10% of the respondents were indecisive and could not take a stand as to whether Ghanaian companies are of socially responsible for their activities as far as they are concerned, whilst 4% had no idea about the companies' strategies of giving back to society.

The study uncovered that there is more accentuation on societal inclusion Yiranbon et al. (2014), less on socially responsible worker relations and none with respect to socially responsible service and procedures, Marfo et al. (2014). Dissimilar to different countries, the Ghanaian service consumer is not as enabled and is simply starting to have the fundamental security of products certified by the Food and Drug Board (FDA), and the Standards Board (SB) to indicate corporate bodies responsible for producing the commodity for human consumption. In the case of Environmental protection, before oil, gold mining and produce from Cocoa was the economic backbone in Ghana. At the point when economic resource got to be accessible from oil and with no fair distribution of development from the oil and gold revenues, industrialization development centered in the big cities with neglect of the rural people led to the unguided urbanization which prompted degradation of cities environment. This unguided movement of people to the cities (Accra, Takoradi and Kumasi) of the central seat of government led these cities forcibly hold populations they do not have the capacity. The end result of disrespecting the environment was the recent national flood disaster in the country Capital-Accra killing 150 people as result of people sheltering themselves in water ways. At the other point when mistakenly dangerous wastes (from cyanide) occurred in Newmont Ghana, in 2013 found its way into a nearby river, killing some fishes, the Ghanaian Government through the Environmental Protection Agency (EPA) proclaimed the Harmful Wastes laws. This declaration gives a legitimate structure to control transfer of lethal and unsafe waste in any environment inside Ghana. After these two incidents that happened in Ghana, Accra Metropolitan Assembly (AMA) and Environmental Protection Agency (EPA) respectively were accused of being irresponsible for ensuring that Ghanaian environment are safe and respected, Atuguba and Dowuona-Hammond (2006).

2.9 FINANCIAL PERFORMANCE

According to Margolis and Walsh (2001), from the 1971-2001 there were one hundred and twenty-two published studies made on the empirical examination of the relationship between SR and financial performance. Never in the year had 1971 published the first empirical study on the relationships between financial performance and CSR basically in two types:

First and foremost, the event study methodology was used to analyze the short-run financial performance impact (abnormal returns) if companies are engaging in either CSR or not responsible for their actions. There have been mixed results from the above studies deduced by many scholars. Posnikoff (1997) testified a positive relationship; Wright and Ferris (1997) reported a negative relationship; while Welch and Wazzan (1999) bared no relationship between CSR and financial performance. Moreover, the argument in McWilliams and Siegel

(2000); Cai et al. (2015), do not clearly exhibit an impact concerning the relationship between short run financial returns and CSR.

The second type of the study also scans relationship between some corporate social responsibility and the long term financial performance measures by the use financial or accounting analysis of profits.

Mixed results have also been produced from the study of the relationship between CSR and the measurement of accounting based performance. A positive correlation was reported by Cochran and Wood (1984), between social responsibility and accounting performance after adjusting the assets of the firm ages into the analysis. There was no significant relationship between firms risk adjusted return on assets and its CSR as was discovered in the study of Aupperle, Carroll and Hatfield (1985). In contrast, it was then found in the work of Waddock and Graves (1997) a strong positive relationship between the performance measures and the index of CSR with a test case of applying return on assets (ROA) in the following year's analysis. There are also symptoms of diverse results for measures of returns if stock market information is applied for the study. Vance in his 1975 research refuted Moskowitz earlier results of indicating a negative CSR/CFP relationship by extending his time frame of the study from six months to three years which yielded a contradictory result to Moskowitz's. However, Alexander and Buchholz (1978) also worked on Vance's research by analyzing and evaluating similar companies through their stock performance in the market on the basis of risk adjustments to springy in an inconclusive result.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This section involves a thorough description of the study design, which explains the rationale for using the qualitative and quantitative approaches. It further discusses the study location and population, methods used in the selection of the research respondents' and for the data collection. The chapter also covers information on measures taken to ensure collection of quality data and how data was analyzed and interpreted. The chapter ends with ethical issues that were employed in the conduct of the study.

3.1 STUDY DESIGN

A research design is a plan showing how problems under investigation are solved. The study adopted descriptive survey design. The design was chosen because through it, the researchers were able to collect and analyze data as it existed in the field without manipulating any variables. It also enables the researchers to collect data and compare many different variables at the same time without manipulating the study environment. The study employs quantitative methods of data collection in responding to the research questions.

3.2 STUDY POPULATION

The study population refers to the population in which the researchers are interested in. Mugenda and Mugenda (2009) explain that the study population should have some observable characteristics, to which the researchers intend to generalize the results of the study. The populations of the study include all firms listed on the Ghana Stock Exchange.

3.2.1 Inclusion Criteria

The inclusion criteria include firms which have been consistent and not being suspended or delisted, CSR with evidence on their annual reports, financial statements and at the Ghana Market Stock Exchange. This was within the period of 4 years from 2014-2017.

3.2.2 Exclusion Criteria

The exclusion criteria consist of firms which have not been consistent and suspended or delisted, CSR with evidence on their annual reports, financial statements and at the Ghana Market Stock Exchange. However, the study also account for those below the period of 4 years from 2014-2017 on the Ghana Market Stock Exchange list.

3.3 SAMPLING METHOD

Sampling refers to selecting a given number of subjects from a target population so as to represent that population. Creswell & Plano (2007) simply defines sampling as the process of choosing from a much larger population, a group about which a generalized statement is made, so that selected parts represents the total group. A purposive sampling method was used to sample the respondents for the study. It includes firms which has been consistent with

CSR with evidence on their annual reports, financial statements and at the Ghana Market Stock Exchange. The firm must be in good stands within the period of 4 years from 2014-2017. The purposive sampling method is a non-probability sampling method and allowed the researchers to select respondent who were very informative on the topic. The method is the best way of getting in-depth information about the relationship between corporate social responsibility, firm value and financial performance in Ghana

3.3.1 Sample Size

According to Brannick and Roche (1997) generally the sample size depends on factors such as the number of variables in the study, the type of research design, the method of data analysis and the size of the accessible population. Denzin et al. (2000) describe a sample as 'elements of population considered for actual inclusion in the study. A total sample size of 40 firms on the Ghana Stock Market Exchange was used for the study.

3.4 STUDY VARIABLES

IV = Corporate Social Responsibility

DV1 = Corporate Financial Performance

DV2 = Firm Value

3.5 SOURCES OF DATA

The study makes use of secondary data to gather responses in meeting the research questions.

3.5.1 Secondary Data

Secondary data gathered include both distributed and unpublished sources. Among these are both academic and theoretical foundations of the research. The data sources of this dissertation include the annual report, financial statement, and information from the Ghana Stock Exchange website.

3.6 DATA COLLECTION

The study also employs quantitative method approach in collecting the data from the field. In view of this, secondary data was employed from annual report, financial statement, and information from the Ghana Stock Exchange website. To ensure that the data gathered is valid and reliable, a dichotomous procedure was used to measure the reporting score. A score of 1 will indicate reported, otherwise a score of 0 shall represent not reported.

3.6.1 Financial Data

The financial data utilized in this research is collected from participating companies' annual reports which includes data which enables calculations of the dependent variables of ROA and Tobin's Q. This particular use of secondary data considered by the researchers to be in line with what Saunders et al. (2009) consider to be reliable data. The publication of an annual report is mandatory for publicly traded Ghanaian Companies to which limited company has the obligation to report its financial performance each fiscal year (bolagsverket, 2015). As this longitudinal research stretches between the years of 2014-2017 the annual reports for each of these years are needed for all companies in the sample.

3.6.2 Measuring the financial performance

Tobin's Q

Tobin's Q was introduced by James Tobin in 1968 (Wang et al., 2014). The practical use of Tobin's Q is measuring a firm' market based financial performance (Horvathova, 2010). Essentially, Tobin's Q aims to evaluate how effectively a firm exploits its assets and assesses if investments in that firm should be made on that basis. This method has become widely used in measuring a firm's market based financial performance (Wang et al, 2014).

The basic principle of Tobin's Q involves calculating a firm's market value plus loans divided by its total assets. If the result is equal to 1, it means that a firm's market value exactly reflects the replacement cost of its assets. If the result is higher than 1, it implies that the market value exceeds the replacement cost of the firm's assets which would indicate that the company is overvalued. Conversely, a value less than 1 would indicate that the replacement cost of a company's assets is lower than its market value and thus the company is undervalued (Wang et al., 2014). Several researchers have utilized Tobin's Q when examining the relationship between CSR and financial performance (Dowell et al., 2000; Guenster et al, 2011; Nishitani and Kobuku, 2012). The latter, Nishitani and Kobuku (2012), used Tobin's Q as their financial performance variable to see if a particular facet of CSR (reduction of greenhouse gas) would enhance a firm's value. Guenster et al. (2011) utilized both ROA and Tobin's Q as indicators of financial performance to see if eco-efficient firm's achieved greater profitability (ROA) and market value (Tobin's Q).

This study will also utilize Tobin's Q in order to examine the relationship between CSR and market based financial performance. The calculation of Tobin's Q is inspired by Chung and Pruitt (1994) approximation of Tobin's Q. The original calculation model for Tobin's Q has been considered very intricate and therefore a simplified calculation model was constructed by Chung and Pruitt (1994). This calculation is a relatively simple formula, however it has been proven to be 96, 6% accurate to the more complex and intricate calculations constructed by Lindenberg and Ross (1981). The formula for Tobin's Q utilized in this study is:

Approximation of Tobin's Q = (MVE + PS + DEBT)/TA

MVE = the firm's share price multiplied by its common stock shares outstanding

PS = the firm's liquidating value of outstanding preferred stock

DEBT = the firm's short term liabilities and net of short term assets + the value of the long term debts

TA = the firm's total assets

Return on assets

Return on assets (ROA) is a measure commonly utilized when estimating a firm's economic performance and profitability (Belu & Manescu, 2013). Compared to a market based measure such as Tobin's Q, ROA is a measure of which represents the financial performance within the firm (Guenster et al, 2011).According to Russo and Fouts, (1997), this type of measure is generally considered to be representing a firm's financial performance. Moreover, a large body of previous research has utilized ROA when examining the relationship between CSR and financial performance (Tang et al., 2012). Russo and Fouts, (1997) used ROA as a measure in order to see if environmental performance were positively related with a firm's financial performance. In another research made by (Moon et al., 2014) utilize ROA to see if companies participating in voluntary environmental programs experienced a positive effect on its financial performance. As ROA is a well-known and generally accepted measure when examining the relationship between CSR and financial performance, this study will utilize ROA as an accounting based financial measure. The formula used for calculating ROA is inspired by Hackston and Milne (1996) who calculated a firm's ROA as the firm's net profit divided by total asset:

ROA = Net Profit/Total Assets

3.7 DATA PROCESSING AND ANALYSIS

According to Tabachinck and Fidell, (1993), data abnormalities may lead to an inaccurate analysis and caution that scrutinizing data for these abnormalities is a prerequisite for mature analysis. Thus, problems of missing data and violations of statistical assumptions were diagnosed and corrected before applying statistical procedures. The collected data was analyzed using both quantitative and qualitative data analysis methods. Quantitative method was involving both descriptive and inferential analysis.

Descriptive analysis such as frequencies and percentages was present quantitative data in form of tables. Statistical analyses including descriptive statistics was carried out using the Statistical Product for Service Solution (SPSS) version 21.0. All values were expressed as Mean ± Standard Error of the Mean in relation to CSR indicators for every aspect of social action, internal, external and environmental.

The regression model, R Square test and correlation was used to determine significant relationship between corporate social responsibility, firm value and financial performance and p value < 0.05 will be accepted. Qualitative data analysis involving content analysis annual reports, financial statement, and information from the Ghana Stock Exchange website.

3.8 MODELS USED IN THE STUDY

3.8.1 Simple linear regression

This study utilizes a simple linear regression model in the program SPSS in order to examine the relationship between CSR and the two dependent financial variables. A simple linear regression is commonly used as a statistical method to measure the relationship between one dependent variable and one independent variable (Yan & Su, 2009). It can also evaluate the direction (positive/negative) and the strength of the relationship between the two variables (Nolan & Heinzen, 2014). The direction of the variables is represented by the Beta value which describes how much the independent variable changes the dependent variable. A Beta value of 0.01 represents 1% (Nolan & Heinzen, 2014). In turn, the strength of the relationship is explained by the R squared value, which tells how much the independent variable explains the relationship with the dependent variable. An R squared value of 0.01 represents 1% (Malhotra & Birks, 2003). In order for the relationship between the independent and dependent variable to considered reliable, common practice is to only consider results reliable when the P-value be no less than 0.05 (Nolan & Heinzen, 2014). There is however instances in which researchers allow a more relaxed lower boundary set at 0.1 (Waddock & Graves, 1997; Wang et al. 2014).

Linear regression has been utilized as method in previous research when investigating in the relationship between CSR and performance (Simpson & Kohers, 2002) and will also be included in this research. The dependent variables used in the simple regression model are ROA or Tobin's Q, the independent variable is represented by the CSR score.

3.8.2 Moderated regression analysis

In classical validation models, the degree of association between two or more variables is measured. While this method has proven useful in many instances, there is uncertainty whether this method accurately describes a phenomenon and provides complete understanding regarding certain relationships (Sharma et al., 1981). In order to address this uncertainty, some researchers include additional, moderator variables in calculations which have been found to influence or strengthen the relationship examined (Sharma et al., 1981). In this research, the moderator variables firm value and industry are included in accordance with suggestions from several previous researchers of the CSR and performance relationship (Ullmann, 1985; Waddock & Graves 1997; McWilliams & Siegel 2000). In contrast, Orlitzky (2001) do not find evidence which would indicate that firm value generates smaller or greater positive effects on the relationship.

In order to examine the moderating effect of industry set for this research, the researchers followed the proposed division of industries set by GSE. After the exclusion of companies which do not fill the requirements necessary to perform this research, the number of companies in seven of the original 12 industry categories is considered too small to offer representative results of an industry. To minimize the possibility of misleading results, the researchers set a minimum requirement of 2 companies in a certain industry. After applying this requirement, six industries remain: Oil & Gas (3), Financials (13), Consumer Goods (15), Health Care (3), Basic Materials (4), Technology (2) a total of 40 companies.

In order to evaluate the possible moderating effect of firm value, this research utilizes the division made in the stock market where companies are separated based on the Market Cap (short for market capitalization) segments they are listed on at the GSE. This division leads to three groupings regarding firm value, Small Cap (market value below GH₵66 million), Mid

Cap (market value between GH₵66 million and GH₵1 billion) and Large Cap (market value exceeding GH₵1 billion) (Bank of Ghana, 2015).

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

This chapter present results of the empirical investigation. The data regarding the sample is presented in descriptive terms before it was examined for statistical significance regarding the relationship between CSR, and the performance variables included. In addition, the results of two moderator regression analyses are presented concerning the moderator variables firm value (represented by Market Caps) and industry. The results are all based on models created in the statistical program SPSS.

4.1 DESCRIPTIVE STATISTICS OF THE ENTIRE SAMPLE

Table 1: Descriptive statistics – entire sample

	Variable:	Mean	Median	Std D	Min	Max	N
2014	CSR	1.98	1.51	1.53	0.00	5.71	40
	ROA	0.05	0.079	0.18	-0.73	0.58	40
	Tobin's Q	2.70	1.90	2.58	0.78	18.54	40
2015	CSR	2.07	1.72	1.45	0.00	5.57	40
	ROA	0.06	0.068	0.13	-0.46	0.61	40
	Tobin's Q	2.29	1.59	2.68	0.27	27.91	40
2016	CSR	2.14	1.82	1.41	0.00	5.56	40
	ROA	-0.01	0.04	0.26	-1.70	0.36	40
	Tobin's Q	1.52	1.17	1.14	0.52	10.42	40
2017	CSR	2.16	1.89	1.39	0.00	5.56	40
	ROA	0.00	0.034	0.25	-2.05	0.56	40
	Tobin's Q	1.99	1.40	1.91	0.16	13.90	40

In table 1 above, the descriptive statistics of the entire sample are listed the sampled companies' CSR, ROA and Tobin's Q data is presented. A total of 40 companies remain after companies missing financial data and companies which were not present on the Ghana Stock Exchange during the entire time period are excluded.

The statistics shows that the mean and median CSR score increases each year observed in the study. The financial variables, ROA and Tobin's Q, display a less predictable pattern in terms of rises and falls. The ROA mean value in 2014 is 5% compared to 6% in 2015, -1% in 2016 and 0 in 2017.

The median value of ROA remained higher than the mean in each year understudy which shows a negative skewedness of the distribution of data, meaning that there are fewer low values in the sample. Between 2014 and 2015, the mean value of Tobin's Q falls before decreasing heavily in 2016 and recovering slightly in 2017. There is a substantial difference between the minimum and maximum Tobin's Q values in the observed time period, the largest being 27.91 in 2015 and the smallest being 0.16 in 2017.

4.1.1 Regression results – entire sample

Table 2: Regression results – entire sample

Corporate Social Responsibility					
	Values	2014	2015	2016	2017
ROA	P-value	Not sig	Not sig	0.043**	0.079*
	Beta	0.015	0.008	0.029	0.024
	R Squared	0.009	0.003	0.019	0.013
	N	40	40	40	40
Tobin's Q	P-value	Not sig	Not sig	Not sig	Not sig
	Beta	-0.108	-0.143	0.027	-0.106
	R Squared	-0.002	0	-0.005	0
	N	40	40	40	40

** = > 10 %, ** = > 5%, Not Sig = Not significant*

In the above table, the regression outcomes for the entire sample are presented. In terms of ROA, the years 2014 and 2015 do not present a significant relationship between CSR and ROA. In 2016, the p-value is below 0.05 which indicates a relationship between the variables where the Beta is 0.029 and the R squared value is 1.9%. Data from 2017 also indicates a relationship between the variables although not as strongly with a p-value slightly below 0.1. The Beta this year is 0.024 and the R squared is 1.3%. The regression results for Tobin's Q do not indicate a statistically significant relationship between the variables in any of the observed years.

4.2 DESCRIPTIVE STATISTICS – DIVIDED BY INDUSTRY

Table 3: Descriptive statistics divided by industry – Mean values

Variable		Consumer Goods	Technology Industry	Oil & Gas	Basic Materials	Health Care	Finance
2014	CSR	1.99	2.18	2.32	1.61	0.92	0.8
	ROA	0.09	0.09	0.07	-0.15	0.11	0
	Tobin's Q	2.50	1.11	3.48	4.92	1.98	2.5
2015	CSR	2.17	2.22	2.56	1.56	0.93	1.29
	ROA	0.08	0.07	0.10	-0.06	0.79	0.03
	Tobin's Q	2.02	0.94	4.28	3.56	1.3	2.05
2016	CSR	2.21	2.32	2.26	1.58	1.08	1.4
	ROA	0.05	-0.02	0.10	-0.06	-0.21	-0.05
	Tobin's Q	1.35	0.89	1.89	2.66	1.14	1.27
2017	CSR	2.19	2.29	2.28	1.62	1.07	1.44
	ROA	0.03	0.02	0.08	-0.16	0.08	0
	Tobin's Q	1.66	0.88	2.56	4.44	1.19	1.65
	N	15	2	3	4	3	13

In table 3, the sample has been divided into its industry categories with each industry including a minimum of 2 companies in each industry and year. This leads to a classification where the highest number of companies can be found in Consumer Goods (15) and the smallest amount in Technology Industry (2).

In terms of CSR score, it can be observed that companies in the Oil and Gas industry receive consistent high scores compared to other industries (only receiving a lower mean score than companies in the Technology industry in 2016 and 2017). At the other end of the spectrum, it can be observed that companies in the Health Care and Finance receive lower scores than other industries, where the mean CSR scores of Finance are consistently lower than 1.44.

The mean CSR scores in the Finance industry are considerably lower than those of Consumer Goods, Technology Industry and Oil and Gas throughout the observed time span.

When comparing ROA means of the industries, it can be observed that companies in the Consumer Goods and Oil and Gas categories have a mean ROA greater than zero throughout the observed time period. The mean ROA for companies in the Basic Materials industry is never greater than 0 while Companies in the Technology, Health Care and Finance industries have a mean ROA which fluctuates across the time span. In terms of Tobin's Q, Oil and Gas and Basic Materials companies produce the highest values. Companies in the Technology industry have an average Tobin's Q less than zero in three of the observer years and companies in the Health Care Industry have a Tobin's Q which is slightly above 1.

4.2.1 Regression results – divided by industry

In this section, regression results are presented after the division of companies based on industry. In four of the six industries, the p-value exceeded 0.1 in terms of the relationship between CSR and ROA and Tobin's Q respectively in all of the observed years and are therefore not further examined. The other two industries, Consumer Goods and Basic Materials, produced a p-value below 0.1 regarding some of the relationships between CSR and ROA or Tobin's Q during the observed time span and these industries' respective results are presented in table 4.

Table 4: Regression analysis – Consumer Goods

Corporate Social Responsibility					
	Values	2014	2015	2016	2017
ROA	P-value	0.053*	Not sig	Not sig	0.075*
	Beta	-0.026	0.01	0.016	0.037
	R Squared	0.103	0.017	0.014	0.083
	N	15	15	15	15
Tobin's Q	P-value	0.065*	Not sig	Not sig	0.036**
	Beta	-0.45	-0.162	-0.092	-0.252
	R Squared	0.092	0.019	0.031	0.125
	N	15	15	15	15

* = > 10 %, ** = > 5%, Not Sig = Not significant

The sample in the Consumer Goods group consists of 15 companies and the regression results are presented in table 4. In 2015 and 2016, neither of the relationships between CS and ROA or Tobin's Q indicated statistical significance with p-values above 0.1. In 2014 and 2017 significant relationships can be observed both in terms of the CSR-ROA and CSR Tobin's Q relationships. In terms of ROA, the Beta in 2014 indicates that the relationship is negative with an R squared value of 0.103 whereas in 2017 the Beta is positive with an R squared value of 0.083.

The statistical significance regarding the relationship between CSR and Tobin's Q in 2014 and 2017 are 0.065 and 0.036 respectively. The Beta values are negative in both 2014 and 2016 and the R squared value in 2014 is slightly lower than in 2017, 0.092 and 0.125 respectively.

Table 5: Regression analysis – Basic Materials Industry

Corporate Social Responsibility					
	Values	2014	2015	2016	2017
ROA	P-value	Not sig	Not sig	Not sig	Not sig
	Beta	0.074	0.027	0.037	0.088
	R Squared	0.024	-0.025	-0.025	0.002
	N	4	4	4	4
Tobin's Q	P-value	0.011**	Not sig	0.0032***	Not sig
	Beta	0.26	0.923	1.285	0.95
	R Squared	0.268	0.062	0.361	0.008
	N	4	4	4	4

** = > 5%, *** = > 1%, Not Sig = Not significant

The second industry in which certain p-values were below 0.1 in certain instances was Basic Materials. The CSR and ROA relationship does not produce a p-value below 0.1 in any of the four years observed whereas the CSR and Tobin's Q relationship in 2014 and 2016 are below 0.05. In these years, Beta values are positive and the R squared figures are 0.268 and 0.361 in 2014 and 2017 respectively.

4.2.2 Moderating effect of Industry

Table 6: Moderator analysis – Industry

	2014	2015	2016	2017
ROA	Not sig	Not sig	Not sig	Not sig
Tobin's Q	0.027**	Not sig	0.029**	Not sig

** = > 5%, Not Sig = Not significant

In the figure above, the statistical significance of the moderating effect of industry is represented by p-value. In terms of the moderating effect of industry on the CSR and ROA relationship, the p-value is above 0.1 in each year investigated in this study. The p-value of the Tobin's Q-CSR relationship is below 0.05 on two occasions, in 2014 and 2017.

4.3 DESCRIPTIVE STATISTICS – DIVIDED BY MARKET CAP

Table 7: Descriptive statistics divided by Market Cap – Mean values

	Variable	Small Cap	Mid Cap	Large Cap
2014	CSR	1.17	1.78	3.15
	ROA	-0.01	0.05	0.1
	Tobin's Q	2.79	2.67	2.6
2015	CSR	1.34	1.92	3.12
	ROA	0.02	0.06	0.09
	Tobin's Q	2.46	2.03	2.3
2016	CSR	1.41	1.94	3.21
	ROA	-0.08	-0.04	0.03
	Tobin's Q	1.46	1.44	1.65
2017	CSR	1.47	1.9	3.25
	ROA	-0.08	0.03	0.06
	Tobin's Q	1.94	2.17	1.9
	N	18	10	12

The descriptive statistics for the sample are displayed in table the above, here, the sample is divided based on their respective Market Capitalisation on the Ghana Stock Exchange. From Corporate Social Responsibility scores, the different Market Capitalisations present a similar pattern in that the mean score of companies is successively increasing every year throughout the observed time period (with the sole exception of Large Cap in 2015). Another aspect that can be observed is that the CSR score mean is highest for companies in the Large Cap while companies in the Mid Cap segment receive higher scores than companies in the Small Cap segment.

Regarding ROA, Large Cap companies have a mean value which is positive in all of observed years whilst Mid Cap companies have a negative ROA mean in 2016 and ROA mean for the Small Cap companies is negative in three of the four observed years. The Tobin's Q mean value is above 1 in all Market Caps throughout the observed time period with the highest overall mean value being 2.79 for the Small Cap segment in 2014.

4.4.1 Regression results – divided by Market Cap

In this section, the companies in the sample have been divided on the basis of which Market Cap they are listed on in the Ghana Stock Exchange. There are three different Market Caps, Small, Mid and Large. The respective regression results are presented in table 8.

Table 8: Regression analysis – Small Cap

Corporate Social Responsibility					
	Values	2014	2015	2016	2017
ROA	P-value	Not sig	Not sig	Not sig	Not sig
	Beta	-0.006	0.004	0.018	0.052
	R Squared	-0.015	-0.015	-0.012	0.004
	N	18	18	18	18
Tobin's Q	P-value	0.028**	0.1*	0.046**	0.055*
	Beta	-0.874	-0.799	-0.265	-0.466
	R Squared	0.057	0.024	0.045	0.04
	N	18	18	18	18

* = > 10 %, ** = > 5%, Not Sig = Not significant

For companies listed in the Small Cap, there is no statistical significance in the relationship between CSR and ROA in any of the observed years. Conversely, the p-value for the CSR and Tobin's Q relationship is below 0.1 in each observed year, ranging from 0.028 in 2014 to 0.1 in 2015. The Beta values for these relationships are negative throughout the time span while the R squared values range from 2.4% to 5.7%.

Table 9: Regression analysis – Mid Cap

Corporate Social Responsibility					
	Values	2014	2015	2016	2017

ROA	P-value	Not sig	Not sig	0.024**	Not sig
	Beta	-0.007	0	0.091	0.002
	R Squared	-0.02	-0.023	0.092	-0.023
	N	10	10	10	10
Tobin's Q	P-value	Not sig	Not sig	Not sig	Not sig
	Beta	-0.31	-0.009	-0.071	-0.189
	R Squared	0.014	-0.023	-0.013	-0.016
	N	10	10	10	10

* = > 10 %, ** = > 5%, Not Sig = Not significant

For companies in the Mid Cap segment, the relationship between CSR and ROA indicates statistical significance on one instance, in 2016, where it is 0.024. The Beta value in for that relationship is 0.091 and the R squared is 9.2%. The regression analysis of the relationship between CSR and Tobin's Q does not indicate statistical significant in any of the observed years.

Table 10: Regression analysis – Large Cap

Corporate Social Responsibility					
	Values	2014	2015	2016	2017
ROA	P-value	Not sig	Not sig	Not sig	0.093*
	Beta	7.3	-0.006	0.003	-0.014
	R Squared	-0.019	0	-0.019	0.035
	N	12	12	12	12
Tobin's Q	P-value	Not sig	Not sig	Not sig	Not sig
	Beta	-0.227	-0.005	-0.028	-0.057
	R Squared	0.002	-0.019	-0.003	-0.016
	N	12	12	12	12

* = > 10 %, ** = > 5%, Not Sig = Not significant

In Large Cap, the p-value for the relationship between CSR and ROA is less than 0.1 in one instance, in 2017, where it is 0.093. The Beta value for the relationship is -0.014 and the R squared is 3.5%. The relationship between CSR and Tobin's does not indicate statistical significance in any of the observed years.

4.4.2 Moderating effect of Market Cap

Table 11: Moderator analysis – Market Cap

	2014	2015	2016	2017
ROA	0.017**	0.089*	Not sig	Not sig
Tobin's Q	0.082*	Not sig	0.052*	Not sig

* = > 10% ** = > 5%, Not Sig = Not significant

In the figure above, the statistical significance of the moderating1 effect of Market Cap is represented by p-value. In terms of Market Caps moderating effect on the CSR and ROA relationship, the p-value is 0.017 in 2014 and 0.089 in 2015 whilst not appearing to statistically significant in 2016 and 2017. The p-value of the moderating effect of Market Cap regarding the relationship between CSR and Tobin's Q 0.082 in 2014 and 0.052 in 2015 and above 0.1 in 2016 and 2017.

ANALYSIS

4.5.1 The relationship between CSR and firm performance (represented by ROA).

The regression outcome in table 2 shows that the relationship between ROA and CSR produced different levels of significance (p-value) during the four intervals measured. In 2014 and 2015 the p-values appear to exceed 0.1, whereas in 2016 and 2017 it is 0.043 and 0.079 respectively. According to Waddock and Graves (1997), Simpson and Kohers (2002), this differentiates from the findings by several other researchers who found statistical significance in the relationship between ROA and CSR.

The R squared values for 2016 and 2017, in which results indicate statistical significance, are 1.9% and 1.3% which indicates that although a relationship can be observed between the variables ROA and CSR, the movement is only explained by 1.9% and 1.3% respectively. These figures indicate that even when a relationship is detected, R squared values on this level are very low and thus hinder the possibility of drawing too wide-spread conclusions from. It can further be inferred that there are other factors which have a significantly larger impact on a company's ROA than its CSR performance. For instance, the financial crisis which ensued in 2015 has been noted to have had significant impact on the profitability of firms, Kestens et al., (2012).

The Beta values related to the significance levels of the ROA-CSR relationship are positive in all observed years, including 2016 and 2017 when statistical significance is observed. This suggests that a rise in CSR rating by 1 leads to an increase in ROA of 2.9% in 2016 and 2.4% in 2017. As shown in the table 1, CSR slightly increases each of the years observed across the majority of the sample which indicates that companies CSR reporting's have increased during the time span.

This can be connected to the finding of Malsch (2012) and González-Rodríguez (2015) who found that companies dedicate more time and resources to CSR activities in recent years. The reason as to why companies report CSR activities more extensively could be due to several factors, however since the time span investigated occurred before it has become mandatory for Ghanaian companies to report such figures, one must assume that these undertakings were made on a largely voluntary basis. Russo & Perini (2010) noted that it is presumably connected to companies' dedications to adhere to the wills of its stakeholders or shareholders to increase CSR activities and reporting's, something which has been noted by several researches in previous studies.

When observing the regression results for the entire time span in table 2 it can be noted that the model does not produce a P-value lower than 0.1 in all years, only in 2016 and 2017. This could indicate that stakeholder's interest in companies CSR activities increased in more recent years and that companies adhere to the wishes of its stakeholders accordingly. Such findings would be line with the findings of other researchers regarding the increasing influence of stakeholder demands on firms CSR activities (Murray & Vogel, 1997; Malsch, 2012; González-Rodríguez, 2015).

It can also be inferred that the relationship between CSR and firm performance is positive, albeit not very strongly. According to the argumentation of Friedman (1970) this would indicate that companies should invest in CSR activities because it brings financial gains to the company in terms of ROA. The finding also relate to the win-win scenario described by Windsor (2006) where CSR and financial performance increase simultaneously.

4.5.2 Assessing the relationship between a company's CSR performance and its firm value (represented by Tobin's Q).

In table 2 the results of the regression analysis of the relationship between CSR and Tobin's Q is examined for the entire sample. In contrast to the analysis of the CSR and ROA relationship, these results do not produce statistical significance in any of the observed years and therefore it is difficult to discuss the Beta and R squared values and what they may represent.

Seeing as this model produces less significance than the relationship between ROA and CSR which was examined, these findings can be connected to the remarks made by Orlitzky et al. (2003) that accounting based measures are more strongly correlated with CSR than market based ones. Further, because the results indicate that the relationship between CSR and Tobin's Q is not significant which means that it is not an influential factor when it comes to the potential rise or fall in Tobin's Q value.

These outcomes differentiate from the study by Dowell et al., (2000) and Guenster et al., (2011) who examined significant positive relationship in the relationship between CSR and Tobin's Q. Furthermore as research within this field uses different methodology, approaches and variables leads to mixed end results Girerd-Potin et al., (2013), so is this study. Because of the lack of significance throughout the timespan in this research, the result of the relationship between CSR and firm value represented by Tobin's Q is rejected.

4.5.3 Examining the relationship between CSR and Financial performance using both regression and moderation analysis.

To examine the relationship between Corporate Social Responsibility and Financial performance properly, both regression analysis and a moderator analysis was used. In the regression analysis, four of the industries examined failed to produce significant results regarding the relationship between CSR and ROA/Tobin's Q. In two of the industries, Consumer Goods and Basic Materials, some significance can be observed.

This supports the work made by Griffin & Mahon (1997) who opposed that there is dissimilarity between industries regarding environmental and social concerns and the amount of resources and time that are allocated to such activities. Further, it opines the idea that the extent to which a company undertakes CSR activities is largely based on an industry's exposure to risks and the degree of stakeholder engagement.

In Consumer Goods, the relationship between CSR and ROA produces significance in two of the years examined (2014 and 2017) and none in the other two (2015 and 2016). In 2014, the Beta of the relationship between CSR and ROA was -.0026 which indicates that an increase in CSR investment that year decreased the ROA for the companies in that industry, although very slightly. In 2017 on the other hand, the Beta is positive which means that an increase in CSR performance leads to a small increase in ROA (3.7%). According to the scenario model set by Windsor (2006), these two years display different characteristics regarding the relationship between CSR and financial performance and also indicates that the relationship varies in different years.

The R squared figures are 10.3% and 8.3% in 2014 and 2017 respectively, which is a quite small figure and as such there are several other factors which has a larger impact on ROA than CSR performance. The relationship between CSR and Tobin's Q is also significant in 2014 and 2017, but in these years, the Beta value of the relationship is negative (-0.45 and -0.252 respectively). This means that in these years increase in CSR leads to a lowered Tobin's Q value, albeit the R squared figures are fairly low (around 0.1).

In the Basic Materials industry, no significance can be observed regarding the relationship between CSR and ROA. The relationship between CSR and Tobin's Q on the other hand, indicates statistical significance on the 1% level in 2014 and 2016 and an R squared figure of 0.268 and 0.361 respectively. The Beta values in these years are positive which means that an increase in CSR leads to an increase in Tobin's Q.

In order to test industry's overall effect on the relationship between CSR and financial performance, a moderator analysis is made in table 6. This model indicates that there is no statistical significance of this moderator (industry) and the relationship between CSR and ROA whereas statistical significance can be observed on two occasions regarding the relationship between CSR and Tobin's Q, in 2014 and 2016.

Because only 2 out of the 8 moderated regression analyses show statistical significance, the relationship between CSR and Financial performance using both regression and moderation analysis cannot be accepted. Even though there are certain industries that display some statistical significance, the overall moderating effect of industry in terms of its effect on the CSR and financial performance relationship occurs sporadically and only to a small extent.

4.5.4 Firm value (size) moderates the relationship between CSR and financial performance.

The variable that was examined in terms of moderating the relationship between CSR and financial performance was firm value. Companies are divided into three categories and based on the Market Cap the companies are listed on the Ghana stock exchange. In the small cap section, there was no significance in the relationship between CSR and ROA during any of the years examined.

In the relationship between CSR and Tobin's Q on the other hand, the p-value was lower than 0.1 in all years, the lowest being 0.028 in 2014. The Beta values are consistently negative in all years which indicate that the market punishes investments in CSR made by Small Cap companies in terms of ROA. These finding could also indicate that CSR investments can incur short-term economic loss due to investments made in CSR activities (Windsor, 2006).

The mean scores of CSR for companies in the Small Cap are consistently lower than those in the Mid or Large Caps which is in line with Waddock and Graves (1997) submissions that smaller companies tend to invest less significantly in CSR activities than larger companies. Since these results display a recurring negative relationship between the two variables the results can be connected to the findings of Alexander and Buchholz (1978) in that increased CSR expenditure could lead to a competitive disadvantage as the investments could have been better spent on other activities.

However, because of the relatively short time span investigated in this research, the results could also be connected to Windsor's (2006) findings which suggest that CSR investments can generate a short-term economic loss. A different view of the short-term impact on a company's effect of its CSR activities and how the activities are perceived by stakeholders can be discussed, as Grafström et al. (2008) states that information nowadays travels faster, which increase the population's awareness regarding company's handling of social responsibility.

This could perhaps be viewed as an opportunity where companies have the possibility to generate a greater reputational value fast but simultaneously balance between the possible economic losses (Windsor, 2006).

Reviewing the entire firm value sample (table 7), it can be concluded that the average CSR score from 2014 until 2017 has increased. It can be interpreted to what has been discussed more recently, to which companies' CSR activities are becoming more important and more resources are put into, González-Rodríguez et al., (2015) and Malsch (2012).

Another aspect of viewing the CSR increase could be in form as companies do not only use its resources into charity Lesinger (2007) but target activities to also be appreciated by the firm's own employees in order to generate the firm's positive long-term results Dyllick & Hockerts (2002). Furthermore, the discussion of how CSR activities can be seen as an additional factor for companies using CSR. As Cheng et al. (2014) states that it strengthens the relationship with stakeholders as it also tend to lower its capital constraints through better access to bank loans which makes it easier to undertake strategic investments.

In the Mid and Large Cap, significance levels are generally low with only two of the sixteen moderated regression models producing significant results. In order to test firm value's overall effect on the relationship between CSR and financial performance was a moderator analysis made in table 11. As can be observed, there are some tendencies of statistical significance of this moderator (Firm value).

The relationship between CSR and ROA in 2014 shows strong significance as the p-value is 0.017, and Tobin's Q in the same year is within the significance rate of 0.1 at 0.082. However, the general observation of the entire sample during all the years shows no clear significance which is in line with the findings of Orlitzky (2001) that firm value does not influence the relationship between CSR and financial performance. Seeing as significance levels are generally low throughout the time span with a few exceptions, theory is therefore rejected.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

Reviewing the research result of investigating the relationship between CSR and financial performance in large Ghanaian publicly traded companies it can be concluded that no significant relationship can be observed for the sample during the time period 2014-2017. Accordingly, this research joins the large body of research within this research area which also failed to observe a significant relationship between the variables CSR and financial performance. It can therefore be inferred that there are other factors which influences financial performance to a larger extent than CSR.

Even though tendencies can be observed, as in the case of the negative relationship between Tobin's Q and CSR in the Small Cap market, the regression analysis moderated by Market Cap displayed no significance in terms of its moderating effect on the CSR and Tobin's Q relationship. Considering that very few of the regression analyses in this research produced P-values lower than 0.05 attests to the lack of significance in the relationship between CSR and financial performance regarding the sample examined.

The moderating regression analysis showed that industry and firm value did not act as moderators of the CSR and financial performance. Similarly, as in the case of Small Cap companies and the negative relationship between CSR and Tobin's Q, tendencies could be observed where regressions models of some individual industries (Consumer Goods and Basic Materials) displayed statistical significance to a larger extent than others. However, the moderating regression analysis did not indicate that industry is a significant moderator of the relationship.

5.1 IMPLICATIONS

5.1.1 Theoretical implications

This study contributes to the existing literature body of CSR and financial performance relationship research field in several ways. Firstly, the results showed that during the time span of 2014-2017, there was no significant relationship between CSR performance and financial performance (in terms of ROA and Tobin's Q) across the sample of 40 Ghanaian companies. In that way, it adds to the limited amount of studies in this research area on the Ghanaian market and builds on the findings by Peng & Yang (2012) that research in the relationship between CSR and financial performance need to be conducted in different markets and regions since there are numerous different factors which differentiates how companies operate and how this can influence the relationship. This addition to the existing body of literature can therefor help further understanding of the CSR and financial performance relationship in publicly traded Ghanaian companies.

Secondly, this research adds to the existing body of literature in this research field in which the relationship between CSR and financial performance cannot be determined (Alexander & Buchholz, 1978; Stanwick & Stanwick, 1998; Peng & Yang, 2014).

Thirdly, the testing of moderator variables in terms firm value and industry indicated that neither of the variables moderated the relationship between CSR and financial performance. These findings are in line with those made by Orlitzky (2001) who could not identify firm size as producing either stronger or weaker relationships between the variables.

5.1.2 Practical implications

The practical implication of this research consists of an outlining of the nature of the relationship between CSR and financial performance in Ghana companies during 2014-2017. This information can further companies and practitioners understanding the CSR and financial performance relationship in the context of publicly trades Ghanian companies. As the result indicates that there is generally very low statistical significance regarding the relationship, investments in CSR is not observed be related company's ROA or Tobin's Q. This in turn could influence the extent to which companies choose to invest in such activities if these financial measures are considered important.

However, it should also be noted that this research only examines the relationship between these financial variables and that the time span examined does not necessarily reflect the relationship between the variables in more recent years. Since the results of this research do not indicate a recurring statistically significant relationship between CSR and financial performance, it can offer insight to management of Ghanaian companies regarding what investments in CSR can be expected to yield in terms of ROA and Tobin's Q. The lack of association between the variables suggest that firm's undertaking CSR investments in the years 2014-2017 did not generate greater ROA or Tobin's Q figures than companies with poorer CSR performance. As previous research has suggested, there could be several other beneficial aspects of improving a company's CSR performance, such as better access to capital, reduction of risks or an improved relationship with stakeholders.

5.2 RECOMMENDATIONS

The result of this study adds to the existing body of research literature which has also failed to find statistical significance in the relationship between CSR and financial performance. The results however are based only on two different financial variables and future research should utilize a larger number of financial parameters in order to test for significance in the relationship in publicly traded companies on the Ghanaian stock market.

The use of more financial variables could also offer a wider scope of insight into how CSR performance affects different financial parameters. Further, future research could perform similar examination in more recent years to study if the relationship is more significant than in the time span investigated in this study.

It can be observed from the results in this research that companies CSR scores are predominantly increasing in the years 2014-2017 and future research could if investigate the nature of the relationship between CSR and financial performance could be more significant in recent years as companies expands its CSR investments.

Another recommendation for future research is to utilize a larger sample than the one observed in this research. Due to the panel data study design, the sample was only able to include 40 companies in the Ghana Stock Market since 2014-2017. Considering that the total number of companies listed in the Small Cap, Mid Cap and Large Cap during these years were 48 in total, future research could apply another research design which allows the inclusion of the total population of companies.

REFERENCE

Aggarwal P. (2013), Relationship between environmental responsibility and financial performance of firm: a literature review, *IOSR Journal of Business and Management*, *13(1)*, 13-22.

Albuquerque R., Durnev A., and Koskinen Y. (2015) Corporate social responsibility and firm risk: theory and empirical evidence (October 23, 2015). Available at SSRN: http://ssrn.com/abstract=1961971 or http://dx.doi.org/10.2139/ssrn.1961971

Barnett M. L. and Salomon R. M. (2011), Does it pay to be really good? Addressing the shape of the relationship between social and financial performance, Strategic Management Journal. Available at SSRN: http://ssrn.com/abstract=1860985

Bidhari S. C., Salim U. and Aisjah S. (2013), Effect of corporate social responsibility information disclosure on financial performance and firm value in banking industry listed at Indonesia stock exchange, European Journal of Business and Management, 5(18), 39-46.

Bouslah K. (2012), Three essays on the relation between social performance and firm risk. doctoral diss., Université du Québec à Montréal, Montreal.

Cajias M., and Bienert S. (2011), Does sustainability pay off for European listed real estate companies? The dynamics between risk and provision of responsible information, The Journal of Sustainable Real Estate, 3(1), 211-231.

Cheng, B., Loannou, L. & Serafeim, G. (2014) ‘Corporate social responsibility and access to finance’ Strategic Management Journal, Vol. 35, Issue 1, pp. 1-23

Chirieleison C. (2004), L'evoluzione del concetto di corporate social responsibility, G. Rusconi, M. Dorigatti (a curda di), La responsabilità sociale di impresa.

Fauzi H., Mahoney L. S., and Rahman A. A. (2007) The link between corporate social performance and financial performance: evidence from Indonesian companies, Issues in Social and Environmental Accounting, 1(1), 149-159.

Finch, N. (2005), “The motivations for adopting sustainability disclosure”, working paper, Macquarie Graduate School of Management, Sydney.

Friedman, M (1970) ‘The Social Responsibility of Business is to Increase its Profits’, The New York Times, Available at: [http://www.umich.edu/~thecore/doc/Friedman.pdf] (Accessed 21th of April 2015)

Ghelli C. (2013) Corporate social responsibility and financila performance: an empirical evidence, master thesis, Copenhagen Business School, Frederiksberg, Denmark.

Grafström, M., Göthberg, P. & Windell, K. (2008) ‘CSR: Företagsansvar i förändring’ Författarna och Libel AB. Printed in Slovenia by Korotan Ljubljana, Slovenia.

Hinson, R., Boateng, R. and Madichie, N. (2010), “Corporate social responsibility activity reporting on bank websites in Ghana”, International Journal of Bank Marketing, Vol. 28 No. 7, pp. 498-518.

Ho V.H. (2010) Enlightened shareholder value: corporate governance beyond the shareholder-stakeholder divide, The Journal of Corporation Law, 36(1), 59-112.

Indonesia, Government Regulation about Limited Company, Government Regulation no. 40 of 2007.

Indonesia, Government Regulation about Social and Environmental Responsibilities for Limited Company, Government Regulation no. 47 of 2012.

Luo X., and Bhattacharya C.B. (2009), The debate over doing good: corporate social performance, strategic marketing levers, and firm idiosyncratic risk, Journal of Marketing, 73, 198-213.

Margolis J. D., and Walsh J. P. (2001), Misery loves companies: whither social initiatives by business, Harvard Business School Working Paper, No.01-058.

Margolis J. D., Elfenbein H. A. and Walsh J. P. (2009), Does it pay to be good... and does it matter? A meta-analysis of the relationship between corporate social and financial performance, Working Paper, Harvard Business School.

Moreno, A. and Capriotti, P. (2009), “Communicating CSR, citizenship and sustainability on the web”, Journal of Communication Management, Vol. 13 No. 2, pp. 157-175.

Nguyen B. T. N., Tran H. T. T., Le O. H., Nguyen P. T., Trinh T. H., and Le V. (2015), Association between corporate social responsibility disclosures and firm value –

empirical evidence from Vietnam, International Journal of Accounting and Financial Reporting, 5(1), 212-228.

Nyirenda G., Ngwakwe C. C., and Ambe C. M. (2013) Environmental management practice and firm performance in a South African mining firm, Managing Global Transitions, 11(3), 243-260.

Peng, C.W & Yang, M.L (2014) 'The Effect of Corporate Social Performance on Financial Performance: The Moderating Effect of Ownership Concentration' Journal of Business Ethics, Vol. 123, Issue 1, pp. 171-182

Singh S. (2014) Impact of corporate social responsibility disclosure on the financial performance of firms in UK, master thesis, University of Twente, Enschede, The Netherlands.

Susilowati K.D.S. (2013) Entrepreneur's perspective on corporate social responsibility: a case in Indonesia, *Proc. of 8th Asian Business Research Conference*, Bangkok, Thailand.

Thorne, D., Ferrell, O. and Ferrell, L. (2008), Business and Society: A Strategic Approach to Social Responsibility, 3rd ed., Hougton Mifflin, Boston, MA.

Tilakasiri K. K. (2012), Corporate social responsibility and company performance: evidence from Sri Lanka, doctoral thesis, Victoria University, Melbourne.

Tjia O. and Setiawati L. (2012) Effect of CSR disclosure to value of the firm: study for banking industry in Indonesia, World Journal of Social Sciences, 2(6), 169-178.

Toms S., Anderson K. and Salama A. (2011) Does community and environmental responsibility affect firm risk? Evidence from UK panel data 1994–2006, Business Ethics: A European Review, 20(2), 192-204.

Tyagi R. (2012), Impact of corporate social responsibility on financial performance and competitiveness of business: a study of Indian firms, doctoral thesis, Indian Institute of Technology Roorkee, Roorkee.

Vijfvinkel S., Bouman N. and Hessels J. (2011) Environmental sustainability and financial performance of SMEs, EIM Research Reports.

Visser W., Matten D., Pohl M. and Tolhurst N. (2010), The A to Z of corporate social responsibility, United Kingdom.

APPENDIX

GHANA STOCK EXCHANGE (GSE) LISTED COMPANIES

Company	Symbol	Sector	Price	Change	YTD	Date
Access Bank Ghana	ABG	Financials	3.40	-5.03%	-16.05%	11-Jun
African Champion Industries	ACI	Consumer Goods	0.01	0.00%	0.00%	11-Jun
Agricultural Development Bank	ADB	Financials	5.95	0.00%	1.88%	11-Jun
Aluworks	ALW	Basic Materials	0.09	0.00%	-43.75%	11-Jun
AngloGold Ashanti Depository Shares	AADS	Basic Materials	0.48	0.00%	0.00%	11-Jun
AngloGold Ashanti	AGA	Basic Materials	37.00	0.00%	0.00%	11-Jun
Ayrton Drugs Manufacturing	AYRTN	Health Care	0.10	0.00%	0.00%	11-Jun
Benso Oil Palm Plantation	BOPP	Consumer Goods	7.29	0.00%	19.12%	11-Jun
CAL Bank	CAL	Financials	1.26	0.00%	16.67%	11-Jun

Cocoa Processing Company	CPC	Consumer Goods	0.02	0.00%	0.00%	11-Jun
Digicut Production and Advertising	DIGICUT	Consumer Services	0.09	0.00%	0.00%	11-Jun
Ecobank Ghana	EGH	Financials	10.23	-0.39%	34.61%	11-Jun
Ecobank	ETI	Financials	0.20	11.11%	25.00%	11-Jun
Enterprise Group	EGL	Financials	3.00	0.67%	-18.92%	11-Jun
Fan Milk	FML	Consumer Goods	13.80	0.00%	-22.03%	11-Jun
Ghana Commercial Bank	GCB	Financials	5.31	-10.61%	5.15%	11-Jun
Ghana Oil Company	GOIL	Oil & Gas	3.99	-0.25%	48.33%	11-Jun
Golden Star Resources	GSR	Basic Materials	1.90	0.00%	0.00%	11-Jun
Guinness Ghana Breweries	GGBL	Consumer Goods	2.60	0.00%	26.21%	11-Jun
Hords	HORDS	Consumer Goods	0.10	0.00%	0.00%	11-Jun
Intravenous Infusions	IIL	Health Care	0.09	0.00%	0.00%	11-Jun

Meridian-Marshalls Holdings	MMH.GH	Consumer Services	0.11	0.00%	0.00%	11-Jun
Pioneer Kitchenware	PKL	Consumer Goods	0.05	0.00%	0.00%	11-Jun
Produce Buying Company	PBC	Consumer Goods	0.05	0.00%	-16.67%	11-Jun
PZ Cussons Ghana	PZC	Consumer Goods	0.50	0.00%	150.00%	11-Jun
Republic Bank	RBGH	Financials	1.32	0.76%	-5.04%	11-Jun
Sam Woode	SWL	Consumer Services	0.05	0.00%	0.00%	11-Jun
Samba Foods	SAMBA	Consumer Goods	0.65	0.00%	0.00%	11-Jun
SIC Insurance Company	SIC	Financials	0.39	0.00%	290.00%	11-Jun
Societe Generale Ghana	SOGEGH	Financials	1.80	-3.74%	119.51%	11-Jun
Standard Chartered Bank Ghana	SCB	Financials	27.00	0.00%	6.93%	11-Jun
Starwin Products	SPL	Health Care	0.02	0.00%	-33.33%	11-Jun
Total Petroleum Ghana	TOTAL	Oil & Gas	4.27	-4.90%	20.96%	11-Jun

Produce Buying Company	PBC	Consumer Goods	0.05	0.00%	-16.67%	11-Jun
PZ Cussons Ghana	PZC	Consumer Goods	0.50	0.00%	150.00%	11-Jun
Republic Bank	RBGH	Financials	1.32	0.76%	-5.04%	11-Jun
Sam Woode	SWL	Consumer Services	0.05	0.00%	0.00%	11-Jun
Samba Foods	SAMBA	Consumer Goods	0.65	0.00%	0.00%	11-Jun
SIC Insurance Company	SIC	Financials	0.39	0.00%	290.00%	11-Jun
Societe Generale Ghana	SOGEGH	Financials	1.80	-3.74%	119.51%	11-Jun
Standard Chartered Bank Ghana	SCB	Financials	27.00	0.00%	6.93%	11-Jun
Starwin Products	SPL	Health Care	0.02	0.00%	-33.33%	11-Jun
Total Petroleum Ghana	TOTAL	Oil & Gas	4.27	-4.90%	20.96%	11-Jun
Trust Bank (The Gambia)	TBL	Financials	0.30	0.00%	-14.29%	11-Jun
Tullow Oil	TLW	Oil & Gas	17.13	-0.06%	-0.12%	11-Jun