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The Effect of Corporate Social Responsibility on Firm's Performance of Rural and Community Banks in Western Region

[1]Richfield A. Quarshie | [2]David Ackah (PhD)

[1]President, Institute of Project Management Professionals Young Crew

[2]UNEM International Programme, Universadad Empresarial de Costa Rica

Email: richfield251@gmail.com | drackah@ipmp.edu.gh

Abstract

The concept of Corporate Social Responsibility is increasingly used in the banking industry, being perceived as a tool to develop a positive image and attract new customers. Proponent argued that corporations or firms increase long term profit by operating with Corporate Social Responsibility (CSR) perspective. This study sought to examine the effect of corporate social responsibility on rural and community banks. Questionnaire was used as the data collection instrument. A total of five (5) Rural Community Banks were sampled for the study. Eleven (11) respondents were chosen from each rural and community bank, making a total of 55 respondents. The respondents were chosen from 6 categories of stakeholders of each bank. Descriptive statistics (mean and standard deviation) were used to analyze all the data on the research questions for the study. The study revealed that Corporate Social Responsibility has effect on the commitment of stakeholders. Philanthropic activities, scholarship scheme and donations to orphanages and government institutions were the popular Corporate Social Responsibility activities undertaken by RCBs. Cause-related marketing such as supporting social events, programme and campaigns, entertainment and culture were identified to be the corporate social responsibility activities to maximize performance. It was therefore recommended that RCBs should ensure that donations and philanthropic activities are done in a manner that would represent the company and improve its image or goodwill as well as ensuring consistent and proper implementation of CSR activities which are in line with policy.

Keywords: Corporate Social Responsibility, Firm's Performance, Rural and Community Banks

1.0 INTRODUCTION

The primary motive and responsibility of every business entity is to generate profit and maximize shareholders' wealth, therefore, any activity, including Corporate Social Responsibility investments, undertaken by the business, ordinarily, should enhance this objective. The concept of Corporate Social Responsibility is not new in the banking industry and many believe it can improve business performance, reputation and operational efficiency. With the current economic situation and banking crisis, it is deemed to become the best solution for integrating moral principles in banking activity, as well as being a tool to improve image and attract new customers. The study therefore seeks to examine the effect of Corporate Social Responsibility on the performance of Rural and Community Banks.

1.1 Background to the Study

The Minister of Finance of the Republic of Ghana on 15th November, 2018 indicated in the 2019 Budget Statement that the government inherited a number of weak banks and specialized deposit-taking institutions (saving and loans companies, finance houses, rural and community banks and microfinance institutions). Two local banks collapsed in 2017 and a consequential takeover and consolidation of five other distressed banks by the Bank of Ghana in August 2018 to form the Consolidated Bank of Ghana (CBG). The crisis in the banking industry caused potential adverse consequences for depositors, creditors, employees, suppliers and other stakeholders (Ministry of Finance, 2019). As part of the measures to deal with the crisis in the banking sector of the Ghanaian economy, the Bank of Ghana again announced recapitalization for universal banks and Rural and Community Banks (RCBs).

RCBs were to meet a new capital requirement of One Million Ghana cedis by December 2018. Stakeholders of the banking industry lost trust in the institutions due to these collapses. A number of universal banks and finance houses have faced panic withdrawals. The Bank of Ghana issued a public notice to the public to have trust in the local banks by stopping the panic withdrawals. Another public notice issued by the Bank of Ghana which had a list of banks in good condition was presented to instill confidence in the general public (Bank of Ghana, 2018). The new capital requirement for rural banks became a challenge for many of the rural and community banks. As of December 2017, about half of RCBs have not met the new capital requirement.

As the regulators of the banking industry put in measures to deal with the crisis, the players in the industry, especially RCBs, need to implement strategies to restore the confidence and trust of stakeholders. It could be related that firms can use Corporate Social Responsibility (CSR) to win the trust of it stakeholders, and in turn improve performance (Csaba, Krisztina, & Tibor, 2015). The concept of CSR is increasingly used in the banking industry, being perceived as a tool to develop a positive image and attract new customers. The research work seeks to identify how CSR could impact on the performance of banks, especially RCBs, in order to restore the role of banks and other deposit taking institutions in the Ghanaian economy.

Proponent argued that corporations or firms increase long term profit by operating with Corporate Social Responsibility (CSR) perspective. There is a difficulty in quantifying the benefits of CSR; it is found that there is a correlation between social and environmental performance and financial performance (Orlitzky, Schmidt, & Rynes, 2003). A good CSR policy and program have the probability of enhancing firm's performance since it projects a good public image and enhances public confidence. RCBs in Ghana have, in the time past, not fully recognized the importance of having and implementing a well-defined CSR policy and program.

Rural and Community Banks (RCBs) whose primary focus of establishment is to promote financial inclusion of rural folks have faced many challenges. The Bank of Ghana supported the establishment of the first rural bank in the Central Region at a community called Agona Nyakrom in the Central Region. The number of RCBs sprang to 117 by December 1978 (Kodom, 2015). As at August 2018, the Bank of Ghana has licensed 144 rural and community banks in Ghana (Bank of Ghana, 2018). According to (Baah-Mintah, 2012), RCBs in Ghana are described as a body incorporated under Ghana's Companies code whose name includes the word 'bank' and which is licensed by the BoG to carry out specified business which principally includes:

i. the acceptance of money from the public on either deposit account or current account,
ii. repayment of such monies on demand by cheque or otherwise,
iii. collection of customers' cheques,
iv. lending money,
v. financing commerce, industries and agriculture through short, medium and long-term loans and advances,
vi. provision of safe custody for customers' valuables,
vii. invests part of customers deposits in economic activities that promote local socio-economic development,
viii. and any other service authorized by the bank's regulations.

According to Baah-Mintah (2012), RCBs accounted for about five percent of the banking sector's total assets. However, this performance has been outmatched over the period as the total assets of RCBs stood at GH¢3.44billion representing 3.4 percent of the banking sector's total assets as at the second quarter of 2017 (B&FT Online, 2017). RCBs are faced with some challenges in their operations. They are faced with the problem of credit default which has caused huge Non-Performing Loans Portfolios. The role of RCBs in the banking industry of Ghana is essential, and calls for improved performance and good public image in order to have competitive advantage. It is therefore worth researching to identify the impact of CSR on RCBs performance to enhance their purpose of being the main vehicle for financial intermediation, capital formation and retention of rural dwellers in the rural areas.

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1.2 Statement of the Problem

Kodom (2015) explained that RCBs have been doing well in Corporate Social Responsibility activities. It was noticed that some RCBs spent wholesome amounts on donations such as Sekyedomase health center receiving donation of medical equipment from Sekyedomase Rural Bank of Ashanti Region with a view to improving quality health care for people in its catchment area. Odotobri Rural Bank at Jacobu (Amansie Central district of Ashanti Region) also committed total amount of GH¢140,000 into corporate social responsibility, Suma Rural Bank in the Brong Ahafo Region also build a Computer Laboratory Complex for the community school at Suma Ahenkro and a lot of projects aimed at supporting the community. The costs incurred on CSR were more or less done in spontaneity and the effect on RCB's performance has not been well examined identified. Since the effect of corporate social responsibility is clearly unknown to rural and community banks, it is revealed that "a scanty reportage of corporate social responsibility activities" (Kodom, 2015, p. 49) is practiced by rural and community banks.

It was recommended that "Corporate social responsibility deserves greater responsiveness and more commitment from corporate organizations for which rural and community banks in Ghana are no exception." (Kodom, 2015, p. 51), and a more commitment could be made if the effect of CSR on RCBs performance is clearly examined. A mere spontaneous spending on CSR activities by RCBs, as the practice has been in the past, occurs because of the unknown effect of corporate social responsibility on firm's performance. It is on the above premise that this study was conducted to assess the effect of Corporate Social Responsibility on Rural and Community Banks' performance.

1.3 Purpose of the Study

The broad objective of the study sought to determine the effects of Corporate Social Responsibility on the performance of Rural and Community Banks in western region.

1.4 Research Objectives

In order to achieve the broad goal, the study covered the following specific objectives;

1. To identify the Corporate Social Responsibility activities and programmes of Rural and Community Banks in western region.
2. To examine the benefit of Corporate Social Responsibility to Rural and Community Banks.
3. To identify the challenges that affects Rural and Community Banks in implementing Corporate Social Responsibility.

1.5 Research Questions

The following research questions were formulated to guide the study:

1. What are the corporate social responsibility activities undertaken by rural and community banks?
2. What are the benefits of corporate social responsibility activities on the rural and community bank's performance?
3. What challenges has the Rural and Community Banks faced in implementing Corporate Social Responsibility?

1.6 Significance of the Study

The banking industry of Nigeria, prior to 2005 was fragmented into small and weakly capitalized banks. Nigeria, like Ghana, has a history of recapitalizing banks. In 2005, the minimum capital for banks in Nigeria was raised from N1 billion (US$7.7 million1) to N25 billion (US$192.2. million) for existing banks and N2 billion (US$15.4 million1) for new entrants. As it's currently being experienced in Ghana uncertainties existed over the future of the Nigeria banking industry as the fate of many banks hung in the balance. The Central Bank of Nigeria (CBN) swiftly intervened by introducing various control measures to address the post consolidation issues and enhance the attractiveness of the banking industry. Corporate governance practices were far emphasized as part of the measures introduced by the CBN in regulating

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the reforms in the banking industry. The CBN issued the code of corporate governance for banks and sustained its implementation through periodic compliance monitoring. (PWC, 2018).

Corporate Social Responsibility is an integral aspect of corporate governance. Corporate governance is a practice that is well advocated as a bed rock of improving firm's performance. The significance of the study is detailed as follows;

i. In the wake of this banking crisis, banks need to implement CSR policy to reclaim the trust and confidence of stakeholders and the general public. Rural and Community Banks (RCBs) need to set and implement CSR policy to improve on their performance. It is therefore worthy to empirically examine the relationship between CSR and performance of RCBs to aid decision making by the board of directors and management. RCBs would have to identify, among others, key decision areas to allocated resources to improve public image and stakeholder satisfaction from recommendations that would be made in the study.

ii. RCBs have a unique purpose and per their size and location need a proper understanding of CSR, the nature and type of CSR Policy that would be applicable to be adopted. It is noted that RCBs deal and operate in rural community with the microeconomic players. With this peculiarity, a careful study of CSR and its relation to RCBs performance is crucial.

iii. The types of CSR programs that would have impact of RCBs are of essence. Different CSR policies and programs exist and the focus of top management could direct the types of CSR activity to be adopted by the firm. Research that seeks to identify and recommend appropriate types of CSR activities which have effects on RCBs performance will be a blueprint and aid in the decision of top management in writing and implementing CSR projects.

1.7 Delimitations

The study was delimited to Rural and Community Banks. There are different categories of banks operating in Ghana but the study focused on only RCBs. Also, the study was delimited to western region as against the other regions. RCBs are situated across the length and breadth of the Ghana. There is a RCB in every region of Ghana, but for convenient sake, the study was limited to the western region.

1.8 Limitations

In the conduct of the research work, the following limitations were encountered. The willingness of management of rural and community banks to fully disclose the cost content of corporate social responsibility for the needed accounting period could be lacking. The management of the rural and community banks disclosed that financial institutions have strict control systems that prevent disclosure of information, unless otherwise, obliged by law or court order. The dispersed location of rural and community banks in Western Region was also a challenge. Visiting the head office of all selected rural and community banks in the region shall be costive to the researcher.

1.9 Organization of the Study

This research work was organized into five chapters. In the first chapter, an introduction to the study is presented as follows: an unlabeled brief description of the research work; background to the study; statement of the problem; research objectives; research questions/hypothesis; scope of the study; limitations of the study; and organization of the study. The second chapter contained a review of various literature related to the study. The literature reviewed are under the following headings: the concept and definitions of CSR; theories of CSR; importance of CSR to firms; description of CSR in banking industry; rural and community banking in Ghana, importance of RCB, challenges confronting rural banks in Ghana; description and measurement of RCBs performance. The third chapter dealt with the research methods used. The methodology focused on the research design; the study area; the study population; sampling procedures; sources of data; data collection instruments and procedures; the field work; and data processing and analysis. Chapter Four presented the results from the data analysis and discussion. The last chapter, chapter five, presents the summary, conclusions, recommendations, and suggestions for further research.

2.0 THEORETICAL FOUNDATION

This chapter reviewed various literature related to the study. The literature reviewed is be under the following headings: the concept and definitions of Corporate Social Responsibility; theories of Corporate Social Responsibility; importance of Corporate Social Responsibility to firms; description of Corporate Social Responsibility in banking industry; rural banking in Ghana, importance of Rural and Community Banks on the Ghanaian economy, challenges confronting rural banks in Ghana and description and measurement of Rural and Community Banks performance.

2.1 The Concept and Definitions of Corporate Social Responsibility (CSR)

The definition of Corporate Social Responsibility might not be effective if the underlying concept for its initiation is not understood. There has been a variety of definitions for CSR depending on how the concept is perceived. The concept of CSR has been identified with the relations between corporations, government of countries and individual citizens. This concept of CRS seemingly draws attention to the corporation's relation to local society in which it operates or resides (Growther & Guler, 2008). Thus, this concept as indicated limits CSR activities to the community or township in which the business or company is established or located. CSR has also been identified as the relationship between a corporation or business and its constituencies or stakeholders (Hopkins, 2004). Hopkins (2004) assertion extends the CSR argument to include both internal and external stakeholders of a company or business. The European Union Commission (as cited by Growther & Guler, 2008) explained CSR as a concept whereby corporations and businesses integrate in their operations social and environmental concerns. It also emphasized that businesses or companies, as part of CSR, should hold interactions with their stakeholders on voluntary basis. Hopkins (2004) observed that the numerous concepts which have called for different and flawed interpretation has led to some companies to consider CSR as pure corporate philanthropy.

The various definitions of CSR have emerged from these and other concepts. One of the commonly known definitions of CSR is that given by the European Commission (EC). The European Commission accepted that "Corporate Social Responsibility (CSR) is a fundamental concept designed to help companies integrate social and ecological concerns into their corporate activities and relationships with stakeholders" (European Commission, 2001, p. 7). The definition given explains that companies can be socially responsible by investing into human capital, the environment and their relations with stakeholders but should not be a substitute or replacement for compliance to regulation or legal expectations of companies on social rights or environmental standards. CSR is also defined as "treating the stakeholders of the firm ethically or in a responsible manner". (Hopkins, 2004, p.1).

Hopkins (2004) explains ethical or responsible treatment of stakeholders as dealing with stakeholders in a manner that is acceptable in civilized societies while indicating that stakeholders of the firm exist both within and outside the firm. He elaborates that "the natural environment is a stakeholder and that the wider aim of social responsibility is to create higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation"

Wood (1991) describes CSR as having the goal to embrace responsibility for the actions of the firm and ensure a positive influence through its actions on the environment, consumers, employees, communities and all other members of the public sphere. All these various groups affected by the activities of a firm or company are known as "stakeholders." Wood (1991) goes on to describe CSR as a form of corporate self-regulation integrated into a business model. The idea of corporate social responsibility suggests that corporations have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for their shareholders and comply with the law. The traditional view of an organization suggests that its primary responsibility is towards its owners, or stockholders.

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However, CSR obliges corporations to adopt a broader view of its responsibilities that is not limited to stockholders/shareholders only, but many other constituencies as well, including employees, suppliers, customers, the local community, local, state, and federal governments, environmental groups, and other special interest groups.

2.2 Theories of Corporate Social Responsibility (CSR)

According to Garriga and Mele (2004), most significant CSR theories and related approaches are focused on economics, politics, social integration and ethics. Garriga and Mele (2004) describe and classify all theories of CSR into four groups; instrumental theories, political theories, integrative theories and ethical theories. For the purpose of this research, all the four theories presented will be looked at but much emphasis shall be laid on the instrumental theory.

Instrumental theories

Garriba and Mele (2004) explain the instrumental theories as a group of theories in which CSR is only seen as a strategic tool to achieve economic objectives and, ultimately, wealth creation. The approach is hinged on the Friedman view that the only unique responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country. However, companies' concern for profits does not exclude taking into account the interests of all who have a stake in the firm (stakeholders). It is argued that in certain conditions the satisfaction of these interests can contribute to maximizing the shareholder value.

Garriga and Mele (2004) also indicated that "an adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits." There have been several studies to determine the correlation between corporate social responsibility and corporate financial performance and of these studies, an increasing number show a positive correlation between the social responsibility and financial performance of corporations in most cases. They are however of the opinion that these findings have to be read with caution since such correlation is difficult to measure

According to Garriga and Mele (2004), three main groups of instrumental theories can be identified, depending on the economic objective proposed. In the first group the objective is the maximization of shareholder value, measured by the share price. Frequently, this leads to a short-term profits orientation. The second group of theories focuses on the strategic goal of achieving competitive advantages, which would produce long-term profits. In both cases, a view is shared that Corporate Social Responsibility is only a question of enlightened self-interest since it's a simple instrument for profits. The third is connected to cause-related marketing and it's very close to the second.

The first group which seeks to maximize shareholder value is supported by a famous approach. The approach indicates that the direct contribution to maximizing the shareholder worth takes the major aim and key criterion to measure or evaluate specific corporate social activity. Taking out deception and fraud, any investment in social demands that would produce an increase of the shareholder value should be embarked on. However, if the social demands create a cost to the company they should be disallowed. Friedman (1970) gives an example about investment in the local community; "it will be in the long run interest of a corporation that is a major employer in a small community to allocate resources to providing amenities to that community or to improving its government.

That makes it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects." Hence, the socio-economic objectives are completely separate from the economic objectives. This approach, under the instrumental theory, usually takes the shareholder value maximization as the supreme reference for corporate decision-making. It was observed that, currently, it quite readily accepted that shareholder value maximization is in line with satisfying certain interests of people with a stake in the firm. Jensen (2000) as cited by Garriga and Mele (2004) refers to this concept as "enlightened value maximization"

Garriga and Mele (2004) describe the second group under instrumental theories as being focused on how to allocate resources with the view of achieving long-term social objectives and creating a competitive advantage. Three approaches can be added; social investment in competitive context, natural resource-based view of the firm and its dynamic capabilities, and strategies for the bottom of the economic pyramid. The first approach, which is the social investment in competitive context, is based on the argument made by Garriga and Mele (2004) that investment made in philanthropic activities may be the only means to enhance the context of competitive advantage of a business and the investment made by firms usually produces greater social impacts than individual donors or government can. Garriba and Mele (2004) indicated that, when philanthropic activities are closer to the company's mission, they create greater wealth than others kinds of donations. An example is when a telecommunications company is teaching computer network administration to students of the local community.

The natural resource-based view of the firm and its dynamic capabilities approach is based on this perspective that social and ethical resources and capabilities such as the process of moral decision-making, the process of perception, deliberation and responsiveness or capacity of adaptation and the development of proper relationships with the primary stakeholders: employees, customers, suppliers, and communities can be a source of competitive advantage. The third approach, strategies for the bottom of the economic pyramid, is based on a firm targeting most of the world's population which are poor or lower-middle class and are at the bottom of the economic pyramid. Businesses can adopt certain strategies, such as disruptive innovations, that can serve the poor and simultaneously make profits. (Prahalad, 2002 cited in Garriga and Mele 2004).

Cause-related marketing, which is the third group of theories under the instrumental theories, has been defined as "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in a revenue-providing exchanges that satisfy organizational and individual objectives" Garriga and Mele, 2004). Firms build brands through the acquisition of, and association with the ethical dimension or social responsibility dimension with the objective of enhancing company revenues and sales or customer relationship (Garriga and Mele 2004).

By this means, companies seek product differentiation by creating socially responsible attributes and features that builds company's reputation. As Garriga and Mele (2004) have stated that: "support of cause-related marketing creates a reputation that a firm is reliable and honest. Consumers typically assume that the products of a reliable and honest firm will be of high quality". Activities which exploit cause-related marketing include classical music concerts, art exhibitions, golf tournaments or literacy campaigns, and they are in a form of a win-win situation as both the firm and the charitable cause receive benefits. "The brand manager uses consumer concern for business responsibility as a means for securing competitive advantage. At the same time a charitable cause receives substantial financial benefits" (Garriga and Mele 2004).

Political theories

Political theories of CSR are a group of theories and approaches that focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility. Though there are a variety of approaches in the political theories, Garriga and Mele (2004) presents two major theories that can be distinguished: Corporate Constitutionalism and Corporate Citizenship. Davis (1960) cited in Garriga and Mele (2004) describes Corporate Constitutionalism by suggesting that business is a social institution and it must use power responsibly. Davis (1960) noted in addition that the causes that generate the social power of the firm are not solely interior of the firm but also exterior. Their locus is unstable and constantly shifting, from the economic to the social forum and from there to the political forum and vice versa.

The term corporate citizenship was introduced in 80s into the business and society relations (Garriga and Mele, 2004) and in the late 1990s and early 21st century, the term has become more and more popular in business with many academic works carried out. The concept of corporate citizenship connotes a sense of belonging to a community. It has been very popular among managers and business people because it has been increasingly clear that business needs to take into account the community where it is operating. Garriga and Mele (2004) admit that the term corporate citizenship cannot have the same meaning for everybody.

Hopkins (2004) explained corporate citizenship as a strategy that moves from a focus on short-term transaction to longer term, values-based relationships with these stakeholders. Loyalty will be based on a company's ability to build a sense of shared values and mission with key stakeholders. Though there are differences in defining corporate citizenship, most authors generally agree on some points such as a strong sense of business responsibility towards the local community, partnerships, which are the specific ways of formalizing the willingness to improve the local community, and for consideration for the environment.

Integrative theories

Garriga and Mele (2004) records that the integrative theories focus on the way business integrates social demands, arguing that businesses depend on the society for their existence, stability and growth. Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige. As a result, management of organizations should take into account social demands, and integrate them in such a way that the business operates in accordance with social values. Hence, the content of business responsibility is limited to the space and time of each situation depending on the values of society at that moment, and comes through the company's functional roles. Put differently, there is no specification that management is responsible for performing throughout time and in each industry. Fundamentally, integrative theories are focused on the detection and skimming of, and reaction to, the social demands that accomplish social legitimacy, greater social recognition and prestige.

Issue management is an approach classified under integrative theories. Sethi (1975) cited in Garriga and Mele (2004) indicated the approach arose in the 70s, and it deals with social responsiveness or responsiveness in the face of social issues, and process to manage them within the organization. It is indicated that scholars analyzed the relevant factors regarding the internal structures of organizations and integration mechanisms to manage social issues within the organization. The manner a social objective is spread and integrated across the organization, he termed "process of institutionalization". Garriba and Mele (2004), stated that "corporate behavior should not in most cases be judged by the decisions actually reached but by the process by which they are reached". Consequently, emphasis was placed on the idea of process rather than principles as the appropriate approach to CSR issues.

Garriga and Mele (2004) have defined issue management as "the processes by which the corporation can identify, evaluate and respond to those social and political issues which may impact significantly upon it". They add that issues management tries to minimize "surprises" which might accompany social and political change by serving as an early warning system for potential environmental threats and opportunities. Research on issues management has been influenced by the strategy field, since it has been seen as a special group of strategic issues or a part of international studies. The research led to the study of topics related with issues (identification, evaluation and categorization), formalization of stages of social issues and management issue response and other factors such as the corporate responses to media exposure, interest group pressures and business crises, as well as organization size, top management commitment and etc.

With the principle of public responsibility, many authors have tried to give an appropriate content and substance to assists and guide the firm's responsibility by limiting the area of the corporate responsibility. Criticizing it as a responsiveness approach and the purely process approach is insufficient. Rather, they propose the principle of 'public' responsibility. They choose the term 'public' instead of 'social', to stress the importance of the public process, rather than personal-morality views or narrow interest groups defining the scope of responsibilities. An appropriate guideline for a legitimate managerial behavior is found within the framework of relevant public policy. They advance that public policy includes not only the literal version of law and regulation but also the wide arrangement of social direction reflected in public opinion, emerging issues, formal legal requirements and enforcement or implementation practices; the values of society at that moment, and comes through the company's functional roles (Garriga and Mele, 2004).

The scope of managerial responsibility can be scrutinized in terms of the primary and secondary involvement of the firm in its social environment. Primary involvement includes the necessary economic task of the firm, such as locating and establishing its facilities, procuring suppliers, engaging employees, carrying out its production functions and marketing products. It also includes legal requirements. Secondary involvements come as consequence of the primary. They are, e.g., career and earning opportunities for some individuals, which come from the primary activity of selection and advancement of employees.

Rather than focusing on generic responsiveness, specific issues or on the public responsibility principle, the approach called "stakeholder management" is oriented towards stakeholders or people who affect or are affected by corporate policies and practices. Its academic development started only at the end of 70s (Sturdivant 1979) although the practice of stakeholder management is long-established. Stakeholder management tries to integrate groups with a stake in the firm into managerial decision making. Corporations have been overstretched in recent times by non-governmental organizations (NGOs) activists, communities, governments, media and other institutional forces. These groups demand what they consider to be responsible corporate practices. Also, this dialogue not only enhances a company's sensitivity to its environment but also increases the environments understanding of the dilemmas facing the organization.

A set of theories that attempts to integrate some of the previous theories is referred to as Corporate Social Performance (CSP). The CSP comprises of processes for giving appropriate responses with search for social legitimacy. Generally considered to have introduced this model, it suggests a model of corporate performance with three components: a basic definition of social responsibility, a specification of the philosophy of response to social issues and a listing of issues in which social responsibility exists. Carroll consider that a definition of social responsibility, which completely addresses the whole variety of obligations business has to society, must embody the legal, ethical, economic and discretionary groupings of business performance.

Ethical theories

The fourth classification of CSR theories describe by Garriga and Mele (2004) focuses on the ethical requirements that strengthen the relationship between organizations and community. They are based on principles that express the right thing to do or the necessity to achieve a good society. Garriga and Mele (2004) posit that included within the integrative theories group is theory of stakeholder management because some authors consider that this form of management is a way to integrate social demands. Donaldson and Preston (1995) hold in a more precise way that the stakeholder theory has a normative core based on two major ideas (1) stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity and (2) the interests of all stakeholders are of intrinsic value (that is, each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interests of some other group, such as the shareowners). A socially responsible firm entails simultaneous attention to the legitimate interests of all appropriate stakeholders following this theory, and has to balance such a multiplicity of interests and not only the interests of the firm stockholders. The normative core of which is risk management from a practical perspective has publish a set of Principles of Stakeholder Management. In short, stakeholder approach grounded in ethical theories presents a different perspective on CSR, in which ethics is central.

Another approach under the ethics theory described by Garriga and Mele (2004) is the concept of universal rights. Some human-rights-based approaches for corporate responsibility have been proposed in recent years. The UN Global Compact is one of them, which comprises nine principles in the areas of the environment, human rights, and labour. This was first presented by Kofi Annan- the former United Nations Secretary General in an address to The World Economic Forum in 1999. In year 2000 the Global Compact's operational phase was launched in New York at UN Headquarters. A great number of companies have since adopted it. The Global Sullivan Principles is another, previously presented and updated in 1999, which has the objective of supporting social, economic and political justice by companies where they do operate.

One other important concept of the ethical theories of CSR is the theory of sustainable development. In 1987, the term came into widespread use, when the World Commission on Environment and Development (United Nations) published a report known as "Brutland Report". This report stated that sustainable development seeks to meet the needs of the present without compromising the ability to meet the future generation to meet their own needs (World Commission on Environment and Development, 1987). Although this report originally only included the environmental factor, the concept of sustainable development has since expanded to include the consideration of the social dimension as being inseparable from development. The problem is how corporation can develop the processes and implement strategies to meet the corporate challenge of corporate sustainable development.

Garriga and Mele (2004) have stated that sustainability is "an ideal toward which society and business can continually strive, the way we strive is by creating value, and creating outcomes that are consistent with the ideal of sustainability along social environmental and economic dimensions. Van Marrewijk and Werre (2003) therefore maintain that corporate sustainability is a custom-made process and each organization should choose its own specific ambition and approach regarding corporate sustainability and this should meet the organization's aims and intentions, and be aligned with the organization strategy, as an appropriate response to the circumstances in which the organization operates.

There is another approach described under the ethic theory which maintains that business, as with any other social group or individual in society, has to contribute to the common good, because it is a part of society. Forte (1996, 1999) in this respect, argues that business is an intermediate institution. Business should be neither harmful to nor a parasite on society, but purely a positive contributor to the wellbeing of the society. Business contributes to the common good in different ways, such as creating wealth, providing goods and services in an efficient and fair way, at the same time respecting the dignity and the in alienable and fundamental rights of the individual.

Additionally, organizations contribute to societal welfare and a harmonic manner of living together in just, friendly and peaceful conditions, both in the present-day and in the future. To some degree, the common good approach has a lot in common with both the stakeholder approach and sustainability approach but Garriga and Mele (2004) maintains that the philosophical base is different. Garriga and Mele (2004) conclude that most of current CSR theories are focused on four main aspects: a) meeting objectives that produce long-term profits, b) using business power in a responsible way, c) integrating social demands and d) contributing to a good society by doing what is ethically correct. It is on this basis that the most relevant theories on CSR and related Corporate Social Responsibility concepts are classified into four groups, which they have referred to as instrumental, political, integrative and value/ethics theories.

2.3 Importance of Corporate Social Responsibility (CSR) to firms

Every business has the primary aim or responsibility of maximizing wealth for the investors or its shareholders, therefore, any activity, including CSR investments, undertaken by the business, ordinarily, should enhance this aim. However, (Hopkins, 2004) asserts that it is difficult, in either statistical or quantitative terms, to make a strong causal link between CSR actions and such financial indicators as share prices, market value, return on assets invested and economic value added (EVA). What most commentators have done up to now is to argue, qualitatively, that there is a business case. Hopkins (2004) indicated that the only one in-depth benefit-cost analysis of CSR in a corporation, Cooperative Bank in the United Kingdom, found that between 15 and 18 percent of its pre-tax profit could be directly attributed to its ethical stance.

Arthur D. Little (undated) cited in Hopkins (2004) reviewed the business case or importance of corporate citizenship, an approach under CSR, in a publication in which it was noted that good corporate citizenship can provide business benefits in eight areas. The benefits are:

i. Reputation management;
ii. Risk profile and risk management;
iii. Employee recruitment, motivation and retention;
iv. Investor relations and access to capital;
v. Learning and innovation;
vi. Competitiveness and market positioning;
vii. Operational efficiency; and
viii. License to operate.

It was noted that increased corporate citizenship can improve business performance, reputation and operational efficiency, while reducing risk exposure.

Kodom (2015) believes that there is an ideology associated with this concept. Businesses are view to be selfish in pursuits undertaken by private entrepreneurs in the framework of a capitalist system. Thus, the socialists would argue that the system would not make for the satisfaction of greater number of people unless businesses are socially responsible. To him the philosophy behind social responsibility doctrine therefore is a demand place on businesses to change their social conscience and orientation from a perspective of caveat emptor (let the buyer beware) to that of caveat venditor (let the sellers beware). Listed below are some of the summary of the arguments that justifies that organizations are supposed to embark on CSR activities;

a. Obtaining a competitive advantage – community investment programmes are used to aid the awarding of concessions as companies appearing to be socially responsible are often favoured in this process.
b. Receiving and maintaining a stable working environment – CSR initiatives are occasionally initiated as a means of buying the local communities' agreement to allow a company to operate.
c. Managing external perceptions and maintaining a good reputation – CSR initiatives are used for Public Relations purposes.
d. Keeping employees happy CSR initiatives can often make staff feel more positive about the company, and can increase motivation and efficiency.

2.4 Description of Corporate Social Responsibility (CSR) in banking industry

In the 19th and 20th centuries, the turmoil of the financial system caused countries to assume a role in the regulation of financial institutions. During the history of the financial institutional system, ethical, market and bureaucratic coordination was present to a changing degree in the relations of financial operators. The image of financial markets has been redesigned by new instruments, solutions, and transactions and institutional forms. The number of people affected by the activities of financial organizations tends to be very large, since not only owners (shareholders) and employees, but also those using their services are linked to a given institution for years or decades. The services of financial institution are not a one-off act or a system of relations that can be easily called off, but it involves long-term commitment. External stakeholders "co-exist" with financial institutions for longer periods, such as a decade, through their long-term investments or loans (Csaba, Krisztina, & Tatay, 2015).

Csaba et al. (2015) has indicated that in the 1990s the global economy of saw a significant increase in the importance of financial organization's activities. The crises in Latin America highlighted the phenomenon of financial markets acting as channels that convey these crises. The crisis in East Asia has shown how a region's economic problems can be deepened or caused by financial institutions. The collapse of Barings Bank and the crash of LTCM (Long Term Capital Management) in 1994 and 1998 respectively drew attention to the risks of services of financial institutions; innovative products and transactions.

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The crisis in 2008 that erupted in the financial markets of the USA deeply affected most of the developed world. The crisis was not limited to the confines of the financial markets, but it caused a recession in real economy and created social problems as well. Csaba et al. (2015) records numerous avenues have been explored to deal the crisis and prevent similar events happening in the future. Among the key areas of these analyses included reviews on the financial literacy of households, the assessment of financial sector regulations and the implementation of self-regulation (involving ethical coordination) in the financial sector. Ethical aspects remain to be present in particular areas, with the attention towards them increasing as a result of the crisis. Financial institutions in developed market economies, in searching for a way out, started to focus more on corporate social responsibility by pay attention to the social, economic and environmental impacts of their operations in their financial statements.

According to (Marian, Simona, Anca, Larisa, & Attila, 2015), the concept of CSR is not a new concept in the banking industry, but with the current economic situation it has become the best solution for integrating moral principles in banking activity. The assertion is in line with observation made that the banking sector responded relatively late to the challenges of CSR by first considering environmental concept of CSR before social issues. The financial crisis drew attention to the necessity of CSR in this sector also, increasing the need for trust, as well as accountability and transparency that lead to it. It is also affirmed by Marian et al. (2015) that the implications of banks in CSR activities are important because the financial crisis has highlighted the need to integrate these concepts into the banking industry. Again, (Burianova & Paulik, 2014) noted that according to authors, to reduce skepticism it is necessary for banks to incorporate social responsibility into organization's image and into a long-term strategy since the banking sector has suffered large scratches on its image and credibility because of its integral participation in economic crisis. CSR concept is therefore perceived as the most effective tool to improve reputation.

The concept of CSR is increasingly used in the banking industry. It is perceived as a tool to improve a positive image and attract new customers. Attracting new customers certainly involves a number of factors. Marian et al. (2015) suggested that the experience of implementing CSR and ethical principles in the banking industry leads to the idea that social responsibility and ethics in banking sector are seen as marketing tools for communicating with stakeholders and not an integrated part of them. Csaba et al. (2015) argued that since the banking sector differs from other economic sectors, its CSR practices are also different. Here there is more emphasis on responsibility in the areas of bank lending, investment and asset management operations, where combating bribery and money laundering are particularly important issues, being the key elements of anti-corruption efforts, which is a crucial part of the banks' CSR activities.

Marian et al. (2015) observed that CSR practices in banks in Romania are divided into four categories: environment, education, social, art and culture. After applying this CSR practice, "the banking industry says that the activities in Romania have registered following progress:

i. Improved products related to the needs of society,
ii. Attracting new candidates and maintaining the existing ones,
iii. Increase the motivation of employees, which leads to greater creativity and innovation,
iv. Better promoting of the bank in competitions conducted under different campaigns,
v. A good relationship with the stakeholders (the public),
vi. Increased customer loyalty by developing balanced banks as involvement in society practices,
vii. Social integration and banking reputation."

In Ghana, ARB Apex Bank (2018) posits that Rural and Community Banks (RCBs) makes contributions to socio-economic development, especially in the rural areas. RCBs invest part of their earnings in Corporate Social Responsibility (CSR) programmes and activities in their catchment areas, which are predominantly rural. These contributions, which mostly come in the form of scholarships, infrastructural development, cash donations, supply and replacement of medical equipment, among others, in many ways help to enhance the livelihoods of rural dwellers and these come from the profit they make.

2.4 Rural and Community Banking in Ghana

According to Baah-Mintah (2012) the first work on rural banking in Ghana was conducted by the Bank of Ghana (BoG) in 1970. This was after the Bank of Ghana had recognized the need for the mobilization of surplus savings in the rural communities for effective utilization by farmers and local industrialists. The study conducted revealed a noticeable gap in the existing banking and credit systems which included the insufficient flow of funds through banks to the large number of small borrowers who mostly needed credit. The findings led the Bank of Ghana, in 1973, to commission a detailed study into how to resolve the situation. The outcome of the study was the establishment of rural banks in Ghana.

Baah-Mintah (2012) noted that the rural banking system was based on the Philippines' model on the premise that BoG team spent several months in the Philippines, studying in depth the operations of the rural banks in the Philippines since the Philippines were one of the few countries which had successfully operated such banks on a fairly large scale. Afful, Hejkrlik & Doucha (2015) indicated that the aim of establishing rural banks was to channel credit to productive rural ventures and to promote rural development; a strategy to bring the economic and social life of the rural poor to an acceptable standard.

According to Kodom (2015), the premier rural bank was established in 1976 in a farming town called Nyakrom in the Central region of Ghana. The capital for the establishment of this premier rural bank was contributed by agriculturalists in the town. The next rural bank was established in the ensuing year at Biriwa, in the Central region which is also a fishing community. The number of rural banks reached 20 by the year 1980 and moved to 122 by the year 1999. According to Bank of Ghana (2018), the total number of RCBs in Ghana as at August 2018 is 144. Appendix I provides list of RCBs in Ghana as at August 2018. The managers and directors of the rural banks in the country then formed the Association of Rural Banks (ARB). According to Afful et al. (2015), the aims of Rural and Community Banks (RCBs) are:

i. To stimulate banking habits among rural dwellers;
ii. To mobilize resources locked up in the rural areas into the banking systems to facilitate development; and
iii. To identify viable industries in their respective catchments [areas] for investment and development."

Again, (Kodom, 2015) noted that Rural banks are under the Companies Code of 1963 (Act 179) of Ghana incorporated as limited companies and are required to be owned by shareholders from the local community in which they exist and operate. At first, the Bank of Ghana held up to 43 percent of shares in rural banks as preference shares until the practice stopped in the 1990s. In the early years of Rural and Community Banking, shareholding for an individual and corporate body was capped at 10 percent and 30 percent, respectively. These levels were reviewed by the regulatory body of RCBs to 30 percent for an individual and 50 percent for a corporate body and an identifiable group could also own 40 percent shares in a particular bank.

RCB governing structure consists of a board of directors, which represents shareholders, with a role of supervising the management of the bank. The Board of directors are nominated and elected by the shareholders during annual general meetings (AGMs). The Bank of Ghana validates the individuals nominated by the shareholders as board members. The board of directors elects a chairperson and a vice chairperson from among themselves. The chief executive or general manager of the bank, in many cases, acts as the secretary to the board. A board member serves a three-year term but can be re-elected for an unlimited number of terms by the shareholders. At each AGM, one-third of the board members need to retire but are eligible for re-election, in accordance with the Companies Code of Ghana. According to Kodom (2015), a sample analysis of Board of Directors of RCBs shows that the number of years spent as a board member averagely is 11; the maximum is 32 and the minimum is 1 year.

The board of RCBs has three to five supervisory subcommittees covering the main aspects of managing and operating the bank. The supervisory subcommittee members are elected from the board base on specialization and interest. The main subcommittees and their respective responsibilities are following:

i. Finance and audit subcommittee: monitors the financial performance of the bank; assesses the liquidity position of the bank and makes decisions on advances; monitors the bank's investments; reviews the operational budget; ensures that accounts are prepared for audit; ensures that prudential returns are prepared and submitted; ensures provision for bad and doubtful loans; and ensures that policies and manuals are updated and implemented.

ii. Loans subcommittee: ensures that loan approvals are in accordance with the operating policy of the bank and that loans disbursed are recovered; reviews and approves loan applications; and follows up with delinquent clients and legal cases.

iii. Disciplinary subcommittee: manages conflict among the staff and takes disciplinary action in case of misconduct.

The monitoring and the supervision of rural banks in Ghana and their activities are the sole prerogative of the Bank of Ghana through the Banking Supervision Department (BSD). Under their supervision, the BSD oversees operations of rural banks through on-site and off-site inspection, issuance of administrative directives, and attendance of rural bank annual general meetings. It is obligatory for rural banks to submit monthly, quarterly, and annual returns on a variety of financial and non-financial indicators. Rural and Community banks could be penalized by the Bank of Ghana non-submission, incomplete submission, delayed submission, or incorrect submission of any of these returns as indicated above. The Bank of Ghana is expected to conduct an on-site examination of rural banks at least once a year. Annual on-site supervision takes about five days in each rural bank. The on-site supervision reviews various aspects of a bank's operations, including books, records, and use of fixed assets. During these visits, the Bank of Ghana overseers also check physical cash, verify compliance with the liquidity reserve ratio, inspect the cash storage security system, examine customer turnaround time and check insurance policies. The rural banks are not given prior notice to before the examination is carried out.

Inspectors may also interview staff, clients, and directors as necessary in the course of the examination. The outcome of the examination is a report follow by a directive outlining actions that the bank must implement. Base on the annual returns filed by rural banks and on-site inspections, Bank of Ghana categorizes rural banks as satisfactory or mediocre. The key performance indicators used to arrive at this classification are paid-up capital, net worth, the capital adequacy ratio, loans and advances, investments, liquidity, deposits, and total assets. The Bank of Ghana can revoke the license given to a rural bank if the capital base of the bank is significantly eroded and liabilities exceed assets—unless the shareholders are able to inject additional capital to restore the bank to normal operation within six months of the capital erosion. Though the ARB Apex Bank presently performs all the supervisory functions envisaged for it under the 2006 regulations, the Bank of Ghana continues to carry out both on-site and offsite supervision. The full delegation of powers is being constrained by capacity, structural, and resource constraints.

2.5 Importance of Rural and Community Banks (RCBs)

RCBs were basically founded by the BoG to cater for the banking needs of rural people who were marginalized from banking services. They offer both formal and non-formal services to the communities they serve. Being rural banks, they serve rural people who are farmers and fishermen. Since most of the customers engage in agriculture, they tend to want to borrow at the same time (pre-harvest season) and save immediately after the harvest. The Bank of Ghana mandates the rural banks to operate all the services being provided by the commercial banks with the exception of operating foreign exchange operations (Kodom 2015). Thus, rural banks stimulate savings among the rural dwellers, they mobilise resources locked up in the rural areas into the banking system to facilitate development and also identify viable industries in their respective catchment areas for investment and development. In recent times, the government and private sector use rural banks for the payment of the salaries and pensions of workers both in the public and private sectors. The main roles of RCBs are:

i. To mobilize savings in the rural communities and channel them into the provision of credit to rural microenterprises, agro-based firms and cottage industries.

ii. Monetize the rural communities by way of inculcating in rural folks the culture of formal banking.
iii. Serve as tools for the growth and development of microenterprises in the rural communities to facilitate rapid rural industrialization for the overall enhancement of the national economy.

2.6 Challenges Confronting RCBs in Ghana

According to (Baah-Mintah, 2012) RCBs face several challenges which tend to affect their smooth operation. These challenges impede their development and their efforts at reducing poverty and ensuring the development of their areas of operation. Studies conducted have identified the following challenges face by RCBs;

i. inability to diversify portfolio;
ii. high loan default rate;
iii. mismanagement and corrupt practices;
iv. lack of human resource capacity;
v. insufficient infrastructure in rural areas;
vi. inadequate information about customers; and
vii. poor public image.

These challenges make it extremely difficult for the RCBs to diversify their investment portfolio to engage in other sensitive areas of investment to enhance the welfare of their communities in which they operate (Baah-Mintah, 2012).

According to ARB Apex Bank (2018), the managing director of ARB Apex Bank Ltd. appealed the announcement by Commission General of Ghana Revenue Authority (GRA) on the colossal increase of new Income Tax for RCBs from 8 percent to 25 percent. The increase is a challenge which could "suffocate' most of the rural and community banks and affect their core financial responsibilities as well as the very purpose for which they were established. This could subsequently weaken their contributions to socio-economic development, especially in the rural areas." (ARB Apex Bank, 2018, p.10). It could be deduced that the current increase in corporate tax is challenge to RCBs.

Again, rural banks are faced with the challenge of loan default. In this connection, three reasons have been identified as the cause of loan delinquencies. The first stems from the borrower's failure to use borrowed funds for productive purposes. Second, as has already been noted, majority of the clients of rural banks are farmers, fishermen and small-scale industry operators. Consequently, defaulting in loans may result from their investment having gone bad rather than from failure to apply the loan proceeds as expected. Causes of such situations may include bad harvests, natural disasters of various kinds, and change in economic conditions followed by a drop in farm prices.

The third reason for delinquency or default is related not to inability, but to a refusal, to repay. In some cases, borrowers have the impression that credit is a gift made to them due to the orientation that they might have that the bank is for the community. They therefore, see nothing wrong with owing their community bank (Baah-Mintah, 2012). However, according to Baah-Mintah (2012), the causes of poor loan recovery are high interest rates, poor appraisal and weak monitoring, late disbursement of loans and negative attitude towards loans.

Also, mismanagement and corrupt practices have been identified as a challenge confronting rural banks in their operations. Management of most rural banks operate at marginal profits or losses due to high cost/income ratio as a result of high operational cost, low income-generating activities, huge provisions for 'bad and doubtful debts', huge overdue loans written off and huge board meeting expenses which retard the performance of the banks. Again, most officials of rural banks misapply and misappropriate funds which otherwise would have been used for poverty related activities.

Lack of capacity to fulfill the roles crucial for achieving poverty reduction is also a problem that rural banks face. Because rural banks are located in rural areas and had limited resources, rural banks are not able to attract well-qualified experiences personnel. Employees of the banks were selected from their own communities, regardless of qualification and experience. A training need assessment undertaken in 1999 from a sample of 42 rural banks showed that 60 percent of managers had only a diploma or certificate; 12 percent had General Certificate of Education (GCE) or equivalent; and only 28 percent of the rural bank managers had degrees.

Also, 50 percent of all accountants had diplomas; 50 percent had GCE level; and none had degrees in accountancy. All project officers had only diploma or certificate, with many having very little practical knowledge of rural investment appraisal (World Bank, 2009). In most cases staffs hold degrees in other fields not related to banking. Another dimension of this problem is the ratio of staff to customers. Rural banks are faced with the problem of poor staff-customer ratio. This means that most staff over work in order to meet up with the demands of the profession.

Also, the name 'rural bank' suggests that rural and community banks operate in rural areas where generally commercial banks would not want to operate or do business. Some areas are difficult to travel to, unfriendly and neglected and, as a result, fund mobilization is very difficult. This consequently weakens the rural and community banks' capitalization effort and their ability to provide basic financial services like giving out of credit to people. Also, owing to the deprived nature of rural areas, universal banks are not prepared to open branches and agencies in these areas. Even if they did, personnel do not want to work in such areas and as a result affects management.

Inadequate information on potential borrowers has been identified as one of the challenges that are confronting rural banks in their operations. Nikoi (1993) acknowledges that information about potential borrowers is difficult to obtain, especially when they are scattered, making loan application costly to evaluate. That imperfect information leads to high transaction costs in the lending process. As a result of the scattered nature and inadequate information of their customers, rural banks find it difficult to monitor the activities and businesses of their customers. In an instance where there is information on their customers, the scattered nature of them increases the cost of supervision. To help address the challenges of supervising RCBs, an enacted law in 2006 allows the Bank of Ghana to delegate some of its supervisory role to the Apex Bank, as follows:

i. Monitor, inspect, examine, and supervise rural and community banks in accordance with relevant rules, regulations, and policies;
ii. Maintain primary cash reserves of the rural and community banks in accordance with relevant rules, regulations, and policies;
iii. Provide species management and species movement services.
iv. Lend to rural and community banks facing temporary liquidity problems.

2.7 Performance measurement for Rural and Community Banks

Performance measurement is key element for effective management of any firm. Organizational performance improvement requires measurements to identify the level to which the use of organizational resources impact business performance. A firm's success is basically explained by its performance over a certain period of time. Determining a measurement for the performance of the firm enables the comparison of performances over different time periods. No specific measurement with the ability to measure every performance aspect has been proposed to date. A number of ways has been presented to measure financial performance and among them are Return on Assets (ROA), Return on Equity (ROE), Tobin-Q, Profit Margin (PM), Earnings per Share (EPS), Divided Yield (DY) and etc. For the purpose of the study, return on assets (ROA) and return on equity (ROA) which are accounting based will be elaborated.

Return on Equity (ROE)

Return on Equity (ROE) effectively measures how much profit a company can generate on the equity capital investors have deployed in the business, and can be used over time to evaluate changes in a company's financial situation. Shareholder equity is the value that the owners of the company have invested that has not been paid out in dividends (Adam C., 2016).

Return on Asset (ROA)

Return on Asset (ROA) is described by Owusu-Antwi, Antwi& Crabbe (2014) as a financial ratio used to measure the relationship of profits or earnings and total assets. ROA measures and assesses the profitability performance of total assets and could be treated as a measure of financial performance in this study. The ROA measure contains two elements, efficiency (total asset turnover), and effectiveness (profit margin).

2.8 Empirical Literature

Arshad, Anees & Ullah (2015) conducted a study to examine the impact of corporate social responsibility on firm's financial performance. Unlike this study which focuses on one sector, rural and community banks, Arshad et al (2015) study covered 25 sectors and consisted of 125 companies in Pakistan. Corporate social responsibility (CSR) was measured as the summation of the donation and the environmental cost which is taken from annual reports of the companies and the financial performance of the firms were also measured as return on assets (ROA) and Tobin's Q. The results of the study conducted by Arshard et al revealed that there was no significant impact of CSR on firm's financial performance in short-term scenario at 5 percent confidence level. However, there was a positive impact at 10 per cent confidence value. In the long-term scenario, the independent variable CSR had no impact on Tobin's Q for the selected companies.

Another study conducted by Mensah, Agyapong, & Oteng-Abayie (2017) study examined the CSR practices among RCBs in Ghana by adopting a mixed method approach. The study employed a combination of Focus Group Discussions (FGDs) and cross-sectional survey to gather detailed information from 86 respondents who are associated with the selected RCBs. Using the binomial test and descriptive statistics, questionnaire responses were analyzed and presented. The results from the study found that among RCBs, CSR has become synonymous to community and social development as managers accept the value that CSR can create in business. Mensah et al (2017) found that three major stages are involved in the planning and implementation of CSR by RCBs. The researchers recommended that RCBs put together CSR policy guidelines, which will form the basis for CSR engagements in their respective banks.

3.0 RESEARCH METHODOLOGY

This chapter dealt with the research methodology that would be used in the collection and analysis of data for the study. It covered the research design, the study area, the study population and sample size, sampling procedures, data collection instrument and procedures, and data processing and analysis.

3.1 Research Design

The researcher used survey as the research design for the study. The use of survey helped the researcher to collect data from a pre-defined group of respondents. This enabled the researcher to use questionnaires. Data were obtained through a standardized procedure. It enabled respondents to answer the questions at a level playing field. The research also adopted a descriptive research approach. Descriptive research provided summaries about the sample. It also helped to simplify large amounts of data in a sensible way. The tools for descriptive research reduced lots of data into a simple summary. It involves the construction of graphs, charts and tables, and the calculation of various descriptive measures such as averages (mode, median, and means) and measures of variation (standard deviations). The use of descriptive research has the purpose of summarizing, arranging and presenting the set of data collected in such a way that facilitates interpretation.

3.2 Study Area

According to Bank of Ghana (2018), there are one hundred and forty-four (144) RCBs in Ghana as at August 2018 with thirteen (13) located in Western Region. Due to the limitations of the research study, the researcher shall focus on Western Region. The Western Region covers an area of 23,921km^2 with Sekondi-Takoradi as its capital. The region has twenty-two (22) districts made up of one (1) metropolitan, two (2) municipal and nineteen (19) ordinary districts and the region has a total population of 2,376,021 as per the 2010 Ghana Population Census. The Western Region enjoys a long coastline that stretches from South Ghana's border with Ivory Coast to the Western region's boundary with the Central Region on the east. There are numerous small and large-scale gold mines along with offshore oil platforms, as well as cocoa farmers and traders which dominate the Region's economy.

3.3 Population and Sample Size

The target population for the study is all Rural and Community Banks (RCBs) in Western Region. The number of RCBs in the western region is thirteen (13) and their Head Office locations are spread across twelve (12) districts in the region. The sample frame for the study is indicated in Table 1.

Table 1: RCBs in Western Region

SN	Name of RCB	Head Office Location
1	Ahantaman Rural Bank Limited	AgonaNkwanta
2	Amenfiman Rural Bank Limited	WasaAkropong -
3	Ankobra West Rural Bank Limited	Esiama – Ellembele
4	Asawinso Rural Bank Limited.	SefwiAsawinso
5	Bia-Torya Community Bank Limited	BonsuNkwanta -Sefwi- Wiawso
6	Fiaseman Rural Bank Limited	Bogoso
7	Jomoro Rural Bank Limited	Tikobo No. 1 – Jomoro District
8	Kaaseman Rural Bank Limited	KaaseBerekum
9	Lower Pra Rural Bank Limited	Shama Western
10	Mansoman (Lower Amenfi) Rural Bank Limited	MansoAmenfi – Tarkwa
11	Nzema Manle Rural Bank Limited	Elembele –Aiyinasi
12	Sefwiman Rural Bank Limited	Bibiani
13	Western Rural Bank Limited	Sekondi Western

Source: Extract from (Bank of Ghana, 2018)

Out of the total target population, a sample shall be taken for the study. A sample of five (5) rural banks from the population shall be selected for the study. The respondents of the study comprise of key stakeholders (staffs, shareholders, customers and community members) of the sampled RCBs whose work and activities are close to the head office of the bank. Total number of respondents from each rural and community bank was eleven (11). Table 2 describes the composition of respondents chosen for the study.

Table 2: Composition of respondents

Unit	Number of Respondent
Senior Staff	3
Junior Staff	2
Customers	1

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Shareholders	1
Community Members/Leaders	3
Others	1
Total	11

3.4 Sampling Procedure

The study employed non-probability sampling methods in the selection of sample of five rural and community banks for the research work. Non-probability sampling strategy would be used due to cost and time factors. First, five (5) rural and community banks were selected as the sample for the research since the population is relatively homogeneous. The sampling method used in selecting five (5) rural and community banks out of the sample frame is convenience sampling. Convenience sampling was chosen in order to reduce the cost of traveling to the various locations of rural and community banks which are dispersed across the region. Obtaining data from personnel from rural banks are wearisome due to rigid and bureaucratic structure put in place by management for fear of disclosure of vital information. With respect to such situation, the researcher chose rural banks which are conveniently available to provide data for the research work. Secondly, a number of respondents were also chosen from each of the sampled rural and community banks. The purpose is ensuring that all respondents have a certain characteristic which are prior knowledge on the subject of corporate social responsibility and information on corporate social responsibility activities and programs of their rural bank. In this respect, the questionnaires were administered at the Head office and main branch of the banks.

3.5 Data Collection Instruments

Data for the study were collected from secondary and primary sources. Secondary data were collected from the 2017 annual reports of the sampled rural and community banks. I focused on corporate social responsibility disclosure in the annual report and cost associated or the amount spent on CSR for the year. The data collection instrument that was used for collecting primary data for the study was Questionnaires. The use of the questionnaire was appropriate since the questionnaires offered a considered and objective view on the issue at stake. The questionnaires were distributed to respondents for more than a day which enabled them to have enough time to respond to the set of questions. The questionnaire contains series of closed-end questions with multiple choice answers. I visited the respondents (stakeholders) at their locations (banking premises) or workplaces to collect data. The questionnaires were administered at the head offices of the sampled rural and community banks.

3.6 Data Collection Procedures

The questionnaires were administered within the month of August 2019. I visited the head offices of the sampled rural and community banks during working hours. Permission was first sought from the General Managers of the selected banks. Approval was given after I have submitted an introductory letter from University of Cape Coast, College of Distance Education. I administered the questionnaires personally by guiding respondents. The problems encountered in the course of gathering data for the research was cost of transportation. Traveling to the head office location of the sampled rural and community banks for three consecutive times increased the cost incurred on transport. Another problem was the delay in granting approval to administer the questionnaires. Several calls and follow up were made to secure permission to enable staff and customers participate in the research.

3.7 Data Processing and Analysis

The data collected were first of all be edited, coded and organized in a form that would enable easy entry and analysis into the computer. The Statistical Product and Service Solutions (SPSS) and Microsoft Excel tools were used for data processing. The Pearson Correlation Coefficient, also known as the Pearson product-moment correlation coefficient, which is a measure of the linear correlation between two variables X and Y was used. In the case of this study, I used Descriptive statistics (mean and standard deviation) and Pearson Moment Correlation coefficient to analyze all the data on the research questions for the study. Frequencies and percentages were also used to analyze the bio-data collected in the study. The Pearson Moment Correlation Coefficient was used to measure the relation between CSR cost and RCBs' performance (Return on Asset and Return on Equity). Mean and standard deviation were also used to analyze the data collected.

4.0 DTA ANALYSIS AND DISCUSSION

This chapter presented the analysis of the data that were collected throughout the study and the discussions of the results supported with literature. The purpose of the study was to determine the effects of Corporate Social Responsibility on the performance of RCBs in western region. The study sought to find out the knowledge level of stakeholders of RCBs on the CSRs of RCBs, the CSR activities of the RCBs, the benefits, challenges and recommended CSR activities to maximize financial performance with questionnaire as the data collection instrument. The responses, positive statements were valued as follows: Strongly Agree = 4, Agree = 3, Disagree = 2 and Strongly Disagree = 1. The values of negative statements were revised.

4.1 Analysis of Bio-data

The study was carried out in 17 communities in the Western Region of Ghana, with a sample size of 55 stakeholders of five RCBs, participating in the study. The distribution of respondents by gender is presented in Table 3.

Table 3: Distribution of respondents by gender

Gender	Frequency	Percent (%)
Male	40	72.7
Female	15	27.3
Total	55	100.0

Source: Field study (2019)

Table 3 shows the distribution of the respondents for the study by gender. The Table shows 40 of the respondents representing 72.7% are male while 15 representing 27.3% are female. The study, therefore, revealed that majority of the respondents are males. The distribution of respondents by their affiliation to RCBs is presented in Table 4

Table 4: Distribution of respondents by their affiliation to RCBs

Rural Banks	Frequency	Percent (%)
Jomoro Rural	11	20.0
AnkobraWest	11	20.0
Fiaseman	11	20.0
Amenfiman	11	20.0
Nzema Manle	11	20.0
Total	55	100

Source: Field study (2019)

Table 4 shows the distribution of the respondents used for the study by the rural and community banks they are affiliated to. This shows that equal number of respondents, 11 (20%), were chosen from the sampled rural and community bank. This output in line with Table 2 Composition of Respondents. The distribution of respondent by their status in relations to the RCBs is presented in Table 5.

Table 5: Distribution of respondent by their status in relations to the RCBs

Stakeholder	Frequency	Percent (%)
Customer	15	9.1
Community member	15	27.3
Senior staff	5	27.3
Junior staff	10	18.1
Shareholder	5	9.1
Others	5	9.1
Total	55	100

Source: Field study (2019)

Table 5 shows the distribution of respondent by their status as stakeholders of the RCBs. The table shows that 15 of the respondents representing 27.3% are senior management staff and community members of the RCBs, 10 of the respondents representing 18.1 % are community members of the towns in which the RCBs are located, and 5 of the respondents are senior management staffs, shareholders and other stakeholders of the RCBs. The results showed that majority of the respondents are senior management staff and community members of the RCBs.

4.2 Analysis and discussions of research questions

Research Question 1 – Corporate Social Responsibility activities undertaken by Rural and Community Banks

The first research sought to find out on the corporate social responsibility activities and programmes undertaken by rural and community banks. In order to the activities, the research first sought to identify the knowledge of stakeholders on the subject of corporate social responsibilities.

Knowledge level of stakeholders on CSR of RCBs

Section B of the questionnaire sought to find out the knowledge level of the stakeholders on CSR of RCBs. That is, to find out the understanding of stakeholders on the CSR expectation of RCBs. The data was analyzed with means and standard deviations. The total value is 10 (4 + 3 + 2 + 1). This gives a mean of 2.5 for each of the responses out of the total of 4. The 2.5 is also the middle point for the four –point scale. The difference of the minimum of 1 and 2.5 which gives 1.5 is divided into 2 making 0.75. The mean cut-off points for the questionnaire for the perception on work environment were: 3.25 – 4.00 = Strongly Agree, 3.24 – 2.50 = Agree, 2.49 – 1.75 = Disagree and 1.74 – 1 = Strongly Disagreed. The result of the descriptive statistics on the knowledge level of stakeholders on CSR of RCBs is presented in Table 6.

Table 6: Descriptive statistics on the knowledge level of stakeholders on CSR of RCBs

Items	N	Mean	Std. Deviation
I have knowledge on Corporate Social Responsibility (CSR)	55	3.51	.605
My Rural and Community Bank (RCB) annually embarks on Corporate Social Responsibility	55	2.82	.841
My Rural and Community Bank (RCB) has a CSR policy	55	2.84	.788
The CSR activities of my Rural and Community Bank (RCB) in the previous years have had many effects on the bank's performance	55	2.89	.685
CSR activities can improve my commitment to the Bank.	55	3.38	.561

Mean of Means	55	3.088	0.696

Source: Field study (2019)

Table 6 shows that the descriptive statistics on the knowledge level of respondents who are stakeholders of RCBs on CSR of RCBs. The results showed that the respondents agree (M = 3.088; SD = 0.696) to the statements on their knowledge on CSR of RCBS. The results indicated that the respondents have adequate knowledge on CSR of RCBs. Specifically, the respondents expressed that CRS activities can improve their commitments to the bank (M = 3.38; SD = 0.561) and that they have knowledge on CSR (M = 3.51; SD = 0.605). These were the most popular evidence of their knowledge on CSR of RCBs because the means are greater than the mean of means.

According to Marian et al (2015), the concept of CSR is not new in the banking industry but it has been the solution to the current financial and economic crisis or situation. There is crisis in the banking industry in Ghana, according to the Ministry of Finance (2019). The assertion by Marian et al (2015) and the current situation in Ghana could have caused stakeholders to acquire adequate knowledge on the subject of CSR as confirmed by the study. The results which show that CSR can improve stakeholders' commitment also confirm that CSR is necessary to handle the need for trust in the banking sector due to the financial crisis (Csaba, Krisztina, & Tatay, 2015). Also, (Burianova & Paulik, 2014) indicated that to reduce skepticism, it is necessary for banks to incorporate CSR into the organization's image.

Corporate Social Responsibility activities undertaken by Rural and Community Banks

Section C of the questionnaire sought to find out the CSR activities undertaken by the RCBs as expressed by the stakeholders of RCBs. That is, to find out from the stakeholders the RCBs of the activities that the RCBs undertake as part of their CSR. The data was analyzed with means and standard deviations. The result of the descriptive statistics on the CSR activities undertaken by the RCBs as expressed by the stakeholders of RCBs is presented in Table 7.

Table 7: Descriptive statistics on the CSR activities undertaken by the RCBs

Item	N	Mean	Std. Deviation
Philanthropic activities, Scholarship scheme and Donations to orphanages, government institutions and etc.	55	3.09	.674
Products and services focused on serving the poor or lower class (bottom of the economic pyramid)	55	3.05	.731
Cause-related marketing such as supporting social events, programs and campaigns (peace campaign, health education and screening, etc.), entertainment and culture promotions	55	2.89	.875
Corporate participation in community and social activities such as Communal labour, community gathering, community games and etc	55	2.84	.660
Stakeholders engagement programs to address issues of concern	55	3.00	.638
Mean of Means	55	2.97	0.716

Source: Field study (2019)

Table 7 shows the descriptive statistics on the CSR activities undertaken by the RCBs as expressed by the stakeholders of RCBs. The results showed that the predominant CSR activities undertaken by the selected RCBs (means greater than the mean of means of 2.97 for the study) are Philanthropic activities, Scholarship scheme and Donations to orphanages, government institutions and etc. (M = 3.09; SD = 0.674), products and services focused on serving the poor or lower class (bottom of the economic pyramid) (M = 3.05; SD = 0.731) and stakeholders engagement programs to address issues of concern (M = 3.00; SD = 0.638).

A study of the 2017 annual reports of the five selected RCBs confirms that an amount was spent on CSR during the year in review by each of the RCBs. It also affirms that most of the RCBs focused on scholarship schemes, donations and other philanthropic activities. An extract from the annual reports is stated below:

Fiaseman Rural Bank Ltd

"*Distinguished Shareholders, your bank continues to support communities within which it operates. A total amount of GHS248,571.00 was spent as part of the bank's Corporate Social Responsibility on projects in area such as farming programmes, education, health and sanitation."*

Jomoro Rural Bank Ltd

"Apart from affording over 30 students from various institutions in the country the opportunity to undertake their internships, your bank also spent a total of GHS10,105.00 in the areas of education, health, sports and culture in the year under consideration."

Amenfiman Rural Bank Ltd

"…scholarships were awarded to continuing students who were already on the scholarship scheme. In addition to the above, the Board provided financial support for various community projects in the areas of health, education, sports and security. A total of GHc159,000.00 was spent on various CSR project during the year under review."

Research Question 2 - Benefits of Corporate Social Responsibility to Rural and Community Bank

Section D of the questionnaire sought to find out the benefits of CSR as expressed by the stakeholders of the RCBs selected for the study. The data was analyzed with means and standard deviations. The total value is 10 (4 + 3 + 2 + 1). This gives a mean of 2.5 for each of the responses out of the total of 4. The 2.5 is also the middle point for the four –point scale. The difference of the minimum of 1 and 2.5 which gives 1.5 is divided into 2 making 0.75. The mean cut-off points for the questionnaire for the perception on work environment were: 3.25 – 4.00 = Strongly Agree, 3.24 – 2.50 = Agree, 2.49 – 1.75 = Disagree and 1.74 – 1 = Strongly Disagreed. The result of the descriptive statistics on the benefits of CSR to RCBs as expressed by the respondents is presented in Table 8.

Table 8: Descriptive statistics on the benefits of CSR to RCBs

Item	N	Mean	Std. Deviation
Improve corporate image	55	3.85	.405
Increase deposit	55	2.96	.816
Improve profit	55	3.16	.688
Enhance loan repayment and reduce default (NPL)	55	3.11	.685
Promote share purchase	55	2.85	.650
Improved staff efficiency and productivity	55	3.05	.650
Mean of Means	55	3.16	0.649

Source: Field study (2019)

Table 8 shows the descriptive statistics on the benefits of CSR to RCBs as expressed by the respondents. The result showed that generally the respondents agree to the statement on the benefit of CSR (M = 3.16; SD = 0.649) indicating that the respondents perceive CSR as beneficial to the RCBs. The respondents express the most popular benefits of CSR as improve cooperate image (M = 3.85; SD = 0.405) and improve profit (M = 3.16; SD = 0.688). This is because the means are greater than or equal to the mean of means.

The outcome supports the list of benefits that accrues to good corporate citizenship as identified by Hopkins (2004). The first benefit listed was reputation management. It was summarized that good corporate citizenship improves business performance. Dadzie (2008) also summarized the argument that justifies CSR activities and indicates that firms obtain a competitive advantage since companies that appear to be socially responsible are often favoured. In this sense, it can be said that competitive advantage increases market share which in turn improve profit as confirmed by the study.

Research Question 3 - Challenges that prevents Rural and Community Banks from implementing Corporate Social Responsibility

Section E of the questionnaire sought to find out the challenges that affect Rural and Community Banks in implementing Corporate Social Responsibility policy. The data was analyzed with means and standard deviations. The result of the descriptive statistics on challenges that affect RCBs in implementing CSR policy is presented in Table 9.

Table 9: Descriptive statistics on challenges that affect RCBs in implementing CSR policy

Items	N	Mean	Std Deviation
Absence of a clear CRS Policy	55	2.87	.840
Difficulty in implementing CSR projects and programs	55	2.87	.695
High cost involved in conducting CSR activities	55	2.87	.795
Lack of understanding of the concept of CSR by some Top executives and management and unwillingness of management and board	55	2.85	.780
A means to misappropriate funds through nepotism, tribalism and favoritism	55	2.56	.938
Inability to measure the exact effect on firm's performance	55	2.69	.879
Mean of Means	55	2.79	0.821

Source: Field study (2019)

Table 9 shows the challenges that affect RCBs in implementing CSR policy. The results showed that the predominant challenges affecting RCBs in undertaking CSR include absence of a clear CRS policy (M = 2.87; SD = 0.840), difficulty in implementing CSR projects and programs (M = 2.87; SD = 0.695), high cost involved in conducting CSR activities (M = 2.87; SD = 0.795) and lack of understanding of the concept of CSR by some top executives and management and unwillingness of management and board (M = 2.85; SD = 0.780). This is shown by the means of the items being greater than or equals to the mean of means. The absence of CSR policy, unwillingness of management and board, and difficulty in implementing CSR projects and programs can be associated with the lack of understanding of the concept of CSR by some top executives and management. These challenges together make CSR project difficult to be implemented by RCBs.

The above assertion hammers some of the major challenges of RCBs which are lack of human resource capacity, and management and corrupt practices as postulated by Baah-Mintah (2012). Since the subject of CSR is not quite simply comprehended, though it's commonly used, it takes good quality management personnel to understand and appreciate its essence to the firm and consequently develop policy to achieve such benefits. In an attempt to implement CSR programs and projects, the above challenges of RCBs identified by Baah-Mintah (2012) affects cost of CSR. Aseidu-Mante (2001) claimed that lack of capacity to fulfill crucial roles is a problem of rural banks. Ajai & Azeb (2010) also observed that rural banks are unable to attract well qualified experienced personnel because rural banks are located in rural areas with limited resources and also rural banks select employees from their own community regardless of the qualification and experience.

Type of CSR activity recommended to RCBs to derive maximum benefit

Section F of the questionnaire sought to find out the recommended corporate social responsibility activity perceived to maximize the performance of RCBs or derive the maximum benefit from CSR. The data was analyzed with means and standard deviations. The result of the descriptive statistics on the perceived CSR activity that can maximize the performance of RCBs performance is presented in Table 10.

Table 10: Descriptive statistics on the type of CSR activity recommended to RCBs to derive maximum benefit

Item	N	Mean	Std. Deviation
Philanthropic activities, Scholarship scheme and Donations to orphanages, government institutions and etc.	55	2.93	.836
Products and services focused on serving the poor or lower class (bottom of the economic pyramid)	55	3.09	.674
Cause-related marketing such as supporting social events, programs and campaigns (peace campaign, health education, etc.), entertainment and culture promotions	55	3.11	.685
Corporate participation in community and social activity such as Communal labour, community gathering, community games and etc	55	2.87	.668
Stakeholders engagement programs to address issues of concern	55	3.00	.609
Mean of Means	55	3.00	0.694

Source: Field study (2019)

Table 10 shows the perceived CSR activity that can maximize the performance of RCBs performance as expressed by respondents. The results showed that the most significant CSR activities or programs that can maximize RCBs performance as expressed by respondents include Products and services focused on serving the poor or lower class (bottom of the economic pyramid) (M = 3.09; SD = 0.674), a cause-related marketing such as supporting social events, programs and campaigns (peace campaign, health education, etc.), entertainment and culture promotions (M = 3.11; SD = 0.685) and stakeholders engagement programs to address issues of concern (M = 3.00; SD = 0.609). This is shown by the means of the items being greater than or equals to the mean of means. Though Philanthropic activities, Scholarship scheme and Donations to orphanages, government institutions and etc was indicated by respondents in the previous result as the most popular CSR activity undertaken by RCBs, it was not chosen as the CSR activity to derive maximum benefit.

McWilliams and Siegel (2001, p. 120) cited in Garriga and Mele (2004) stated that: "cause-related marketing creates a reputation that a firm is reliable and honest. Consumers typically assume that the products of a reliable and honest firm will be of high quality". Again, Smith and Higgins, (2000) cited in Garriga and Mele (2004) also confirms that activities which exploit cause-related marketing include classical music concerts, art exhibitions, golf tournaments or literacy campaigns, and they are in a form of a win-win situation as both the firm and the charitable cause receive benefits. The brand manager uses consumer concern for business responsibility as a means for securing competitive advantage.

These assertions confirm the outcome of study cause-related marketing can derive maximum benefit for RCBs. However, a blend of these activities would derive maximum benefit as McWilliams and Siegal (2001) also suggested that "an adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits.

5.0 CONCLUSIONS

The research study was focused on examining the effects of corporate social responsibility on firm performance, with selected rural and community banks as case study. The objective of the study was to determine the effect of corporate social responsibility on the performance of rural and community bank. It also sought to examine the corporate social responsibility activities undertaken by rural and community banks, the benefits of corporate social responsibility to rural and community banks and the challenges in implementing corporate social responsibility.

5.1 Summary

After a careful study of the data collected from the survey, the following findings have been obtained. From the results obtained, it is revealed that stakeholders have knowledge of corporate social responsibility. This is evident based on the results which showed that respondents agree (M = 3.088; SD = 0.696) to the statement on their knowledge on corporate social responsibility. It is noted that the stakeholder's adequate knowledge on the CSR (M = 3.51; SD = 0.605) led them to know the effect of CSR on their commitment to their RCBs as shown by the results (M = 3.38; SD = 0.561).

It is also known that the stakeholders are aware that their RCBs embark on CSR each year (M = 2.82; SD; 0.841), and also agree that CSR activities of RCBs in the past years had effect on the rural banks' performance (M = 2.89; SD = 0.685) but their response was not too popular since their means was below the mean of means. This response is in agreement to outcome from the study of the annual report of the selected RCBs where it was identified that each bank incurred a cost on CSR. The stakeholders agree that RCBs has a CSR policy but their response was not strongly affirmed (M = 2.89).

From the outcome, it means that proper communication on CSR policy and activities of RCBs are not made to stakeholders. With regards to the CSR activities that are undertaken by RCBs, the outcome indicated that RCBs predominantly embarks on philanthropic activities, scholarship schemes and donations to individuals and government institutions (M = 3.09; SD = .674), followed by Products and services focused on serving the poor or lower class (bottom of the economic pyramid). It is revealed that RCBs did not participate in community and social activities as a corporate organization.

The study revealed that CSR is generally beneficial to RCBs by improving their corporate image, profit, staff efficiency and productivity and reduce loan default. The key challenges that prevent RCBs from embarking on CSR activities include absence of a clear CRS Policy, difficulty such as time and technical hands need to implement CSR projects and programs and high cost involved in conducting CSR activities. Finally, the study revealed that Cause-related marketing such as supporting social events, programs and campaigns (peace campaign, health education, etc.), entertainment and culture promotions, Products and services focused on serving the poor or lower class (bottom of the economic pyramid) and Stakeholders engagement programs to address issues of concern are CSR activities that would enable RCBs derive maximum benefit.

5.2 Conclusion

The research dealt with the objectives of study and has provided evidence that stakeholders of RCBs are aware of the concept of CSR and would be committed to the RCBs. It is proper to conclude that the stakeholders' form of commitment would have an effect on the firm. The effect includes good corporate image, improve profit and enhance staff efficiency. The benefits could probably be translated into positive financial performance in the long term. The emphasis of CSR as practiced by most rural banks was based on donations and support to government institutions such as district assembly, schools and hospitals.

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It is was noted that products and services focused on serving the poor or lower class (bottom of the economic pyramid) is also recognized as a means to be community oriented. The outcome confirms that RCBs were basically founded by the BoG to cater for the banking needs of rural people who were marginalized from banking services as presented by Kodom (2015)

However, it will be beneficial if RCBs embarks on cause-related marketing such as supporting social events, programs and campaigns (peace campaign, health education, etc.), entertainment and culture promotions, and stakeholders' engagement programs to address issues. These CSR activities create opportunities for firms to interact with prospective customers and other stakeholders. Participating in campaign programs could serve as a promotion platform for the RCBs. Without a clearly documented policy on CSR, RCBs will spend on community related activities without realizing it benefits. Preston and Post, 1975 cited in Garriga and Mele, (2004) stated that an appropriate guideline for a legitimate managerial behavior is found within the framework of relevant public policy. High cost and difficulties encountered by RCBs in embarking on CSR is also a challenge to RCBs.

5.3 Recommendation

This section recommends measures to be considered by various stakeholders of rural and community banks and other players in the banking industry. The academia and other not-for-profit organizations and NGOs can consider the following recommendations. It is clear that CSR practice by RCBs can help improve the RCBs corporate image also as well enhance the commitment of stakeholders. Therefore, Rural and Community Banks need consistent and proper implementation of CSR activities. The services of financial institution are not a one-off act or a system of relations that can be easily called off, but it involves long-term commitment. External stakeholders "co-exist" with financial institutions for longer periods, such as a decade, through their long-term investments or loans (Csaba, Krisztina, &Tatay, 2015); hence, a continuous CSR programme for the long term will be beneficial.

Corporate social responsibility is described as the firm's relation to local society in which it operates or resides, hence, any activity embarked on as corporate social responsibility should be a backed by policy. It is recommended that management of RCBs should design a policy or include in the corporate policy a direction for CSR. This policy could be revised periodically to avoid spontaneous spending at only one type of CSR. A corporate social responsibility policy will provide directions on how CSR activities should be communicated to stakeholders.

Rural and Community Banks should ensure that donations and philanthropic activities are done in a manner that would represent the company and improve its image or goodwill. The practice, where some selected directors onboard are continually appointed to represent the banks during communal activities and philanthropic acts, should be minimized. To solve the challenge of implementing the difficulty NGOs and CBOs should be engaged on how to provide assistance to RCBs to tackle some petty issues in the community. A joint effort by such institutions would be recognized by the community folks. Training on Corporate Social Responsibility for RCBs would be very beneficial and also improve management knowledge on the subject. The training could be conducted NGOs, Civil Society Organization or ARB Apex Bank Ltd.

5.4 Suggestions for Further Research

This study sought to examine the effect of corporate social responsibility on firm performance using rural and community banks as a case study. Future research could be conduct to look at the effect of corporate social responsibilities on the performance of universal banks in Ghana

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