**CORPORATE SOCIAL RESPONSIBILITY AND FINANCIAL PERFORMANCE OF LISTED FINANCIAL SERVICES FIRM IN NIGERIA**

**BY**

**TARUH NATHAN**

**FUKU/HMSS/18/ACC/0012**

**BEING RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES, FEDERAL UNIVERSITY OF KASHERE GOMBE STATE, IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF BARCHELOR OF SCIENCE (B.sc) DEGREE IN ACCOUNTING**

**AUGUST, 2023**

**DECLARATION**

I hereby declare that this work is the product of my research effort to undertake under the supervision of Dr. Philip Jehu, and has not presented anywhere for the award of degree or certificate. All source have been duly acknowledge

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**TARUH NATHAN DATE**

**FUKU/HMSS/18/ACC/0012**

**CERTIFICATION**

This is to certify that the research work for this project was carried out (by TARUH NATHAN; FUKU/HMSS/18/ACC/0012) under my supervision.

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**DR. PHILIP JEHU DATE**

PROJECT SUPERVISOR

**APPROVAL**

This research work has been examined and approved for the award of a Bachelor of science (BSc) degree in the Department of Accounting, federal university kashere, Gombe state, Nigeria.

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**DR. SAIDU ADAMU DATE**

HEAD OF DEPARTMENT

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**EXTERNAL EXAMINER DATE**

**ACKNOWLEDGEMENT**

I would like to express my deep appreciation to God Almighty for his unconditional love, mercies guidance, provision, wisdom and understanding, above all ensuring this become a reality. I extend my unreserved gratitude to my supervisor Dr. Philip Jehu who despite in his busy schedules never hesitated to attend to me. Thank you for your wiliness to assist me to complete this work. Thank you for your advice which has helped me to acquire research skills and knowledge. May God add up your knowledge and give you more understanding … Amen.

My sincere gratitude goes to my able HOD. In person of Dr. Saidu Adamu, and all my lecturers for their advice throughout the duration of my studies. May God bless you, the fruit of your labour shall not be in vain.

Special thanks to my lovely parent mr and mrs Nathan Samari for their unending love, advice, prayers and there support throughout the duration of my studies. Special appreciation to my sibling, Magret Nathan, Christy Nathan, Habila Nathan. Karabi Nathan, Alpha Nathan, Handibe Nathan, for there encouragement and support.

My earnest gratitude goes to my mentors, Adamu GadimTukel, Baba Ali, uncle Bayo for their prayers, encourage and financial support.

Special thanks to my friends who made my stay on campus a worthwhile. Tamar Yohanna, Shedrack Kenneth, Silas Dansomoro, Edna Alexender, Chidinma Onyemeachi, Christiana Chindo, Rose Romarus, Joy Ocheni., Goodness Jana. Indeed the moment we spent together is priceless in bagging this degree cannot be forgotten.

**DEDICATION**

**I dedicate this work to God Almighty the author and the finisher of my faith.**

**ABSTRACT**

*This study investigated the impact of corporate social responsibilities and financial performance of listed industry firms in Nigeria. The study uses secondary data collected from the annual reports and accounts of 5 randomly selected banks for the period 2016 to 2020. The study analyzed the data using the multiple regression technique. The study finds that corporate attributes has no significantly impact on the financial performance of corporate banks in Nigeria. Based on the findings, the study concludes Board size has no significant impact on financial performance of corporate companies in Nigeria. Second, board composition has no significant positive impact on financial performance of corporate companies in Nigeria. The study recommends regulatory bodies should provide guidelines on minimum requirement for Board size, number and timing of meetings as well as empowering the shareholder Associations to be active and report compliance.*

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**CHAPTER ONE**

**INTRODUCTION**

* 1. **Background to the Study**

The economic success of an organization is not only dependent on efficiency, innovation and quality management but also on good corporate attributes. Implementation is that, it improves financial performance of the company as well as positively impacts internal efficiency of the firms (Tadesse, 2014) in developed economies. However, lack of transparency and poor disclosure practices reduce effectiveness of corporate attributes. Though, global financial crisis and major corporate scandals have reinforced the merit of good corporate attributes structures in enhancing firms’ performance and sustainability in the long run (Ehikioya, 2009).

Corporate attributes aims at facilitating effective monitoring and efficient control of business. Its essence lies in fairness and transparency in operations and enhanced disclosures for protecting interest of different stakeholders (Arora and Bodhanwala, 2018). Corporate governance structures are expected to help the firm perform better through quality decision making (Shivani, 2017). A wider definition given by Maier (2005) states that “Corporate attributes defines a set of relationships between a company’s management, its board, its shareholders and its stakeholders.” Good corporate attributes “ensures that corporations take into account the interests of a wide range of constituencies, as well as of the communities within which they operate, and that their boards are accountable to the company and the shareholders” (Organization for Economic Cooperation and Development, 1999). Corporate attributes was originally developed to protect shareholder’s interest but gradually it has gained importance for other stakeholders and society (Jizi, Salama, Dixon, Startling, 2014).

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues (Fama and Jensen, 2013). This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt.

Financial ratios are an important tool to help investors measure the financial performance of their investments. When calculated accurately and timely, financial ratios can provide critical information to management and investors and enable them make better decisions. Identifying the four to six key ratios for a business, in addition to any lender required financial ratios, is the first step in measuring financial performance (Alvarado, 2011). At a minimum, investors should calculate these key financial ratios monthly and track them over time in order to reveal trends or patterns. In addition to a historical analysis, current performance can be compared to budgeted performance to identify how and why operations differed from what was expected. Another way to measure financial performance is to compare a company’s current performance to the industry, to determine status in the market and potential areas for improvement. Financial ratios are grouped into five categories: Liquidity, solvency, profitability, repayment capacity, and financial efficiency (Bemhart 2010)

Liquidity measures a company’s ability to pay its bills as they come due, without disrupting operations. Businesses often run into problems with liquidity when they use current assets or liabilities, such as cash or operating lines of credit, to purchase long-term assets, such as land or equipment (Alvarado, 2011). Equity is the most basic measure of solvency as it measures the extent to which a company is leveraged (Anderson and Reeb, 2004).

Profitability ratios measure the relationships between revenues and expenses. Although the ability to generate a positive cash flow is critical for the short-term sustainability of a company, the long-term financial success of a business depends on its profitability. Some frequently used profitability ratios include the rate of return ratios based upon assets or equity, operating profit margin, and net income ratios (Porter, 2017).

The dividend yield or the dividend-price ratio on a company stock is the company's total annual dividend payments divided by its market capitalization, or the dividend per share, divided by the price per share (Cohen, 2012). Earnings yield is the quotient of earnings per share divided by the share price (Cohen, 2012).

**1.2 Statement of Problem**

Corporate attributes cannot be implemented without costs. To have large boards and more non-executive directors means increasing the remuneration expense. Therefore, the benefits of good corporate attributes should exceed the costs of implementation. The efficiency of the prevailing corporate attributes has been questioned in several studies (Porter, 2017).

From a shareholder’s perspective, success of an organization is seen in its financial performance. There have been agency problems arising because contracts are not costless written and enforced (Ngumi, 2008).

There are several Nigerian studies done on corporate attributes but they have not tackled all aspects of corporate attributes Fakile and Ezekiel (2019) carried out research to establish if corporate attributes were practiced in firms quoted at Nigerian Stock Exchange. He did not relate corporate attributes to any form of organizational performance. Echobu, Mailafia and Audi (2019) did a study on corporate attributes as a whole and did not study the role of any party of corporate attributes separately. None of the Nigerian studies reviewed looked into the relationship between corporate attributes solely from the perspective of the role and characteristics of the board of directors and performance. This study therefore examined how the board size and board composition influences financial performance of corporate companies in Nigeria.

The studies corporate characteristics, social responsibility reporting, and financial performance assessed by Suttipun (2014). The study is carried out in Thailand which poses geographical gap. This study however intends to bridge the gap by conducting research in Nigeria.

There are limited literatures on corporate attributes and gross profit margin, corporate attributes and gross profit margin. This study wishes to add to existing knowledge by providing adequate information on it.

There was the need to examine if by adhering to good corporate attributes and more so the role of the board of directors a company will be managed more efficiently and portray better financial performance than a company that is not adhering to a good corporate attributes.

This study examined the impact of corporate social responsibility and financial performance of listed financial services firms in Nigeria.

Other studies like Ibrahim and Salihu (2015), investigated corporate attribute of board size and market value of firms in Nigerian chemical and paints industry. Echobu, Mailafia and Audi (2019), examined the effect of corporate attribute on financial reporting quality, Dogarawa and Maude (n.d), assessed the firm attributes and bank financial performance Usman (2018), examined the impact of corporate board attributes and financial performance of listed building materials companies in Nigeria. They all carried out their researched on other sector of the economy rather than corporate companies. This study therefore examined how the board of directors in its role and characteristics influences financial performance, Fakile and Ezekiel (2019) did a study on corporate attributes as a whole and did not study the role of any party of corporate attributes separately. None of the Nigerian studies reviewed looked into the relationship between corporate governance solely from the perspective of the role and characteristics of the board of directors and performance. This study therefore examined how the board of directors in its role and characteristics influences financial performance.

**1.3 Research Problem**

The following questions guided this study:

1. What is the impact of board size on financial performance of Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria?

(ii) How does board composition affect financial performance of corporate companies in Nigeria?

**1.4 Research Objectives**

The main objective of this study is to determine the effect of firm characteristics on financial performance of corporate companies in Nigeria. The specific objectives are:

(i) To determine the impact of board size on financial performance of Corporate social responsibility and financial performance of listed financial services firms in Nigeria

(ii) To ascertain the impact of board composition on financial performance Corporate Social responsibility and financial performance of listed financial services firms in Nigeria

**1.5 Statement of Hypotheses**

H1o Board size has no significant positive effect on financial performance of Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria

H1oBoard composition has no significant positive effect on financial performance of Corporate Social responsibility and financial performance of listed financial services firms in Nigeria

**1.6 Significance of the study**

This study will be beneficial to the following:

Shareholders and other investors: Many investors and shareholders alike, lack the requisite knowledge and understanding on the investment activities in the capital market. The findings of this study will therefore aid the shareholders and other investors particularly in Nigeria, in making their investment decisions. In other words they will be better informed on where and how to invest, as well as the need to monitor the activities of the managers of their respective firms to ensure that right decisions were taken for the achievement of the desired objectives.

Managers and Captains of Industries: Corporate financial managers have several objectives, one of them is to boost up the wealth of shareholders and lower the cost of capital. If goals are going to be achieved, managers need to make sure the firm’s resources are utilized efficiently and effectively. This study will therefore be of great benefit to managers in deciding the right combination of equity and debt to finance their operations and to maximize firm value and at the same time improve their own welfare and contribute to the economic development of the nation. In other words, the findings of this study will assist managers of corporate organizations in making effective and efficient financing decisions in the management of their firm business outfits, for the benefit of the shareholders.

Consultants and Financial Analysts: The findings of this study will be useful to the Consultants and financial analysts in their work of giving financial advisory services to firms and other investors in the country.

Academia: In the academic world, the study will add to the existing body of knowledge, as well as make up for dearth of scholarly papers in Nigeria on the issue of company’s capital structure, ownership, governance and market values.

Government and other Policy Makers: The study will be of immense assistance to Government and other policy makers in monitoring the activities of firms in the country. In other words it will assist Government in developing better policies for quoted companies in the nation.

**1.7 Scope of the Study**

The broad topic is to examine the impact of corporate attributes on financial performance of corporate companies. The companies that formed part of this study include those whose stocks are traded in the floor of Nigerian Stock Exchange.

In light of the above, the area of concentration of this study centered on firms in Corporate Social responsibility and financial performance of listed financial services firms in Nigeria

The study period is from 2016 to 2023.This period is believed to be long enough, for better assessment of the influence of the different business period in Nigeria, with respect to the study objectives.

**CHAPTER TWO**

**LITERATURE REVIEW**

**2.1 Introduction**

In this section, the aim is to carry out conceptual review, theoretical review of the topic of study as well as empirical review of the work done by other authors and researchers on the area and then a review summary of the related literature. This is aimed at enhancing the understanding of the topic, as well as defining in details the fo.7cus of the study, based on identified gaps. The review is divided into the following major topics and sub-topics:

**2.2 CONCEPTUAL REVIEW**

**2.2.1 Concept of Corporate Attributes**

Corporate attribute refers to certain underlying characteristics that best represent all brands or businesses in the market place. The components of corporate attributes include board size, quality of external audit, liquidity, company, board composition, Audit committee and audit type. However, this study examined two components of corporate attributes; board size and board composition.

**2.2.2 Concept of Board Size**

Board size refers to the number of directors in the board. It is an important factor in determining the effectiveness of the board. Jensen and Meckling (1976) argued that a bigger size board of directors may improve the companies’ board effectiveness and support the management in reducing agency cost that resulted from poor management and consequently leads to better financial results. Shakir (2008) found a negative relationship between board size and firm performance which supported the conclusion of Jensen (1993) that for a firm to be effective in its monitoring, it should have a relatively small board of directors. Haniffa and Hudaib (2006) argued that a large board is seen as less effective in monitoring performance and could also be costly for companies in terms of compensation and increased incentives to shirk. On the contrary, prior studies regarding the size of the board supported the positive relationship between the sizes of the board of directors and corporate performance. Large boards are viewed to lead to a better business performance owing to the wide variety of skills present for better decision making and monitor the performance of the chief executive officer (CEO).

**2.2.3 Concept of Board Composition**

Board composition aim at ensuring independence, and gender diversity without compromising competence and experience. Within the Nigerian corporate governance environment, independence is expressed in two components: non-executive directors, and independent non-executive directors. Classical governance theory presumes that since independent directors are motivated to build their own reputations, their presence is likely to improve board’s efficiency in their supervisor function (Fama & Jensen, 1983; Wu et al., 2007). Studies show that a higher proportion of independent directors on a corporate board can significantly mitigate the likelihood of financial fraud (Abdulmalik & Ahmad, 2016; Beasley, 1996). This indicates the active role the independent directors played in monitoring the financial reporting process.

**2.2.4 Financial Performance**

Financial performance is a measure of how well or poorly an entity is putting its resources into use. It measures the level at which financial objectives are being met. It measures the efficiency applied by a firm in the use of its assets to create profits. There are two main reasons for the widespread use of financial performance measure as a tool to measure performance. The first reason being that profit articulates directly with the organization’s long-term objectives which are almost always purely financial. The second reason is that properly chosen financial performance measures provide an aggregate view of an organization’s performance (Thomsen &Pedersen, 2000). These results are reflected in the firms’ Return on Equity, Return on Assets and Earnings per Share. Among other financial measures, ROE is a more superior measure on profitability and good indicator of corporate health since it indicates how well the management is doing as it shows how much profit each naira of common stockholders’ equity generates (Agyei-Mensah, 2018).

**2.3 Empirical Review**

This study revealed several journals of national and international repute related to corporate attribute and financial performance. Few among which includes the work of Ibrahim and Salihu (2015), Echobu, Mailafia and Audi (2019), Aluwong and Fodio (2019) etc.

**2.3.1 Prior Studies related to Corporate Attributes**

Echobu, Mailafia and Audi (2019), examined the effect of corporate attribute on financial reporting quality. The study applies the Yoon, Kim and Woodruff (2012) model to measure earnings quality used as proxy for financial reporting quality because of its merits over the commonly used modified Jones model. The 5 listed Agriculture firms in the Nigerian Stock Exchange for the period 2008- 2016 formed the population of the study, out of which 4 firms were sampled for the study. Data on financial reporting quality, the dependent variable of the study, and the explanatory variables were extracted from annual financial reports of the firms. Analysis of data was done using regression models and selected firm characteristics were regressed against financial reporting quality. The findings of Echobu et al (2019) revealed that financial reporting quality is positively and significantly influenced by solvency and gearing. Furthermore, both board size and board meetings exerted positive but insignificant effect on financial reporting quality. The study recommended that the boards of directors of listed agro allied firms in Nigeria must specifically highlight and effectively discuss issues around earnings management during board meetings. Shareholders are called to note the contribution of gearing and solvency to reporting reliable accounting numbers, and to enforce through the board, the maintenance of optimum and most favorable levels of each, in order to induce quality financial reporting. The work used correlation design which is highly commendable. However, there is the presence of period gap and sectorial gap which this study wants to bridge the gap.

Ibrahim and Salihu (2015), investigated corporate attribute of board size and market value of firms in Nigerian chemical and paints industry. A sample of six companies was used for the period of 2004 to 2012. The study uses board size as corporate governance attribute while market price of shares was used to proxy market value of equity. Using correlation and multiple regression analysis, the results of the study showed that board size (BS) has insignificant and negative impact on market value of equity implying that increasing the number of directors on the board decreases the market value of equity. This suggested that the industry should maintain a small but an effective board capable of exercising better control and monitoring of management activities.

Aluwong and Fodio (2019), investigated the influence of corporate attributes on environmental disclosure by companies in Nigeria. The study uses secondary data collected from the annual reports and accounts of 9 randomly selected oil companies for the period 2011 to 2017. The study analyzed the data using the logistic regression technique. The study finds that corporate attributes significantly affect the environmental accounting disclosure by corporate social responsibility and financial performance in Nigeria. Based on the findings, the study concluded that financial leverage has a significant positive effect on environmental accounting disclosure by corporate social responsibility and financial performance of listed firm's industry in Nigeria. Second, profitability has a significant positive effect on environmental accounting disclosure by corporate social responsibility and financial performance in Nigeria.

Third, the study also find that firm size has a significant positive effect on environmental accounting disclosure.

Fourth, the study finds a positive but insignificant effect of auditor types on the environmental accounting disclosure by corporate social responsibility and financial performance of listed firms industry in Nigeria. Aluwong and Fodio (2019) recommends that the regulators of the corporate social responsibility and financial performance in Nigeria should encourage the use of more debts in the corporate social responsibility and financial performance of listed firm's industry capital structure, which will make them disclose more information about the environment based on the close monitoring and demand by the debt holders. Commendably, he study was carried out on Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria

**2.3.2 Prior Studies related to Financial Performance**

Fakile and Ezekiel (2019), empirically examined the effect of board characteristics on financial performance of quoted Information Communication and Technology (ICT) companies in Nigeria for a period of five years from 2013 to 2017. Using return on equity (ROE) as measure of financial performance, three board characteristics (board size, independence and gender diversity) were identified as possibly having effects on financial performance. Based on all the seven (7) quoted ICT companies as at December 2017, correlation and multiple least squares (OLS) regression were used to estimate the relationship between board characteristics and financial performance. The Findings of Fakile and Ezekiel (2019) revealed that only board independence has significant effect on financial performance. The study recommended that a strong mechanism should be put in place to ensure that board of directors consists mostly of members with no personal interest in the organization. The findings of the study cannot be relied on because of insufficient proxies for then independent variables. Also there exist a sectorial gap as the study is carried on ICT sector. This study intends to attend the gaps mentioned.

Suttipun (2014), assessed the corporate characteristics, social responsibility reporting, and financial performance. The 2011-2012 annual reports of 220 Thai listed companies are used to measure the extent of corporate social responsibility reporting by word counting. The findings of Suttipun (2014) indicated that there are significant differences in the level of corporate social responsibility reporting between groups of auditor type and corporate social responsibility award. The type of auditor and a previous corporate social responsibility award have a significant effect on the level of corporate social responsibility reporting. The level of corporate social responsibility reporting, and the type of industry are found to significantly influence corporate financial performance. Present in the study is geographical gap as the study is carried out in Thailand. Notwithstanding, this study intend to bridge the gap by conducting the study in Nigeria.

Chashmi and Fadaee (2016), investigated the impact of the financial performance and growth opportunities on success or failure of listed companies in The Tehran Stock Exchange. Measures of financial performance (including earnings per share, return on equity rate, and return on assets rate), also growth opportunities as the independent variables and success or failure as the dependent variable are considered. The main idea to formulate the hypothesis is that there is a significant relationship between the measures of discussed financial performance and growth opportunities and success or failure. Studied sample includes 115 listed companies in The Tehran Stock Exchange during the 7-years period (2006-2012). In order to analyze the data, were used Pearson correlation coefficient and multiple regressions. The results of Chashmi and Fadaee (2016) showed that there is significant relationship between earnings per share (EPS) and the rate of return on assets (ROA) with success or failure, but there is no significant relationship between rate of return on equity (ROE) and success or failure, and there is no significant relationship between growth opportunities and success or failure. The study was carried out in Indian that makes its finding and suggestion irrelevant the Nigerian companies.

Efuntade and Akinola (2020), examined the impact of firm characteristics on the financial performance of quoted manufacturing firms in Nigeria. Descriptive and cross sectional research design were adopted to investigate the relationship between variables of firm characteristics and financial performance of quoted manufacturing firms in Nigeria over a period of 14 years. Secondary Data were obtained from annual reports of five selected quoted manufacturing firms. Panel least square regression model was used to test the formulated hypothesis. Findings showed that all the independent variables jointly and strongly have impact on the financial performance of manufacturing firms in Nigeria measured by return on assets. It was concluded the explanatory variables (Firm Age, Firm Size, Sales Growth, Liquidity and Leverage) were significantly associated with the dependent variable (Return on Asset). Efuntade and Akinola (2020) recommends that, the managements of manufacturing companies should find ways to improve and acquire the optimal utilization of their assets, while making maximum use of their resources during the production processes and distribution of finished products as this would help them in improving their profits. The Literature work was conducted in Nigeria, which makes it relevant only to the manufacturing sector as there exists a sectorial gap.

Ibrahim and Jehu (2018), examined the board composition and financial reporting quality using data on 576 Nigerian firms between 2011 and 2016 to, we underscored that the independence component of board composition is two-fold: non-executive directors, and independence non-executive directors. Our multivariate regression results suggest that the proportions of the non-executive directors as well as that of the independent non-executive directors have a negative and significant relation with abnormal accruals, which in turn improves the quality of financial reporting. But the coefficient of board size did not show any significance. This is consistent with the prognosis of the agency theory. This study therefore, contributes to existing knowledge by expanding the independence of board of directors into two variable measures, and specifically detecting the significant components.

**2.3.3 Prior Studies related to Corporate Attributes and Financial Performance**

Dogarawa and Maude (2016), assessed the firm attributes and bank financial performance have continued to attract the interest of researchers in view of the role that banks play in the economy of every nation. This study assesses the effect of firm specific variables on financial performance of Deposit Money Banks (DMBs) in Nigeria. The study formulates ten (10) hypotheses and applies panel data regression to analyze the extent to which market share, liquidity, credit risk, interest rate spread, leverage, efficiency, operating expenses, deposits, capital management, and bank size affect the financial performance of the banks. The study utilizes secondary data extracted from the financial statements of the 13 banks listed on the Nigerian Stock Exchange (NSE) that have their financial statements available over the period 2005 to 2014. Due to absence of cross-sectional effect in the dataset as confirmed by the result of Breusch Pagan Lagrangian Multiplier test and presence of heteroskedasticity, the study uses robust pooled panel regression result for analysis and interpretation. The result of the robust pooled regression model reveals that financial performance of banks in Nigeria is significantly affected by market share, liquidity, interest rate spread, leverage, and operating expenses. The result also reveals that default risk, efficiency, deposits, capital management and size have no significant effect on financial performance of DMBs. In view of this, Dogarawa and Maude (n.d) recommended that the Central Bank of Nigeria (CBN) should formulate policies that will motivate banks to increase their market share so that banking structure will be based on market share rather than reduction in the number of players. In addition, the CBN should at least maintain the current liquidity reserves for the banks in view of the strong positive relationship it has with banks’ financial performance. On their part, banks’ management should strive to put deposit to more profitable use in order to increase interest rate spread while shareholders should continue to put in place policies and strategies that will ensure effective management of their capital, size and efficiency for increased profitability. Present in the literature is the presence of sectorial gap as the examination was on banks and period gap which this study intends to cover the gaps.

Usman (2018), examined the impact of corporate board attributes and financial performance of listed building materials companies in Nigeria. The population of the study is made up of 12 listed building materials companies in Nigeria out of which 9 companies are selected to form the sample. The multivariate regression is used in analyzing the data. The findings of Usman (2018) revealed that board size and board composition have negative and insignificant impact on financial performance. Usman (2018) recommended that the number of directors in the board of these companies should not be more than twelve (12). It is also recommended that the listed building materials companies in Nigeria should endeavor to increase the number of executive directors in the boards. These recommendations could be implemented by issuing an improved code of corporate governance by the central bank of Nigeria and Nigeria security and exchange commission. The investigation was on building materials companies in Nigeria in which the results is not applicable to corporate social responsibility and financial performance as the result of sectional gap.

Onyekwelu et al (2017), appraised the effect of firms’ characteristics on the financial performance of firms in Nigeria using the Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria.Sales growth and firms’ leverage are the proxies for firms’ characteristics while Return on Assets was the measure for financial performance. The study adopted the ex-post facto research design. Data were sourced from the financial statement of firms studied. Multiple regressions were used for analysis. Results show that sales growth and leverage have significant a negative and insignificant effect on Return on Assets. Onyekwelu et al (2017) recommended that firms should strive to enhance firms’ sales growth at a level that will positively and significantly affect Return on Assets. Leverage level should be managed so that the charges do not erode the returns made over the periods.

Amina, Muhammad and Farooq (2019), investigated corporate governance, firm attributes and financial performance. The well-established governance performance relationship for a sample of 201 Pakistan Stock Exchange (PSX) listed firms over the period of 2010-2018 in the context of an important firm characteristics i.e. firm size. Sample firms categorized into small and large size based on total assets. Firm performance measures through ROA, ROE, and Tobin’s Q. Panel econometrics techniques namely fixed effect model and random effect model applied to bridge the relationship between CG and firm performance after confounding effects of firm size, leverage, and firm age. Large firms have higher profit which endorses the size effects benefits enjoying by big firms than smaller firms. Furthermore, large firms better implemented the governance code than small firms. Overall CG remains significant towards accounting return (ROA) and market measures (Tobin’s Q) but remains valueless in terms of return on equity (ROE). In the perspective of firm size, larger firms got enriched with higher profit through better implementation of governance mechanism than smaller firms which remains deprived from this values enhancing effect of corporate governance. Amna et al (2019) recommended that governance mechanism should be strengthened in smaller firms too, to reap the benefits of CG in terms of higher profitability. The literature work was carried out in Pakistan thereby making the findings unreliable in Nigeria.

**2.3.4 Prior Studies related to Corporate Attribute and Gross Profit Margin**

Gross profit margin is a metric analysts use to assess a company's financial health by calculating the amount of money left over from product sales after subtracting the cost of goods sold (COGS). Sometimes referred to as the gross margin ratio, gross profit margin is frequently expressed as a percentage of sales. A company's gross profit margin percentage is calculated by first subtracting the cost of goods sold (COGS) from the net sales (gross revenues minus returns, allowances, and discounts). This figure is then divided by net sales, to calculate the gross profit margin in percentage terms.

There exist limited literature on corporate attributes and gross profit margin. However, this study bridge the gap.

**2.3.5 Prior Studies related to Corporate Attribute and Net Profit Margin**

The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment. Net profit margin is typically expressed as a percentage but can also be represented in decimal form. The net profit margin illustrates how much of each dollar in revenue collected by a company translates into profit.Net profit margin is one of the most important indicators of a company's financial health. By tracking increases and decreases in its net profit margin, a company can assess whether current practices are working and forecast profits based on revenues. Because companies express net profit margin as a percentage rather than a dollar amount, it is possible to compare the profitability of two or more businesses regardless of size.

Literatures on corporate attribute and net profit margin is limited. Nevertheless, this study bridge the gap.

**2.3.6 Prior Studies related to Corporate Attributes and Return on Capital Employed**

Yusuf and Surjatmadja (2018), analyzed of financial performance on profitability. The study determined the effect of capital adequacy ratio (CAR) and financing to deposit ratio (FDR) on profitability (proxies with return on assets [ROA]) with non-performing financing (NPF) as a moderation variable. The population of this study is sharia commercial banks in Indonesia period 2012–2016 which amounted to 12 banks. This study used purposive sampling method for sampling, the selection of samples with certain criteria, so that this research samples obtained as many as 11 banks. The data used in this research is secondary data. Data analysis used is multiple linear regression analysis. Meanwhile, to test the effect of the moderating variable on the influence between independent variable and dependent variable using moderated regression analysis. The results showed that partially, CAR and FDR have a significant positive effect on profitability and BOPO have a significant negative effect on profitability. While the NPF has no significant effect on the relationship between CAR with profitability and the relationship between FDR with profitability, while the NPF has a significant negative effect on the relationship between BOPO with profitability. However, NPF as a moderating variable has an insignificant influence (unable to moderate) the CAR relationship to ROA and NPF as moderating variable has an insignificant influence (unable to moderate) FDR relation to ROA and NPF as moderating variable has significant negative effect (able to moderate) BOPO relationship to ROA sharia public bank in Indonesia period 2012–2016. The number of sampled banks is sufficient to hold water. However, the study was carried out in Indonesia which poses a geographical gap.

**2.4 Theoretical Framework**

The theoretical framework for the understanding of board characteristics is underpinned by the agency theory, Stakeholders theory and stewardship theory.

**2.4.1 Agency Theory**

Agency relationship is a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some services on their behalf which involves delegating some decision making authority to the agent. If both parties to the relationship are to maximize their utility, there is good reason to believe that the agent will not always act in the best interests of the principal. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent (Jensen and Meckling, 1976). In his paper, Grinyer (1995) argued that the main objective of the shareholders is to maximize personal wealth. Meanwhile, managers mayk have a wide range of economic and psychological needs such as power, reputation and higher salaries. This means that some decisions of managers are motivated by self-interest, which reduces the welfare of the principal. In other words, given their ability to run the company with little check on their activities by shareholders, managers may be tempted to place less emphasis on maximizing shareholder returns (profitability, share price and dividend payouts) and more on expanding the assets based, increasing turnover at the expense of profitability and paying themselves higher salaries. Another source of conflict is different time horizons, where the agent may be eager to take actions which have relatively short-run pay-offs in order to demonstrate success, whereas shareholder interests may be better served by longer-term actions (Evans and Weir, 1995).

**2.4.2 Stakeholders Theory**

Stakeholder theory is an extension of the agency theory where the decision maker (manager) is expected to pay attention to all interested groups. In his study, Freeman (1988) reveals that firms have stakeholders, that is, groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by firms’ actions. The concept of stakeholders is a generalization of the notion of stockholders, who themselves have special claims on the firm. Just as stockholders have a right to demand certain actions by management, so do other stakeholders have a right to make claims.

According to Jensen (2001) Stakeholder theory is completely consistent with value maximization or value-seeking behavior, which implies that managers must pay attention to all constituencies that can affect the value of the firm. Stakeholder theory tells the decision-makers in this case, managers and boards of directors how to choose among multiple constituencies with competing and, in some cases, conflicting interests. Customers want low prices, high quality, and full service. Employees want high wages, high-quality working conditions, and fringe benefits, including vacations, medical benefits, and pensions. Suppliers of capital want low risk and high returns. Communities want high charitable contributions, social expenditures by companies to benefit the community at large, increase local investment, and stable employment.

Therefore, the agency theory provides that effective board attributes resolves conflict of interest between the managers and the shareholders. Stakeholder theory, which is an extension of the agency theory, takes into consideration not only the shareholders but other claimants that are been affected by the actions of the firm.

**2.4.3 Stewardship theory**

The stewardship theory emerged as a result of the seminar work by Donaldson and Davis (1991). The theory is based on the assumption that the interest of shareholders and the interest of management are aligned; therefore, management is motivated to take decisions that would maximize performance and the total value of the organization. The theory believes that there is greater utility in cooperative than individualistic behavior and hence whilst the actions of management would be maximizing shareholders‟ wealth, it would at the same time be meeting their personal needs. The managers protect and maximize shareholders wealth through organization performance, because by so doing, their utility functions are maximized (Davis et al., 1997). To achieve this goal congruent, the shareholders must put in place appropriate empowering governance structures and mechanisms, information and authority to facilitate the autonomy of management to take decisions that would maximize their utility as they achieve organizational rather than self-serving objectives. For Chief Executive Officers (CEOs) who are stewards, their pro-organizational actions are best facilitated when the corporate governance structures give them high authority and discretion (Donaldson and Davis, 1991).

**2.5 Chapter Summary**

In sections 2.2 above we endeavored to examine conceptual aspect of our study which is on the impact of corporate attributes on the financial performance of Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria. Board size, we learnt it refers to the number of directors in the board. It is an important factor in determining the effectiveness of the board. Board composition aim at ensuring independence, and gender diversity without compromising competence and experience. Financial performance is a measure of how well or poorly an entity is putting its resources into use.

In section 2.3, we examine empirical review which revealed prior literatures related to corporate attributes, financial performance, corporate attributes and financial performance, corporate attributes and gross profit margin, corporate attributes and net profit margin and corporate attributes and return on capital employed.

Furthermore, in section 2.4, three theoretical frameworks was examined; Agency theory that it is a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some services on their behalf which involves delegating some decision making authority to the agent. Stakeholder theory is an extension of the agency theory where the decision maker (manager) is expected to pay attention to all interested groups. The stewardship theory emerged as a result of the seminar work by Donaldson and Davis (1991). The theory is based on the assumption that the interest of shareholders and the interest of management are aligned; therefore, management is motivated to take decisions that would maximize performance and the total value of the organization.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 Introduction**

This section covers the research methodology that was used in this research study. Research methodology provides a brief description of all the steps and procedures that are used in completing a study. The chapter discusses the research design, study population, data collection, data analysis, analytical model and test of significance.

**3.2 Research Design**

According to Ghauri and Gronhaug (2005), research design involves establishing a plan or a specified framework for collecting data for the study and its subsequent analysis, which contains the research approach and the priorities of the great interest to the researcher. It is an important program and directs the researcher in the process of gathering, analyzing and deriving meaning from the data. This research study will employ descriptive research design in order to establish the impact of corporate attributes on financial performance. Descriptive research design is a powerful type of quantitative analysis (Kothari, 2004). The descriptive design is chosen because it enables the researcher describe research area, establish the relationship and explain the data collected in order to examine the similarities and differences with our frame of reference within a specific period of time. The aim of this research project is to determine the impact of corporate attributes as the independent variable on the financial performance as the dependent variable. Therefore, descriptive research approach is well-suited design for this study.

The study period covered was from 2016 to 2020. Firms that made up the sample of this study were those whose stocks are traded in the floor of Nigerian Stock Exchange (NSE). With reference to this, five corporate banks were selected.

Secondary sources of data were employed in this research work. These were mainly data obtained from the published annual financial reports of companies, as regards to the corporate attributes on financial performance of the sampled firms for the study period.

**3.3 Population of the Study**

The population under this study was comprised of forty seven listed firms quoted in the Nigerian stock exchange. Since the target population of this study is large, the study was a census where some of the members of the population were considered. NSE register marked the population frame of which some are listed below.

**Table 3.1**

**LIST OF QUOTED BANK'S COMPANIES IN NIGERIA**

|  |  |  |
| --- | --- | --- |
| **S/N** | **YEAR OF INCORPORATION** | **NAMES OF BANKS** |
|  | 1990 | Zenith Bank |
|  | 1990 | Guaranty Trust Bank |
|  | 1994 | First Bank |
|  | 1986 | Eco Bank |
|  | 1989 | Access Bank |
|  | 1949 | United Bank for Africa |
|  | 1991 | Diamond Bank |
|  | 1917 | Union Bank of Nigeria |
|  | 1988 | Fidelity Bank |
|  | 1982 | FCMB |
|  | 1812 | Citi Bank |
|  | 2018 | Titan Trust Bank limited |
|  | 2006 | Unity Bank |
|  | 2018 | Polaris Bank limited |

***Source: Buzz nigeria.com copyright 2022***

**3.4 Data Collection**

The study employed secondary data. The data for all the research variables as captured in the study model was collected from audited financial statements obtained from the company website and NSE Handbook covering the period from 2016 to 2020. Data will be extracted from the statement of comprehensive income and financial position. Data was collected on the key variables including short-term debt, fixed assets, total assets, net profit after tax, total debt and current assets.

**3.5 Sample and Sampling Techniques:**

The quoted companies that formed the sample of this study were selected using stratified non-probability and sampling technique. This technique requires that only the companies with complete data for at least seven (7) years period will form part of the study. This minimum number of years within the study period is believed to be adequate for assessment of the sampled firms. This means that any company that formed part of our sample must have operated for at least seven years within the study period. This expected period of operation must be consecutive – with no year missing in-between the years and with an annual report covering twelve months in each accounting period. This was to ensure uniformity in data presentation. The adoption of these sampling techniques was based on data availability.

**Table 3.2**

**List Of sample Quoted corporate** social responsibility and financial performance of listed financial services firms in Nigeria

|  |  |  |
| --- | --- | --- |
| **S/N** | **NAMES OF BANKS** | **YEAR OF INCORPORATION** |
|  | Osy's Bank | 2011 |
|  | Heritage bank plc | 2012 |
|  | Wema Bank plc | 1945 |
|  | Sterling Bank plc | 1960 |
|  | Standard chartered bank | 1863 |

**Source: *Source: Buzz nigeria.com copyright 2022***

**3.6 Data Analysis**

Data analysis refers to the application of statistical techniques in seeking answers to research questions through evaluation and subsequent interpretation of collected data (Shamoo and Resnik, 2003). The collected data was then sorted, edited and verified for accuracy in preparation for analysis. Regression analysis was used to establish the relationship between corporate attribute and the financial performance. Also, ANOVA analysis and the t-test will also be performed to establish the relationship that exists between the variables of the study. The study findings were presented in the form of tables and graphs to indicate the trend of the variables over the study period. ROA was used to measured performance. To ascertain the effects of corporate attributes on the financial performance of firms quoted at NSE, regression analysis was conducted using the following analytical model.

**Y= a+B1DR+B2LQ+B3TA+ ε**

**Where:**

**Y** = Financial performance measured by **ROA**

**a =** defines the value of performance without the inclusion of the independent variables

**DR** to TArepresent the independent variables of the study.

**DR**= Debt ratio (Total debt to total capital ratio)

**LQ** = Liquidity (Current assets to current liabilities)

**TA** = Tangibility of assets (Fixed assets to total assets)

**ε** = Stochastic error term

**B1** to **B3** Shows the coefficients of the model and defines the amount by which dependent variable (Y) is changed for a unit change in the value of independent variable (X).

**3.5.1 Test of Significance**

To test the statistical significance of the regression analysis between corporate attribute and financial performance, all statistical calculations was done at 95% confidence interval with a p-value of 0.05 or less being considered sufficient for a statistically significant correlation. The goodness of fitness of the regression model was tested using Analysis of Variance (SPSS). F critical value and a p-value of 0.05 or less will be used as indicators of the regression model’s reliability.

**CHAPTER FOUR**

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

**4.1 Introduction**

This chapter presents the data collected for the study. It submits the various analyses of the data. Appropriate hypotheses for the study are presented. Stata will process and generate the results based on the data collected. The results generated were used to examine the research’s hypotheses that have been constructed in previous chapter. Analysis of descriptive and inferential will be presented under this chapter as well.

**4.2 Descriptive Analysis**

The descriptive statistics of the data collected is presented in Table 4.1 as follows;

**Table 4.1**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Variable** | **Obs** | **Mean** | **Std. Dev** | **Min** | **Max** |
| Bs | 25 | 9.44 | 1.8726 | 6 | 14 |
| Bc | 25 | 0.7184 | 0.6835 | 0.57 | 0.82 |
| Gpm | 25 | 9.3892 | 4.4063 | 1.84 | 18.63 |
| Roce | 25 | 0.1828 | 0.2788 | - 0.149 | 1.178 |
| Npm | 25 | 1.294 | 2.6996 | - 5.4 | 9.45 |

**Source: STATA output**

Table 4.1 shows that Board Size (BS) has a mean of 9.44 with standard deviation of 1.8726, indicating that the performance deviate from both sides of the mean value by 2%. The results from table 4.1 indicate that the minimum and maximum values of the Board Composition (BC) are 0.57 and 0.82 respectively, with the mean value of 0.72 and standard deviation of 0.68.

The table also indicates that Gross Profit Margin (GPM) has a mean of 9.3892 with a standard deviation of 4.4063 indicating that the performance deviate from both sides of the mean value by 4.4% with a minimum and maximum value of 1.84 and 18.63 respectively. The results from table 4.1 indicate that the minimum and maximum values of the Return on Capital Employed (ROCE) are -0.149 and 1.178 respectively with a mean value of 0.1828 and a standard deviation of 0.2788.Net Profit Margin (NPM) has a minimum and maximum value of -5.4 and 9.45 respectively with a mean value of 1.294 and a standard deviation of 2.6996 indicating that the performance deviate from both sides by the mean value of 2.7%.

**4.3 Correlation Matrix**

The summary of the Pearson Correlation Coefficients of the variables of the study are presented in Table 4.2 as follows;

**Table 4.2**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Bs** | **Bc** | **Gpm** | **Npm** | **Roce** |
| Bs | 1.0000 |  |  |  |  |
| Bc | -0.1961 | 1.0000 |  |  |  |
| Gpm | 0.2381 | -0.1664 | 1.0000 |  |  |
| Npm | -0.0338 | -0.0579 | 0.6249 | 1.0000 |  |
| Roce | -0.2963 | -0.0981 | 0.1831 | 0.3461 | 1.0000 |

**Source: STATA output**

Table 4.2 indicates a significant negative relationship between board size (BS) and the financial performance (NPM) from the correlation coefficient of -0.0338, which is statistically significant at 5% and 10% level of significance. The result from the table also indicates that there is a negative association between board composition (BC) and the Financial Performance (NPM) of the sample during the period from the correlation coefficient of -0.0579, which is statistically significant at 10% level of significance. The result implies that financial performance (NPM) improves as the presence of board size and board composition decreases. The table also indicates that there is a significant negative relationship between financial performance (ROCE) and board composition (BC), from the correlation coefficient of = -0.0981 which is statistically significant at 10% level of significance also implying an inverse relationship.

**4.4 Regression Result and Hypotheses**

This section presents and discusses the regression results of the model of the study. The section begins with the presentation of regression results of the study model.

**Table 4.4: Regression Result- Dependent Variable: Gpm**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Coefficient** | **t-value** | **p-value** |
| Constant | 10.4063 | 0.90 | 0.379 |
| Bs | 0.5028 | 1.02 | 0.319 |
| Bc | -8.0228 | -0.59 | 0.559 |
| R-square | 0.0716 |  |  |
| Adjusted R-square | 0.0128 |  |  |
| F-statistics | 0.85 |  |  |
| Significance | 0.4418 |  |  |

***Source:*** STATA Output

With respect to the above regression result, the 2 independent variables had an R-square of 0.0716. Adjusting for degree of freedom resulted into in adjusted R-squared of 0.0128. The overall model p value of 0.4418 indicates that the overall model is not significant in explaining the dependent variable since the associated probability is greater than 0.05. The p values of bc and bs are equally not significant

**Table 4.5: Regression Result- Dependent Variable: Npm**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Coefficient** | **t-value** | **p-value** |
| Constant | 3.8363 | 0.52 | 0.607 |
| Bs | -0.0677 | -0.33 | 0.830 |
| Bc | -2.6489 | -0.31 | 0.760 |
| R-square | 0.0055 |  |  |
| Adjusted R-square | 0.0849 |  |  |
| F-statistics | 0.06 |  |  |
| Significance | 0.9415 |  |  |

**Source: STATA output**

With respect to the above regression result, the 2 independent variables had an R-square of 0.0055. Adjusting for degree of freedom resulted into in adjusted R-squared of 0.0849. The overall model p value of 0.9415 indicates that the overall model is not significant in explaining the dependent variable since the associated probability is greater than 0.05. The p values of bc and bs are equally not significant.

**Table 4.6: Regression Result - Dependent Variable: Roce**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Coefficient** | **t-value** | **p-value** |
| Constant | 1.1202 | 1.56 | 0.132 |
| Bs | -0.0489 | -1.60 | 0.123 |
| Bc | -0.6627 | -0.79 | 0.436 |
| R-square | 0.1132 |  |  |
| Adjusted R-square | 0.0326 |  |  |
| F-statistics | 1.40 |  |  |
| Significance | 0.2668 |  |  |

**Source: STATA output**

With respect to the above regression result, the 2 independent variables had an R-square of 0.1132. Adjusting for degree of freedom resulted into in adjusted R-squared of 0.0326. The overall model p value of 0.2668 indicates that the overall model is not significant in explaining the dependent variable since the associated probability is greater than 0.05. The p values of bc and bs are equally not significant.

**Table 4.7**

*Summary of Predicted and Actual Results of the Regression Analysis in the study*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Hypothesis** | **Description of hypothesis** | **Predicted result** | **Actual result** | **Conclusion** |
| H1 | BS has no significant positive effect on financial performance of corporate companies | N/Sig | N/Sig | Supported |
| H2 | BC has no significant positive effect on financial performance of corporate companies | N/Sig | N/Sig | Supported |

**Source: Researcher’s design, 2022.**

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Summary**

Board composition is an integral part of corporate attributes that aim at ensuring independence, and gender diversity without compromising competence and experience. This study evaluates the impact of corporate attributes on the performance of Corporate Social Responsibility and financial performance of listed financial services firms in Nigeria. The specific objectives of the study are to determine the impact of components of corporate attributes (board size and board composition) on financial performance of corporate companies in Nigeria

The study sampled five Banks listed on the floor of Nigerian Stock Exchange (NSE) Market as at 31st December, 2020 using data for period of ten years (5) years (2016-2020). The study employs the expo-facto research design methods. The study found that corporate attributes has no significant relationship with the performance of banks in Nigeria during the period under review. Specifically, the study found that the board size and board composition has no significant impact on the financial performance of listed commercial banks in Nigeria.

**5.2 Conclusion**

The study concludes that there is no significant positive relationship between the components of corporate attributes (board size and board composition) and financial performance of Corporate social responsibility and financial performance of listed financial services firms in Nigeria particular, the study concludes that the board size has no significant positive impact on the financial performances of Corporate social responsibility and financial performance of listed financial services firms in Nigeria. The study also concludes that the board composition has no significant positive impact on the financial performance of listed Commercial banks in Nigeria.

**5.3 Recommendation**

The researcher recommends that:

1. Regulatory bodies should provide guidelines on minimum requirement for Board size. The regulatory bodies should strengthen their enforcement and compliance mechanisms,
2. To improve efficiency of the board of directors of the listed commercial banks in Nigeria, it is recommended that the non-executive directors work alongside with executive directors.

**5.4 Limitations of Study**

Like any other research, the result of this study is subject to some limitations due to some factors. Firstly, all the publicly quoted banks in Nigeria have corporate attributed, but this study is restricted to Corporate social responsibility and financial performance of listed financial services firms in Nigeria. Therefore, the generalization of the findings to non-financial firms is limited. Secondly, there are many measures of performance, but the stud0y covers the gross profit margin, net profit margin and return on capital employed. Increasing the number of performance variables could have given a broader picture of the situation. Lastly, corporate attributes has many variables and mechanisms but this study is limited to only two.

**5.5 Suggestions for Further Research**

The following areas are recommended for further research:

1. Future researchers in this direction should concentrate on the non-financial sectors of the economy, especially commercial banks
2. Future researches should replicate the same research by bringing in other performance variables like risk assets quality, earnings per share, return on asset and liquidity.
3. Future studies should also use other attributes of the corporate attributes such as audit firm type, firm size.

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**APPENDICES**

. summarize bs bc gpm roce npm

Variable | Obs Mean Std. Dev. Min Max

-------------+---------------------------------------------------------

bs | 25 9.44 1.87261 6 14

bc | 25 .7184 .0683545 .57 .82

gpm | 25 9.3892 4.406277 1.84 18.63

roce | 25 .18284 .2788389 -.149 1.178

npm | 25 1.294 2.699588 -5.4 9.45

. regress gpm bs bc

Source | SS df MS Number of obs = 25

-------------+---------------------------------- F(2, 22) = 0.85

Model | 33.3542066 2 16.6771033 Prob > F = 0.4418

Residual | 432.612341 22 19.6641973 R-squared = 0.0716

-------------+---------------------------------- Adj R-squared = -0.0128

Total | 465.966548 24 19.4152728 Root MSE = 4.4344

------------------------------------------------------------------------------

gpm | Coef. Std. Err. t P>|t| [95% Conf. Interval]

-------------+----------------------------------------------------------------

bs | .5028026 .4929465 1.02 0.319 -.5195058 1.525111

bc | -8.022795 13.50455 -0.59 0.559 -36.02952 19.98393

\_cons | 10.40632 11.58744 0.90 0.379 -13.62455 34.43719

------------------------------------------------------------------------------

. regress npm bs bc

Source | SS df MS Number of obs = 25

-------------+---------------------------------- F(2, 22) = 0.06

Model | .95669782 2 .47834891 Prob > F = 0.9415

Residual | 173.949902 22 7.90681371 R-squared = 0.0055

-------------+---------------------------------- Adj R-squared = -0.0849

Total | 174.906599 24 7.28777498 Root MSE = 2.8119

. correlate bs bc gpm npm roce

(obs=25)

| bs bc gpm npm roce

-------------+---------------------------------------------

bs | 1.0000

bc | -0.1961 1.0000

gpm | 0.2381 -0.1664 1.0000

npm | -0.0338 -0.0579 0.6249 1.0000

roce | -0.2963 -0.0981 0.1831 0.3461 1.0000

------------------------------------------------------------------------------

npm | Coef. Std. Err. t P>|t| [95% Conf. Interval]

-------------+----------------------------------------------------------------

bs | -.0677246 .3125809 -0.22 0.830 -.7159776 .5805285

bc | -2.648905 8.563332 -0.31 0.760 -20.40817 15.11036

\_cons | 3.836293 7.347676 0.52 0.607 -11.40186 19.07444

------------------------------------------------------------------------------

. regress roce bs bc

Source | SS df MS Number of obs = 25

-------------+---------------------------------- F(2, 22) = 1.40

Model | .211185802 2 .105592901 Prob > F = 0.2668

Residual | 1.65484154 22 .07522007 R-squared = 0.1132

-------------+---------------------------------- Adj R-squared = 0.0326

Total | 1.86602734 24 .077751139 Root MSE = .27426

------------------------------------------------------------------------------

roce | Coef. Std. Err. t P>|t| [95% Conf. Interval]

-------------+----------------------------------------------------------------

bs | -.0488647 .030488 -1.60 0.123 -.1120928 .0143635

bc | -.6626996 .8352354 -0.79 0.436 -2.394872 1.069472

\_cons | 1.120206 .7166649 1.56 0.132 -.3660662 2.606478

------------------------------------------------------------------------------