corporate social responsibility

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Corporate Social Responsibility is now less a choice and more of a necessity for Nigerian Banks to flourish. Case Study is Diamond Bank Plc.

ABSTRACT

This study aims at determining the influence of corporate social responsibility on the profitability of Nigerian banks. The study will make use of an exploratory research design and data will be collected from Nigerian banks through secondary sources and analyzed.

INTRODUCTION

Corporate Social Responsibility (CSR) as a concept entails the practice whereby corporate entities voluntarily integrate both social and environmental upliftment in their business philosophy and operations. CSR is analysed as a source of competitive advantage and the concept of CSR has evolved from being regarded as detrimental to a company’s profitability, to being considered as benefiting the company as a whole, at least in the long run. Today, managers of Nigerian banks have found a need that the environment in which they operate should be provided for because their environments have a direct impact on the attainment of the corporate goals, objectives and mission
statement. The purpose of all profit-making organizations, and even the non-profit making organizations, is to maximize profit and in turn minimize cost, through optimal utilization of available resources to achieve the best results possible. Profitability is an important factor to all banks, because it is one of the major purpose for which the banks are established.

CSR is a means of discussing the extent of obligations a business has to its immediate society; a way of proposing policy ideas on how those obligations can be met; as well as a tool by which the benefits to a business for meeting those obligations can be identified. Many organisations have found that CSR has often had a positive impact on corporate profits.

Companies are assumed to be ethically and socially responsible but they anticipate a benefit from these actions. Examples of such benefits might include reputation enhancement, brand visibility, the ability to charge a premium price for its products and services, or the use of CSR to recruit and retain high quality employees. These benefits are presumed to offset the costs associated with CSR.

**STATEMENT OF RESEARCH PROBLEM**

Banks in Nigeria practice Corporate Social Responsibility as corporate philanthropy. The following questions are designed to probe into the
Corporate Social Responsibility of Nigerian banks and its impact on profitability.

- Do Nigerian banks embark on Corporate Social Responsibility?
- What impact does Corporate Social Responsibility have on the bank’s profitability?
- What challenges does Corporate Social Responsibility impose on the bank?
- Are there other benefits the banks stand to gain aside profitability from the implementation of corporate social responsibility?
- Does Corporate Social Responsibility guarantee the customers’ confidence level and security of depositor’s fund?

**JUSTIFICATION FOR THE STUDY**

The study is expected to make contribution to knowledge in the following areas:

- Provide information about CSR in relation to corporate institution especially the Nigerian
banking sector.

- A fundamental material for scholarly discourse in management science relating to Corporate Social Responsibility.

- Assist in providing information on the impact of CSR on the profitability of Nigerian banking sector.

- Provide information on the challenges of CSR in the Nigerian banking sectors and recommendations.

- Provide information for future research works on CSR.

RESEARCH OBJECTIVES

The rationale of this study is to examine the impact of Corporate Social Responsibility of Nigerian banks and correlation to its profitability. The study is also geared towards achieving the following objectives:

- To examine Corporate Social Responsibility in relation to banks in Nigeria with Diamond Bank plc in focus.

- To evaluate the impact of Corporate Social
Responsibility on the profitability of the Nigerian banking sector.

- To determine the challenges of Corporate Social Responsibility in the Nigerian banking sector.

- To investigate whether Corporate Social Responsibility guarantees customers’ confidence.

SCOPE OF THE STUDY

The study is focused on the headquarters of Diamond Bank Plc (considering the Diamond Bank Plc branches in Abuja).

LITERATURE REVIEW

Theoretical and practical aspects of corporate social responsibility and its impacts on the profitability of the Nigerian banking industry will be explored in the context of Diamond bank Plc.

RESEARCH METHODOLOGY

For this research, qualitative and exploratory research methodology is selected. Secondary data collection will be selected to collect data and information. To attain the objectives of the research, secondary data will be collected through case study of Diamond Bank
POTENTIAL INFORMATION SOURCES

In this research, journals, articles, research papers, books, company websites, interviews, annual reports of the company and other reliable and authentic sources will be used to collect secondary data and information.

POTENTIAL DIFFICULTIES

Various difficulties may arise during the research regarding the authenticity of sources, reliability and validity of collected information, completing the research in limited time and cost.

RESULTS

We expect to generate a positive correlation between Corporate social responsibility (CSR) as a doctrine that promotes expanded social stewardship by businesses and its impact on profitability of the organisations. We hope to conclude at the end of the research that being socially responsible means being profitable.
REFERENCES


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