

# Corporate Social Responsibility and financial performance in Centenary Bank - Main Branch. A Cross-sectional study.

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## Abstract

### Background:

The purpose of this study was to examine the relationship between Corporate Social Responsibility and the Financial performance of Centenary Bank, main branch by examining the relationship between philanthropic responsibility and financial performance, establishing the relationship between economic responsibility and financial performance, and assessing the relationship between ethical responsibility and financial performance of Centenary bank.

### Methodology

This study followed a descriptive correlational and cross-sectional survey design and adopted a quantitative paradigm. The researcher collected data from a sample of 132 employees using a self-administered questionnaire.

### Results:

The study findings revealed that 52% of the corporate social responsibility activities of the centenary bank are economical, followed by 37% of the corporate social responsibility were ethical and 11% of its corporate social responsibilities were philanthropic. There was a significant relationship ( $r=0.4$ ,  $sig=0.00$ ) between philanthropic responsibility and the financial performance of Centenary bank. There was also a negative significant ( $r= -0.374$ ,  $sig=0.045$ ) relationship between economic responsibility and the financial performance of Centenary bank. There was a positive significant relationship between ethical responsibility and the financial performance of Centenary bank.

### Conclusion:

Generally, there is a relationship between corporate social responsibility and the financial performance of the Centenary bank.

### Recommendation:

Centenary banks should engage in philanthropic activities to maintain a good reputation through supporting the Kabaka run and providing piped water, and scholarships to unprivileged children. Centenary bank should also be effective in communicating with stakeholders, ensuring the safety of customer balances, and offering quality customer service to attract more customers for its financial growth. Centenary bank should also reduce its expenditure on non-productive activities like bonuses and travel allowances for senior staff to reduce the significant unnecessary expenditure.

*Keywords:* Corporate social responsibility, Financial Performance, Commercial banks, Submitted: 11th/10/2022 Accepted: 09th/11/2022

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## 1. Background of the study

Until fairly recently, most large businesses were driven almost exclusively by a single goal in mind profit maximization (Oladimeji & Aladejebi, 2020). Maximizing profits was at the heart of every action taken or initiative pursued. In the past few decades, however, more business leaders recognized that they have a responsibility to do more than simply maximize profits for shareholders and executives. Rather, they have a social responsibility to do what's best not just for their companies, but for people, the planet, and society at large (Rwambale, 2018).

Today, organizations view reputation as an extremely important factor that must be maintained and protected (Yu, 2014). For any company, when costs or investments of any kind are incurred, the financial return is always analyzed, that is, an investment is considered good when it generates future benefits (Price, 2010). Thus, to fully understand whether the application of the corporate social responsibility concept has a positive impact on the company, a link must be established with the future benefits it may bring (or not) to the company's financial performance. However, the adoption of strategies that meet the concept of corporate social responsibility may involve certain costs for companies, such as the implementation of quality control equipment, and the purchase of environmentally friendly equipment. Hence, it is necessary to analyze the benefits and risks, and costs of applying corporate social responsibility in the business world as corporate social responsibility appears to integrate the profits of the organisation (Kaur & Singh, 2020).

Also, Friedman (2018) noted that financial performance is induced by corporate social responsibility costs which reduce the competitiveness of the firm by adversely affecting its value. The current partnership which was inspired by the stakeholders' theory apprehended corporate social responsibility as an outcome in favor of the improvement of the image of the company to its stakeholders, which might be reflected positively on its financial performance (Ahmad, Ahmad, Islam, & Kaleem, 2020). A greater focus on cor-

porate social responsibility makes the company more appealing to investments and consequently leads to higher financial performance, given that the current investors are aware of the importance of social, environmental, and economic concerns (Carroll, 2021). Corporate social responsibility refers to the movement aimed at encouraging companies to be more aware of the impact of their business on the rest of society, including their stakeholders and the environment (Baffoe, 2018). Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social, and environmental benefits for all stakeholders (Mulatu, 2022). CSR is a concept with many definitions and practices. The way it is understood and implemented differs greatly for each bank and country. Moreover, corporate social responsibility is a very broad concept that addresses many various topics such as human rights, corporate governance, health and safety, environmental effects, working conditions, and contribution to economic development. Whatever the definition is, the purpose of corporate social responsibility is to drive change toward sustainability. Financial performance refers to the area of finance that deals with sources of funding, the capital structure of corporations, the actions that managers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources (Jonson, McGuire, Rasel, & Cooper, 2020).

According to Njuguna (2019), over 40% of the companies in Kenya engage in corporate social responsibility by giving back to the public. This is aimed at improving their reputation and share value. Further, it was also noted by Kimuli, Sendawula, and Nagujja (2022) that companies are embracing corporate social responsibility to reduce the amount of tax paid to the government based on their profits. According to the Uganda Bureau of Statistics (2020), 40% of companies spend 100 million shillings on corporate social responsibility annually for their employees, suppliers, customers, and the general public. However, no single study has been carried out to examine their effect on financial performance.

Centenary Bank not being an exception, centenary banks enacted a policy of spending 1% off its previous year's profits on corporate responsibility. In 2020, the banks increased this amount of money by 20% from 1.2 billion shillings to 1.5 billion shillings 2020 to bridge the cancer gap, education towards financial literacy of its customers, and community development (Centenary bank Report, 2020). However, in the same year, there was a decline in profits from 155 billion in 2019 to 90 billion in 2020. Further, the bank did not attain its projected market share by 0.51%. This prompted the researcher to establish the effects of corporate social responsibility on the financial performance of the centenary bank in Uganda.

## 2. Methodology

### 2.1. Research Design

This study followed a descriptive correlational and cross-sectional survey design and adopts a quantitative paradigm to establish the relationship between Corporate Social Responsibility and the financial performance of Centenary Bank. The correlational research design was used to examine the relationship between philanthropic responsibility and financial performance and the relationship between economic responsibility and financial performance of the centenary bank. The study used a cross-sectional research design because it took a short period and has no follow-up on recommendations (Godfrey, 2008).

### 2.2. Target population

According to the Centenary bank report (2020), an article by the human resource department indicated that the head office has 215 staff. However, the study purposively collected data from five departments which have 144 employees hence adopted as the population of this study.

### 2.3. Sample size

The study used the Krejcie and Morgan (1970) sampling table to determine the sample size of the study. The researcher selected 6 managers, 36 employees from the e-banking department, 24 from

the human resource and public relations department, 30 employees from the credit department, and 36 employees from the finance department. Therefore, the study used 132 Centenary bank employees as the sample size (Chaokromthong & Sintao, 2021).

### 2.4. Sampling techniques

In this study, simple random sampling and purposive sampling techniques were used in the selection of the sample size of the study.

#### **Purposive sampling**

This technique was used to select managers of different departments within the bank to provide relevant and detailed information for this study (Guo, 2021). Further, the managers helped to identify other employees within the departments to participate in this study.

#### **Simple random sampling**

This technique was used to select other employees within each department to participate in this study. In this technique, each individual from the target population was given an equal chance of being selected. Here, the researcher has availed a list of the staff members from each department of the bank (Katamba, 2016).

#### **Sources of data**

Data for this study were collected from both primary and secondary sources.

#### **Primary sources of data**

Primary data for this study was obtained using questionnaires and scheduled interviews hence information was obtained from the source. The obtained data was on the corporate social responsibilities of the bank towards the community, employees, and the level of financial performance. This data was collected to critically analyze the relationship between corporate social responsibility and the financial performance of the commercial bank.

#### **Secondary sources of data**

Secondary data for this study was obtained from records, reports, journals, magazines, Newspapers, and books. The data obtained from secondary sources were used for empirical studies and literature review.

Table 1: Showing the populations size, sample size and sampling technique

Department	Population	Sample size	Sampling Technique used
Management	6	6	Purposive sampling
E-banking	40	36	Simple random sampling
Human resource	25	24	Simple random sampling
Finance	40	36	Simple random sampling
Credit	33	30	Simple random sampling
Total	144	132	

Source: Centenary bank Report (2020)

### 3. Methods of data collection

The researcher obtained the relevant data for this study mainly primary data using a questionnaire where respondents would fill in answers. The methods were used to obtain detailed information within a short period.

#### Questionnaires

The researcher issued self-administered questionnaires to selected employees of the bank and allowed them to fill in answers at their discretion. These were collected after three weeks from the date of issue. The method was used because detailed information was obtained in a short period.

#### Interview method

The researcher also used interviews to collect more detailed information from the managers of the different departments of the commercial bank. The researcher carefully noted down answers for each question. The method was also used to obtain additional information that may not be captured by the questionnaires.

#### Ethical considerations

The researcher adhered to the following ethical rules of research as much as possible, since this study involved the collection of data from humans and so their treatment and treatment of the data facts they provided was handled with utmost care and compliance to the available rules. The following are directly relevant to this study;

#### Informed consent

Respondents were informed about the purpose of the study and how the data they provided would be treated. For this matter, each respondent would be contacted first and foremost and

given an informed consent form to read and if convinced sign.

#### Respondents' freedom to participate in the study

No respondent was forced to participate in the study. Their rights were respected to participate or not and were informed fully about their freedom to withdraw any time they wish so. All these were communicated verbally and also in the consent form.

#### Confidentiality

The data provided by respondents were treated with the utmost confidentiality. The researcher made sure that unnecessary information about the identity of individual respondents was avoided and no data was collected on them, such as their names, and the names of their parents or children. In addition, all the information respondents were given through questionnaires or interviews, was kept secret, and was not revealed to other people. The findings were therefore reported in a generalized manner and the raw data was protected from being accessed by other people.

#### Authorization

After the approval and research defense, the researcher secured all the necessary clearances from the different offices concerned. The researcher did seek permission from the school of graduate studies to go and carry out a study. The researcher also requested a letter from the office for confirmation of the permission. The researchers also seek permission from the centenary bank to collect data from its employees and use its records and other necessary documents to carry out the study.

### **Integrity and avoiding plagiarism**

The researcher ensured that all authors whose works and ideas have been and are used in this study were fully acknowledged through proper citation and referencing.

### **Validity and reliability of the study**

To ensure validity and reliability in the study, the researcher will do the following:

#### **Validity**

To ensure validity, the researcher discussed the research questions with the supervisor and other four experts in research. These experts were requested to judge the question items one by one, indicating what is relevant and what is not. The content Validity Index (CVI) was then calculated using the following formula;

$$CVI = (n / N),$$

Where: n = relevant questions, N= Total number of Question items.

A minimum Content Validity Index of 0.7 (Amin, 2005) was used to declare the instrument valid.

The findings from the five experts were used to establish CVI.

$$\begin{aligned} CVI &= \frac{\text{Relevant Items of Items}}{\text{Total number of items}} \\ &= \frac{89}{100} \\ &= 0.89 \end{aligned}$$

The content validity index (CVI) of 0.89 was obtained. The instruments were considered valid and acceptable since the CVI was in line with (Amin, 2005).

#### **Reliability of the instrument**

The reliability of the research instrument concerns the extent to which the instrument yields the same result on repeated trials (Mugenda & Mugenda, 1999). The reliability of the instrument was tested using Cronbach's coefficient alpha to be computed using SPSS. A Cronbach alpha coefficient of 0.7 was used as the minimum coefficient to declare the instrument reliable.

To test for the reliability of the instrument, the researcher used the Cronbach alpha coefficient using data collected from the pilot study of 25 respondents. The data from the pilot study was entered into the computer Statistical Package for

Social Sciences (SPSS) and a Cronbatch Alpha coefficient was computed and its minimum of at least 0.7 (Amin, 2005) was the rule that was followed to declare the instrument reliable.

#### **Data Analysis**

After the questionnaires have been collected from the field, the researcher entered, organized, coded, and validated the collected data using Microsoft excel. The data was exported to SPSS for analysis. Using Statistical Package for Social Scientists (SPSS), the researcher determined the mean, variance, and standard deviation for numerical variables, and draw frequency distribution tables for univariate analysis of the study variables and characteristics of the respondents.

Pearson's linear correlation coefficient was used to examine the relationship between philanthropic responsibility and the financial performance of Centenary bank, the relationship between economic responsibility and the financial performance of Centenary bank as well as the relationship between ethical responsibility and the financial performance of Centenary bank. A multiple linear regression model was used to establish the relationship between Corporate Social Responsibility and the financial performance of Centenary Bank.

#### **Relevant dates**

For this study, primary data was collected from the employees of Centenary bank. Questionnaires were issued on 25th April 2022 and were collected after two weeks. Interviews were conducted starting 27th April 2022 and took only 3 days.

## **4. FINDINGS, PRESENTATION AND DISCUSSIONS:**

### **Response Rate**

The sample size of the study was 132 staff from the different departments of the commercial banks as shown below.

From table 3 above, the response rate was 98.53% with a variance of 1.47%. This was due to two managers who did not either fill out the questionnaire or accepted our interview hence reducing the sample size by 2 people. However, 1.47% is too small to affect the findings of the study

Table 2: showing expert judgment scores for determining the content validity index

	Relevant items				Not relevant items				Total						
Expert1	18				2				20						
Expert 2	Expert 3	Expert 4	Expert 5	17	16	19	19	3	4	1	1	20	20	20	20
Total	89				11				100						

Table 3: Showing response rate

Response	Questionnaires Issued		Questionnaires Received	
	Frequency	Percent (%)	Frequency	Percent (%)
Department Management	6	4.5	4	3.03
E-banking	36	27.27	36	27.27
Human resource	24	18.18	24	18.18
Finance	36	27.27	36	27.27
Credit	30	22.78	30	22.78
<b>Total</b>	<b>132</b>	<b>100</b>	<b>130</b>	<b>98.53</b>

Source: Primary (2022)

hence 130 can be accepted as the sample size of this study.

### Background Information of the respondents

#### Gender of the respondents

From table 4 above, 65% (84) of the respondents of the study were males and 35% (46) were females. Further, 1.5% of the male managers and 20% of the male respondents were from the e-banking department, 15% of the male departments were from the HR department, 13.5% of the males were from the finance department and 15% of the males were from the credit department. Further, 1.5% of the females were managers, 7.6% of the females were from the e-banking department, 3% of the female respondents were from the human resource department, 15% of the female respondents were from the finance department and 7.9% of the female respondents were from credit department. Generally, majority 65% of the respondents were males

#### Level of education of the respondents

According to figure1 above, the majority of the respondents are diploma holders, followed by those with a degree. The smallest proportions of the respondents are master's degree holders. This

shows that all the staff within commercial banks were educated and possessed adequate knowledge about commercial banking. Therefore, the majority of the staff at Centenary bank are diploma holders and possess technical skills in banking, corporate social responsibility, and finance.

#### Level of experience

The level of experience for the respondents was summarized for easy interpretation of the findings. Therefore, 0-2 years = 1, 3-5 years=2, 6-10 years=3, and 11-15 years= 4.

The findings in graph 2 of the study revealed that the majority of the respondents have worked in the Centenary bank for 3-5 years. The average level of experience for the respondents was 2.05 with a standard deviation of 0.771. This is below 1 hence the mean level of experience 2.05 is not spread from the center. Therefore, 70% of the respondents have worked in the Centenary bank for over 3 years and possess sufficient knowledge and skills about its operations and culture hence corporate social responsibility.

According to figure 3, the findings revealed that 52% of the corporate social responsibility activities of the centenary bank are financial, followed by 37% of the CSR are ethical and 11% are philan-

Table 4: Showing gender of the respondents

Gender Department	Males		Females	
	Frequency	Percent (%)	Frequency	Percent (%)
Management	2	1.5	2	1.5
E-banking	26	20	10	7.6
HR	20	15	4	3
Finance	16	13.5	20	15
Credit	20	15	10	7.9
<b>Total</b>	<b>84</b>	<b>65</b>	<b>46</b>	<b>35</b>

Source: Primary (2022).

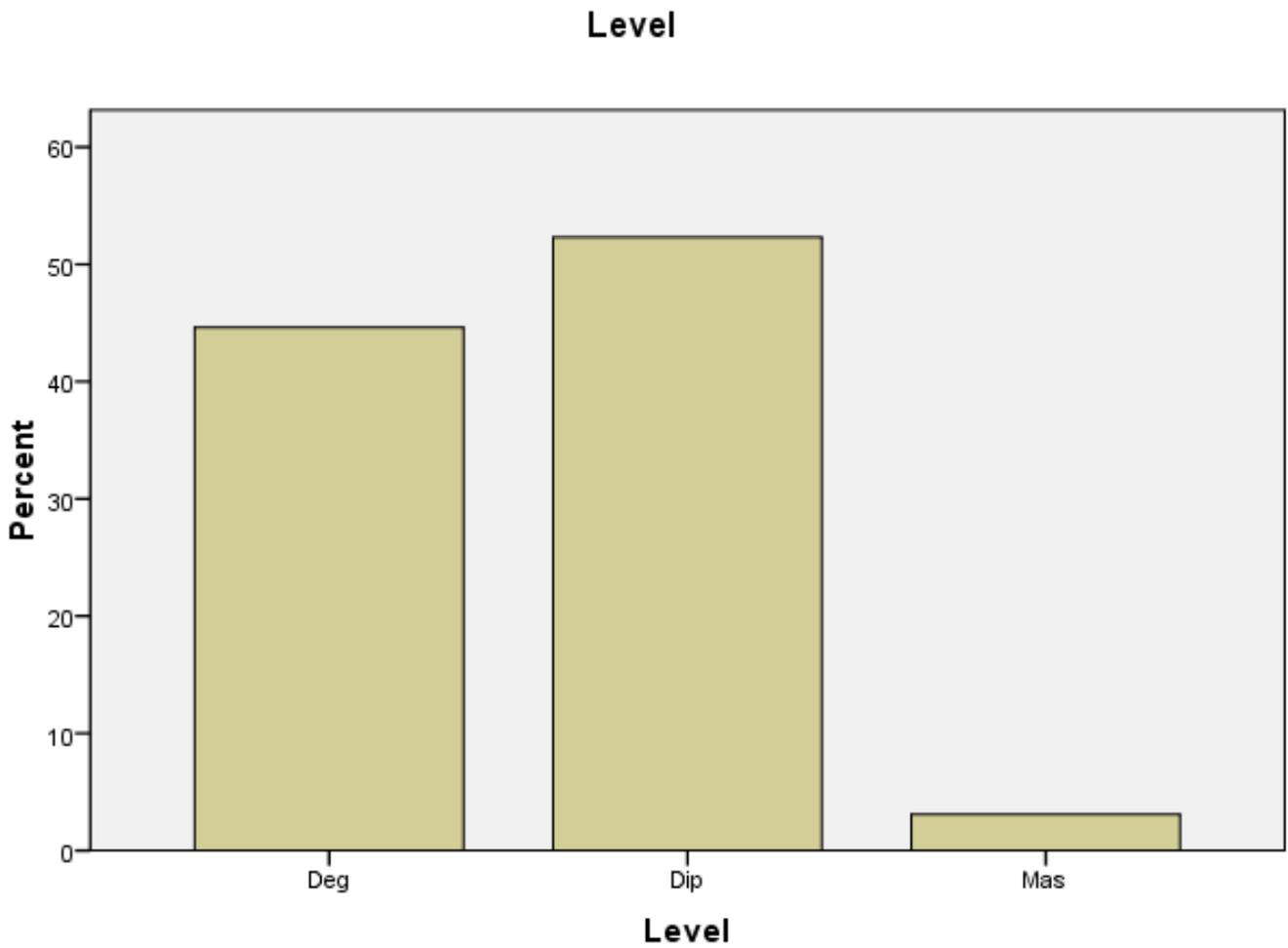


Figure 1: Showing Level of education of the respondents. **Source:** Primary (2022).

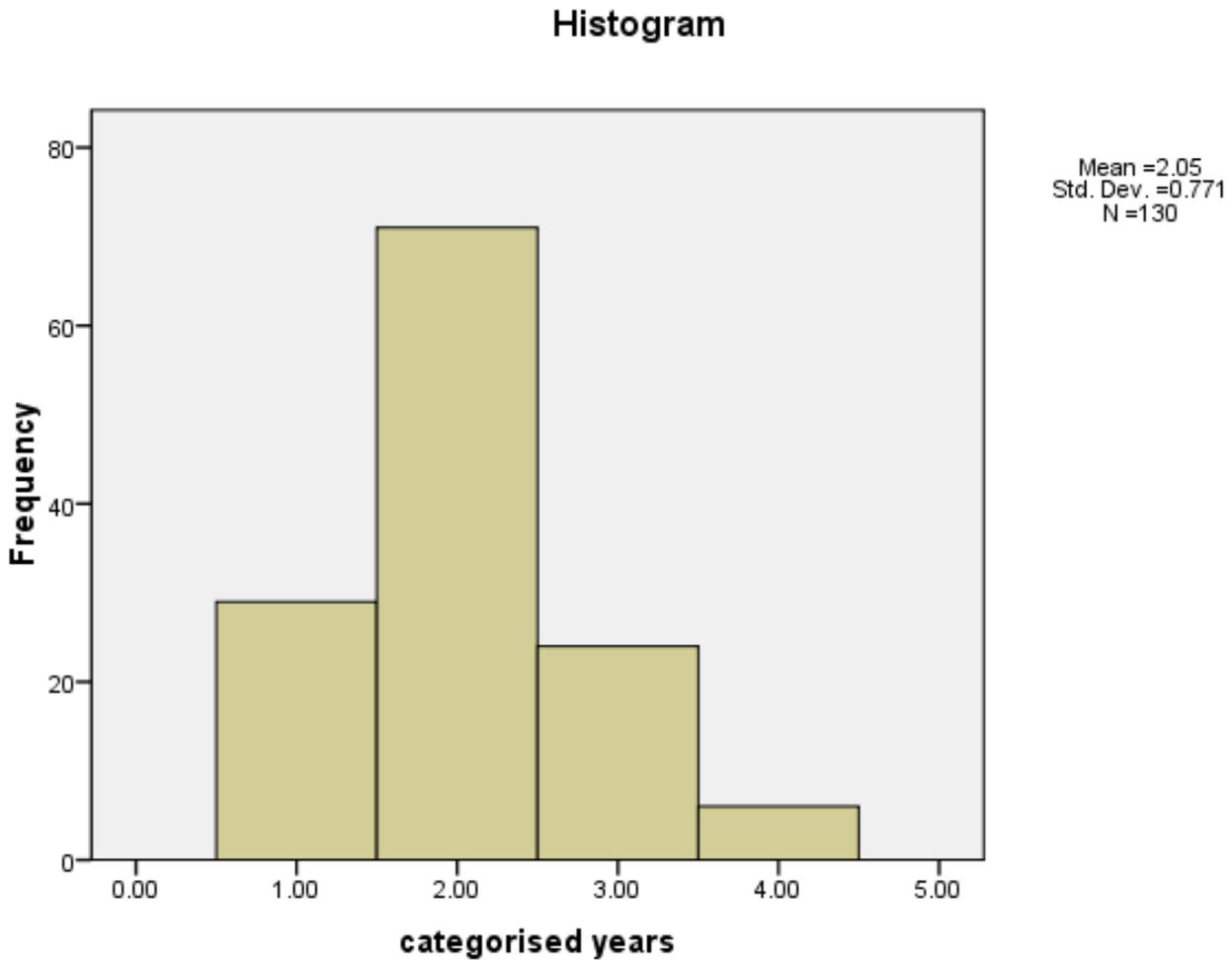


Figure 2: Showing years of experience of respondents Source: Primary (2022).

thropic. This indicates that most of the corporate social responsibilities of centenary banks involve finances hence accounting for 1% of the Net profit made by the bank.

#### **Ethical responsibilities by Centenary bank**

According to figure 4 above, the findings revealed accountability, transparency, respect for culture and religion, maintaining good customer relationships through feedback and timely reports, and provision of employment to the local community as the ethical responsibilities practiced by Centenary bank. Further, the findings revealed that the provision of employment opportunities to the locals is the best ethical social responsibility prac-

ticed by Centenary bank.

#### **Economic responsibilities practiced by Centenary Bank**

According to figure 5 above, the bank has an economic social responsibility towards its stakeholders through payment of fair wages and salaries, fair customer transaction charges, payment of taxes, payment of suppliers, and payment of dividends to shareholders. The findings also indicate payment of employee salaries is the biggest economic responsibility of the bank.

#### **Philanthropic responsibilities of Centenary bank**

According to the findings in table 5 above, the bank practices philanthropic corporate social

**A doughnut chart showing the CSR categories at Centenary bank.**

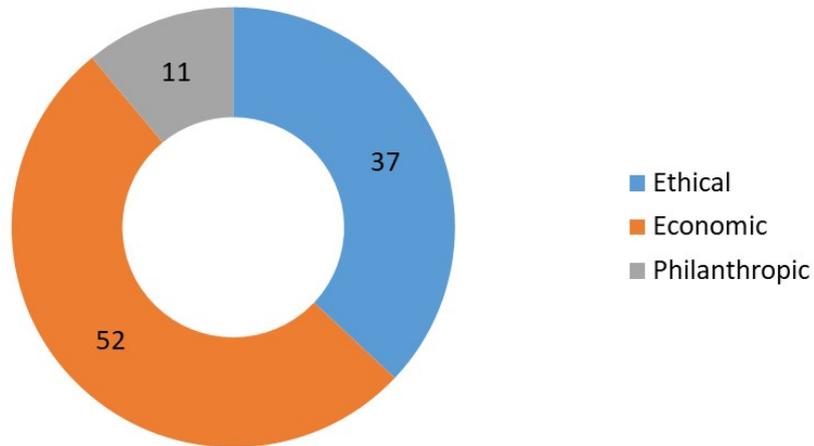


Figure 3: Showing categories of corporate social responsibility at centenary bank: **Source:** Primary (2022).

**Ethical responsibilities by Centenary bank**

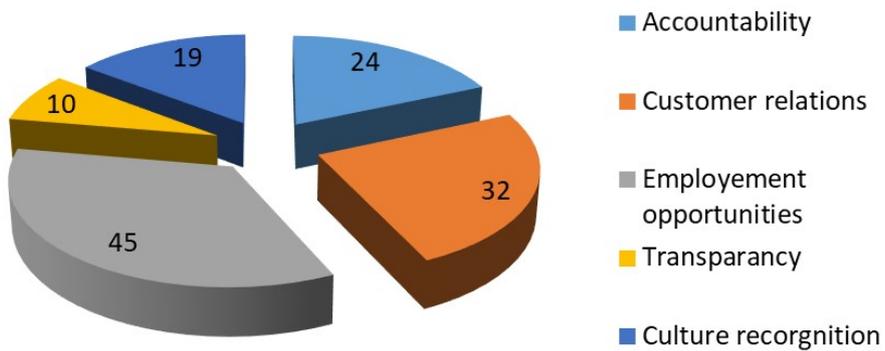


Figure 4: Showing ethical responsibilities by Centenary bank: **Source:** Primary (2022).

**Abar graph showing economic social responsibilities by Centenary bank**

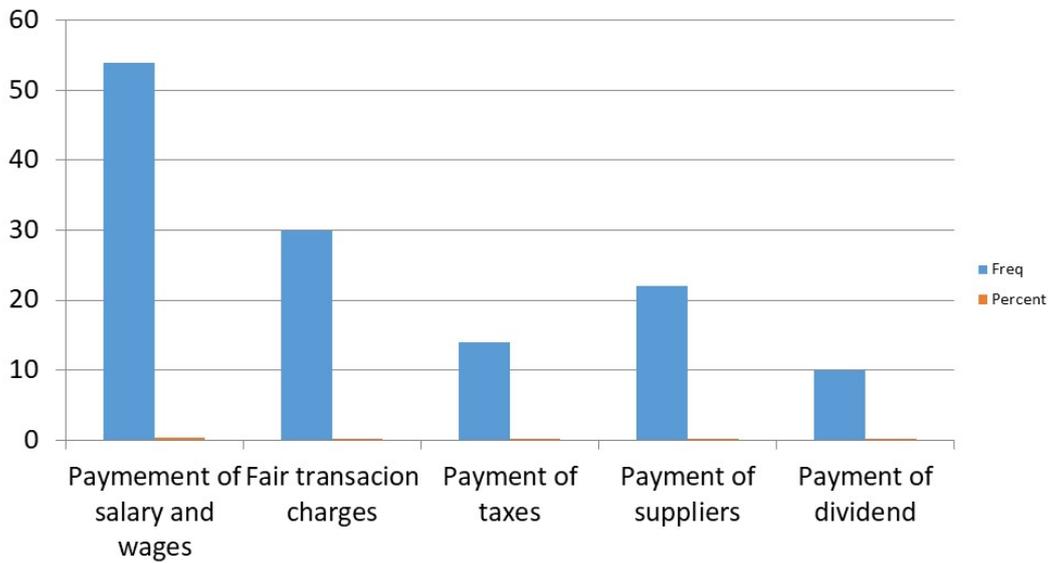


Figure 5: showing economic responsibilities of centenary bank

Table 5: Showing philanthropic responsibilities by Centenary bank

Philanthropic responsibilities	Frequency	Percent
Community support	66	51%
Donations	39	30%
Environmental conservation	25	19%
Total	130	100%

responsibility through community support, donations, and environmental conservation. Further, the findings revealed that 51% of the philanthropic responsibilities of Centenary bank are towards community support followed by 30% in form of donations, and lastly 19% for environmental conservation. This shows that the bank has a responsibility toward its customers and the community in which it operates.

### **Financial performance of Centenary bank**

To assess the financial performance of Centenary bank, the researcher used Net interest margin and Income to profitability and the level of Non-Performing Loans to measure the efficiency of the commercial bank.

### **Profitability of centenary bank**

According to figure 6, there was an increasing trend in Net Interest Income for Centenary bank. Further, there was a slight improvement in the Net Interest Income by the bank in 2020.

The trend further indicates a declining net interest Margin in 2020. Generally, the commercial bank has maintained profits over the years despite engaging in corporate social responsibility.

### **The efficiency of Centenary bank**

To measure the efficiency of the bank, the researcher used the level of Non- Performing Loans for the bank over the three-year period as shown in table 6.

According to the findings in table 6 above, there

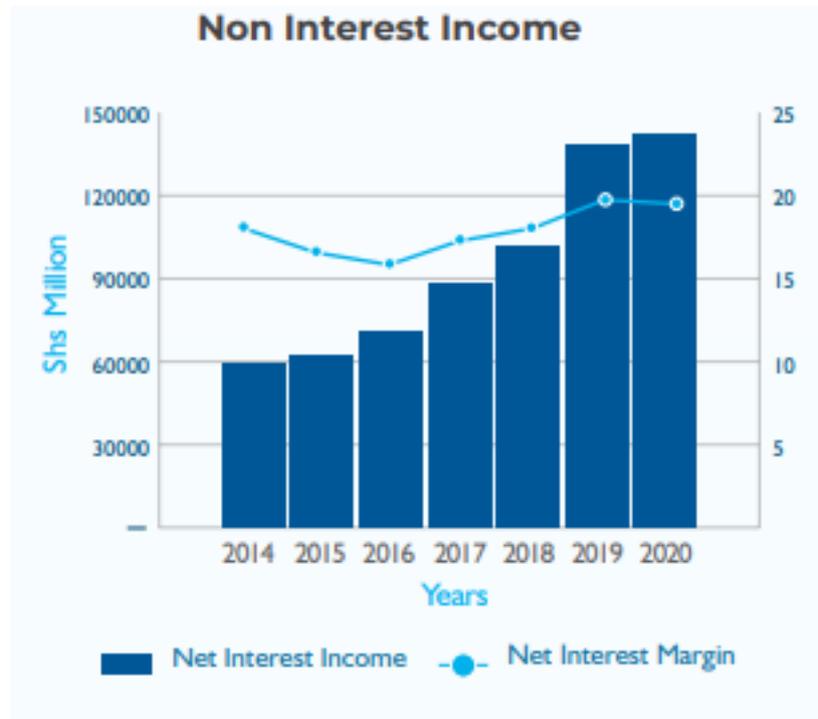


Figure 6: Showing the net interest income and net interest margin of Centenary bank. **Source:** Centenary Bank Annual report (2021).

Table 6: Showing level of Non-Performing loans.

Year	NPL (in %)
2018	2.6
2019	3.4
2020	4.1

**Source:** Primary (2022).

was an increasing trend of Non-performing loans at the centenary bank. This means the bank has declining financial performance in efficiency hence the need to improve through improved policies that are customer friendly. Further, the increasing trend of NPL could have been due to loan restrictions as a result of Covid-19 effects.

The relationship between philanthropic responsibility and financial performance of Centenary bank

The descriptive analysis between Philanthropic responsibility and financial performance of Centenary bank

The researcher used a Likert scale where the answers were on a scale of 1 to 5. Where 5= Strongly Agree, 4= Agree, 3 = Neutral, 2 = Disagree and

1 = Strongly Disagree. The table also includes the summary of the participant’s responses based on percentages (%), frequency (F), standard deviation (Std), and mean.

According to findings in table 7, the findings on “Centenary bank supports the local community and this improves the market size, revenues and profits of the bank” statement showed that the bank supports local communities to improve relations, market size, and revenues. The average response was 4.00 with a standard deviation of 0.03. Further, the findings showed that 76.54% of the respondents agreed with the above statement.

Further, the findings in table 7 on “Centenary bank donates to the community which boosts its markets share and reputation” showed an average

Table 7: Showing the descriptive analysis loan recovery and financial performance of commercial banks.

Statement		SD	D	N	A	SA	To- tal	Mean	Std
i) Centenary bank supports the local community and this improves the market size, revenues and profits of the bank.	F %	10 7.7	20 15.4	59 45.04	41 31.5	130 100	4.00	0.03	
ii) Centenary bank donates to the community which boosts its markets share and reputation	F %	24 18.6	43 33.1	31 23.8	32 24.6	130 100	3.5	0.654	
iii) Centenary bank engages in conserving and improving the environment which creates a good relationship with its customers.	F %	16 12.3	78 60	36 27.7		130 100	2.15	0.16	
iv) The engagement of Centenary bank in philanthropic responsibilities reduces the profits of the bank.	F %		8 6.1	89 68.5	33 25.4	130 100	4.19	0.28	

Source: Primary (2022).

response of 3.5 with a standard deviation of 0.654. However, 33.1% of the respondents were neutral while 48.4% of the respondents agreed with the statement. Therefore, the biggest proportion of the respondents agrees that centenary bank boosts its market share and reputation through donations.

The findings in table 7 also showed an average response of 2.15 with a standard deviation of 0.16 on “Centenary bank engages in conserving and improving the environment which creates a good relationship with its customers”. Further, the findings revealed that 72.3% of the respondents disagreed with the statement and the bank does not engage in environmental conservation.

The findings further showed an average response of 4.19 with a standard deviation of 0.16. Also, the findings showed that 87.7% of the respondents agree with the statement “The engagement of Centenary bank in philanthropic responsibilities reduces the profits of the bank”. This means that the significant expenditure on corporate social responsibilities affects its profits hence financial performance.

Generally, the bank engages in philanthropic activities to improve its reputation, market share, and revenues. However, findings show that significant spending on such activities reduces the profits of the commercial bank.

### Pearson correlation coefficient for philanthropic responsibilities and financial performance of Centenary bank.

According to the findings in table 8, the correlation between philanthropic responsibility and financial performance of the centenary bank, the researcher used donations and Net Interest Margin. The findings revealed 0.401 as the correlation coefficient and a sig value of 0.00. This indicated a significant positive fair relationship between philanthropic responsibilities and the financial performance of the centenary bank. Therefore, the centenary bank can improve its profitability by increasing philanthropic activities in the community.

The relationship between economic responsibility and financial performance of Centenary bank

Descriptive analysis of the economic responsibility and financial performance of the centenary bank

The researcher used a Likert scale for this particular section of the study where the responses were on a scale of 1-5. Where 1 = Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree. The table below shows a summary of the participant’s responses based on percentages (%), frequency (F), standard deviation (Std), and mean;

The findings in table 9 showed a mean response

Table 8: showing the correlation between philanthropic responsibilities and financial performance of Centenary bank

Correlations		Philanthropic responsibility	Financial performance
Philanthropic responsibility	Pearson Correlation	1	.401**
	Sig. (2-tailed)		.000
	N	130	130
Financial performance	Pearson Correlation	.401**	1
	Sig. (2-tailed)	.000	
	N	130	130

\*\* . Correlation is significant at the 0.01 level (2-tailed). **Source:** Primary (2022)

Table 9: showing the descriptive analysis economic responsibility and financial performance of centenary bank

Statement		SD	D	N	A	SA	Total	Mean	std
i) Centenary bank promptly pays its employees, government taxes and suppliers	F			12	86	32	130	4.15	0.67
	%			9.2	66.1	24.7	100		
ii) The engagement of Centenary bank in economic responsibilities has an effect on its profitability.	F			18	78	34	130	4.12	1.02
	%			13.8	60.2	26	100		
iii) Economic responsibility has an effect on the banks share value on the exchange market.	F	57	17	56			130	2.99	0.31
	%	43.8	13.1	43.1			100		
iv) There is a relationship between economic responsibility and financial performance of centenary bank	F	43	38	49			130	3.04	0.28
	%	33	29.31	37.69			100		

of 4.15 and a standard deviation of 0.67 on the statement “Centenary bank promptly pays its employees, government taxes, and suppliers”. Further, the findings revealed that 90.8% of the respondents agree that the bank promptly and adequately pays its employees, taxes, and suppliers.

The findings in table 9 also showed a mean response of 4.12 with a standard deviation of 1.02 on the statement “The engagement of Centenary bank in economic responsibilities affects its profitability”. Further, the findings revealed that 86.2% of the respondents agreed that engaging in economic responsibilities, and its profits are affected significantly as well as financial performance.

The findings in table 9 showed a mean response

of 2.99 with a standard deviation on the statement “Economic responsibility has an effect on the bank’s share value on the exchange market”. Further, the findings revealed that the biggest proportion 43.8% of the respondents disagreed with economic responsibility affects the share value of the bank. Therefore the engagement of the centenary bank in economic responsibility does not affect its share value.

The findings also revealed a 3.04 mean response with a standard deviation of 0.28. Also, the findings revealed that there is a relationship between economic responsibility and the financial performance of the centenary bank.

### Correlation between economic responsibility and financial performance of Cente-

## nary bank

From table 10, the correlation between default risk and financial performance is 0.374. The significance value is 0.045. Therefore, there is a negative significant relationship between economic responsibility and the financial performance of Centenary bank. This means increasing spending on salaries, suppliers, and dividends reduces the equity and liquidity of the bank.

The relationship between ethical responsibility and financial performance of Centenary bank

Descriptive analysis of the ethical responsibility and financial performance of Centenary bank

The researcher used a Likert scale for this particular section of the study where the responses were on a scale of 1-5. Where 1 = Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly Disagree. The table below shows a summary of the participant's responses based on percentages (%), frequency (F), standard deviation (Std), and mean.

The findings in table 10 showed a mean response of 4.2 and a standard deviation of 0.17 on the statement "Good behavior by employees of the bank improves the reputation of the centenary bank" Further, the findings revealed that 96% of the respondents agree that the good behavior by bank employees improves the sales, revenues, and customers of the commercial bank.

The findings in table 10 also showed a mean response of 3.32 with a standard deviation of 0.02 on the statement "The bank gives feedback to customer queries hence improves the share value of the bank hence financial performance". Further, the findings revealed that 60% of the respondents agreed that feedback to customer queries improves the share value of the bank while 12.3% were neutral, and 27.7% disagreed with the statement.

The findings in table 10 showed a mean response of 2.5 with a standard deviation of 0.11 on the statement "The bank provides accountability to various parties hence improving its share value". Further, the findings revealed that the biggest proportion 68.5% of the respondents disagreed with. 13.1% being neutral and 18.5% agreeing with the statement. Therefore, giving ac-

countability to various parties helps to improve improving its share value.

The findings also revealed a 4.04 mean response with a standard deviation of 0.28 on the statement "There is a relationship between ethical responsibility and financial performance of centenary bank" Also the findings revealed 29.23% were neutral, 37.69% agreed and 33.08% strongly agreed.

## **Correlation between ethical responsibility and financial performance of Centenary bank.**

From table 12 above, the correlation between ethical responsibility and financial performance is 0.404. The significance value is 0.005. Therefore, there is a weak positive significant relationship between ethical responsibility and the financial performance of Centenary bank. This means that good ethics improve the financial performance of the bank.

## **Regression analysis for credit risk and financial performance**

The findings from table 12 showed that the financial performance of Centenary bank was 66.2% predicted by ethical responsibility (Adjusted R Square = 0.662). The remaining 33.8% was predicted by other factors outside the study. The regression model was also valid (sig.0.002 <.05). Therefore observing ethics by the bank predicts 66% of the profits for the commercial bank.

Also, the table showed that the financial performance of Centenary bank was 50.8% predicted by economic responsibility (Adjusted R Square =0.508). The remaining 49.2% was predicted by other factors outside the study. The regression model was sig. <.061). Therefore, economic social responsibility has no significant effect on the profits made by the bank.

Results also showed that financial performance was 32% predicted by philanthropic responsibility (Adjusted R Square =0.32). The remaining 68% was predicted by other factors outside the study. The regression model was significant since P-value (0.007) is less than 0.05. This means that community support improves the sales of the bank hence financial performance.

Generally, there is a relationship between cor-

Table 10: showing correlation between economic responsibility and financial performance of centenary bank

Correlations		Economic re- sponsibility	Financial per- formance
Pearson correlation	Economic responsibility	1.000	-.374*
	Correlation Coefficient	.	.045
	Sig. (2-tailed)	130	130
	N	130	130
Financial performance	Correlation Coefficient	-.374*	1.000
	Sig. (2-tailed)	.045	.
	N	130	130
	N	130	130

\*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary (2022)

Table 11: Showing descriptive analysis ethical responsibility and financial performance of Centenary bank

Statement	SD	D	N	A	SA	To- tal	Mean	std
i) Good behavior by employees of the bank improves the reputation of centenary bank	F		5	93	32	130	4.20	0.17
	%		3.8	71.5	24.7	100		
ii) The bank gives feedback to customer quarries hence improves the share value of the bank hence financial performance.	F	36	16	78		130	3.32	0.02
	%	27.7	12.3	60		100		
iii) The bank provides accountability to various parties hence improving its share value.	F	89	17	24		130	2.5	0.11
	%	68.5	13.1	18.5		100		
iv) There is a relationship between ethical responsibility and financial performance of centenary bank	F		38	49	43	130	4.04	0.28
	%		29.23	37.69	33.08	100		

Source: Primary (2022).

Table 12: Showing correlation between ethical responsibility and financial performance of Centenary bank

Correlations		Ethical re- sponsibility	Financial per- formance
Pearson	Ethical responsibility	1.000	0.404*
	Correlation Coefficient	.	.005
	Sig. (2-tailed)	130	130
	N	130	130
Financial performance	Correlation Coefficient	0.404*	1.000
	Sig. (2-tailed)	.005	.
	N	130	130
	N	130	130

\*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary (2022)

Table 13: showing regression analysis for corporate social responsibility and financial performance of centenary bank

Model	R	R Square	Adjusted R Square
1	.685 <sup>a</sup>	0.47	0.662
2	.509 <sup>b</sup>	0.26	0.508
3	.332 <sup>c</sup>	0.11	0.320

d. Dependent Variable: Financial performance.

Table 14: showing regression analysis for corporate socialresponsibility and financial performance of centenary bank

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.037	.229		4.534	.000
1 2 3	Ethical	0.81	.000	.219	2.536	.002
	Economic	-0.327	.036	.042	1.292	.001
	Philanthropic	0.416	.012	-.016	-.181	.007

a. Dependent Variable: Financial performance

**Source:** Primary (2022).

a. Dependent Variable: Financial performance

Table 15: showing regression analysis for corporate socialresponsibility and financial performance of centenary bank

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.037	.229		4.534	.000
1 2 3	Ethical	0.81	.000	.219	2.536	.002
	Economic	-0.327	.036	.042	1.292	.001
	Philanthropic	0.416	.012	-.016	-.181	.007

a. Dependent Variable: Financial performance

porate social responsibility and the financial performance of the Centenary bank since the P-value (0.000) is less than 0.05.

## 5. Discussions

McWilliams & Sigel (2007), in their study “Corporate social responsibility and financial performance” found that the correlation between corporate social responsibility was 0.45. This is similar to the findings of this study hence there is a positive relationship between Corporate social responsibility and financial performance. These findings have also been found to agree with several other scholars like Friedman (2018) and Chui (2010).

Balasri *et al* (2020) examined Economic Social responsibility and commercial bank efficiency and examined a positive relationship. However, his results tend to deviate from the results of this study hence a disagreement as the study findings revealed a negative relationship between economic responsibility and financial performance. Further, the study did not identify the economic responsibilities that could lead to a positive relationship.

Kaleem (2019) carried out an empirical investigation of the relationship between Corporate Social Responsibility and the financial performance of the manufacturing sector in Pakistan. The findings revealed a positive relationship between ethical responsibility and financial performance. His findings were similar to the findings of this study hence agreeing that there is a positive relationship between ethical responsibility and financial performance.

Kapoor & Sandhu (2010) examined the relationship between philanthropic responsibility and the profitability of non-financial institutions in Ethiopia. The findings revealed similar results to this study. Therefore, there is a positive relationship between philanthropic activities and customer recruitment, improved revenue, profitability as well as financial performance.

### **SUMMARY OF FINDINGS,**

#### **Summary of the background information of the respondents**

The study showed a response rate of 98.53% with 1.47% not able to return the questionnaire or accept the interview hence reducing the sample size by 2 people. The findings also showed that 65% (84) of the respondents of the study were males and 35% (46) were females. The findings also revealed that the majority of the respondents have worked in the Centenary bank for 3-5 years

The findings revealed that 52% of the corporate social responsibility activities of the centenary bank are economical, followed by 37% of the Corporate Social Responsibility that was ethical and 11% are philanthropic. Further, the findings revealed accountability, transparency, respect for culture and religion, maintaining good customer relationships through feedback and timely reports, and provision of employment to the local community as the ethical responsibilities practiced by Centenary bank. Further, the findings revealed that the provision of employment opportunities to the locals is the best ethical social responsibility practiced by Centenary bank. Also, the findings revealed payment of fair wages and salaries, fair customer transaction charges, payment of taxes, payment of suppliers, and payment of dividends to shareholders as the economic responsibilities of Centenary bank towards its stakeholders. The findings also indicated payment of employee salaries is the biggest economic responsibility of the bank. The findings also revealed philanthropic corporate social responsibility practices by the bank as community support, donations, and environmental conservation. Further, the findings revealed that 51% of the philanthropic responsibilities of Centenary bank are towards community support followed by 30% in form of donations, and lastly 19% for environmental conservation. This shows that the bank has a responsibility toward its customers and the community in which it operates.

#### **Summary of the findings of the objectives of the study.**

Summary of the study findings on the relationship between philanthropic responsibility and financial performance of the centenary bank.

The findings revealed that Centenary bank supports the local community and this improves the

market size, revenues, and profits of the bank. This was revealed by an average response of 4.00 with a standard deviation of 0.03 on the Likert scale which means that respondents agree with the statement. Further, the findings showed that 76.54% of the respondents agreed with the above statement.

Further, the findings revealed that respondents were neutral on the statement “Centenary bank donates to the community which boosts its markets share and reputation”. The average response was 3.5 with a standard deviation of 0.654. However, 33.1% of the respondents were neutral while 48.4% of the respondents agreed with the statement. Therefore, the biggest proportion of the respondents agrees that centenary bank boosts its market share and reputation through donations.

The findings also showed an average response of 2.15 with a standard deviation of 0.16 on “Centenary bank engages in conserving and improving the environment which creates a good relationship with its customers”. Further, the findings revealed that 72.3% of the respondents disagreed with the statement that the bank does not engage in environmental conservation.

The findings further showed an average response of 4.19 with a standard deviation of 0.16. Also, the findings showed that 87.7% of the respondents agree with the statement “The engagement of Centenary bank in philanthropic responsibilities reduces the profits of the bank”. This means that the significant expenditure on corporate social responsibilities affects its profits hence financial performance.

The findings revealed that there is a correlation between philanthropic responsibility and the financial performance of the centenary bank, the researcher used donations and Net Interest Margin. The findings revealed 0.401 as the correlation coefficient and a sig value of 0.00. This indicated a significant positive fair relationship between philanthropic responsibilities and the financial performance of the centenary bank. Therefore, the centenary bank can improve its profitability by increasing philanthropic activities in the community. This is likely to improve financial performance by 40%.

### **Summary of the study findings on the relationship between economic responsibility and financial performance of Centenary bank.**

The findings in table 4.7 showed a mean response of 4.15 and a standard deviation of 0.67 on the statement “Centenary bank promptly pays its employees, government taxes and suppliers”. Further, the findings revealed that 90.8% of the respondents agree that the bank promptly and adequately pays its employees, taxes, and suppliers. Also, the findings showed a mean response of 4.12 with a standard deviation of 1.02 on the statement “The engagement of Centenary bank in economic responsibilities affects its profitability”. Further, the findings revealed that 86.2% of the respondents agreed that engaging in economic responsibilities, and its profits are affected significantly as well as financial performance.

The findings in table 4.7 showed a mean response of 2.99 with a standard deviation on the statement “Economic responsibility has an effect on the bank’s share value on the exchange market”. Further, the findings revealed that the biggest proportion 43.8% of the respondents disagreed with economic responsibility affects the share value of the bank. Therefore the engagement of the centenary bank in economic responsibility does not affect its share value.

From table 8 above, the correlation between default risk and financial performance is 0.374. The significance value is 0.045. Therefore, there is a negative significant relationship between economic responsibility and the financial performance of Centenary bank. This means increasing spending on salaries, suppliers, and dividends reduces the equity and liquidity of the bank.

Summary of the relationship between ethical responsibility and financial performance of Centenary bank.

The findings showed a mean response of 4.2 and a standard deviation of 0.17 on the statement “Good behavior by employees of the bank improves the reputation of the centenary bank” Further, the findings revealed that 96% of the respondents agree that the good behavior by bank employees improves the sales, revenues, and cus-

tomers of the commercial bank.

The findings in table 9 also showed a mean response of 3.32 with a standard deviation of 0.02 on the statement “The bank gives feedback to customer queries hence improves the share value of the bank hence financial performance”. Further, the findings revealed that 60% of the respondents agreed that feedback to customer queries improves the share value of the bank while 12.3% were neutral, and 27.7% disagreed with the statement.

The findings in table 9 showed a mean response of 2.5 with a standard deviation of 0.11 on the statement “The bank provides accountability to various parties hence improving its share value”. Further, the findings revealed that the biggest proportion 68.5% of the respondents disagreed with. 13.1% being neutral and 18.5% agreeing with the statement. Therefore, giving accountability to various parties helps to improve its share value.

The findings also revealed a 4.04 mean response with a standard deviation of 0.28 on the statement “There is a relationship between ethical responsibility and financial performance of centenary bank” Also the findings revealed 29.23% were neutral, 37.69% agreed and 33.08% strongly agreed.

From table 10 above, the correlation between ethical responsibility and financial performance is 0.404. The significance value is 0.005. Therefore, there is a weak positive significant relationship between ethical responsibility and the financial performance of Centenary bank. This means that good ethics improve the financial performance of the bank.

Summary of regression analysis of corporate social responsibility and financial performance of the centenary bank.

The findings from table 11 showed that the financial performance of Centenary bank was 66.2% predicted by ethical responsibility (Adjusted R Square = 0.662). The remaining 33.8% was predicted by other factors outside the study. The regression model was also valid (sig.0.002 <.05). Therefore, observing ethics by the bank predicts 66% of the profits for the commercial bank.

Also, the table showed that the financial performance of Centenary bank was 50.8% predicted by economic responsibility (Adjusted R Square =0.508). The remaining 49.2% was predicted by other factors outside the study. The regression model was sig. <.061). Therefore, economic social responsibility has no significant effect on the profits made by the bank.

Results also showed that financial performance was 32% predicted by philanthropic responsibility (Adjusted R Square =0.32). The remaining 68% was predicted by other factors outside the study. The regression model was significant since P-value (0.007) is less than 0.05. This means that community support improves the sales of the bank hence financial performance.

Generally, there is a relationship between corporate social responsibility and the financial performance of the Centenary bank. The bank engages in philanthropic activities to improve its reputation, market share, and revenues. However, the bank is less involved in environmental conservation.

#### **Limitation of the study.**

1. The researcher has been mainly affected by the outbreak of COVID-19 which restricted the number of times the researcher could meet the supervisor for guidance and other relevant offices to provide information for the study.

2. Dishonesty and personal biases of respondents are also among the issues that may limit the study: The researcher will not have control over the honesty of respondents and personal biases since the study will use self-administered questionnaires and interviews. The objectivity of respondents is crucial for the validity and reliability of the data for any given study.

## **6. Conclusions**

There is a positive relationship between philanthropic responsibility and the financial performance of centenary banks and community support activities improve the profits made by the bank.

There is a negative significant relationship between economic responsibility and the financial

performance of Centenary bank hence expenditure on salaries, suppliers, and dividends reduce the working capital of the bank significantly.

There is a weak positive significant relationship between ethical responsibility and the financial performance of Centenary bank hence good ethics improves the financial performance of the bank.

## 7. Recommendations of the Study

After critically analyzing the findings of the study, the researcher came up with the following recommendations.

1. Centenary bank should improve philanthropic social responsibility through supporting Kabaka run, providing piped water and scholarships to unprivileged children in order to improve reputation, share value, markets share, and revenues. Further, the bank should also engage in environmental conservation in order to improve customer relations.

2. Centenary banks should also reduce the economic responsibility budget by ignoring bonuses and travel allowances to senior management. However, the bank should pay fair salaries to its employees and fair dividends to its shareholders.

3. Centenary bank should also effectively communicate with customers, employees, and suppliers through timely feedback. Further, the bank should fairly charge customers on transactions to ensure the safety of customer funds and continue to offer quality customer services to over more customers, revenues and profits.

## 8. Areas for further research

Further research should be carried out on the relationship between environmental responsibility and the profitability of the centenary bank.

Also, a study should be carried out on corporate social responsibility and customer satisfaction with Centenary bank services.

## 9. List of ACRONYMS

<b>ASPR</b>	Annual Sector Performance Report
<b>CSR</b>	Corporate social responsibility

<b>FP</b>	Financial Performance
<b>ROI</b>	Return on Investment
<b>EPS</b>	Earnings per Share
<b>EVA</b>	Economic Value Added
<b>FASB</b>	Financial Accounting Standards Board
<b>NGO</b>	Non-Governmental Organization
<b>MVA</b>	Market Value Added
<b>TSR</b>	Total Shareholder Return

## 10. Source of funding

The authors of this article are self-sponsored.

## 11. Conflicts of interest

The researcher has no conflicts of interest regarding this work.

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### 13. Publisher details:

**Publisher: Student's Journal of Health  
Research (SJHR)  
(ISSN 2709-9997) Online  
Category: Non-Governmental & Non-profit  
Organization  
Email: studentsjournal2020@gmail.com  
WhatsApp: +256775434261  
Location: Wisdom Centre, P.O.BOX. 148,  
Uganda, East Africa.**



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