

Impact of CSR on Firm's Financial Performance: A Study on Some Selected Agribusiness Industries of Bangladesh

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Abstract

CSR Activities are one of the foreseeable parts of the organization now-a-days. Almost all the prominent organization performs CSR activities for the sake of society or as a part of their responsibility. Most organizations have embraced corporate social responsibility without substantial increase in industries performance hence the research sought to find out the effect of CSR on Firm's Financial Performance. The main purpose of study is to shed light on the impact of CSR on financial performance (FP) of Agribusiness Industries of Bangladesh, using a sample of four renowned Agribusiness industries for the period of 3 years from 2015 to 2017 through purposive sampling method. Relational research design was adopted. Data was collected from secondary sources. Regression, correlation was used for analyzing the data and results discussion. The findings presented revealed that return on equity (ROE) & net income has significant impact on financial performance favouring those firms that do Corporate Social Responsibility whereas; return on assets (ROA) & earnings per share (EPS) has no significant impact on financial performance. Some recommendations were provided for future use to any researcher in this hypothetical arena. Based upon key findings, this study postulates CSR phenomenon is consider as an essential growth element and FP-boosting tool through Agribusiness industries of Bangladesh. Eventually, mainstream of the studies on CSR are in context of well-established companies and nations, however, developing nations are least emphasized, thus the findings of this study greatly contribute in body of knowledge as well as offer pivotal implications for policy makers and governance of financial sector.

Keywords

CSR, Agribusiness, ROA, ROE, Sustainable Development, EPS.

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1. Introduction

1.1 Background of the Study

Corporations carry out their business operations within social environments. Corporate business activities create interactions between the corporations and the environments within which they operate. A business needs a healthy, educated workforce, sustainable resources, and adept government to compete effectively. For conducive and friendly business environments

corporations usually participate in some environmental and social activities within their environments. These social and environmental activities may include monetary donations and aid given to local and non-local non-profit organizations and communities, including donations in areas such as the arts, education, housing, health, social welfare, and the environment, donations of money and materials to motherless homes and government hospitals, awarding of scholarship to indigent students, control of environmental air, land and water pollution, drainage cleaning, constructions and free donation of public

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school buildings, construction of roads, public toilets, employment of disable persons etc. These Corporate participations and involvements in social and environmental activities are referred to as corporate social responsibility. Corporate social responsibility (CSR) creates favourable goodwill and makes social and business environments conducive and friendly. A conducive and friendly social and business environment will enable corporations to achieve their main objective of profit and shareholders' wealth maximization.

The financial performance of the Agribusiness industry has two separate angles: firm short term financial performance and firm long term financial performance. Financial performance of the Agribusiness industry has the important worth to firm. CSR has the incredible effect on generating finance for firm. It influences the organizations' operation in distinctive ways. It supports the firm to make their reputation in the society as well as in customer mind. It imagines the financial quality to firm. In the event that a firm is energetically partaken in social exercises it augments the benefits for firm in short run and in long run. It is vital for firm to attain high benefits for firm to draw in the financial specialists and in keeping up their stock costs in the business sector. In the event that a firm does not lead their operations morally and does not satisfying its social obligation it will force the expense to the firm.

Bangladesh the home of 160.00 million people is one of the developing countries of the world characterized by high incidence of landlessness and a labour surplus economy. The global economic environment is undergoing drastic changes with the concept of market economics for sustainable development. Under such an environment, production in both the Agribusiness and Industrial sectors are stagnating the aid pipeline, drying up remittances and as a sequence in investment growing shy. Only exports, especially in non-traditional areas, offer the most promising avenue for sustained growth. In this context agro-based business processing industries have enough and fresh opportunities for employment and income generation through increased domestic agricultural production.

The business analyst report CSR as an add-on to the financial performance of the company, if fulfilled in a deliberate way. It is part of company strategic management whether to be involved in CSR or not. So far, organization use different business techniques in accordance to size, their current level of profitability whether the firm is in position to cover the expense of the CSR or not, business locality, stakeholders' practice in CSR, diversification or integration in existing market, stockholders level of trust on company decisions, previous record of CSR by business firm itself or competitors, overall conditions in the market. The key role of managers is to control the negativity of value maximization. Because in

doing so, most of the firms neglect the social aspects.

In most of the developed nations, CSR has potentially grown up in the last decade. All the stakeholders of the corporation are forcing it to be engaged in CSR issues with the passage of time. The trend towards CSR and corporations growth is interlinked now. Most of the firms are now focusing on CSR to continuously improve their social environmental, economic, and financial performance. According to Lea (2002) socially responsible firms do all things in favour of stakeholders. The Agribusiness industry not only fulfils the core business objectives but in addition to that they focus on society including workers, customers and other stakeholders by increasing welfare activities, providing funds and aids to needy persons, special donation to non-trading concerns, establishing free educational institutions and hospitals for the society. This not only brings augmentation to goodwill but also brings favourable results in financial statement like profit and loss statement, balance sheet, cash flow statement, increasing the financial worth of the Agribusiness industry.

Now-a-days, CSR is known to be integral part of business core competencies not only on international level but also on local and domestic level. Kotler (2005) explain that CSR leaves its impact on financial worth of the company. The firm reduce their employee turnover by giving incentives, cash bonuses, safe work environment with protection of health and life for customer, the firm charge normal rate and this normal price induce the customer to say something in favour of company.

Although CSR has only recently risen to prominence as a serious discipline in management, contributing to society is not a totally new concept for firms. In late 1770s, Adam Smith introduced the expression the invisible hand 'to demonstrate how capitalists inadvertently brought about domestic economic prosperity even though their real intentions were the pursuit of self-interest. Smith argued that the metaphorical hand 'helps produce benefits to society even when the capitalists did not plan for such social benefits. The invisible hand produces outcomes that may not be consciously planned. To Smith, social welfare is a by-product of capitalist's activities. The impact of corporate activities on society has been thence debated by practitioners and researchers right up to this day. Despite the many debates and discussions on the social responsibility of firms, there remains a big question of what CSR actually is. As Kitchin (2002) stated, one moment CSR seems to mean the engagement of nongovernmental organizations (NGOs), the next it is all about charitable donations, and 5 minutes later it seems to mean the ethical treatment of employees. One minute the NGOs are calling the shots, the next the accountants are in on the act selling reputation assurance. Different authors seem to have different explanations as to what CSR is. Some argued that CSR is an excellent tool to market the firm and should therefore be led by

marketers or be used to enhance the company's brand. Others argued that firms should be socially responsible because that is the right way to behave.

It's now recognized that sustainable development and reduction of poverty are the key issues that need to be addressed by the governments, mostly in the developing world. However, the government cannot meet this alone without the help of the private sector. Policy makers are paying much attention to the potential contribution of the private sector to such policy objectives. As the issue of sustainable development becomes more important, CSR becomes an element that addresses these issues and therefore it becomes more vital in the daily operations of financial institution in the Agribusiness industry.

1.2. Statement of the Problem

A lot of corporate financial institutions exist without much impact on the society on the ground that it does not have a positive impact on their financial performance. Previously studies have focused mainly on the developed countries and there is less work done on measuring the impact of Corporate Social Responsibility on Financial Performance in developing countries like Bangladesh. In less developed countries, most of the firms are not yet quite familiar with the importance of Corporate Social Responsibility and thus don't pay much attention on the Corporate Social Responsibility. Now a day's people have more knowledge about the organizations and the work they are doing for the welfare of the society. So it's important to study Corporate Social Responsibility and its impacts on the profitability of firms in these economies. Over three-fourths of the total population in Bangladesh lives in the rural areas. Most of such rural population is directly or indirectly engaged in a wide range of agricultural activities. Agriculture contributes significantly to

the country's GDP. About 57 per cent of the country's labour force is absorbed in the crop sector alone. The number of large, medium and small agro-based firms is quite limited in this country of about 160 million. Out of such firms, only a few ones could make headway in agri-business. Two or three such firms are exporting the country's agro-products to the overseas market. Agribusiness industry is focusing on CSR and thus this study is going to depict the impact of CSR on the financial performance of those firms.

1.3. Objective

The focus of many businesses over the years is profit and cared less about the welfare of the communities they operated. This led to the myth that profit and growth are the sole purpose of business. Taking into consideration this, this study specifically intends-

1. To identify whether CSR influences Agribusiness industry's performance in terms of profitability.
2. To identify whether CSR influences the earning per share of the Agribusiness industry.

1.4. Research Hypotheses

To accomplish the objectives of the study, the following hypotheses are developed:

1. H1: CSR activities have no significant impact on the ROE of Agribusiness industry.
2. H2: CSR activities have no significant impact on the ROA of Agribusiness industry.
3. H3: CSR activities have no significant impact on the EPS of Agribusiness industry.
4. H4: CSR activities have no significant impact on the Net Income of Agribusiness industry.

1.5. Proposed Theoretical Framework

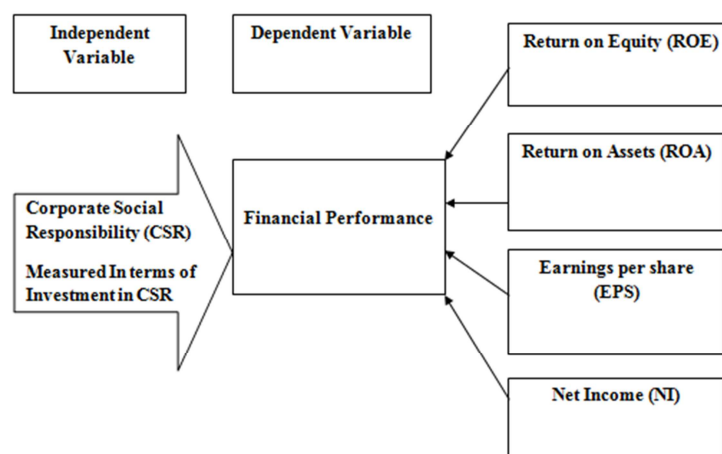


Figure 1. Proposed Research Model.

1.6. Rationale of the Study

There is no evidence about the relationship between corporate social responsibility and Agribusiness industry performance that include financial and non-financial performance. In spite of the existing of some literature about the role of corporate social responsibility in the aspects of environment and society, there is a significance gap about how corporate social responsibility improves Agribusiness industry performance due to lack of documented evidence of the benefits hence the researchers focus was to find out the effect of CSR on organization performance based on selected Agribusiness industry as we find out whether these institutions realize any benefits from the much they spend. It also seeks to find out the policies set by the government concerning the CSR activities since CSR has been used by business institutions to evade tax in terms of paying less towards tax as tax is free of CSR activities organization indulge in. The findings are likely to be essential in providing insight towards which CSR activities are the most effective, in terms of their effect on the bottom line of the Agribusinesses engaging in them. This insight would enable them regulate the balance between these motivations, maximization of the social good that can be drawn from these CSR activities and profitability. The foregoing has attracted the need to explore how corporate social responsibility expenditures impact on the financial performance of Agribusiness industry in Bangladesh. The outcome of the study will furthermore increase the subsisting consistence of knowledge on the subject of motivation and productivity in the Agribusiness industry.

1.7. Scope of the Study

In this study the relationship between CSR and financial performance is enthusiastically determined. So, the Impact of CSR on sales, gross profit, net profit, financial leverage of the firms clearly depict whether there is any linkage and what is impact of CSR on financial performance of the Agribusiness industry. Theoretically, the importance of CSR and its contribution to Agribusiness industry's performance in financial perspective cannot be understated. Therefore, the study will be a reliable source of reference for scholars, researchers, authors, and other interested parties in the world of academia pursuing literary works in the field of finance. Thus, in general, the findings of this study will add to the existing body of knowledge on the effects of CSR activities on the financial performance in Agribusiness. The study will also assist the business students of the area as well as the business competitors too, to know the impact of CSR as a competitive advantage because most of the time customer not only focus on the product but also centralize the worth and

good will of Agribusiness industry.

2. Review of Literature

Assessment of related literatures in any research is necessary in the good judgment that it allows for an extent for reviewing the collection of knowledge & information appropriate to the future research.

Mishra and Suar (2010) under the title "Does Corporate Social Responsibility Influence Firm Performance of Indian Companies?" talked about the CSR regarding six measurements clients, representatives, nature's turf, group and suppliers and effect of this connection on budgetary and non-fiscal execution of firm. 150 assembling organizations were chosen showing the 18 separate classifications of firms in 2003-2006. Survey and auxiliary information from the sites of organizations was utilized to discover the results. The legitimacy and unwavering quality is tried by affirming component dissection (CFA). It incorporates the elucidating facts, relapse weights, GFI, CFI and NFI. Firms' monetary execution is dictated by the ROA degree. They likewise adjusted the 12-thing scale for measuring the non-money related execution of the firm. The CSR was autonomous, FP and NFP was considered as reliant variable. The proprietorship sort and firms' size is taken as control variable. Clear facts and Pearson connection measures are utilized to investigate the information. The result demonstrates that the propitious CSR have positive effect on firms' fiscal and non-monetary execution.

Khanifaret *al.* (2012) under the title Impacts "Corporate Social Responsibility on Company Financial Performance" proposed the two connections. 1) Concurrent and consequent financial execution with connection to CSR. 2) Past monetary execution. They considered that there is negative relationship in the middle of CSR and CFP regarding a few pointers, for example, stock value progressions and EPS gauges. They distinguished the positive relationship between corporate social execution and corporate fiscal relationship as far as expense sparing, expand the corporate picture and help in seeking after the administrative bodies which can brought about bigger expense to associations. They likewise talked about that there is no critical relationship in the middle of CSR and CFP. At the end, they abridged that there is sure relationship between corporate social obligation and budgetary execution. In spite of the fact that it acquired expense to firm yet it gave high benefit in future results of firm.

Flammer (2013) under the title "Does Corporate Social Responsibility Lead to Superior Financial Performance: a Regression Discounting Approach" examined the relationship

in the middle of CSR and CSP focused around rate of acknowledged social recommendations by the top administration of firm for being socially capable. He considers the three speculations about CSR. He took 102 CSR-related tasks as his specimen. To discover the impact of CSR the accompanying relapse was utilized for ROA and NPM. KLD file is utilized to measure the CSP. He additionally distinguishes stocks response to CSR. Auto (combined strange results) is utilized to process the association's stock costs changes. The outcomes of examination demonstrate that CSR is positive asset for firm. Second, he found that CSR minor returns are decreasing and put an expense to firm. Third, he distinguished that in high institutional standards' organizations accomplished high benefit in aftereffect of positive social leads yet the organizations with low institutional standards, CSR has no huge part in getting high benefit.

McWilliams and Siegal (2000) under the title "CSR and Financial Performance: Correlation or Misspecification" clarifies the relationship between 1) CSR and R&d 2) Advertising and firm execution. They made amplification in the econometric model given by Waddock and Graves (1997). They chose 524 organizations as their specimen. They utilized CSP file and execution measure, ROA and KLD Index. The ward variable is PERF, control variable SIZE and RISK and free variable CSP, IND, RDINT, INDADINT in 1991-1996. The examination presumes that R&d, promoting force venture and CSR are exceptionally corresponded. It portrays that R&d and ad force of firms can't disregard when we discussing firm execution.

Boessoet *al.* (2013) under the title "Enlightening, Instrumental, and Strategic Approaches to CSR: Do They Drive Financial Performance of Companies Differently" expressed that an elevated amount of social execution help to keep up great association with organization's stakeholders and it may prompt wellbeing of the money related parts of firm. They chose example was KLD database-involved 100 organizations as best corporate national for 2006-2008 and 118 organizations of GRI report. The instrumental methodologies investigate the relationship in the middle of CSP and association's fleeting budgetary execution. The EBITDA and firms business sector worth is utilized as the measure of CFP. Capital uses and elusive stakes are utilized to measure the medium and long haul monetary execution. The exploration's result demonstrates that there is sure relationship between the corporate social execution and corporate budgetary execution.

Furthermore, Carroll (1979) supports this thought stats, since 1970s, many research scholars conducted studies on CSR and paid more consideration heading towards CSR besides CSR CSP and taken together. Under the umbrella of CSR all

stakeholders of the firms are treated in a socially acceptable manner and when firms behave socially that in turn improves the stakeholder standard of living (Hopkins, 1999). Although companies are involved in, deploying resources in the CSR activities believed of increasing corporate image and FP. Conversely, He also argued that there is no analogy and all researcher do not conclude the same results (Balabaniset *al.*, 1998).

Weber (2009) in his study reported that "FP" is a blend of financial state of affairs along with a firm's ability to meet its policy business compulsions and commitment. Besides, Weber also added that long term or policy obligations and commitment of a concern indicate the financial outcomes projected from putting into practice the particular line of actions and policies in specific point in time. These strategies and manoeuvres should be consistent and their time frames usually more the 2-3 years.

According to Marshall (1920) in ordinary sense, FP expressed as an act of undertaking financial activities however, in the broader sense; FP relates to the degree to which financial or monetary objectives been realized by an entity. Furthermore, FP is the process of gauging the monetary achievements of the business affairs by implementing polices and strategies in specific point in time. In this regard he also reported there are number of accounting and market base measures including return on assets (ROA), return on equity (ROE), earnings per share (EPS), net profit, operating profit, gross profit, return on capital employed, P/E are employed to estimate the monetary health and the firm's efficiency in utilizing available monetary resources.

Moore and Spence (2006) argued that, regardless of the limitations accounting based proxies are relatively better choice than market based and other mechanisms. Thus, it magnifies the scope of using accounting measures to measure the monetary performance.

The association between CSR and FP has been well explored and much developed in the contemporary literature. The linkage between CSR and FP may be neutral, positive or negative and yet there is no consensus among researchers (Ullmann, 1985). There are three school of thought found in the literature on CSR. First school of thought found positive association between CSR and FP (Preston and O'bannon, 1997; Mutasim and Salah, 2002; Toutsoura, 2004; Choi *et al.*, 2010; Weshahet *al.*, 2012; Torugsa, 2012; Iqbalet *al.*, 2013; Govindarajan and Amilan, 2013; Murtazaet *al.*, 2014; Oforiet *al.*, 2014; Fu and Shen, 2015; Kiranet *al.*, 2015; Jie and Hasan, 2016; Yusoff and Adamu, 2016) and recommended investment on the CSR activities because CSR improves the value of firms.

The second group reported a negative connection between CSR and FP and embracing the concept of maximizing the firms profit by using its resources. They are not in favour of the notion of investing resources on CSR (Margolis and Walsh, 2003; Makniet *al.*, 2009; Cellier and Chollet, 2011; Watiet *al.*, 2011; Iqbalet *al.*, 2012; Babalola, 2012; Singh, 2014; Hirigoyen and PoulainRehm, 2014).

The third school of thought measured neutral association between CSR and FP, documented a miscellaneous relationship and suggested consideration of many other dynamics that can impede researchers from safe conclusion (Mohamed Zain and Janggu, 2006; Mehar and Rahat, 2007, Soanaet *al.*, 2011; Kang *et al.*, 2010; Iqbalet *al.*, 2012; Cheket *al.*, 2013; Allen, 2014; Adeneye and Ahamad, 2015).

Tsoutsoura (2004) under the title "corporate social obligation and money related execution" assess the relationship between social exercises and fiscal execution of the association. She clarified that it is key to fuse the social execution inside all the operations of firm for accomplishing achievement. The example is taken as 422 organizations identifying with distinctive businesses. Optional information was utilized as a part of the exploration taking data from association's accounting report, wage proclamation and other fiscal articulations. Two measures were utilized for information. KLD Rating information is utilized for CSP and diverse productivity degrees (ROA, ROE, and ROS) were utilized for CFP within 1996-2000. Speculation was tried by cross-sectional time arrangement relapse dissection. The finished results betoken that there is a positive relationship between social exercises of the firm and budgetary execution. Organizations that have included in social exercises are accepted less dangerous as far as gift, debasement, paid overwhelming fines and negative social occasions.

Yeung (2011) under the title "The Role of Banks in CSR" clarifies that the administration of firms ought to take into the monetary and non-fiscal results with consciousness of danger and upkeep of transparency. The poll was utilized as an instrument for examination and measured on 7 Likert-Scale. The respondents were identified with keeping money industry and 65 surveys were gathered. The T-test was connected on information. The deciding consequence of the examination clarifies that corporate social execution has the equivalent hugeness of corporate monetary execution. The saving money associations ought to have apt strategies for client and group profit. It brings down the danger and upgrades quality inside associations.

Classon and Dahlstrom (2006) under the title "By what means can CSR Affect Company Performance?" expound that how CSR influence the client discernment which has evident effect on budgetary execution of the organizations.

Garments Industry was utilized as populace for discoveries of exploration. 15 organizations were picked as their specimen. Meetings were held for accumulation of information. Qualitative measures were utilized for information investigation. The models were created for CSR (quality joining chain) and CFP (Service benefit chain) They presume that organizations ought to include in moral exercises on the off chance that they need to attain the great client observation and construct a decent picture in client's brain to accomplish the high benefits. Kanwaal,

Khanamet *al.*(2013) under the title "Impact of CSR on Firm's money related execution" portray that the liberality of organizations into distinctive social exercises may prompt superior of the organizations. They utilized the example of 16 organizations from diverse segments recorded on KSE. They measure the CSR by the sums which firms are using on corporate social obligation. The aggregate possessions and net benefits were utilized as the measure of money related execution of firms. They infer that there exist a positive relationship in the middle of CSR and CSP.

Batraet *al.* (2007) argue that in order to achieve high standards of corporate governance, internal pressures such as peers and market competition should be more effective than enforcement by regulating agencies. It is also imperative that the regulators should expand their role and take effective measures to propagate the concepts of best practices in ushering an era of good corporate governance. Corporate social responsibility disclosures can be an attempt by a firm to legitimize corporate actions. In our study we search for indications that corporate social responsibility disclosures are a result of peer and/or regulatory pressure.

Babalola (2012) examined the impact of corporate social responsibility on firms' profitability in Nigeria. The statistical tool used to analyze the data collected was ordinary least square. The result from the firms sampled showed less investment on social responsibility since less than ten percent of their annual profit is accounted for. The researcher therefore recommends that CSR has to be imposed on firms in Nigeria by the government through enforcement of relevant laws and regulations.

Hildaet *al.* (2015), studied corporate social responsibility and performance of selected firms in Nigeria. Product moment correlation was used for data analysis. Findings revealed a significant relationship between social responsibility cost and corporate profitability. The study concluded that social responsibility was vital to organizational performance. Magaraet *al.* (2015), focused on the impact of environmental accounting on financial performance of corporate organization in Kisi County. The study adopted a stratified sampling design. Findings revealed that the perceived

financial performance of the corporate organization in general was in good status as perceived by the employees.

Classon and Dahlstrom (2006) carried out a study on corporate social responsibility and how it can affect company performance in Sweden using survey data, observe that CSR can influence customer perceptions on a product or service offering and in the end affect company performance. Among all the studies reviewed above, it appears that none of the authors used time series data that covered a period of years with correlation technique to assess if environmental maintenance, personnel welfare and social responsibility are statistically relevant to the financial performance of organizations in Nigeria.

3. Methodology of the Study

Methodology in any systematic study deserves careful consideration. Proper methodology is the prerequisite of a good research. The reliability of a scientific research work depends upon how appropriately methodology to be followed during the period of data generation. In the present study, methodology is taken to indicate the underlying principles, methods and the systems or inquiry procedure leading to completion of the study.

3.1. Research Design

Research design is a blueprint of carrying out a research study (Kothari, 2008). This study under relational research design. In addition, the study will be carried out over a specific period of time. The choice of this design is premise on the fact that the study will involve participants drawn from an array of Agribusiness industry. In addition, the study will be carried out over a specific period of time. This study focused on effect of CSR activities on Agribusiness industry's in financial perspective at a specific time. That is for a period of three years from 2017 -2015.

3.2. Sampling Size

The companies were selected based on their consistent appearance in the uppermost list of top 100 performing companies in Bangladesh. Due to resource and time constraints and availability, a sample size consists of Pran group, ACI formulations Ltd, Golden Harvest Agro Industries Ltd; Apex Foods Limited is used in this study.

3.3. Sampling Method

In case of choosing the sampling method here the first priority is given Purposive sampling method. Purposive sampling, also known as judgmental, selective or subjective sampling, is a type of non-probability sampling technique. Non-probability sampling focuses on sampling techniques

where the units that are investigated are based on the judgment.

3.4. Source of Data

This study exclusively relied on secondary data. The data was obtained from official financial statements of Agribusiness industry's participating in the study for a period of three years from 2015 -2017. The mentioned data was accessed from the websites of the aforesaid Agribusiness industry's since they are mandated to publish their financial statements and financial reports at the end of every financial year. The others secondary sources include different web sites, books, journals, annual report and published research works etc.

3.5. Collection of Data

To attain accuracy and reliability of data, care and caution were taken in data collection. The researcher's took all possible effort to furnish correct data. Data was collected during the 3 months dissertation period.

3.6. Analytical Techniques

The relationship of the proposed model and the properties of the scale were analyzed using the Statistical Package for Social Sciences (SPSS), MS excel 2007. Usage of the statistical techniques was according to commonly accepted research assumptions where appropriate. Test includes correlation; multiple regression technique is used to trace causal relationships between several factors. The collected data have been processed, tabulated and analyzed in the logical manner.

3.7. Regression Analysis

According to the nature of study and research objective, following econometrics model is applied to test the hypothesis:

$$RP = \beta_0 + \beta_1 CSR + \epsilon \quad (1)$$

To operationalize the research objective above regression equation is further divided into three equation respective to each proxy of FP.

- a. $ROA = \beta_0 + \beta_1 CSR + \epsilon$
- b. $ROE = \beta_0 + \beta_1 CSR + \epsilon$
- c. $EPS = \beta_0 + \beta_1 CSR + \epsilon$
- d. $NI = \beta_0 + \beta_1 CSR + \epsilon$

Where,

FP represents financial performance, ROA symbolizes return on assets, ROE designates return on equity and EPS denote earnings per share have been taken as proxies of dependent

variable whereas CSR symbols CSR treated as independent variable and ϵ is serving as an error term in the equation of the study. A statistical measure that attempts to determine the strength of the relationship between one dependent variable (usually denoted by Y) and a series of other changing variables (known as independent variables). Regression analysis was used to calculate how much the percent change occurred by the independent variables on the financial performance in the Agribusiness industry.

3.8. Limitation of the Study

There is no exact source of collecting necessary data due to the lack of Research and Development Department in Agribusiness sector as well as CSR activities. The focus of this study was on education CSR activities, health CSR activities and environment CSR activities. Therefore, the findings may not be applicable to other forms of corporate social responsibility like legal requirements and adherence to social values, which the study did not consider. The study findings also are based on the Agribusiness industry hence the findings may not be applicable to other institutions like microfinance banks and other economic sectors in

Bangladesh. In addition, the study was carried out in Bangladesh hence; the findings are limited within the Bangladeshi context.

4. Data Analysis & Findings

4.1. Regression Analysis

Table 1. Model Summary for ROE & CSR.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602 ^a	.363	.299	2.23027

Source: Calculated From Secondary Data.

The R² value (the "R Square" column) indicates how much of the total variation in the dependent variable, ROE, can be explained by the independent variable, CSR. In this case, R² designates that change in ROE can be explained by change in CSR data. The adjusted R value of .299 implied that the model is 29.9% goodness fit. A unit change in the CSR activities leads to about .363 unit change or 36.3% changes in ROE of the Agribusiness industry.

Table 2. ANOVA for ROE & CSR.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.306	1	28.306	5.691	.038 ^b
	Residual	49.741	10	4.974		
	Total	78.047	11			

Source: Calculated From Secondary Data.

From Table 2, it can be seen that the relation between CSR and ROE is significant (.038). that the value is less than .05 suggesting that the regression model significantly predict the outcome of the variable, CSR as far as its impact on ROE is exist. So, the alternative hypothesis 1 may be accepted.

Table 3. Model Summary for ROA & CSR.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.158 ^a	.025	-.072	3.09247

Source: Calculated From Secondary Data.

Table 3 depicts that R² designates that that only 2.5% change in ROA can be explained by change in CSR data. The adjusted R value of -.072 implied that the model cannot states the goodness fit.

Table 4. ANOVA for ROA& CSR

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.455	1	2.455	.257	.623 ^b
	Residual	95.633	10	9.563		
	Total	98.088	11			

Source: Calculated From Secondary Data.

From Table 4, it can be seen that the relation between CSR and ROE is not significant (.623) that the value is greater than .05 suggesting that regression model does not significantly predict the outcome of the variable, CSR as far as its impact on ROA is concerned. So, the alternative hypothesis 2 may be accepted.

Table 5. Model Summary for EPS& CSR.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.217 ^a	.047	-.048	3.87843

Source: Calculated From Secondary Data.

Table 5 shows that R^2 designates that only 4.7% change in EPS can be explained by change in CSR data. The adjusted R value of -.048 implied that the model cannot states the goodness fit.

Table 6. ANOVA for EPS & CSR.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.444	1	7.444	.495	.498 ^b
	Residual	150.422	10	15.042		
	Total	157.866	11			

Source: Calculated From Secondary Data.

From Table 6, it can be seen that the relation between EPS & CSR is not significant (.498) that the value is greater than .05 suggesting that the regression model does not significantly predict the outcome of the variable, CSR as far as its impact on EPS is alarmed. So, the alternative hypothesis 3 may be accepted.

Table 7. Model Summary for Net Income& CSR.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.993 ^a	.985	.984	12580203.69

Source: Calculated From Secondary Data.

Table 7 demonstrates that R^2 designates that 98.5% change in EPS can be explained by change in CSR data. The adjusted R value of .984 implied that the model is the model is 98.4% goodness fit. A unit change in the CSR activities leads to about .985 unit change or 98.5% changes in Net income of the Agribusiness industry.

Table 8. ANOVA for Net Income & CSR.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106570403987463440	1	106570403987463440.000	673.382	.000 ^b
	Residual	1582615250859793	10	158261525085979.300		
	Total	108153019238323232	11			

Source: Calculated From Secondary Data.

Table 8 manifests that the relation between Net Income & CSR is significant (.000) that the value is less than .05 suggesting that suggesting that the regression model significantly predict the outcome of the variable. CSR as far as its impact on net income is highly significant. So, the alternative hypothesis 4 may be accepted.

4.2. Correlation Analysis

Table 9. Correlations

	CSR	ROE	ROA	EPS	NET INCOME
CSR	1				
ROE	.602 [*]	1			
ROA	.158	.359	1		
EPS	.217	.576	.395	1	
NET INCOME	.993 ^{**}	.532	.145	.138	1

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

** Correlation is significant at the 0.01 level (2-tailed).

Source: Calculated From Secondary Data.

- Net income of Agribusiness industries has positive correlation with CSR activities of Agribusiness companies. Meanwhile, when Agribusiness industries gives more attention to CSR activities, then automatically their Net income increase.
- ROE of Agribusiness industries positive correlation with CSR activities of Agribusiness companies. Enhancement of CSR activities of Agribusiness

industries in developing country like Bangladesh increases the Return of Equity of Agribusiness industries.

5. Recommendations

Competitiveness of financial sector has increased manifold and the issue of CSR has become an indispensable concern parallel to the concentrating on profit.

Following important policy recommendations are provided based upon the findings of the study:

The government should come up with corporate social responsibility policies that enable Agribusiness industries to engage more or a certain percentage of their returns to the social activities and make full disclosures of the same to the public. The government should pass bill and laws that ensure CSR is part of every corporate body in the country. This will also reduce the burden of being the only body that is involved to improve the lifestyles of the societies.

The managers and board of directors should encourage the Agribusiness industries to involve themselves more on these social activities as an action plan mechanism to improve their financial performance. They should also be fully informed by disclosures on the progress and finances used in such activities. This will enable them to make decisions on how much finances to be used and establish its impact on their industries' performance.

Each Agribusiness industries should be able to have corporate social responsibility policies that guide them on how to be part of the society they engage with. This policy should also be revised promptly with the societal changes that happen.

CSR has become a universal phenomenon with rising acceptability among all stakeholders. Business units are now considered social units; they have to serve stakeholders, and tend to execute CSR on priority basis and subsequent disclosure as well. According to McWilliams and Siegel (2001) CSR practices are not forced by law, yet produce optimistic output and positive impact on profitability, needs to be included among strategic business policies for long run success.

Unhealthy CSR policies may cause externalities resulting an injury to stakeholders' interests/benefits and disappointed stakeholders may turn around as relinquished customer as well as source of declining earnings.

Furthermore, policy makers are suggested to make sure CSR related disclosure, that will not only yield profitability but also it will magnify the market value of shares of that unit, ultimately accumulation of manifold social and economic benefits.

In addition, based upon key findings, this study postulates that CSR phenomenon as an essential growth element and FP-boosting tool. Eventually, mainstream of the studies on CSR are in context of well-established companies and nations, however, developing nations are least emphasized, thus the findings of this study greatly contribute in body of knowledge as well as offer pivotal implications for policy makers and governance of financial sector.

CSR helps a company's reputation by creating a positive image in the mind of customers, suppliers etc., hence, it should become a part of the culture of financial institutions in Bangladesh.

Government may by way of tax incentive motivate Agribusiness industries to actively embark on corporate socially responsibility as it will impact on their successes and reduce the burden on government in terms of provision of amenities for the society, communities and nation at large.

Research studies should be encouraged in the field of corporate social responsibility as this will help to create awareness for corporate institutions on CSR.

6. Implications for Practice

Corporate Social responsibility is strategic when it yields business related benefits to the firm. The practical implication of this research consists of an outlining of the nature of the relationship between CSR and financial performance of Agribusiness industries during 2015- 2017. This information can further companies and practitioners understanding the CSR and financial performance relationship in the context of Agribusiness sector. Since the results of this research indicate a recurring statistically significant relationship between CSR and financial performance, it can offer insight to management of Agribusiness companies regarding what investments in CSR can be expected to yield in terms of ROE, ROA, EPS and Net Income. Apart from contributing to the body of knowledge, this study also has potential to create positive social change for a number of stakeholders. Articulated below are the potential impacts for positive social change for the decision makers in the Agribusiness industry, the shareholders/investors, the Agribusiness industry regulators, and the academic community.

7. Conclusion

Development of the industrial sector is equally essential to the rapid economic development of the country. Given that the majority of the population is dependent on agriculture, there is a need to create job options for them in the non-

agriculture sector through the development of productive industry. The agriculture sector performed well in the shifting of cultivation to crops with a higher comparative advantage, in parallel with trade liberalization. By introducing better plantation management under privatization, improved cultivation practices and more efficient distribution systems, the agriculture sector has continued to move away from subsistence production to high value-added products, based on improved technology and rational cultivation practices. This process will lead to the commercialization of agriculture and the development of agro-processing and agribusiness activities. Agribusiness companies are increasingly in the public eye. Nowadays, the concept of CSR has become more and more common in business practices and customers who expect companies to be socially responsible although the initiative may not work for all types of organization. Due to the increasing importance of CSR, a professionalization of CSR seems necessary. In the medium term, a certification of CSR could be a way to provide companies with the opportunity to demonstrate their engagement more clearly and reliably. First attempts, for instance with regard to certifying the sustainability of agriculture, have already been developed. Meanwhile, some agribusiness firms, mainly from industries where legitimacy is threatened, have at least partly recognized the high importance of these issues.

Two contrasting pools of studies exist regarding the impact of Corporate Social Responsibility on firm performance. While some support the notion that CSR have significant impact on Earnings Per Share, Return on Equity, Return on ROA, Sales Growth, Stock Price and etc. of a firm, opposite views subsist that are supported by different studies. This study, directed towards finding significance of reported CSR on firm performance, finds that CSR has no significant impact on ROA and EPS of Agribusiness industry of Bangladesh but significant impact on ROE and Net income. Hypotheses 3 & Hypotheses 4 hold true & after the regression models have been run and therefore, the null hypotheses was accepted and conclude that there is no significant relation of CSR reported and firm performance in terms of profitability and stock performance. Hypotheses 1 & Hypotheses 4 are not true & after the regression models have been run and therefore, the null hypotheses was rejected and conclude that there is significant relation of CSR reported and firm performance in terms of profitability and stock performance. The findings suggest that, in Bangladesh, CSR activity is still considered new dimension as a growth factor. However, as literature highlights that despite the popularity of annual reports in testing data, there is no way to determine empirically whether the social performance data revealed by corporations are under-reported or over-reported, the results found under this study may be subject to management bias.

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