The Social and Management Scientist ISSN: 2489-0006
Volume 10, Number 3, 2018

AN ASSESSMENT OF CSR PRACTICES IN NIGERIA: THE BANKRUPTCY RISK PERSPECTIVE

I.I. SULE[1], H. E. MONYE-EMINA[2], & E.O Oladutire[3]
[1&2]University of Benin, Benin City, Edo State Nigeria
[3]Adekunle Ajasin Unversity, Akugba-Akoko, Ondo State, Nigeria

Correspondence: H.E. Monye-Emina, Department of Accounting, Faculty of Management Sciences, University of Benin, Bebin City, Edo State, Nigeria. E-mail: henry.monye-emina@uniben.edu , Phone: +234-0703514840

ABSTRACT

The concept of CSR and its impact on several firm performance measures have received a lot of research attention, howbeit with differing outcomes. In spite of the massive availability of literature in this area of study, not much is known about the pattern of CSR engagement by Nigeria companies and its relationship with bankruptcy risk. This is against the backdrop of the outcome of most recent studies which suggest that majority of Nigerian companies, performance-wise, are in the “distress zone”. This study is thus motivated to review the CSR practice in Nigeria by making a case for its possible relationship with bankruptcy risk. Drawing from the theoretical lens of stakeholder theory, the study adopted the exploratory research design approach and relied majorly on positions and findings of existing related literature. The paper took a position that the pattern of CSR engagement by most Nigeria companies tows the line of philanthropy. The outcome of the review studies, the paper conjecture a likelihood that engaging in CSR mitigates bankruptcy risk; however, there is little empirical evidence to buttress the assumption in the Nigeria context. The study developed two conceptual frameworks to be empirically tested by future studies.

Keywords: Bankruptcy risk, CSR, firm performance, stakeholder, financial performance

INTRODUCTION

Traditionally, the major reason for engaging or investing in any business venture is to maximise economic benefits. The apparent reason been that since the management runs the affairs of the organisation on behalf of the investors (principals), whose interest often considered paramount in order for the business to retain its capital. However, in line with the ideas of stakeholder theory, companies ought to go beyond maximising shareholders’ interests by also considering the benefit of other stakeholders whose contributions are equally necessary for a firm’s success (Yang, He, Zhu & Li, 2017). The acceptance that beyond making profit for the shareholders, companies should also serve the interests of all other stakeholders gave rise to the concept of corporate social responsibility [CSR] (Nwakanma & Emerole, 2017). Presently, companies are increasingly being challenged by different stakeholders to encompass CSR initiatives (such as employee and consumer rights, product safety, community and environmental practices) into their corporate strategy (Idowu, 2014).

CSR basically entails the supportive activities that an organisation willingly contributes for the welfare of the community or society it operates from - which goes beyond their own self-interests (Alobo & Udungeri, 2018). In literature, there are several contesting views as to the rewards and consequences of engaging in CSR practices. For example, researchers like Nguyen (2018), while supporting the ‘trade-off hypothesis’ of Friedman (1970), claimed that engaging in

CSR practices undermines the main objective of the company and may have negative economic implications, while Idowu (2014) argued in line 'social impact hypothesis' that by satisfying the needs of different group of stakeholders, firms can achieve greater effectiveness and efficiency and therefore enhance their financial performance. Dare (2018) further buttress that "doing and looking good" (engaging in CSR) at the detriment of the firm's bottom line (profit maximization) may equally not be favourable to some group of stakeholders. Others like Amaeshi, Adi, Ogbechie, and Amao (2006) summed it up, based on the idea of 'instrumental stakeholder theory', that companies can strategically engage in CSR for the purpose of competitive advantage (such as attracting valuable employees as well as boosting company image and reputation) without undermining the primary interests of the shareholders. The contrasting position continues.

Despite the projections of an enhanced positive reputation and stronger performance associated with being socially responsible, there are indications that majority of listed firms in developing countries shy away from this practice (Amaeshi et al., 2006). According to Meij (2016), one possible reason why most firms develop 'cold feet' towards investing in CSR is the associated high costs, which may put firms in a 'tight' economic position compared to when they overlook CSR. This is usually the case especially when the company is financially distressed or near bankrupt and would have to strike a trade-off between investing and striving for profit (Senbet & Wang, 2012). Other researchers, such as Dare (2018), also claimed that most multinational companies' engagement in CSR is susceptible to decoupling effects, while others may systematically engage in CSR as a result of pressures from stakeholders or fear of public backlash (Ugwuanyi & Ekene, 2016). Be that as it may, it has been widely accepted that engagements in CSR increase shareholders' welfare. Prior studies have examined the impact of CSR on firm value and argue that CSR can bring various advantages to firms (Chen, Wang, & Wang, 2020; Lins, Servaes, & Tamayo, 2017; Liu & Tian, 2019). Quite arguable as it sounds, these assumptions may not be overlooked in the Nigerian situation especially when the bill (introduced in 2008) to implement a compulsory CSR regime in Nigeria has not seen the light of the day (Alobo & Udungeri, 2018). Thus, companies perceive and superficially practice CSR in a way synonymous with philanthropy (Amaeshi et al., 2006), unlike in countries like Germany, United States, Japan, France, India, Malaysia and South Africa where there is direct responsibility imposed on organisations to enforce CSR activities.

In literature, there are numerous studies on CRS and its effects on several organisational outcomes - both by foreign and Nigerian researchers. Recent studies by the latter group have resourcefully examined CSR practices through different lenses, especially as it relates to firm financial performance (Amadi & Ndu, 2018; Olaide & Worlu, 2018), firm image/reputation (Ayanda & Baruwa, 2014; Nwakanma & Emerole, 2017), competitive advantage (Motilewa & Worlu, 2015), as well as its (CSR) determinants (e.g., Adeyemo, Oyebamiji, & Alimi, 2013; Soyinka, Sunday, & Adedeji, 2017). Although the findings from majority of these studies showed that engagement in CSR enhances firm image and reputation, findings on its impact on firm financial performance remains largely inconclusive. A recent review by Abdulrahman (2018) which summarized sixty-seven (67) prior empirical studies on the relationship between CSR and different firm financial performance proxies - showed: 57percent (positive relationship), 16 percent (negative relationship), 14 percent (no relationship) and 13percent (mixed relationship). The dominant firm financial performance proxies adopted by virtually all the previous studies were return on assets (ROA), return on equity and profit after tax (PAT). The issue of how CSR engagement affects the bankruptcy risk (an important financial performance indicator of a firm) among Nigerian firms appears not to have received commensurate attention.

Based on the available metrics for gauging bankruptcy threats among listed firms (most notably the Altman Z-Score), some recent bankruptcy assessment studies focusing on selected Nigerian companies (such as Egbunike & Igbinovia, 2018; Egbunike & Ibeanuka, 2015; Nwidobie, 2017; Wurim, 2016) showed an average Z-Score value of 0.467, 0.183, 0.199 and 1.365 respectively, compared to the >2.99 benchmark for 'non-bankrupt' firms as set by Altman (1968). These empirical evidences suggest that the financial performance of most Nigerian companies, based on globally accepted metrics, is below par or within the 'distress zone'. Existing studies on the linkage between CSR and bankruptcy risk (Gupta & Krishnamurti, 2016; Sun & Cui, 2014) were all conducted in developed countries (Australia and USA respectively). Although both findings showed evidence that engaging in CSR increases the probability that a distressed firm emerges from bankruptcy, there is limited literature and evidence to support the truism of such findings in the Nigerian context due to country-specific heterogeneities. It is against this backdrop that this paper reviews the literature on the effect of CSR on bankruptcy risk. The expectation is that the current paper will create a platform for further empirical studies in the context of CSR engagement and probability of bankruptcy.

The remaining part of the paper is made up of five (5) more sections. The next section conceptualizes CSR in Nigeria and also assesses its motivations and patterns. The third section follows thereafter with the introduction of the concept of bankruptcy risk, including its measurements. The fourth section presents the theoretical backing of the paper. The fifth section reviews the link between CSR and bankruptcy risk as well as the discussion of the general observations from the study. The sixth and final section provides the conclusions and recommendations.

LITERATURE REVIEW

Conceptualizing CSR in Nigeria

CSR has received popularity over the past decade. Engagements in CSR activities affect all stakeholders, to a broader extent, including anyone in society that can be influenced. For example, if firms engage in more green energy activities that help slow down global warming, everyone can benefit from such initiatives (Linnenluecke, Han, Pan, & Smith, 2019). CSR has long been a popular acronym used in describing business activities aimed at addressing stakeholder-interests. According to Okere, Imeokparia, Ogunlowore, and Isiaka (2018), right from its perceived development in the 1950s, to its formalization in the 1960s, and its popularization in the 1970s, CSR and its related terminologies (such as corporate social responsiveness, corporate citizenship, corporate philanthropy, sustainable development, ethical business practices, stakeholder management, and corporate sustainability) have been serially conceptualized by different scholars from various perspectives. Scholars like McGuire (1963) were among the first group of researchers that attempted to give a precise definition of what CSR should mean to organisations. McGuire (1963) argued that "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations. Carroll (1979) further described CSR as a construct with four main components or dimensions: i) economic responsibility to investors and consumers, ii) legal responsibility to the government or the law, iii) ethical responsibilities to society, and iv) discretionary responsibility to the community (Amadi & Ndu, 2018). Elkington (1997) cited in Dyllick and Hockerts (2002) further classified CSR engagement into three (3) major components (also known as the 3P's or the Triple bottom line): Profit (economic dimension), People (social dimension) and Planet (environmental dimension). The 'profit' represents how the business maximizes shareholders wealth. The 'people' represents the companies' relationship with its employees, while the 'planet' represents the companies' responsibility to its environment (Olaide & Worlu, 2018).

Throughout the years, the concept of CSR has gained global relevance and is thus conceptualized diversely. However, Alobo and Udungeri (2018) stressed that what embodies CSR differs from one company/country to the other owing to the complexity in the profits of the company and its responsibility to the public. A recent study by Onuorah and Imene (2016) defined CSR as "sacrificing profits in the social interest". Mordi, Opeyemi, Tonbara and Ojo (2012) saw it as the "moral obligation to promote viable societal values for the generation of a peaceful atmosphere within a given society by the firms carrying out their lawful operations in that society". This study defines CSR as a voluntary gesture by an ethically-minded organisation to give back to the society where it operates for the immediate benefit of the community and for future benefit of the organisation. Despite the lack of consensus in all these definitions, one ideology that has remained consistence is the need to recognize and address the issues that affect other stakeholders of the business, aside the shareholders.

In Nigeria, CSR is taking stronger roots. Researchers like Motilewa and Worlu (2015) claimed that the concept and practice of CSR in Nigeria gained relevance in 1956 following the arrival of Shell-BP, a multinational oil corporation that discovered crude oil in the Niger Delta region of Nigeria. The largely publicized environmental damages caused by the exploration of the oil later led to nagging disputes and series of demands for compensation by the local ethnic groups. As Ejoh, Orok and Sackey (2014) put it: having great corporate profits may not be sustainably rewarding if they come at the cost of large scale of ecosystem by which humans and environment are negatively affected. Okere et. al. (2018) also stressed that being socially responsible includes both performing the CSR duties as well as abstaining from negative environmental activities. Today, the awareness of CSR has increased tremendously; stakeholders' demand for compensation through CSR activities by organisations has spread to virtually all businesses operating in all industries, especially those who are seen to be able to afford it and hose whose activities raises environmental concerns (Motilewa, Onakoya, & Oke, 2015).

From the above submissions, it can be argued that modern CSR involvement by firms (especially in developing countries) appears to focus on areas such as community development, health schemes and educational developments - as collaborated by Onuorah and Imene (2016). However, the scope of CSR goes beyond 'giving back to the society'. In line with the Global Reporting Initiative (GRI, 2015), the dimensions of CSR encompass:(i) Labor practices and decent work (such as employee/labour management, occupational health and safety, training and education, diversity and equal opportunity/remuneration for both genders), (ii) Human Rights (such as forced/compulsory/child labor, indigenous rights, grievance mechanisms, freedom of association and collective bargaining), (iii) Society issues (such as local community engagement and development programmes, compliance with environmental laws); and (iv) Product Responsibility (such as customer health and safety impacts, customer privacy, compliance with product and service labeling, etc). This shows that practicing CSR in a way synonymous with philanthropy can be considered insufficient. For example, retrenching employees without due compensations will affect not only the firm's workforce or the affected employees but also other stakeholders that benefits from the incomes of the workforce. However, most researchers (e.g. Amaeshi et al., 2006) posit that the motivation to engage in CSR depends on several factors – including the type of environment the organisations operates from. Dare (2018) also claims that the "CSR motives might determine the type of CSR action a firm performs". This leads us to the motivations and pattern of CSR in Nigeria.

Motivations and Patterns of CSR in Nigeria

According to Amaeshi et al. (2006), the motivations that drive CSR in developing countries (Nigeria) are varied and differ with those that drive CSR in advanced countries. Adeyanju (2012) noted that the drivers for CSR in developed countries include factors like brand value enhancement; healthier, safer and uniformly-motivated workforce; stronger corporate governance, risk management, customer loyalty, greater access to finance, trust of stakeholders, enhanced confidence and public image. The reasons for these could be traced to the level of community-related infrastructural developments and stiffer environmental regulations in most advanced countries. In such environment, CSR practices would largely be motivated by desire to adhere to regulatory compliance. However, most of these drivers may not necessarily be applicable in the Nigerian context where less than 20percent of all registered companies are publicly quoted, while majority of indigenous companies are SMEs, family owned, and privately held/operated (Amaeshi et al., 2006). Thus, the motivations for CSR in the Nigerian context, as argued by Amaeshi et al. (2006) and Mordi et al. (2012) are largely driven by community, consumer and civil society pressures, as well as firm's strategic desire to enhance corporate image for competitive advantage purposes and future economic benefit.

Ugwunwanyi and Ekene (2016) also argued that both foreign and local companies in Nigeria lack the necessary drive and impetus to effectively carryout CSR because they are not mandated by the laws of Nigeria to do so. Hence, most of the companies engage in CSR out of their own volition and not as an obligation which they must implement. Although the CSR Bill which seeks to establish the Corporate Social Responsibility Commission ("CSR Commission") in Nigeria is still before the National Assembly and is yet to scale through the legislative processes, there are other existing Acts that directly or indirectly regulate some components of CSR in Nigeria (Mordi et.al., 2012). Some examples of these laws include: the National Environmental Standards and Regulations Enforcement Agency (Establishment) Act 2007 which provides for the standards of compliance (including offences and corresponding punishments) with environmental protection. Another of such laws is the Harmful Waste (Special Criminal Provisions) Act 1988.which prohibits the carrying, depositing and dumping of harmful waste on any land, terminal waters and matters relating thereto. Be that as it may, where they is no direct regulatory compulsion to engage in CSR, firms may adopt CSR policies in order to gather the moral/exchange capital (Gupta & Krishnamurti, 2016) or what Carroll and Shabana (2010) classified as 'doing good to do well'.

Researchers like Martinuzzi and Krumay (2013) questions the intent to make profit out of CSR. They raised three (3) thought provoking questions in that regards: (i) do making profits out of CSR still be perceived as CSR? (ii) Is it immoral to make money out of being moral? (iii) Is philanthropy a form of CSR? While these questions appear debatable, researchers like Vogel (2005), as cited in Carroll and Shabana (2010), stressed that the 'old pattern' of CSR (say in the 60s and 70s) were largely motivated by external and social conscious considerations. Thus, businesses were not looking for anything specific in return. The economic considerations were then not among the motives for CSR.

However, in the present Nigerian context, Adeyanju (2012) argues that economic responsibility still gets the most emphasis while philanthropy is given second highest priority, followed by legal and then ethical responsibilities. He gave plausible reasons for these – citing that the socio-economic needs of most Nigeria communities in which companies operate are so huge that philanthropy has become an expected norm. Thus, companies operating in such regions understand that they may not succeed in societies that fail. From another dimension, Adeyanju (2012) also linked it to the over-dependent in foreign aid and the newness of CSR concept which have entrenched the culture of philanthropy in our societies.

Based on the submissions of Alobo and Udungeri (2018) – that the motives of CSR by managers or executives can be either(i) extrinsic (based on future economic benefit and competitive advantage); or(ii) intrinsic (based on moral duty and expression of selflessness), this study argues that the former can best describe majority of the Nigerian situation. For example, some companies that engage in massive philanthropic gestures (such as disaster management)may end up benefitting commensurately from the government through tax waivers, tax-related incentives and special 'forex' rates for import purposes. Similarly, a bank situating its branch in a higher institution or building of hostel accommodations may be moreof extrinsic reasons – such as solidifying its transactional engagements with the institution. This does not imply that their immediate communities where they operate have gotten commensurate social investment gestures. Such gestures may have been strategically situated in order to attract corresponding patronages from the benefitting institutions - as the case may be.

On the other hand, such organisations may end up sacking or slashing the salaries of a large chunk of their employees without proper compensations - citing harsh economic conditions as witnessed in some Nigerian financial institutions at the inception of this current administration (between 2015 and 2016) when the economic recession was biting hard. Mordi et al. (2012) also classified the pattern of CSR expression by most Nigerian organisations, into three (3): (i) Philanthropic, (ii) Economic Support; and (iii) Compensatory. The philanthropicCSR gestures appear to be most popular and entail those humanitarian and charitable servi ces designed by corporate organisations and projected to their immediate communities and their people. It comes in the form of donations for developmental and cultural activities or celebrations. The firms usually gain popularity and good corporate reputation via these benevolent activities which makes the locals feel good about their operations.

In the 'economic support' pattern of CSR, the organisations assist their communitiesvia the provision and maintenance of some basic social amenities like bore-hole water, schools, parks, primary health care schemes, youth empowerment schemes, orphanages for the less privileged etc. The last in the list is the 'compensatory' strand of CSR which, according to the authors (Mordi et al., 2012) is gradually gaining ground in Nigeria. In this pattern of CSR, the organisation compensates the local communities or individuals for certain operationalbreaches that have occurred as a result of their operations and production process.

The CSR report of most listed companies in Nigeria reflects the above three (3) patterns of CSR expressions. The empirical study of Mordi et al. (2012) showed evidence of the domination of donations to charitable and non–political organisations such as AIDS campaign, IDP camps, orphanages, primary health care, motherless babies homes, youth empowerment foundations, skill acquisition programs, scholarships, etc. While these philanthropicgestureswill for sure be highly appreciated by the beneficiaries, it appears there is little focus on the core social sustainability issues and practices as earlier enumerated. This position is supportedbythe findings of Olayinka and Temitope (2011). In essence, what can be found in most companies' social responsibility reporting section contained in their annual reports is a mere restatementof their commitment to conducting business professionally and ethically, and little of the social sustainability requirements relating to employee welfare. In order to have a clearer insight on the pattern of CSR activities by Nigerian firms, Table 1 below shows a compilation of CSR activities by some listed companies in Nigeria as extracted from their respective 2017 annual reports.

Evidence from Table (A1 in Appendix) shows that majority of CSR activities engaged by the companies are philanthropic/ discretionary responsibilities. The ethical social responsibilities and the other components received minimal attention. Majority of the companies just reiterated their company's commitment to some ethical, social and legal issues without detailing how it addresses each, while the philanthropic/discretionary responsibilities were adequately detailed for which about 83per cent committed less than 3per cent of the profit. This supports the position of Amaeshi et al. (2006); Hamidu, Haron and Amran (2018); Mordi et al. (2012) that, apart from economic responsibility, emphasis on CSR in Nigerian companies largely tows the line of philanthropy shadowed with legal and ethical responsibilities. This is so considering the peculiarity the socio-economic development challenges in most communities. Hence, the focus on primary health care provision, basic infrastructural development, and poverty alleviation schemes, youth empowerment, and education.

Bankruptcy Risk

A firm can be adjudged to be in financial crisis or distress when it is unable to meet or having difficulty in paying pecuniary obligations to its creditors. The deepest point of such financial distress may results to 'default' (bankruptcy). Thus, it could be asserted that financial distress predates or precedes bankruptcy. Bankruptcy has been defined as "a legal term usedto refer to a firm that has lost its capability to pay off an outstanding debt" (Safieddine, 2017). A clearer description was given by Amendola, Restaino and Sensini (2013) which ascribed bankrupt status to include those firms that have been legally declared as being unable to meet financial obligations to creditors and is under court supervision. The dissolved status includes the company that no longer exists as a legal entity meaning that the company is dead, has no more activity or is no longer included in the regulatory bodies register. 'Insolvency' and 'default' are among the other terms usually used in describing such a circumstance. Bankruptcy risk, on the other hand, represents the probability or likelihood that a firm will go into 'default' i.e. failing to meet the obligation of paying off its outstanding debts on schedule or to the full extent (Safieddine, 2017). Bankruptcy risk usually heightens when the liabilities of a firm is more than the value of the existing assets leading to the inability of the firm to service its debt due to a number of factors such as cash flow problems that are created by low sales against high operating expenses or managements discretionary financial engagements (Kihooto, Omagwa, Wachira, & Ronald, 2016). In such situation, the firm may choose to get more short-term loans in order to avoid 'going down'. However, if the situation fails to get any better, then the firm faces the risk of becoming insolvent or bankrupt (Kim & Kim, 2014).

The concern of various stakeholders towards the risk of bankruptcy or eminent failure of businesses, its prediction, as well as its determinants has increased drastically especially in the aftermath of the global financial crises. Many investors now take into consideration the bankruptcy risk of a firm before they make an investment decision. In like manner, the empirical attention towards that direction also gained further momentum especially due to the increasing availability of financial information (Bisogno, 2012). Thus, forecasting bankruptcy has attracted the attention of financial economists as it can provide a signal regarding the company financial condition. In a developing economy like Nigeria, businesses are faced with increasing risks such as political instability, fierce competition from foreign companies, poor infrastructure, and fiscal and monetary policy instability to mention but a few (Hur-Yagba, Okeji &Ayuba, 2015). It is on record that Nigeria had lost the operation of companies like Paterson Zochonis (PZ), Unilever, Dunlop, Michelin, and more recently, ***Aero Contractors in 2016 due to what was tagged*** **'**unfavourable business conditions'. In the recent *World Bank Ease of Doing Business Report*, Nigeria was ranked 157 (on average) out of 189 between 2017 (ranked 169) and 2018 (ranked 145). This explains why majority of companies in Nigeria lie within the 'distress zone' and maylikely "use CSR just as a smokescreen" (Dare, 2018). In terms of bankruptcy, there are minimal reported cases despite the fact that most recent studies (Egbunike & Igbinovia, 2018;

Egbunike & Ibeanuka, 2015; Nwidobie, 2017; Wurim, 2016) showed empirical evidence that majority of Nigerian listed companies lie within the 'distress zone' as measured using the Altman (1968) multivariate approach of based on discriminant analysis. Ani and Ugwunta (2012) observed that the manufacturing sector of the Nigerian economy has really experienced great shocks and distresses in recent years, although the distress syndrome appears to be more prominent and far-reaching in the banking sector. Most notable among the few reported cases were those of five (5) prominent deposit money banks (Intercontinental, Oceanic, Union, AfriBank, and FirstInland) in Nigeria which were declared technically insolvent and chronically illiquid in 2009 by the then CBN governor, Lamido Sanusi. It is most likely that several other cases would have occurred but properly handled due to regulatory policies and management endeavours. This is because, distressed firms can avoid sliding into default by seeking short-term loans or deploying mergers and acquisition as witnessed in the Nigerian banking sector during the bank recapitalization. This is possible because upon filing for bankruptcy, if there are not pressures to pay debts, the firm can remain in such periphery for months as it tries to decide on the best course of action for escape.

According to Wruck (1990), there are several pointers that can be used to detect potentially bankrupt firms. A sharp reduction in the level of dividends issued out, or non-issue of dividends can be a good indicator of financial distress. So also are the retrenchment of employees (as witnessed recently in the Nigerian banking sector) and resignation of top management. Altman (2006) assigned managerial incompetence as the most pervasive reason for corporate failures. According to Natalia (2007), factors such as large debts, uninformed expansion, intense ill-managed competition, large legal costs are probable causes of financial distress; while Adeyemi (2012) noted that lack of adequate capital is one of the major factors leading to financial distress. Since sufficient capital base and cash flow have the capability of absorbing recurrent losses, distressed firms may rely on short-term loans in order to avoid 'going down'. In seeking for short-term loans in a bid to escape going into default, studies such as Gupta and Krishnamurti (2016); Sun and Cui (2014) suggest that distressed-socially-responsible companies could benefit from their existing pedigree of moral and social capitals generated by prior engagements in CSR. These are expected to mitigate the adverse impacts of the financial crisis. The most probable reason for this expectation lies in the projection that most institutional investors and lenders may be willing to associate with highly socially responsible firms in difficult periods which may prevent such firms from getting into a default situation (Safieddine, 2017).

Measurement of Bankruptcy Risk

On the measurement of bankruptcy risk, several techniques have been developed over the years starting from Beaver (1966) who first proposed the use of financial ratios as failure predictors in a univariate (single factor/ratio) context. Thereafter, Altman (1968) published the first multivariate bankruptcy prediction approach based on a five-factor discriminant analysis model. In addition to the multivariate discriminant analysis (MDA), other statistical approaches have emerged throughout the years due to advancements and technology, such as Logit and Probit models. However, some of these models were narrowly focused and designed. For instance, Altman (1968) was originally developed for US manufacturing entities. Edmister (1972) developed a model specifically for prediction of small business failure. Sinkey's (1975) model was aimed at prediction of bank failure while Wang (2004) was developed for Internet firms, and so on. Several adjustments were later made on the original Altman (1968), which employed 5 weighted financial ratios and gauges only financial health of publically-listed firms in the US by Altman (1983, 1993). The proxies were then trimmed to encompass only four factors so that it can be applied to firms in other contexts. Altman (2006) further modified the coefficients of the four factors to adopt the model for emerging and developing markets called "The Emerging-Markets Score Model (EMS Model). The Altman's (2006) EMS model yields a bankruptcy measure (EMS score) that is a more appropriate measure for both manufacturing and financial publicly-held organisations in emerging economies and has been tested in over 20 countries with high accuracy and reliability in predicting bankruptcy (Li, Abeysekera, & Ma, 2011). It has remained very popular in the literature till date (Gissel, Giacomino & Akers, 2007).Majority of bankruptcy prediction/determination studies by Nigerian authors (including Egbunike & Ibeanuka, 2015; Egbunike & Igbinovia, 2018; Nwidobie, 2017; Wurim, 2016) all used the Altman Z-Score model. The model is given as follows:

Modified Altman Z-score = $6.56*X_1 + 3.26*X_2 + 6.72*X_3 + 1.05*X_4 + 3.25$..........(Equ 1)**
Where:
X_1= liquidity ratio (Working Capital/Total Assets),
X_2= growth ratio (Retained Earnings/Total Assets),
X_3= profitability ratio (Operating Income/Total Assets); and
X_4= leverage ratio (Book Value of Equity/Total Liabilities).
**Firms with a higher Z-Score are perceived to be more financially healthy.

Theoretical Underpinning

The paper draws on the ideas of stakeholder theory, as developed and championed by Freeman (1984), in projecting a relationship between CSR and bankruptcy risk. Based on the proponents of this theory, for an organisation to remain a going concern there is need to prioritize the interest of all the stakeholders (investors, employees, suppliers, communities, customers) of the business – without jeopardizing its traditional profit maximization duty to primary shareholders. Considering the definition of stakeholder in Abdulrahman (2018:11) as "those groups without whose support the organisation would cease to exist", stakeholder theory appears to be the better theory in explaining the projected role of CSR on bankruptcy risk. The reason being that socially responsible firms gain both moral and exchange capital (both associated with CSR engagement) and will most likely get the needed support from stakeholders in difficult periods (Gupta & Krishnamurti, 2016). Also, considering that lack of adequate capital is one of the major factors leading to firm financial distress, Sun and Cui (2014) suggest that highly socially responsible firms are more likely to get prompt access to short-term loans which would enhance their capital base and absorb recurrent losses. The next sub-section reviews the contesting views and literature on link between CSR and bankruptcy risk.

Review of Link between CSR and Bankruptcy Risk

Considering that no business organisation can exist in a vacuum; there must be a community it relates with and from whence it operates from. Thus, for a business organisation to operate successfully in any given environment, it must maintain cordial interactions with the society in order to obtain resources (either monetary or non-monetary), allocate such resources effectively and efficiently to produce goods or services and finally provide those goods or services to the public at a cost (Onuorah & Imene, 2016). Based on the idea of the above submission, a firm must thrive on two major aspects (the economic and social/environmental aspect) in order to keep sustaining the shareholders interest as well as remaining viable as a going concern. Only then, all things being equal, that the likelihood of going bankrupt may not arise. Researchers like Allen, DeLong, and Saunders (2004) contend that the tendency of going into 'default' may be associated with social-related factors. This forms the basis of our discussion and review in the ensuing paragraphs. There are many reasons to anticipate a meaningful relationship between CSR engagement and bankruptcy risk. In the firstly instance, since CSR engagement represents a vital link between the organisation and its stakeholders, socially responsible firms are thus expected to enjoy valuable goodwill from stakeholders which often leads to customer satisfaction. Customer satisfaction boosts customer loyalty which has been widely confirmed to produce firm profitability (Luo & Bhattacharya, 2006). Similarly, by enhancing the firm's reputation and image via CSR engagements, the firm benefits by gaining more cash flow due to enhanced customer loyalty. In line with the bankruptcy literature, a firm's propensity to 'fail' is directly determined by its cash flow because an adequate cash reservoir eases firm operations and hinders it from falling into extreme financial distress. Thus, the cash flow-related function of CSR will likely reduce the probability that a firm slides into bankruptcy owing to the projection that the revenue of high CSR companies is often less affected when negative fiscal constraints occur due to the moral capital (often associated with CSR) that the firm has earned overtime.

In respect of the argument as to whether or not the moral capital earned by being socially responsible mitigates negative stakeholder actions in an event of a difficult (bad) financial situation. Godfrey (2005) presented this argument using the concept of *mens rea* (meaning bad mind) – derived from the common law tradition of criminal law. Based on the concept of *mens rea*, for an offence to occur, there must be a combination of a bad act and a bad mind (*mens rea*). He thus argues that earning moral capital is an indication of the absence of *mens rea.* A firm filing for bankruptcy is an indication of a bad (negative) development for which the company and its management may have caused the stakeholders. However, the underlying motivation that led to the ugly situation remains in contention. Was it caused by the cruel actions of the managers? Or was it as a result of incompetence in handling the business or unfavorable strategic decision? In line with the concept of *mens rea,* if the former was the case, it is termed 'bad actors caused a bad act' while the latter situation is 'good actors got entangled in a bad situation'. The bankruptcy filing of Enron in 2001 (attributed to unethical actions of management) is atypical example of the former, while that of Eastman Kodak in 2012 (attributed to their relative slow shift to digital age) is tantamount to the latter situation. Drawing from the Godfrey (2005) framework, the argument that an organisation with positive moral capital will enjoy corresponding sustained engagement and protection of stakeholders in an event of financial distress can be assumed to 'hold waters'. Many other researchers (see Branco & Rodrigues, 2006; Godfrey, Merrill, & Hansen, 2009; Gupta and Krishnamurti, 2016) also hold this view. Apart from the above conceptualizations and analogies, the studylooks at the empirical outcomes of the few recent studies that have examined CSR's effect on bankruptcyrisk. Two Asian academic scholars (Sun and Cui, 2014), focusing on US companies, examined the relationship between CSR and firm default (bankruptcy) risk. They specifically explored the linking through which CSR helps firms reduce the risk of falling into default (i.e. the risk ofgoing bankrupt). They found empirical evidence that engaging in CSR has strong effect in reducing default risk. However, the relationship according their result is moderated by high and low environmental dynamism (i.e. the relationship stronger for high and weaker for low). Inessence, how CSR affects bankruptcy risk can be altered by the rate at which the preferences of community and the pattern of CSR by the firm changes over time. In a similar study by Gupta and Krishnamurti (2016) which raised a fundamental question: Does corporate social responsibility engagement benefit distressed firms? They argued in the direction thatengaging in CSR begets certain moral and exchange capital which boosts the chances that a potentially bankrupt firm will emerges from bankruptcy. Their eventual outcome favourably supported their argument.

The recent study by Onuorah and Imene (2016), Nigerian researchers, appears similar to Gupta and Krishnamurti (2016); Sun and Cui (2014), however, while their topic of study "impact of CSR on firm's going concern" appears similar to the ones already reviewed, their use of leverage (debt ratio) as proxy for going concern can be contested as insufficient in measuring bankruptcy risk. This is because; debt ratio is just one component among the five ratios required in predicting bankruptcy based on the Altman Z-Score (1968) bankruptcy prediction/detection model. Despite that, their (i.e. Onuorah and Imene, 2016) findings was equally conflicting. On one side, they found that engaging in CSR in terms of donations to education and community development positively affects debt ratio, while donations to health development of community had negative effect on firm's going concern. What can be concluded from these out comes is that different pattern of CSR would have different impact on the firm's financial performance.Another study by Safieddine (2017), with focus on Lebanon, examined the mediating role of corporate governance on the relationship between CSR and bankruptcy risk via a survey approach. His finding showed that CSR significantly reduces the risks of going bankrupt but corporate governance partially mediates the relationship. Another recent study by Meij (2016) examined the effect of CSR on corporate risk. Corporate risk (i.e. damaging and negative events an organisation encounters in the course of its operation) in the context it was used in Meij (2016) did not represent bankruptcy risk, rather human right scandals, environmental risk, lawsuits, business risk. However, while his result showed that higher CSR performance reduces the amount of total risk a firm faces. He further incorporates the variable of 'financial crisis' as a possible moderator and found that financial crisis does not influence the relationship between CSR and corporate risk. This opens up another dimension of argument. Firstly, while Karaibrahimoglu (2010) argues that crisis ridden firms (financially distressed firms) are more likely to behave conservatively by avoiding spending money outside of their core business and therefore will probably spend less money on CSR. The results of Albuquerque, Koskinen and Zhang (2018); Lins, Servaes, and Tamayo (2017) show that firms with high social capital, measured as CSR rating, had considerably higher stock returns during the financial crisis, implying that CSR could be used as a risk management tool in difficult times. Meij (2016) also argued that the biggest social responsibility of a distressed firm is to keep the firm alive. On the other hand, researchers like Giannarakis and Theotokas (2011) opposed their position and stressed that firms who engage in CSR in times of financial crisis are able to gain higher level of trust from their customers and stakeholders of the company which would quicken their emergence from 'distressed zone'. Gupta and Krishnamurti (2016) also share the latter view and equally found supporting evidence towards such predictions.

Arising from the above contesting projections, there is likelihood that aside from examining the relationship between CSR engagement and bankruptcy risk, the bankruptcy level (status) of the firm can also moderate the relationship between the extent of CSR and its impact on firm financial performance. To that extent, this paper proposes a research framework (as shown in Figure *1* below) to envision the possible scenario which can be subjected to further empirical evaluations in the Nigerian context. Flowing from the concluding paragraph above, the conceptual framework in Figure B1 was developed to depict the expected association amid CSR engagement and bankruptcy risk among Nigerian firms. The CSR represents the independent variable, which can be decomposed to encompass its four (4) major dimensions as spelt out by Carroll (1979): (i) Economic responsibility (ii) legal responsibility (iii) ethical responsibilities to society, and (iv) discretionary responsibility. These four components can then stand as proxies for CSR against bankruptcy risk as dependent variable. As a follow up from figure B1, figure B2 also proposes an entirely different conceptual framework based on the contesting views in literature (Albuquerque et al., 2018; Giannarakis & Theotokas, 2011; Gupta & Krishnamurti, 2016; Lins et al., 2017; Karaibrahimoglu, 2010; Meij, 2016) as to the pattern of CSR behaviour of firms in financial crisis – as reviewed in this sub-section. In that regards, the study conjectures that the pattern of CSR engagement and its impact on firm financial performance may depend on the bankruptcy status (healthy or unhealthy) of the company in question. Thus, the variable of bankruptcy status is being projected to moderate the association amid CSR dimensions and firm financial performance.

DISCUSSION

Considering the exploratory nature of this paper, several observations were made by the researcher based on the outcomes of the existing studies reviewed (in respect of CSR behaviour of companies in financial crisis and the nexus between CSR and bankruptcy risk) and that of the preliminary document analysis (in respect of the pattern of CSR engagements by Nigerian companies).

On the former, the few available studies (such as Gupta & Krishnamurti, 2016; Sun&Cui, 2014) that examined CSR's effect on bankruptcy risk found empirical evidences that engagingin CSR has strong effect in reducing bankruptcy risk. However, since those studies were not conducted in a developing country where CSR motives and patterns differ significantly, the likelihood that those findings may not be applicable in a country like Nigeria is highly probable. However, despite the unavailability of an exact study replicated in the Nigerian context, the outcome of the closest available study (i.e. Onuorah & Imene, 2016) is considered inconclusive. The inconclusiveness lies in the mixed nature of their findings which showed that while CSR-motivated donations to education and community development positively affects debt ratio, while CSR donations to community health negatively effects the firm's going concernpossibility. A further critique of their study (i.e. Onuorah & Imene, 2016) threw up several limitations. Firstly, their use of just 30 firms (unscientifically selected using judgmental sampling) out of a possible 186 (i.e. the total listed companies as at 2015, the terminal period of their study) may not have produced a reliable representation of the situation. Secondly, their use of donationsto health, community and education (as three independent variables) means they only focusedon the philanthropic dimension of CSR leaving out the other components. Thirdly, they used a vector auto regression technique (i.e. VAR model) which is more appropriate in a time series analysis. Considering the nature of their data (which is a combination of cross-sectionalandtime series), a panel data analysis would have been more appropriate. Lastly, is their useofdebt-ratio as measure of 'going concern' - which is considered arguable because according to Senbet and Wang (2012:8), "a profitable firm with high leverage may remain viable as a going concern, irrespective of bankruptcy, while an unprofitable firm may be liquidated even if it has no debt in its capital structure". In that regards, the use of other bankruptcy prediction measures with proven accuracy levels, such as the Altman Z-Score model, would have given a more reliable result.

On the review of the motivation and patterns of CSR engagement by most Nigeria companies, the study observed via a preliminary document analysis that philanthropic/discretionary responsibilities dominates the CSR activity and reporting of most Nigerian companies, while the other dimensions of CSR get minimal attention bothintheannual report disclosure and in practice. In the non-financial aspect of CSR activities (such as those relate to labour and employee management), it was observed that what majority of the companies does is to restate their commitment to equity and ethical behaviours devoid of details concerning those commitment as regards labour and employee management. Although majority of the financial institutions had full disclosure of social sustainability performance, majority of the other companies gave either little or non-detailed disclosures. A companyeven reported the reduction of their staff strength but the reasons were not clearly spelt, while another used more than 200percent of its annual profit after tax (PAT) on an undisclosed charity purposes.

Conclusion and Recommendations

This paper reviews the concept of CSR practice in Nigeria and makes a case for its possible relationship with bankruptcy risk through the theoretical lens of the stakeholdertheory. The paper relied on existing literature as a tool to identifying the areas that could be the focus of future research. Based on the evidences gathered from the few available studies, it couldbe concluded that while there are indications of a strong negative effect of CSR on bankruptcyrisk, there is little empirical evidence to that effect in the Nigerian context. Also, while the outcome of the closest available study (on CSR and bankruptcy risk) appears inconclusive and methodologically deficient, not much is also known about the patterns and motivations of CSR engagement by Nigerian firms as well as the CSR behavior of distressed firms. The recommendations of this paper towards future empirical studies are double-barreled. Firstly, future studies should examine the effect of CSR on bankruptcy risk in Nigeria using the multivariate discriminant analysis pattern developed by Altman (1968) and modified in Altman (2006). Secondly, since little is known about the CSR behaviours of distressed firms, and there are indications (as found by Egbunike & Ibeanuka, 2015; Egbunike & Igbinovia, 2018; Nwidobie, 2017; Wurim, 2016) that majority of Nigerian companies lie within the 'distress zone'; future studies should examine the likelihood that 'bankruptcy status' (as a moderator variable) would modify the strength of the relation between CSR engagement and firm financial performance and also consider other relevant theories. The conceptual frameworks in figures A1 and B2 represents depict the expected relationships. To the best of our knowledge, there is paucityof empirical studies in these two areas mentioned above, especially in the Nigerian context.These create the avenue for further studies.

REFERENCES

Abdulrahman, S. (2018). Analytical review of corporate social responsibility and corporate financial performance of some firms from within and outside Nigeria. *Asian Finance & Banking Review, 2*(1), 7-17.

Adeyanju, O.D. (2012). An assessment of the impact of corporate social responsibility on Nigerian society: The examples of banking and communication industries. *Universal Journal of Marketing and Business Research, 1*(1), 017-043.

Adeyemo, S.A., Oyebamiji, F.F., & Alimi, K.O. (2013). An evaluation of factors influencing corporate social responsibility in Nigerian manufacturing companies. *International Journal of Academic Research in Economics and Management Sciences, 2*(6), 54-63.

Albuquerque, R., Koskinen, Y., & Zhang, C. (2018). Corporate social responsibility and firm risk: Theory and empirical evidence. *ECGI Working Paper Series in Finance,* 1-47. Retrieved from http://ssrn.com/abstract_id=1961971

Allen, L., DeLong, G., & Saunders, A. (2004). Issues in the credit risk modeling of retail markets. *Journal of Banking & Finance, 28*(4), 727–752.

Alobo, E.E., & Udungeri, K.U. (2018). Towards integrating corporate social responsibility in Nigeria environmental and social sector as a panacea for curbing infrastructural deficit. *International Journal of Development and Sustainability, 7*(2), 639-650.

Altman, E.I. (1993). *Corporate Financial Distress and Bankruptcy* (2nd Edition). New York: John Wiley & Sons.

Altman, E.I. (1968). Financial Ratios, discriminant analysis and the prediction of corporate bankruptcy. *Journal of Finance, 22*(4), 589-609.

Altman, E.I. (2006). *Corporate financial distress and bankruptcy: Predict and avoid bankruptcy, analyses and invest in distress debt* (3rd Ed). New York: John Wiley and Sons.

Amadi, J.A., & Ndu, E.C. (2018). Corporate social responsibility practice and corporate performance of selected deposit money banks in Nigeria. *International Journal of Advanced Studies in Economics and Public Sector Management, 6*(1), 63-88.

Amaeshi, K.M., Adi, B.C., Ogbechie, C., & Amao, O.O. (2006). *Corporate social responsibility in Nigeria: Western mimicry or indigenous practices*? International Centre for Corporate Social Responsibility. Nottingham University Business School, Nottingham United Kingdom. Retrieved from http://www.nottingham.ac.uk/business/ICCSR.

Amendola, A., Restaino M., & Sensini, L. (2013). Corporate financial distress and bankruptcy: A comparative analysis in France, Italy and Spain. *Journal of Accounting, 2*, 131-142.

Ani, W.U., & Ugwunta, D.O. (2012). Predicting corporate business failure in the Nigerian manufacturing industry. *European Journal of Business and Management, 4*(10), 86-93.

Ayanda, A.M., & Baruwa, A.A. (2014). Corporate social responsibility and corporate image. *Transnational Journal of Science and Technology, 4(2*), 58-79.

Beaver, W. (1966). Financial ratios as predictors of failure. *Journal of Accounting Research,* 5,71-111.

Bisogno M. (2012). The patterns of insolvency prediction. Theoretical profiles and empirical applications in the legal field, Franco Angeli. Retrieved from http://www.nottingham.ac.uk/business/ICCSR.

Branco, M.C., & Rodrigues, L.L. (2006). Corporate social responsibility and resource based perspectives. *Journal of Business Ethics, 69,* 111–132.

Carroll A. (1979). A three-dimensional conceptual model of corporate performance. *The Academy of Management Review, 4*(4), 497-505.

Carroll, A.B. (1979). Corporate social responsibility evolution of a definitional construct. *Business & Society*, *38*(3), 268-295.

Carroll, A., & Shabana, K. (2010). The business case for corporate social responsibility: A review of concepts, research and practice. *International Journal of Management Reviews, 12*(1), 85-105.

Chen, G., Wang, B., & Wang, X. (2020). Corporate social responsibility and information flow, *Accounting and Finance*, https://doi.org/10.1111/acfi.12683

Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal, 35*(1), 1–23.

Dare, J. (2018). Do actions speak louder than words? An exploratory study on CSR. *Business and Society Review 123*(2), 303–339.\

Dyllick, T., & Hockerts, K. (2002). Beyond the business face for corporate sustainability, *Business strategy and the environment,* 11(2), 130-141. doi:10:1002/bse.323

Edmister, R. (1972). An empirical test of financial ratio analysis for small business failure prediction. *Journal of Financial and Quantitative Analysis, 7*(2), 1477-1493.

Egbunike, P.A., & Ibeanuka, C.B. (2015). Corporate bankruptcy predictions: Evidence from selected banks in Nigeria. *Global Journal for Research Analysis, 4*(2), 17-23.

Egbunike, P.A., & Igbinovia, M.I. (2018). Threat of bankruptcy and earnings management in Nigerian listed banks. *ACTA Universitatis Danubius, 14*(3), 238-253.

Ejoh, N.O., Orok, E.O., & Sackey, J.A. (2014). The development of environmental accountingand disclosure practices of manufacturing companies in Nigeria. *Journal of Sustainable Development, 5*(12), 70-79.

Elkington, J. (1997). Cannibals with forks – Triple bottom line of 21st century business. Stoney Creek, CT: New Society Publishers.

Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach.* Boston: Pitman.

Friedman, M. (1970). The social responsibility of business is to increase its profits. *New York Times Magazine, 126*(122), 32-33. https://doi.org/10.1007/978-3-540-70818-6_14

Giannarakis, G., & Theotokas, I. (2011). The effect of financial crisis in corporate social responsibility performance. *International Journal of Marketing Studies*, *3*(1), 2-12.

Gissel, J.L., Giacomino, D., & Akers, M.D. (2007). A Review of Bankruptcy Prediction Studies: 1930-Present. *Journal of Financial Education, 33*(Winter 2007), 1-42.

Godfrey, P.C. (2005). The relationship between corporate philanthropy and shareholderwealth: a risk management perspective. *Academy of Management Review, 30,* 777–798.

Godfrey, P.C., Merrill, C.B., & Hansen, J.M. (2009). The relationship between corporate social responsibility and shareholder value: an empirical test of the risk management hypothesis. *Strategic Management Journal, 30*, 425–445.

Gupta, K., & Krishnamurti, C. (2016). Does corporate social responsibility engagement benefit distressed firms? The role of moral and exchange capital. *Pacific-Basin Finance Journal*, 30(3), 1-15, http://dx.doi.org/10.1016/j.pacfin.2016.10.010

Hamidu, A.A., Haron, M.H., & Amran, A. (2018). Critical factors towards philanthropic dimension of CSR in The Nigerian financial sector: The mediating effects of cultural influence. *International Journal of Business and Innovation, 4*(1), 27- 48.

Hur-Yagba, A.A., Okeji, I.F., & Ayuba, B. (2015). Analyzing financial health of manufacturing companies in Nigeria using multiple discriminate analyses. *International Journal of Managerial Studies and Research, 3*(7), 72-81.

Idowu, A. (2014). Corporate Social Responsibility in Nigerian Banking Industry: When Will the Lip-Service Games End? *Journal of Economics and Sustainable Development, 5(*22), 21-26.

Karaibrahimoglu, Y. Z. (2010). Corporate social responsibility in times of financial crisis. *African Journal of Business Management*, *4*(4), 382.

Kihooto, E., Omagwa, J., Wachira, M. & Ronald, E. (2016). Financial distress in commercial and services companies listed at Nairobi Securities Exchange, Kenya. *European Journal of Business and Management, 8*(27), 96-89.

Kim, D., & Kim, J. (2014). Effects of Corporate Social Responsibility and Governance on Its Credit Ratings. *Scientific World Journal, 10*(1), 305-307.

Li, F., Abeysekera, I., & Ma, S. (2011). Earnings management and the effect of earnings quality in relation to stress level and bankruptcy level of Chinese listed firms. *Corporate Ownership and Control, 9*(1), 366-391.

Lins, K.V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: Thevalue of corporate social responsibility during the financial crisis. *Journal of Finance, 72,* 1785-1824.

Linnenluecke, M. K., Han, J., Pan, Z., & Smith, T (2019), How markets will drive the transition to a low carbon economy, *Economic Modelling* 77, 42– 54.

Lin, K.C., & Dong, X. (2018). Corporate social responsibility engagement of financially distressed firms and their bankruptcy likelihood. *Journal of Advances in Accounting*, 3(6), 1-14.

Liu, L., & Tian, G. G. (2019), Mandatory CSR disclosure, monitoring and investment efficiency: evidence from China, *Accounting and Finance*, https://doi.org/10.1111/acfi.12588

Luo, X., & Bhattacharya, C. B. (2006). Corporate social responsibility, customer satisfaction, and market value. *Journal of Marketing, 70*(4), 1–18.

Martinuzzi, A., & Krumay, B. (2013). The good, the bad, and the successful – how corporate social responsibility leads to competitive advantage and organizational transformation. *Journal of Change Management, 13*(4), 424-443.

McGuire, J. W. (1963). *Business and society*. McGraw-Hill.

Meij, J. (2016). The effect of corporate social responsibility on corporate risk. A Master thesis of the Finance Department, Tilburg School of Economics and Management, Tilburg University, Netherlands.

Mordi, C., Opeyemi, I.S., Tonbara, M., & Ojo, S. (2012). Corporate social responsibility and the legal regulation in Nigeria. *Economic Insights – Trends and Challenges, 64*(1)1-8.

Motilewa, Onakoya, & Oke, (2015). Corporate social responsibility as a tool for gaining competitive dvantage. *International Journal of Multidisciplinary Research and Review. 1(1), 16-24.*

Natalia, O. (2007). Corporate Financial Distress: An Empirical Analysis of Distress Risk (Doctorial Dissertation No. 3430, University of St. Gallen, St. Gallen, Switzerland).

Nguyen, B.N. (2018). The effect of corporate social responsibility disclosure on financial performance: Evidence from credit institutions in Vietnam. *Asian Social Science, 14*(4), 109-122.

Nwakanma, C.N., & Emerole, G.A. (2017). Corporate social responsibility and corporate reputation: A study of Dufil Prima Foods Ltd Port Harcourt, Nigeria. *International Journal of Social Sciences and Management Research, 3*(8), 1-12.

Nwidobie, B.M. (2017). Altman's Z-score discriminant analysis and bankruptcy assessment of banks in Nigeria. *Covenant Journal of Business & Social Sciences (CJBSS), 8*(1), 1-15.

Okere, W., Imeokparia, L., Ogunlowore, J.A., & Isiaka, M. (2018). Corporate social responsibility and investment decisions in listed manufacturing firms in Nigeria. *Journal of Economics, Management and Trade, 21*(4), 1-12.

Olaide, K., & Worlu, R.E.K. (2018). The effect of corporate social responsibility on the profitability of Nigerian banks: A comparative study of First Bank and Eco Bank. *Journal of South African Business Research, 8*(20), 1-14. DOI: 10.5171/2018.379009

Olayinka, M.U., & Temitope, O. . (2011). Corporate social responsibility and financial performance in developing Economies. *The Nigerian Experience*. New Orleans: New Orleans International Academic Conference, 815-824.

Onuorah, A.C., & Imene, O.F. (2016). Corporate social responsibility and its impact on firms' going concern in Nigeria. *Imperial Journal of Interdisciplinary Research, 2(*5), 683-689.

Safieddine, M.A. (2017). The relationship between corporate social responsibility and bankruptcy risk mediated by corporate performance. A Master of Business Administration Thesis of the Adnan Kassar School of Business, Beirut, Lebanon.

Senbet, L.W., & Wang, T.Y. (2012). Corporate financial distress and bankruptcy: A survey. *Foundations and Trends in Finance*, 5(4), 243-335. http://dx.doi.org/10.1561/0500000009

Sinkey, Jr., J. (1975). A multivariate statistical analysis of the characteristics of problem banks. *Journal of Finance. 30*(1), 21-36.

Soyinka, K.A., Sunday, O.M., & Adedeji, D.B. (2017). Determinant of corporate social responsibility disclosure in Nigeria. *International Journal of Academic Research in Business and Social Sciences, 7*(7), 565-580.

Sun, W.A., Cui, K., 2014. Linking corporate social responsibility to firm default risk. *European Journal of Management. 32*, 275–287.

Ugwuanyi, A., & Ekene, C. (2016). Corporate social responsibility and its implementation in Nigeria: Problems and prospects. *Global Journal of Human Resource Management. 4*(2), 60-69.

Vogel, D.J. (2005). Is there a market for virtue? The business case for corporate social responsibility. *California Management Review*. 47, 19–45.

Wang, B. (2004). Strategy changes and internet firm survival. Ph.D. dissertation, University of Minnesota.

Wruck, K (1990). Financial distress, reorganization, and organizational efficiency. *Journal of Financial Economics, 27,* 419-444.

Wurim, B.P. (2016). Discriminant analysis and the prediction of corporate bankruptcy in the banking sector of Nigeria. *International Journal of Finance and Accounting, 2*(6), 319-325.

Yang, S., He, F., Zhu, Q., & Li, S. (2017): How does corporate social responsibility change capital structure? *Asia-Pacific Journal of Accounting & Economics, 2*(4), 1-36.

 ISSN: 2489-0006

Appendix

Table A1: CSR patterns of some listed companies in Nigeria for year-ended 31st December, 2017

Company (2017 report)	Philanthropic/ Discretionary responsibilities	Ethical/Social responsibilities	Reported Cost of CSR	Profit After Tax	CSR per cent
Access Bank	Donations to fire disaster, youth corps, UN Initiative, widows' support, NFF, breast cancer. Sponsorships of capacity building programs, etc.	Not reported	567,027,158	61,990,852,000	0.91per cent
Austin Laz	Unspecified charity contributions	Not reported	710,000	315,000	222.5per cent
Berger Paints	Made donations to a private school, Bible school, Boy's brigade, Girls foundation, and orphanage.	Stated their commitment to safety and environmental sustainability policy, but did not specify in specific terms how it achieves that.	1,419,464	246,276,000	0.58per cent
Dangote Cement (Group)	Unclassified donations reported under administrative expenses	Not reported	1,562,000	204,248,000	0.76per cent
Diamond Bank	Contributions (Donation and sponsorship) to charitable and non-political organizations; e.g. NPF, FRSC, NSE, Entertainment Industry, CBN cashless, sports, etc.	Employment of disabled persons and disclosure on equality/equity in men/women employment. Employee involvement and training; Health, safety and welfare at work.	518,986	869,441,000	0.06per cent
FCMB	Donation to churches and six (6) State governments, media houses, schools and youth development programs.	Employment of disabled persons, disclosure of diversity in employment and customer complaints.	395,360,073	9,410,204,000	4.20per cent
Fidelity Bank	Donations/sponsorship to/of church events, governor's wife's foundation, Alumni Awards, primary health care, IDP camps, school equipments, etc.	Disclosure on equality/equity in men/women employment. And restatement of commitment to employee involvement and training; health, safety and welfare. No details.	417,028	18,857,000	2.21per cent

 ISSN: 2489-0006

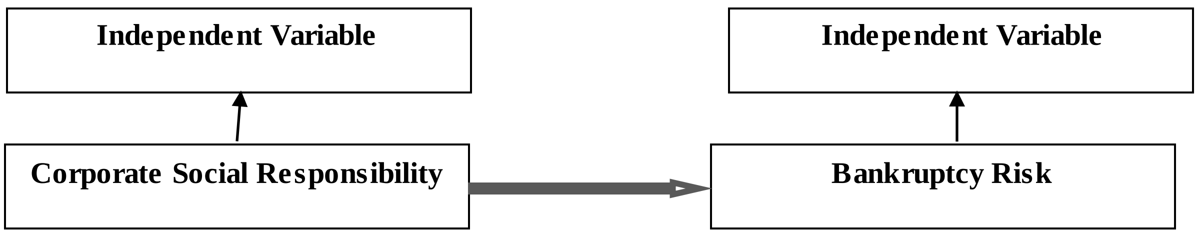
First Aluminum	Neither donations nor gifts were disclosed	Restated company's resolve to maintaining employee safety, welfare, involvement and training but failed to give details.	=nil=	42,264,000	0.00per cent
Guaranty Trust Bank	Donations to Arts, Awards, Trust funds, NPF, Tertiary Institutions, Sports, etc.	Full social and environmental sustainability disclosure/practice	867,113,525	170,469,633,000	0.51per cent
Guinness Plc	Water scheme project, Scholarship payments and donation to Eye Centers in two cities.	Occupational health & safety, environmental sustainability, corporate governance, ethics & integrity.	11,775,000	1,923,720,000	0.61per cent
Nigerian Breweries	Borehole to NPF, Transformer for host community, donations of drugs to hospitals, streetlights, scholarship for indigenes of a particular community.	Stated number of disables in payroll as nine (9), restated commitment to employee involvement, training, health, safety and welfare, but not detailed.	76,885,994	33,009,292,000	0.23per cent
Oando Plc	Establishment of ICT Centers, scholarships, Donation to Niger Delta students, renovation of schools in 5 States, training of teachers in 9 States.	Restated commitment to equal employment opportunity, physically challenged, employee training and development, but not specific.	253,804,314	19,772,776,000	1.28
Okomu Oil	Donations for skill acquisition programs made to local communities and government departments.	Disbursements for staff training programs. **Announced the reduction of directly employed staffs from **521 to 510**	214,000,000	9,147,850,000	2.34per cent
Presco Plc	Donations to Uniben, UBTH Sickle cell Golf tournament, Edo State Police & Ministry of Environment, and Investment summit sponsorship.	(i) Specifically disclosed the costs community development programmes (roads, water, electricity and agric). (ii) Restated commitment towards employment of disabled, employee welfare, safety, health, involvement	52,531,159	25,403,614,000	0.21per cent

 ISSN: 2489-0006

		and training, butwas not specific.			
Stanbic IBTC	Donations to NPF, State Hospitals, NANS, Sickle cell, schools, trust funds.	Reported their progresses on employee training, safety at work, and opportunity for disables.	436,629	48,381,000	0.90per cent
Sterling Bank	Donations to NPF, Lagos State Trust fund, Market fire and flood victims, Judiciary.	Gender analysis of employees and management positions; and Restatements of commitment to other sustainability issues.	346,000	8,521,000	4.06per cent
UBA	Donation to 3 State government's trust funds, University of Lagos & Jos, NPF and youth corpers.	Disclosure of staff distribution by gender. Restatement of commitment to environmental issues.	832,765	78,590,000	1.06per cent
Vita foam	Donations for Standard Organisation of Nigeria (SON) conference, sponsorship of adverts for deceased directors, and Unilag conference.	Restated commitment to employee welfare. Not detailed.	6,360,000	190,540,000	3.34per cent
Wema Bank	Humanitarian services and donations to two States' trust fund and a University.	Full social and environmental sustainability disclosure.	53,585,000	2,260,000,000	2.37per cent

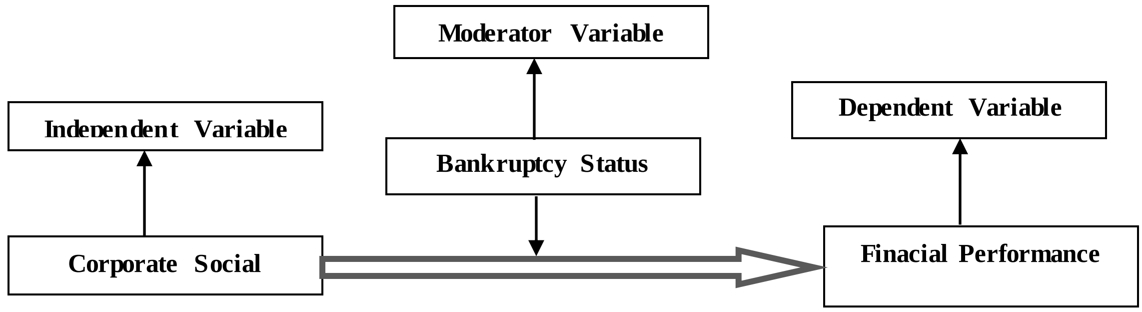
Source: Researcher's Compilation from Published Annual Reports of the individual companies (2018)

Figure B1: Framework of the possible Interplay between CSR and bankruptcy risk



Source: Researcher's conceptualization (2018)

Figure B2: Projected conceptual framework of a moderator effect of bankruptcy status



Source: **Researcher's Conceptualization (2018)**