


2016

# The Relationship between Corporate Social Performance and Financial Performance

Dawn P. Miller  
*Walden University*

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# Walden University

College of Management and Technology

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Dawn Patricia Miller

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Walden University  
2016

Abstract

The Relationship between Corporate Social Performance and Financial Performance

by

Dawn Patricia Miller

MBA, Nova Southeastern University, 2002

BS, Medgar Evers College, 1997

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June 2016

## Abstract

Business leaders lack consistent information to make and support strategic budgetary decisions while supporting corporate social responsibility initiatives. Grounded in stakeholder and contract theory, this correlation study examined the relationship between Fortune reputation scores and return on asset, return on equity, and earnings per share, while controlling for total assets. Archival data were collected from 25 corporate websites of U.S. banks included in Fortune Most Admired Companies listing from 2011 to 2013. For 2011 there was a moderate positive partial correlation between Fortune reputation index (FRI) and return on equity (ROE) while controlling for total assets,  $r = .47, p < .05$ , with higher levels of FRI associated with higher levels of ROE. For 2012 there was a moderate positive partial correlation between FRI and ROE while controlling for total assets,  $r = .48, p < .05$ , with higher levels of FRI associated with higher levels of ROE. Correspondingly, there was a moderate positive partial correlation between FRI and EPS,  $r = .56, p < 0.5$  with higher levels of FRI associated with higher levels of ROE in 2012. For 2013, there was also a moderate positive, but not statistically significant, partial correlation between FRI and EPS,  $r = .41, p > .05$ , with higher levels of FRI associated with higher levels of EPS. The implications for positive social change include greater support for socially responsible business strategies to promote sustainability and more business leaders promoting the provision of social benefits for stakeholders.

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## Dedication

I dedicate this research study foremost to my mother Sarah C. Thompson in honor of her moral support and words of encouragement. She has been a great source of motivation specifically during the times when I felt like giving up. Special dedication as well to my deceased maternal grandparents, James Thompson and Emily Perry; you both were unable to continue your educational pursuits. However, you provided a foundation so I could have the opportunities you never had. Thank you. To my father Eric George Miller deceased; even though you were not able to pursue your educational dreams, you endorsed the fact that education is the gateway to success; may your soul continue to rest in peace. To my dearest deceased friends Grace Vendryes, Linda Vendryes, and Brooke Shoers, even in your illness and pain, you all continued to inspire me to pursue my dream of continuing my education. I continue to hope and pray that a cure for all forms of cancer will be discovered within this decade.

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## Section 1: Foundation of the Study

The concept of sustainability and the adoption of socially responsible principles are two agents of change influencing recent management efforts in corporations (Perez, Martinez, & Rodriguez-del-Bosque, 2013; Sharma & Mehta, 2012). Adopting socially responsible principles enables leaders of organizations to develop sustainable business entities (Ganescu, 2012). Business leaders are increasingly facing new challenges to act socially and ethically responsible and make positive contributions towards society (Balabanov, Balabanova, & Dudin, 2015; Dhingra & Mittal, 2014; I. Yilmaz, 2013; Pless, Maak, & Waldman 2012); the new challenges correlate to the concept of being socially responsible.

The importance, relevance, social impact, and financial implications of corporate social responsibility are frequent topics of debate in the research literature (Gregory & Whittaker, 2013; Malik, Ali, & Anwar, 2015). One primary focus of the discussion regarding corporate social responsibility (CSR) is the examination of the relationship between CSR and corporate financial performance (CFP) in organizations (Michelon, Boesso, & Kumar, 2013; Pless et al., 2012). Research results confirm inconsistencies between these two aspects of business operations (Baird, Geylani, & Roberts, 2012; Erhemjamts, Li, & Venkateswaran, 2013; Servaes & Tamayo, 2013). For example, there is confirmation of a positive correlation between CSR and CFP variables in some studies (I. Yilmaz, 2013; Saxena & Kohli, 2012); other researchers identified a negative correlation or a total absence of correlation (Barnett & Salomon, 2012; I. Yilmaz, 2013). As leaders of organizations continue to seek to find a balance between shareholder and

stakeholder benefits (Balabanov et al., 2015; I. Yilmaz, 2013; Zimmermann, Gomez, Probst, & Raisch, 2014), the disparities among studies' results support the need for further research on both monetary and nonmonetary benefits of CSR. Specifically, continued research to improve the level of reliability in performance measurements (PMs) and the consistency of CSR research findings is a necessity (Saxena & Kohli, 2012). Continued research is a viable means of gaining more knowledge and increased comprehension of the complex CSR-CFP relationship (Cheng, Ioannou, & Serafeim, 2014).

### **Background of the Problem**

Prior to leaders of business organizations incorporating CSR activities as a part of their business strategies, the shareholders' theory and the maximization of shareholders' wealth were primary paradigms for implementing business strategies and measuring corporate performance (Adeneye & Ahmed, 2015). Based on the concept of diminishing marginal returns, the shareholders' theory implies that there is a reduction of shareholders' wealth whenever managers of organizations financially invest in socially responsible activities (Kaeokla & Jaikengkit, 2012). Scholars such as Friedman (1970) endorsed the focus on shareholders' wealth. However, the growth and development of social movements among multiple groups of stakeholders such as humanitarians, and environmentalists enhanced corporate leaders' concerns for social responsibility (Andeu, Casado-Diaz, & Matilla, 2015; Srivastava, 2012) in conjunction with the realignment of business strategies by managers of organizations.

Specifically, the social movement of the early 1970s contributed to a dramatic

change in how stakeholders view and evaluate the roles of leaders of corporations. For example, managers began to incorporate social performance audits to examine the socially responsible performance within organizations (Perez & Rodriguez-del-Bosque, 2012). Specific areas of examination include the economic development of communities and the business operations of suppliers while also promoting a better quality of life standards for customers (Perez & Rodriguez-del-Bosque, 2012). Friedman (1970) challenged the stakeholder theory through his support of the premise that managers of organizations only had one responsibility, the pursuit of profits for shareholders (Bazillier & Vauday, 2014; Jo & Harjoto, 2012).

The potential for the coexistence of concerns amongst both shareholders and other stakeholders resulted in a shift in strategies endorsing social considerations while also supporting the maximization of shareholders wealth (Mahenthiran, Terpstra-Tong, Terpstra, & Rachagan, 2015; Ditlev-Simonsen & Wenstop, 2013). Leaders of financial institutions within the banking industry of the United States responded favorably to the social movement. Evidence of CSR efforts and concerns exist in organizations such as BNY Mellon, Bank of America, and Wells Fargo and Company (Marco, 2012). Projects include the reduction of the use of paper through renewable energy processes and reduction in carbon emissions (Marco, 2012). However, challenges coexist with economic considerations and ramifications from economic and noneconomic choices made by corporate managers. For example, community members question the actions of decision makers in the banking industry when funding questionable business transactions that involved the trading of arms (Stephens & Skinner, 2013).

Researchers refer to CSP in CSR studies as a means of presenting more applicable and measurable organizational achievements (Hafsi & Turgut, 2013) while considering CSR organizational policies (Salazar, Husted, & Biehl, 2012). However, despite increased frequency of researchers examining the relationship between CSR, CSP, and CFP over the past 40 years, results have been positive, negative, inconsistent, or inconclusive (Skudiene, McClatchey, & Kencleryte, 2013). The literature also provides evidence of fragmentation (Wang, Lu, Kweh, & Lai, 2014) or poor uniformity. Frequent factors of fragmentation include (a) inconsistency with measurements used to confirm the relationship between CSP and CFP, (b) the use of questionable indexes to quantify social responsibility, and (c) inaccurate or inadequate measurement of the financial performance of organizations (Perez & Rodriguez-del-Bosque, 2013). In addition, few researchers address the CSP-CFP relationship while focusing on considerations such as the size of organizations or strategies applied by managers within a particular industry group (Saxena & Kohli, 2012). The impact of CSP on CFP in the banking sector of the United States is of interest to stakeholders as the recent economic crisis increased risk management concerns for managers and other business leaders. Anticipated impact of findings of this study included leaders of business organizations revisiting implemented CSR strategies and making informed decisions regarding organizational goals and objectives.

### **Problem Statement**

Findings from a Union Nation Global Compact- Accenture research study suggested that 93% of 766 Chief Executive Officers regarded corporate social

responsibility as an important consideration for the future success of their organizations (Cheng et al., 2014). However, despite increased attention to socially responsible actions and relative financial implications (Fu & Jia, 2012; Wang et al., 2014), the results of research studies have been inconclusive and inconsistent (Lee, Singal, & Kang, 2013).

The general business problem facing business industry leaders is due to conflicting results and interpretation of corporate social responsibility there is a lack of consistent information to make and support strategic budgetary decisions (I. Yilmaz, 2013; Rodgers, Choy, & Guiral, 2013). The specific business problem is some banking industry leaders need more conclusive evidence of the relationship between CSP and financial returns to assist in allocating resources towards corporate performance (Mamun, Sohog, & Akhter, 2013).

### **Purpose Statement**

The purpose of this proposed quantitative correlational study was to examine the relationship between CSP and CFP to assist banking industry leaders in making informed CSR investment decisions. Single composite index score calculations from annual surveys noted as Fortune reputation index (FRI) score ratings represented the independent variables for CSP (Ganescu, 2012; Melo & Garrido-Morgado, 2012; Orlitzky & Swanson, 2012). Return on assets (ROA), rate of return on equity (ROE), and earnings per share (EPS) were dependent variables for CFP for the years 2011 to 2013 (El-Chaarani, 2014; Hall & Lee, 2014; I. Yilmaz, 2013). Components of the study included three separate analyses of secondary data representing independent and dependent variables for the years 2011 to 2013. Since small firms may not be as socially



active as larger companies, the size of organizations was the applied control variables for the study (El-Chaarani, 2014; Youn, Hua, & Lee, 2015) with total asset as the indicator of firm size (Fu & Jia, 2012; Melo & Garrido-Morgado, 2012).

Confirmation of a positive CSP-CFP relationship support continued investments in CSR activities while reiterating a relationship between social responsibility activities and opportunities for sustainable economic growth (Ganescu, 2012; Gazzola & Colombo, 2014).

### **Nature of the Study**

The two main research study methodologies are quantitative and qualitative. Quantitative studies employ measurements including methods of statistical deductions (Guercini, 2014; McCusker & Gunyadin, 2015) while qualitative studies explore the collection of data through methods that are open and unstructured (Guercini, 2014). However, around 2000, the ability to use information from various data sources using both quantitative and qualitative methods, contributed to a third research methodology, the mixed method (Lund, 2012).

The quantitative method is appropriate for this proposed study based on congruency between the research design's objective of measuring the relationship between variables and using numerical data to make inferences from the results of the study (Patterson & Morin, 2012; K. Yilmaz, 2013). Specifically, calculating the correlation between variables that are representative of CSP and CFP to address stated hypotheses is more feasible and suitable via a quantitative research design (McCusker & Gunyadin, 2015). The scope of the study did not include any attempt to explore any

perceptions or obtain an account of an experience (Wahyuni, 2012); therefore, a qualitative method would not sufficiently address the general questions or hypotheses of the proposed study.

Despite advantages such as addressing complete research questions and providing valid inferences, a mixed method study design was also not a feasible option for the proposed study. More specifically, based on the challenges of extensive physical and financial resources (Lund, 2012) and the ability of a quantitative design to address the purpose of the study, the mixed methods design was not a consideration for the study.

The quantitative correlational analysis design was optimal for the study based on the objective of the study to examine the relationship between variables representing CSP and CFP (Pallant, 2007). In addition, the data for the study were quantitative with quantifiable measures (K. Yilmaz, 2013). For example, the quantitative data for independent variable CSP included scores that represent responsibility to the community and the environment from Fortune's reputation index. The data were from annual surveys completed by business executives and financial professionals (Orlitzky & Swanson, 2012; Sur & Sirsly, 2013).

Since the 1990s, there have been questions about the validity of Fortune's reputation index (Lee & Roh, 2012). A noted shortcoming of the reputation index is the argument that the composition of index scores involves a qualitative survey completed by employees based on their perception of respective firms (Melo & Garrido-Morgado, 2012; Orlitzky & Swanson, 2012). Another consideration is the *financial halo effect* that results in a misconception about the financial soundness measure (Hall & Lee, 2014; Sur

& Sirsly, 2013). However, findings from recent researches support the use of the reputation index as a valid indicator of a firm's overall social performance and as an actual representation of corporate responsibility (Hall & Lee, 2014). The FRI is also an alternate to Kinder, Lydenberg, and Domini (KLD) for research studies (Mattingly, 2015) and Ganescu (2012) referenced the use of FRI composite scores as a tool for measuring CSP. While the research findings of the study by Szwajkowski and Figlewicz (1999) confirmed that the FRI provides a reasonable and credible measurement for CSP, study recommendations mentioned the use of caution when using the index.

Using the FRI composite scores enables researchers to utilize a combination of CSR characteristics for diversification in employing multiple measurements in evaluating the CSP-CFP relationship. The multifaceted constructs and conditions affiliated with the CSR concept (I. Yilmaz, 2013) warrant the evaluation of the CSP-CFP relationship relative to CSR concerns such as employees' well-being (Rodgers et al., 2013) and philanthropic community programs (Taran & Betts, 2015). Moreover, the use of FRI composite scores for this study supports earlier scholastic recommendation of Szwajkowski and Figlewicz (1999) for further CSP-CFP testing with the reputation index.

The dependent variables in this study were accounting data that represent ROA, ROE, and EPS (El-Chaarani, 2014; Hall & Lee, 2014; I. Yilmaz, 2013). The data for the variables were from the electronic financial reports of the banks that comprise the census population of the study and from ycharts.com. Through reforms and acts such as the Dodd-Frank Wall Street Reform and Consumer Protection Act, the United States

Securities and Exchange Commission (SEC) enforces consistency in the calculations of ROA, ROE, and EPS as well as reporting in the banking industry (Peterson, 2013; Stevens, 2013). The expectation was that there would be minimal disparity in the calculations of the dependent variables for the proposed study. The advent of the Internet provides new means for banking leaders to present their annual reports and financial information online (Botti, Boubaker, Hamrouni, & Solonandrasana, 2014). Secondary data for the dependent variables for CFP for the banks comprising the census population of the study were available and easily accessed on the Internet. The design materials in Section 2 of the study provide a detailed explanation of the calculation formulas for the dependent variables.

### **Research Question**

The examination of the relationship between CSP and CFP involved analyzing the relationship using FRI composite score ratings as independent variables representing CSP and ROA, ROE, and EPS as dependent variables representing the financial data for CFP, while controlling for firm size using total asset. The examination of the relationship focused on the banking institutions in the banking industry in the United States. The overall question for the specific business problem of the study was: In the banking sector of the United States, what is the relationship between CSP, represented by FRI composite scores and CFP, represented by ROA, ROE, and EPS while controlling for firm size?

The central research questions for the proposed study were:

RQ1: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and ROA, ROE, and EPS for banks located in the

United States?

RQ2: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and return on assets for banks located in the United States?

RQ3: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and return on equity for banks located in the United States?

RQ4: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and earnings per share for banks located in the United States?

### **Hypotheses**

Hypotheses or informed research study predictions align with the central purpose of a research study, and the testing of hypotheses involves the calculation of test statistics from sample data (van Helden, 2013). The hypotheses for the study were:

*H1<sub>0</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and return on assets for banks in the United States.

*H1<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and return on assets for banks in the United States.

*H2<sub>0</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and return on equity for banks in the United States.

*H2<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and return on equity for banks in the United States.

*H3<sub>o</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and earnings per share for banks in the United States.

*H3<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and earnings per share for banks in the United States.

### **Theoretical Framework**

Based on the economic and social framework involving agents, principles, and outcomes, the contract theory is relevant to the concept of CSR (Abdallah, Darayseh, & Waples, 2013). Contract theory supports the establishment and existence of a link between organizations and stakeholders applicable to the core premise of CSR that corporate leaders have social obligations to societies (Fontaine, 2013). There are interrelationships of responsibilities among all parties. Examples within the domain of contract theory include (a) development of employee loyalty based on the social contract between managers and employees, (b) engaging in philanthropic activities, and (c) the innovation and development of socially responsible brands and services (Agudo-Valiente, Garcés-Ayerbe, & Salvador-Figueras, 2015; Baumgartner, 2014; Smith, 2012). The deployment of sustainable corporate cultures that support CSR concerns is also within the domain of the contract theory. An examination of the relationship between CSP and CFP in the banking industry entails reviewing and confirming the success rate of CSR considerations meeting the needs of stakeholder groups; the contract theory is, therefore, relevant to this study.

The second theory related to the study is the stakeholders' theory. The concept of the stakeholders' theory suggests and supports the need for leaders of organizations to be

accountable for their actions while simultaneously seeking to maximize shareholders' wealth (Harrison & Wicks, 2013; Minoja, 2012). Stakeholders hold managers responsible for their actions (Benedek, Takacs, & Takacs-Gyorgy, 2013). Being socially responsible incurs operational costs, as CSR strategies and activities require investments; the assumption is that it is prudent for the members of management teams of organizations to justify, identify, and evaluate CSR activities (Kaeokla & Jaikengkit, 2012). Based on the impact of changes in trends in communities, ongoing reviews of CSR-CFP relationship are necessary for making related required adjustments in strategic implementations in organizations.

Specifically, examining the CSP-CFP relationship correlates to the reviewing of business strategies to ensure the realization of meeting the needs of stakeholders including shareholders. In addition, an examination of the relationship between meeting the needs of stakeholders and addressing the financial needs of shareholders relates to the stakeholders' theory and accountability of business leaders to all stakeholders (Benedek et al., 2013). The recent economic crisis reinforced the need for leaders of organizations to include *societal stakeholders* concerns in strategic management efforts. While considering elements of CSR that can impact the survival of organizations such as customer attraction and retention and community outreach programs (Brower & Mahajan, 2013; Muthuri, Moon, & Idemudia, 2012), quantifying CSP promotes accountability while providing evidence of organizations' contributions towards communities. These efforts coexist with strategies applied by business leaders to meet and exceed meeting financial goals. If the realization of sustainability goals is a central

managerial concern, the analysis of the link between CSP and CFP is a managerial requirement.

### **Operational Definitions**

Based on the multiple facets of social responsibility, some of the terms in this study could convey varied meaning. Therefore, I provide the following definitions:

*Corporate financial performance (CFP)*: How an organization performs financially. Categories of measurements include accounting financial ratios such as ROA, the rate of ROE, the rate of return on income, and EPS (Baird et al., 2012; I. Yilmaz, 2013). Operational definition for the study is the measurement of financial results within the banking industry of the United States using financial ratios of ROA, ROE, and EPS.

*Corporate social performance (CSP)*: The operationalization of socially responsible activities (Blanco, Guillamon-Saovon, & Guiral 2013); the observable outcome of the concept that involves the integration of social and environmental concerns into business practices (Skudiene et al., 2013; Weshah, Dahiyat, Awwad, & Hajjat, 2012). FRI composite scores are the unit of measurement for CSP in this study. For the purpose of this study, the terms CSR and CSP are interchangeable.

*Corporate social responsibility (CSR)*: A voluntary business principle that incorporates social agendas while being considerate of the impact of business activities on communities and the environment (Abels & Martelli, 2012). Accountability by members of business organizations for the impact of their actions on multiple stakeholders, communities, and the environment (Agudo-Valiente et al., 2015; Chin, Hambrick, & Trevino, 2013). For the purpose of this study, the terms CSR and CSP are



interchangeable.

*Stakeholder*: Anyone who has a stake or vested interest in the functioning of an organization. This group includes consumers of products and services, nongovernment and government entities, suppliers, distributors, shareholders, and employees (Heikkurinen, & Ketola, 2012).

*Sustainability*: Economic innovations, development, and improvements that incorporate voluntary corporate social responsible activities (Sharma & Mehta, 2012) while making a positive contribution towards society (Rowe, Nowak, Quaddus, & Naude, 2014). Making a positive contribution towards society without compromising the potential for members of future generations to meet and satisfy their needs (Baden & Harwood, 2013).

### **Assumptions, Limitations, and Delimitations**

The study proposal included five assumptions considered true, but not necessarily verified. There was also consideration of limitations that could contribute to weaknesses, scopes, and boundaries that could delimit the parameters of the study. The identification of the assumptions, limitations, and delimitations preceded the significance of the research.

#### **Assumptions**

Based on the scope and design of this study, there were five primary identifiable assumptions. The first assumption was stakeholders of organizations are either socially responsible or noncontributors to positive social changes (Mujtaba & Cavico, 2013), and this reflects the core of the stakeholders' and shareholders' theories discussed previously.

The second assumption was since leaders of banks in the United States operate under the same federal regulations for legal and ethical governance, leaders of the banks in the census population of the study adhere to the same federal regulations. In addition, since the same general governing rules and regulations are relevant to business leaders in the banking industry, similarities in operation processes and procedures reduce the odds of conducting a biased study.

The fourth assumption of the study was financial data of the banks included in the proposed study were accurate and met the same financial records requirements as legislated by the SOX Act (Kim, Lee, & Lee, 2015; Peterson, 2013) and the guidelines of the Federal Deposit Insurance Corporation (FDIC). The fifth assumption was that there is uniformity in the calculation of the reputation scores reported by Fortune because of (a) consistency in the background of survey participants, (b) the specific frequency, and timing of conducting surveys and (c) the standardized calculation of composite scores. This assumption also supports the reputation index scores as valid indexes in measuring the relationship between CSP and CFP. In addition, since CSP reputations reflect CSP values, and, organizational reputational indices are a popular approach to measuring CSP, previous researchers used FRI composite scores as a valid proxy for social performance (Cheng et al., 2014).

### **Limitations**

Reliance on secondary financial data from the websites of the banks included in the study was the first limitation of the research. However, the legal implications of the SOX Act regarding financial reports from banks in the United States (Peterson, 2013) and

FDIC guidelines are sufficient and substantial to nullify the need for recalculation or verification of reported data. A second limitation of the proposed study was the use of secondary data from Fortune for the independent variable. There was no reassessment of the reputation index score to confirm the accuracy of polled results. The third limitation of the proposed study was there were no special considerations regarding any external or internal factors such as social or economic pressures (Fransen, 2013) and management styles or organizational characteristics (Du, Swaen, Lindgreen, & Sen, 2013) that could impact the examination of the CSP-CFP relationship. The study focus was only on the reputation scores as the independent variable and ROA, ROE, and EPS as the dependent variables.

A fourth limitation of the proposed study was data collection for the period of 2011 to 2013 as the scope of the study limited reporting findings for a direct timeframe. However, the results provide a baseline for comparison with future projections based on the accuracy from confirming the validity of the relationship between CSP on CFP for US banks. Positive findings of the research support banks leaders' decisions to incorporate CSR principles in strategic plans.

The fifth limitation of the study was the sample size. The analysis of the relationship between CSP and CFP initially incorporated the census population sample of 25 banks in the United States from Fortune's ranking of Most Admired Companies (MACs). However, to avoid bias, firm size based on total assets was a control variable (Fu & Jia, 2012). The commonality of inclusion in Fortune's ranking and a focus on a census population from the same industry with similar corporate governance contributed

to the census population being highly representative of the population of banks in the United States. Section 2 of the study notes additional support for the sample size.

### **Delimitations**

The primary delimitation of the proposed study was the focus on the US banking industry. A primary reason for selecting the banking industry is that banks play a key role in our local and global economies. In the financial sector, banks are the main business entities that provide financing for business ventures including socially responsible investments (Hu & Scholtens, 2014; Paulet, Parnaudeau, & Relano, 2015; Weber, Diaz, & Schwegler, 2014). Bank leaders provide services that offer customers an efficient payment system and products and services for the management of assets and liabilities. Therefore, examining the CSP-CFP relationship in the banking industry received special consideration due to perceived financial impact and implications.

The second delimitation was focusing on the census population of banks operating within the United States. The globalization of the CSP concept and financial ramifications demand research from a more global perspective however, that is not within the scope of this study. Recommendations for future research include expanding the study scope to include banks outside of the United States.

### **Significance of the Study**

The business case for CSR incorporates the fulfillment of four expectations: (a) the fulfillment of economic, (b) ethical, (c) legal, and (d) philanthropic responsibilities (Carroll, 1991). In addition, the declaration of members of management teams to be accountable to stakeholders through ethical actions while making a profit further supports

the business case for CSR (Wilburn & Wilburn, 2014). The next two headings present more details as to the significance of this study.

### **Contribution to Business Practice**

The concept of *socially responsible banking* continues to be a highly established concept in the financial industry; this may coincide with the assumption by financiers and other stakeholders that investments involve more than a confirmation of financial returns (Hu, & Scholtens, 2014; Sasaka, Namusonge, & Sakwa, 2014). However, measuring results and linking results to organizational goals and objectives assist in confirming a more precise level of all areas of performance. In addition, increased transparency and accountability demands from stakeholders require improved and objective reporting. Findings and conclusions from this study add to the existing literature by providing valued information to Board of Directors members, managers of organizations, and other stakeholders about the impact of CSR ventures relative to the shareholders and stakeholders theories.

By focusing on the banking industry, this research addressed industry specific relationship confirmation for CSP-CFP relationships while confirming awareness of efforts to promote sustainability through socially responsible efforts (Baird et al., 2012 ; Orlitzky & Shen, 2013). The time series of the proposed study also addressed a gap in the existing literature. The years of the research study include a period in the history of the United States when leaders of some organizations hesitated to invest in or get involve in CSP efforts as a means to be cost effective after the global financial crisis that ended in 2009 (Antonia Garcia-Benau, Sierra-Garcia, & Zorio, 2013; Yelkikalan & Kose, 2012).

The study findings are also a contribution to the expansion of existing literature on CSR-CFP considerations after events of economic crisis.

Stakeholder groups hold managers of organizations accountable for their actions, and efficient feedback is essential to maintain an amicable relationship. In the examination of the CSR-CFP relationship, previous researchers provided stakeholders with contradictory and conflicting results (Ducassy, 2013; Izzo, 2014; Salazar et al., 2012). The findings of this research provide managers with additional information regarding CSP-CFP business venture results and can assist in confirming or refuting the values of social investments as well as the financial impact on the bottom-line of organizations.

### **Implications for Social Change**

In the 1990's, a strong focus on sustainability through CSR concerns in numerous business industries increased awareness of environmental issues (Wong, 2014). This awareness extended into 2012 and revolutionized how managers view the role of companies in our societies. The findings of this study add to the accumulation of knowledge regarding the CSP-CFP relationship (Aguinis & Glavas, 2012) and efforts to confirm the far reaching impact of socially responsible strategies and activities on stakeholders. If marketing and industrial leaders promote positive values from CSP activities, the potential for leaders continuing to incorporate CSR endeavors in organizations may increase (Gregory & Whittaker, 2013). The findings of this study also provide leaders of organizations with a confirmation of the effectiveness of their CSR strategies on the sustainability of their organizations.

If business activities support a healthy and prosperous society while meeting the financial goals of organizations, then conditions for a win-win situation exist. However, if research studies confirm that corporate activities are not meeting the needs of one or more group of stakeholder, the responsibility of management teams would be to reorganize and strategize to maintain a balance. In addition, there could be a potential need for future studies to include additional independent variables to enhance construct validity and for reliable findings to stakeholders.

### **A Review of the Professional and Academic Literature**

The literature review provides a synopsis of previous concepts and recent studies that relate to CSR, CSP, CFP, and the examination of the relationships between CSR, CSP, and CFP. The literature review incorporates (a) a focus on the primary considerations and concepts of CSR and CSP, (b) an examination of the relationship between CSP and CFP, and (c) CSR-CFP in the banking industry of the United States. Specifically, the major themes of the review cover (a) an introduction to concept of CSR, (b) definitions of CSR, (c) an examination of the scope of corporate performance, and (d) a review and analysis of CSR and CFP. An examination of the history of the CSP and CFP relationship, applicable CSP-CFP theories, a confirmation of rating systems applicable to the CSP-CFP relationship evaluation, and a review of the CSP-CFP connection in the banking industry of the United States concludes the review.

### **Strategy for Searching Literature**

Primary sources for the literature review included journal articles, dissertations, scholarly texts, business magazines, and relevant websites. The online library databases

at Walden University and the University of Phoenix were primary online sources for locating and selecting journal articles. Access to the Walden Library was feasible based on enrollment status at the institution while access to the library at the University of Phoenix was as a result of faculty relationship.

The primary databases used for keywords searches in the noted online libraries included: Thoreau, Academic Search Complete, Expanded Academic ASAP, ProQuest Central, SAGE Premier, Science Direct, AIB/INFORM Complete, Business Source Complete, Google Scholar, Expanded Academic ASAP. In addition, the Social Science Research Network at <http://www.ssrn.com/> was resourceful. During the initial stage of selecting literature, keywords and phrases queried in Thoreau included: *corporate social responsibility, corporate financial performance, corporate social performance, measuring corporate social performance, measuring corporate financial performance, CSP CFP relationship, reputation score, Fortune reputation score, KLD score, CSR, agency theory, slack resource theory, socially responsible, philanthropy, and United States banking*. Other keywords and phrases included *altruistic motives, egoistic motives, sustainability, social responsibility, correlation, and quantitative research*. Book reviews and research articles noted in the reference listings of reviewed journal articles were additional sources of information for the proposed study and as well as Google Scholar email alerts set up for the phrases *corporate social responsibility, fortune reputation, and social performance*.

Database queries resulted in locating over 300 articles and other resource material. Reviews of the abstracts, introductions, and conclusions of the articles provided



evidence of the appropriateness of retrieved literature to the study. The study proposal includes approximately 287 references including textbooks with 271 references dating from 2012 through 2016. Through Ulrich verification process, I identified 281 references as peer reviewed, and 271 of the 281 references are current as of 2012. Therefore, approximately 94.4% of the total references in this proposal are peer-reviewed references as of 2012. The literature review contains approximately 182 in-text citations with 181 citations from peer-reviewed references. Approximately 176 peer-reviewed references in the literature review are current as of 2012; therefore, 96.7% of the in-text citations for the literature review are peer-reviewed.

### **The Concept of Social Responsibility**

When Smith published a review of the relationship between business and communities, the underlying premise was that people desired businesses to be socially responsible (Brown & Foster, 2013; Turcsanyi & Sisaye, 2013). While Smith did not directly defend the concept of profit maximization, he supported the concept of profit seeking (Schwartz & Saia, 2012). After explaining that the *moral sentiments* of individuals temper their self-interest behaviors, Smith further posited that obtaining profit should serve to motivate owners of capital to contribute to society and it was based on this thought that he advanced the market system as being an ethical system that could work to serve the *common good* (Northrop, 2013).

Contrary to Smith's view, Friedman (1970) argued that corporations only had the social responsibility of increasing profit and creating shareholders' wealth (Mansell, 2013). Smith's and Friedman's concepts evolved in an era when there was no separation

of management and ownership within organizations. As larger organizations became the norm rather than the exception, separation of duties was evident and proponents of the shareholders' theory employed diverse means to champion their cause (Andres, Romero-Merino, Santamaria, & Vallelado, 2012). For example, separation of duties resulted in the appointment of Board of Directors to advise and monitor members of executive management teams (Andres et al., 2012; Filatotcher & Nakajima, 2014) with members of the board holding team members accountable for meeting business goals and objectives.

The separation of management duties concurrent with the broadening of the scope of social responsibility (Filatotchev & Nakajima, 2014), and more active display of concerns for the social impact of the actions of organizations corresponded with increased humanistic concerns by multiple stakeholders (Melee, 2013). For example, demonstrations against environmental violations and for the improvement of human rights confirmed greater concern for the environment, safety of products, and the general welfare of employees (Turcsanyi & Sisaye, 2013). An increase in budgets and operating expenses for CSR activates further confirm the extension of humanistic and social concerns.

Results of a joint survey of 388 fund manager and financial analysts conducted by CSR Europe, Deloitte, and Euronext confirmed 50% of the managers surveyed valued corporate information regarding social and environment performance (Luo, Wang, Raithel, & Zheng, 2015). In addition, 51% of the fund managers and 37% of the financial analysts favored granting a stock price premium to companies that are socially responsible (Luo et al., 2015) and 56% of the survey participants noted that investors

requested information on nonfinancial goals such as CSR metrics (Luo et al., 2015). In their research, Helmig, Spraul, and Ingenhoff (2016) also provided statistics on CSR. They noted that the management team of 90% of Fortune 500 companies initiated initiatives involving CSR concerns.

The preceding statistics confirm the magnitude of social concerns and the desire of organizations to focus on meeting the needs of all stakeholders. The statistics also support the increased interest of business leaders to act in a responsible manner as well as diversification in definitions and undertakings of CSR (Balabanov et al., 2015; Chin et al., 2013). When business leaders engage in socially responsible activities and act in a more responsible manner (Balabanov et al., 2015; Chin et al., 2013), there is greater potential for the extension of the scope of CSR.

Business practices of CSR that extend beyond legal, ethical, philanthropic, and economic societal considerations (Melee, 2013) in conjunction with changing trends in the business environment typically result in ongoing extension of the scope of social responsible to include CSP, social issues, and social responsiveness (Rath & Gurtoo, 2012 ;Wilburn & Wilburn, 2014). The concept entails social responsibility orientation (SRO) and an individual's beliefs and tendencies regarding the concept of quality that typically conform to their beliefs in acting in a socially responsible manner (Rath & Gurtoo, 2012).

At the corporate level, there are three P's of performance considered as essential elements in establishing socially responsible practices in organizations: *purpose*, *process*, and *people* (Mosgaller, 2012). The clearly defined purpose of social responsible actions

promotes and encourages stakeholders' commitment while the process underscores methodologies that guide the processes into employed strategies (Mosgaller, 2012). The purpose of social responsible actions and processes are factors that enhance the engagement of the people or members of an organization (Mosgaller, 2012) and according to the principles of the stakeholders' theory, people should include more than shareholders (Lombard & Joubert, 2014).

Stakeholders of corporate organizations frequently witness and experience employed voluntary value-added strategies as a result of efforts aimed at *doing good* (Lin-Hi & Muller, 2013). For members of organizations, the implied duties and obligations have implications at two levels: the internal and external levels. The internal level relates to stakeholders affected by the actions of an organization and who can influence results within an organization or in communities level (Lin-Hi & Muller, 2013). The results of actions that impact business partners, societies, communities, and general environment relate to the external level (Lin-Hi & Muller, 2013). Actions may include managers promoting employee volunteering or other social projects without with pay (Lin-Hi & Muller, 2013).

Through the concept of *ethical commitment*, the philosophy of social responsibility has provided the foundation for establishing and enforcing practices that enhance the *responsible management* of organizations. Other key considerations include legitimacy through principles (Zheng, Luo, & Maksimov, 2015) and an implied social contract between organizations and their environmental surroundings (Byerly, 2013; Turcsanyi & Sisaye, 2013). An analysis of social trends and changes confirm social

responsibility will be playing a significant role in the future of organizations (Nwagbara & Reid, 2013). The anticipation is that there will be higher correlation between the value of leaders of business organizations and related stakeholder groups and consumers will expect more from business leaders from an ethical, philanthropic, and legal perspective (Nwagbara & Reid, 2013). There is also the anticipation that leaders of business organizations will continue to provide more solutions to social and environmental problems through principles such as the Equator Principles (EP) whereby the management of credit risk relates to the assessment and management of social and environmental risks on projects financed, for example, by the World Bank (Matei & Voica, 2013).

The arguments regarding the social responsibility of organizations and the financial performance are as diverse as the definitions of the concept. Some definitions generally focus on the welfare of societies. Others define the concept based on limited scopes such as community well-being (Ghasemi, Nazemi, & Hajirahimian, 2014) or philanthropic endeavors such as contribution of monetary gifts and volunteering (Smith, 2012). While some research findings have confirmed positive relationships (Galbreath & Shum, 2012), others have confirmed no relationship or a negative relationship (Skudiene et al., 2013). Another noted area of disagreement is the financial implications of CSR. Proponents of CSR claim that organizations have no tradeoff between increasing or improving their social responsibility and meeting their financial goals (Kim & Statman, 2012). This trend of thought implies that the initiation of CSR corporate strategies and procedures has no opportunity costs or financial loss. However, other research findings

support an association between high corporate social responsibility and low financial performance (Arsoy, Arabaci, & Ciftcioglu, 2012). The next section of the study presents a review of the literature on the concept of corporate social responsibility.

### **Corporate Social Responsibility**

Over the past decade, CSR has greatly influenced corporate life through stakeholders' continued quest to increase the alignment of processes and procedures with social values (Cai, Jo, & Pan, 2012) and expand business strategies and operations with the integration of social and environmental concerns (Brower & Mahajan, 2013; Costa & Menichini, 2013; Izzo, 2014). Traditionally, the general premise was that strategies of organizations focus only on creating economic wealth while producing consumer products and services (Ferrero, Hoffman, & McNulty, 2014; Mansell, 2013). However, social values and greater concern for the common good of communities became important considerations after the mid 1970s, and by the early 1990s, greater demands from stakeholders for transparency and accountability in organizations increased the importance of CSR around the globe (Balachandram & Saranya, 2014; Perez & Rodriguez-del-Bosque, 2012; Srivastava, 2012 ). The increased CSR concerns of stakeholders in corporations support the growing expectations of societies that a relationship between communities and business organizations is vital to addressing social concerns (Deswal & Raghav, 2014) and three types of motivation related to the partnership are altruistic, egoistic, and strategic motivation (Elving, 2013; Garay & Font, 2012; Kassel, 2012) .

The concept of altruistic motivation and the focus on the benefit of others over

self directly relates to CSR (Garay & Font, 2012). From a business case perspective, altruistic motives for CSR considerations correlate to the objective of stakeholders of organizations to act in a socially acceptable manner based on perceived moral obligations to society (Kassel, 2012). Managers who embrace CSR concerns for the good of all stakeholders versus the financial rewards self-promote CSR concerns for altruistic motives; this selfless level of concern is the foundation of CSR (Garay & Font, 2012).

Egoistic motives, the opposite of altruistic motives, focus on *self* and view self as the primary beneficiary of any action (Elving, 2013). Managers and shareholders with little or no concern for the impact of their business decisions on other stakeholders have egoistic motives, and contribute to increased episodes of consumers questioning the validity of CSR activities (Skarmeas & Leonidou, 2013). This motive is contrary to the CSR principle of being considerate of others and can promote actions that have negative repercussions for societies while increasing the economic rewards for a narrow group of stakeholders such as managers and shareholders.

Strategic motives guide the business decisions made by the management teams of organizations and, based on moral concerns and other factors such as the building up of reputation by *doing good*, managers frequently separate CSR concerns from other strategic initiatives (Andreu, Casdo-Diaz, & Mattila, 2015). The altruistic and egoistic motives of managers play a role in implemented business strategies aimed at achieving organizational goals; concerns now include both *intangible* and *tangible assets* (Deswal & Raghav, 2014).

As previously mentioned, CSR considerations are voluntary (Abels & Martelli,

2012; Costa & Menichini, 2013; Fontaine, 2013; Ofari, Nyuur, & S-Darko, 2014) and one primary strategy supported by research studies is socially responsible investments (SRI). Monetary and nonmonetary investments in CSR activities include (a) conservation of natural resources, (b) renewal, and recycling to preserve the ecosystem, and (c) the well-being of employees in the workforce (Rodgers et al., 2013). Investments and strategies may include (a) philanthropic programs in communities (Bravo, Matute, & Pina, 2012), (b) exhibiting the promotion of moral motives and duties, (c) fair treatment of employees, (d) being concerned about the general well-being of employees, and (e) transparency and honesty in organizations (Cheng et al, 2014).

The effective balancing of economic and social benefits is a CSR concern, and, with the global growth and promotion of social concerns such as global warming, sustainability, and human right protection, the impact and influence of CSR has increased since the 1970s (Baumgartner, 2014; Bravo et al., 2012; Cheng et al., 2014; Fifka & Berg, 2014; Lozano, 2015). Even though the CSR concept is synonymous with crisis events (Ducarry, 2013; Lariscy, 2014; Shim & Sohn, 2015), based on a *social contract* that requires a commitment by members of stakeholder groups to mutually address ethical and social issues (Turcsanyi & Sisaye, 2013), CSR is recognized for providing *sustainable benefits* for stakeholder groups through effective strategies aimed at protecting and benefiting society. The social contract supports integration of the self-regulating attributes of CSR into the business models of organizations to enhance embracing responsibilities that frequently result in confirmed benefits (Pérez, Martínez, & Rodríguez-del-Bosque, 2013). Examples of confirmed CSR benefits include (a)



reduction in operating costs through strategies aimed at reducing waste, (b) conservation, and eco-friendly efforts aimed at environmental control, and (c) the attraction of socially conscious consumers (Eabrasu, 2012; Khojastehpour & Johns, 2014; Tyagi & Gupta, 2012). Other examples include adding value to the recruitment, motivation, and retention of quality and qualified employees, and implementing risk management controls (Eabrasu, 2012; Khojastehpour & Johns, 2014; Tyagi & Gupta, 2012)

The CSR concept promotes (a) stakeholders of organizations as being morally responsible towards communities, (b) CSR as a contributing factor to sustainability, and (c) CSR indicators as a means of informing stakeholders how successful organizations are in employing CSR processes and procedures. CSR indicators also assist business leaders to identify the strengths and weaknesses of organizations, and predict future value and performance from investments and improvements (Cohen, Holder-Webb, Nath, & Wood, 2012). CSR indicators are primary means for confirming accountability to stakeholders through corporate social reporting since it is not enough for stakeholders of organizations to practice CSR. Communication of actions to all stakeholders enforces effective information exchange within and between stakeholder groups. Communication of actions also positively influences trust, accountability, and commitment of stakeholders (Amaladoss & Manohar, 2013; Guziana & Dobers, 2013) while refuting arguments of opponents of CSR that being socially responsible is contrary to profit maximization.

Opponents of CSR argue that drivers of CSR concerns reduce the fundamental role of businesses to increase economic benefits. However, there is evidence to support

CSR concerns making a contribution to an increase in the alignment of business strategies and processes with CSR activities (Amaladoss & Manohar, 2013; Guziana & Dobers, 2013), increased efforts in reducing negative environmental impacts on communities, and supporting donations to charities and social organizations (Adrian, Phelps, & Gatte, 2013). The implementation of CSR strategies that relate to each driver involves incurring costs that may include (a) cost of purchasing equipment, (b) the cost of implementing new processes and procedures, or (c) the cost of investments in communities (Barnett & Salomon, 2012). However, supporters of the concept and positive relationship between CSR and CFP have argued that benefits of CSR to stakeholders that include higher employee morale, higher productivity, increased market share, improved reputation, and increased effective operation of organizations offset the costs of CSR strategies (Gazzola, 2012). Another focal point of ongoing CSR debates is the disparities in successfully measuring CSR initiatives.

Measuring CSR is as complex as defining the concept and researchers use various indicators and methods such as content analysis and reputational measures to test and examine the relationship between CSR or CSP and CFP (Dam & Scholtens, 2013). Subjective indicators such as the KLD rating system are also evident in the literature as CSP indicators (Dam & Scholtens, 2012; Jayachandran, Kalaignanam, & Eilert, 2013). The measurement of CSR is an area of concern as study findings have presented mixed results. Another area of concern is the use of *disaggregated CSP measures* to analyze the individual components of CSP (Aggarwal, 2013; Humphrey, Lee, & Shen, 2012; Jayachandran et al., 2013). While some researchers use disaggregated CSP measures in

their analysis of individual components of the construct versus analyzing it as a whole, the disaggregated approach can assist researchers in arriving at concise and concrete research results ( Aggarwal, 2013; Humphrey et al., 2012; Jayachandran et al., 2013). Measuring nonfinancial performance provides leaders of organizations with valid information concerning intangible assets that relate to financial performance reports (Alexandra, Virginia, & Valentin, 2012). Relative to this study, an examination of the CSP-CFP relationship was to provide insights as to whether or not CSR strategies compliment and promote the financial growth and performance of organizations.

### **Corporate Performance**

Accountability and consideration of the impact of actions of management teams on employees, consumers, communities, and the general environment have gained corporate attention along with maximizing the wealth of shareholders (Effiong, Akpan, & Oti, 2012). However, recent business scandals and breach of the contract between stakeholders and members of management teams at companies such as Enron, Tyco, and World Com (Peterson, 2013; Schwartz, 2013) support the need for managers of organizations to establish and maintain a balance between their markets, regulations, and ethics (Lawal, 2012; Schwartz, 2013). Another recent scandal involved rate-rigging concerning the London Interbank Offered Rate or Libor that resulted in the suspension of a senior member of staff at the Bank of England (Cohn, Fehr, & Maréchal, 2014; Fields, 2014). In addition, consumers are demanding, and governments are supporting products and services that support social and environmental responsibility to solidify partnerships between long-term business success and good relationships with multiple stakeholder

groups (Revathy, 2012).

Social and governmental pressures that address climatic change and other environmental issues along with increasing confirmation of limited resources to meet the needs of future generations are both endorsements that short-term goals that focus entirely on profitability are not an effective strategy for sustainability (Lombardo & D'Orio, 2012). More specifically, a limited focus on shareholders' maximum returns is not sufficient and can have a negative impact on the sustainability of organizations. Therefore, the effective management of the financial and social performance of an organization is a critical factor consideration for organizations (Kahreh, Mirmehdi, & Eram, 2013).

Business leaders who incorporate CSR concerns into corporate strategies have to focus on the achievement of mutual benefits for all stakeholders and strategize to meet the needs of a larger audience that include more than just shareholders (Revathy, 2012). Sustainability and CSR concerns intertwine and require a change in corporate culture to promote a more social-conscious environment while minimizing resistance to change. Training and development programs are effective means of promoting a sustainable corporate culture and the attainment of organizational goals and objectives while monitoring and evaluation promote accountability (Perez, 2015). The alignment of business and CSR strategies with the goals and objectives of organizations in conjunction with business monitoring and evaluation confirm the accountability of the action of business leaders to stakeholders. The availability of public reports to enrich transparency also confirms accountability and reporting is essential to present information to

stakeholders (Itotenaan, Samy, & Bampton, 2014; Perez, 2015).

The scope of CSR reporting may vary among organizations; however, the basic components include financial, ethical, social, and environmental results (Chaarlas & Noorunnisha, 2012). Public reports present confirmation of expenditures and profits or loss relative to the operations of organizations and the assessment of tangible and non-tangible assets (Itotenaan, Samy, & Bampton, 2014; Perez, 2015); financial and social performances are key considerations in assessing the sustainability of organizations. The results from monitoring and evaluation align with the central theme of the study, an examination of the CSP-CFP relationship in banking. While there are standard measurements to confirm financial results, there are inconsistencies and variances in assessing social performance (Cho, Lee, & Park, 2012; Skudiene et al., 2013). The inconsistencies and variances of study results support the need for continued research regarding CSR and specifically a confirmation of the CSP-CFP relationship.

The scholarly debates on CSR and the financial performance of organizations reflect how managers and other stakeholders conceptualize success. Traditionally, economic profitability determined the success of organizations (Humphrey et al., 2012; Revathy, 2012; Sakarya, Bodur, Yildirim-Öktem, & Selekler-Göksen, 2012). However, changes in the conceptualization of organizational success no longer focus primarily on profit and financial management (Humphrey et al., 2012; Sakarya et al., 2012); additional considerations include greater concern for societies and communities, consideration for the welfare of all stakeholders of an organization, and nonfinancial results, risk management, and transparency (Humphrey et al., 2012; Revanthy, 2012). The success

stories of organizations no longer entail purely economic concerns; moral and social attribute are now a part of those stories and accountability to multiple stakeholders is now the norm.

The planning, implementation, and results from strategic plans are at the core of corporate performance (CP) measurement. Previously, the general definition and concept of CP focused on financial attributes; however, with the advent of CSR, there is an acknowledgement of social affiliation and the ability of an organization to attain its goals and objectives while effectively and efficiently using scarce resources. Enhanced strategic planning with CSR concerns for people and our planet are important and relevant aspects of the performance of organizations (Epstein, Buhovac, & Yuthas, 2012; Gallea, Ghobadian, & Chen, 2012; Singal, 2014) and underscores the CSP concept. The growth of the CSP concept, the relevance of measurement as an important managerial consideration in the assessment of corporate strategies, and reporting findings to diverse stakeholder groups is now collective business considerations for members of management teams.

**Corporate Social Performance.** The accountability of corporate managers to multiple stakeholders correlates with ongoing analysis of the impact of CSR strategies on economic, social, and environmental concerns and strategies aimed at doing good (Lin-Hi & Muller, 2013). Increased social awareness and responsibility, greater concern for the common good of all stakeholders, and greater concern for the environment are added considerations in the pursuit of maximizing the wealth of stockholders (Dorasamy, 2013; Flammer, 2013; Kolk, 2016). Increased social concerns did not evolve instantaneously,

and the history of CSP confirms a steady growth of socially responsible actions from as early as the 1950s (Bravo et al., 2012).

In the 1950s, CSR concept was an extension of the duties of organizations and included ethical, legal, and philanthropic considerations (Bravo et al., 2012). One scholar who confirmed early support for the CSR concept of organizations and obligation to society is Bowen (1953), and in his arguments he noted that managers of organizations should care about people and the environment in which they operate. Bowen's arguments support the concept that positive contributions by business leaders to societies indicate consideration of people and the environments in which organizations operate (Bravo et al., 2012; Humphrey et al., 2012; Revanthy, 2012).

Since the early 1970s, the integration of business strategies with ethical concerns and stakeholders' demands for more transparency increased (Cai et al., 2012; Kahreh et al., 2013; Siltaoja, 2014). In the 1990s, the CSR concept evolved from social obligations to the stakeholder approach; managers of organizations became more considerate of their actions on the public and societies (Bravo et al., 2012). Currently, socially responsible organizations are societal norms and CSP principles that include (a) improved community relations, (b) empowerment, (c) positive employee-employer relationships, and (d) a higher level of concern for the social issues (Arsoy et al., 2012; Beauchamp & O'Connor, 2012; Quazi & Richardson, 2012 ) are evident in numerous organizations and industries.

Recent literature on CSR links CSP to moral ethics (Quazi & Richardson, 2012) and the configuration of socially responsible principles into processes and policies that

support social relationships between organizations and societies (Weshah et al., 2012). In addition, CSP is the outcome of the implementation of CSR activities while confirming the extent to which managers of organizations achieve the objectives of its stakeholders. (Hafsi & Turgut, 2013). The term is an early attempt to define the responsibility of management teams in both legal and economic terms (Hafsi & Turgut, 2013) and a distinction between CSP and CSR by Salazar et al. (2012) views CSP as the results of CSR policies whereby CSR relates to socially responsible activities and CSP correlating to an actual outcome. However, regardless of the inferences from the multiple definitions of CSP, the *multidimensional* concept of CSP has evasive qualities that add some degree of difficulty when measuring CSP (Mahon & Wartick, 2012).

The literature notes a well-defined link between social responsibility applicable to multiple stakeholders and communities (Font, Guix, & Bonilla-Priego, 2016) and consistency with the concept of sustainability (Calabrese, Costa, Menichini, & Rosati, 2013). In addition, corporate social responsive behavior correlates to high regards for business ethics, corporate citizenship, and a holistic view of the social role of organizations in communities (Lipunga, 2015). However, notable disagreements regarding CSP include but are not limited to what and how to measure CSP (Salazar et al., 2012) and measuring CSP is a major issue in evaluations of CSR.

Confirmed CSP methods of measurements include (a) Dow Jones Sustainability Index (DJSI), (b) KLD index, (c) FRI, and (d) content analysis (Ahamed, Almsafir, & Al-Smadi, 2014). Measurements for financial performance include ROA, ROE, and liquidity (Rakotomavo, 2012; Skudiene et al., 2013). Conflicting findings and inconsistencies



regarding the relationship between CSP and CFP have contributed to ongoing debates and increased CSP-CFP relationship research efforts. In addition, there are variations in CSP measurements and CFP measurements (Rakotomavo, 2012; Skudiene et al., 2013).

The questionable validity of existing study results and the degree of uncertainty of study results support the need for further research to examine the CSP and CFP relationship. The last decade has witnessed the creation of *social analysis* or evaluation measurements (Cellier & Chollet, 2016). In this study, established evaluation measurement of a reputation index explored the strength of the CSP-CFP relationship in the banking industry of the United States.

**Corporate Financial Performance.** Not all scholars embraced the *new age* expansion of obligations of organizations, and Friedman was a strong opponent of CSR due to perceived negative financial implications for businesses. In 1970, based on the assumption that organizations would adhere to laws and act in an ethical manner (Schwartz, 2013), Friedman posited that the chief focus of corporate and managerial responsibility was the maximization of shareholders wealth (Ferrero et al., 2014; Kruger, 2015; Schwartz & Saiia, 2012; Youssef & Hamza, 2014). In 1994, Freeman rebutted the statement made by Friedman with arguments referring to the influential position of managers of organizations and their fiduciary responsibility to multiple stakeholders while endorsing social performance as a necessary feature to enhance the business legitimacy of organization (Ferrero et al., 2014; Przychodzen & Przychodzen, 2013; Youssef & Hamza, 2014).

Public reactions such as boycotts against organizations like Walmart for engaging

in unethical labor practices (Elsakit & Worthington, 2012) are indicators that stakeholders of organizations no longer accept that the sole purpose of organizations is meeting the economic expectations and needs of shareholders (Nwaneri, 2015). Current research studies on CSR refer to shareholder view expressed by Friedman or the stakeholder theory argument expressed by Freeman whereby the success of an organization is relative to the management of relationships with all groups of stakeholders who have legitimate rights within business organizations (Brower & Mahajan, 2013; Izzo, 2013). However, it is the financial implications of CSR that is frequently the topic of scholarly debates concerning organizations and the social obligations of managers (Kim & Statman, 2012).

The financial implications of CSR continue to be a vibrant debate topic, and the literature confirms the fraction between proponents and opponents. For example, in 2012 Kim and Statman referred to the ongoing conflict in examining the CSR-CFP relationship in a study. Their argument against CSR noted that corporate managers shortchange shareholders when they invest in CSR endeavors (Kim & Statman, 2012). In addition, the researchers suggested that improved financial performance is highly feasible when there are reductions in spending for environmental reasons (Kim & Statman, 2012). While both arguments are valid, the primary reason for the existence of businesses as well as the accountability of organization leaders to stakeholders are two considerations that should underscore business strategies and processes. Based on the premise that the primary business goal of an organization is to make a profit (Ferrero et al., 2014; Kruger, 2015; Schwartz & Saiia, 2012), accountability to shareholders is a business requirement.

Evaluation of business activities promotes accountability to shareholders and other stakeholders of organizations. More specifically, the examination of financial statements provides valuable information regarding the financial status of an organization (Kotane, 2012). The evaluation process includes the recording of financial data confirming the extent to which economic goals are being achieved and results presented in the form of financial statements (Abernethy, Bouwens, & van Lent, 2013; Bushman, 2014 ). The presentation of statements has varied implications for multi groups of stakeholders of organizations. Financial statements (a) indicate the financial strength of an organization to potential investors, (b) confirms indicators such as EPS, market value (MV), and dividends per share to existing stockholders, and (c) confirms financial strength of an organization to creditors (Popa, Bogdan, & Balaciu, 2012). Moreover, the assessment of financial statements data is valuable in reviewing the goals and objectives of organizations for future planning including sustainability.

The alignment of financial goals with the use of assets and resources to generate profits and financial measures include the use of market-based measurements such as price per share and market return (Albertini, 2013; Huang & Yang, 2014; Melo & Garrido-Morgado, 2012 ). Other measurements include (a) accounting financial PMs such as ROA, ROE, and (b) EPS (Albertini, 2013; Barnett & Salomon, 2012; Huang & Yang, 2014; Melo & Garrido-Morgado, 2012; Pan, Sha, Zhang, & Wenlan, 2014). Due to variations in instruments, data, and methodologies used to measure CFP, there are ongoing debates concerning the evaluation of CFP and a definitive confirmation of the CSP-CFP relationship (Baird et al., 2012; Huang & Yang, 2014; Skudiene et al., 2013).

This study addressed the need for additional evaluation of CFP and other findings for the CSP-CFP relationship.

### **Corporate Social Performance and Corporate Financial Performance**

From a corporate perspective, elements of CSR are extensions of the ethical considerations of managerial stakeholders. The conceptual framework relative to the perspective includes focusing on (a) the perceived value orientations of corporate financial professionals, (b) the attitude of financial professionals about business ethics issues, (c) attitudes and perceptions of financial professionals regarding CSR issues and (d) CFP results (Jin, Drozdenko, & DeLoughy, 2013). However, the concept of CSR addresses meeting the social and financial needs of multiple stakeholders (Michelon et al., 2013; Mulyadi & Anwar, 2012; Torres, Bijmolt, Tribo, & Verhoef, 2012) and hence is multifaceted. Studies that examine CSR concerns in relation to the *triple bottom line* concept-profit, people, and the planet-focus on meeting the needs of multiple stakeholders (Mulyadi & Anwar, 2012). This proposed study is an extension of the ongoing investigation into the complexities of CSR through an examination of the CSP-CFP relationship within the banking industry of the United States.

An examination of the literature confirmed a strong interest in the examination of the relationship between the social responsibilities of organizations and their financial performance for more than three decades (Chung & Pyo, 2013; Erhemjamts et al., 2013; Michelon et al., 2013). For example, Fu and Jia (2012) referred to a review of 63 studies on the CSP-CFP relationship. Mention is also made of the lack of consensus on the conceptualization and definition of CSP and CFP in general (Endrikat, Guenther, &

Hoppe, 2014). Based on (a) a lack of consensus (b) inconsistencies with CSP and CFP measurements (c) issues with the identification of applicable variables for both CSP and CFP, and (d) conflicting research results, it is justifiable to conduct further research into the CSP-CFP relationship (Endrikat et al., 2014).

Early concerns with the examination of the CSP-CFP relationship highlighted 4 major areas of considerations (Baden & Harwood, 2013; Huang & Yang, 2014). The first area is the impact of the mode and level of values of research relative to the general and specific assumptions, employed, methodologies, and analysis and interpretation of research results. The other areas include (a) the inconsistency of results, (b) the impact of the varied research assumptions, and (c) the opposing interpretation of theoretical viewpoints and applied research methods (Baden & Harwood, 2013; Huang & Yang, 2014; Skudiene et al., 2013; Tang, Hull, & Rothenberg, 2012). Recent recommended characteristics include considering the size of an organization and the financial risk level (Jo & Na, 2012; Lee, Park, & Lee, 2013; Reimann, Rauer, & Kaufmann, 2015) in order to enhance a holistic evaluation of the CSP-CFP relationship and could contribute to a reduction in the level of inconsistency in study results.

Inconsistencies in study findings have been a primary focus of numerous CSP-CFP empirical studies (de Campos & Santos, 2013; Ni, Egri, Lo, & Lin, 2015; Shahzad & Sharfman, 2015). Some results have confirmed a positive relationship (Shahzad & Sharfman, 2015; Sun, 2013; Waddock & Graves, 1997); others a negative (Sun, 2013; Youn et al., 2015; Waddock & Graves, 1997); and others a mixed relationship (Fu & Jia, 2012; Youn et al., 2015). Researchers with arguments that confirm a negative CSP-

CFP relationship negative (Sun, 2013; Youn et al., 2015; Waddock & Graves, 1997) support the viewpoint that social responsibility involves (a) incurring additional operating costs (b) the additional costs results in profit reduction, and (c) additional costs reduce shareholders' wealth (Skudiene et al., 2013; Sun, 2012). This is the consensus of supporters of the shareholders' theory who support the argument that the primary objective of businesses is improving the economic wealth of shareholders. Research findings by Aguinis and Graves (2012) and the confirmations of positive, negative, and mixed CSP-CFP relationships in the literature (Fu & Jia, 2012; Ni et al., 2015; Shahzad & Sharfman, 2015; Sun, 2013; Youn et al., 2015), support the need for further research to arrive at a consensus regarding the relationship.

Multiple diverse methods of measurements and variables are contributors to mixed research results and findings (Ahamed et al., 2014; Izzo, 2012; Ni et al., 2015). In addition, focusing on only one aspect of CSR such as just the environment or a particular stakeholder group, impacts study findings (Ni et al., 2015). While *diverse operationalism* can be advantageous in determining if there is a valid relationship between CSP and CFP, the wide scope of inconsistency and differences in operationalism in studies diminish opportunities for scholars to arrive at precise and definitive conclusions (Ahamed et al., 2014; Izzo, 2012; Ni et al., 2015; Wang, Dou, & Jia, 2015).

Applied research methods on the CSP-CFP relationship include quantitative, qualitative, and mixed methods. Each of the methods has incorporated varied PM systems based on the *value orientation* of researchers, research problem statements and research purpose statements. The varying research assumptions, opposing interpretations,

diversification in performance measurement systems, and variations in value orientation are all factors that support continued debate on the ramifications of the CSP-CFP relationship. In addition, greater validity and accuracy in studies by focusing on a single industry (Al-Shubiri, Al-abadallet, & Orabi, 2012; Font, Walmsley, Cogotti, McCombes & Hausler, 2012; Soana, 2011) can have a positive impact on the sustainability implications of social responsible strategies and gain additional support for CSR strategies being employed by leaders of organizations. This proposed study is a response to support greater validity and accuracy in the CSP-CFP relationship while focusing on a single industry (Al-Shubiri et al.,2012).

**Theoretical framework for CSP and CFP.** Theoretical frameworks relevant to examining the CSP-CFP relationship include (a) contractual agreement, (b) shareholders and stakeholders' considerations, and (c) the use of resources. The related theories present a unique perspective on the impact of CSP on CFP from a theoretical point of view. Specifically, there is confirmation in the literature that research studies on CSP-CFP relate to the contract theory, the integrative social contract theory, the shareholder theory, the stakeholder theory, and the slack resources theory (Byerly, 2013; Dorasamy, 2013; Fassin, 2012; Izzo, 2014; Melo, 2012; Peters & Caro, 2013).

The concept of interrelationship underlines the contract theory and supports the establishment and existence of a reciprocal exchange between leaders of organizations and multiple groups of stakeholders. A social contract exists between the multiple groups of stakeholders and leaders of organizations that promote CSR concerns for the communities in which organizations operate and service (Byerly, 2013; Dorasamy,

2013). The interrelationship between the leaders of organizations and stakeholder groups reinforce the relevance and applicability of the contract theory to this study as the focus of this study is the impact of the social actions of one group of stakeholders (management) on the financial *bottom line* of organizations. The leaders of management teams have a contract with other stakeholders based on their business positions, and the anticipation of stakeholders is a consideration for the scope of the impact of leaders' actions on all stakeholder groups.

Leaders of organizations consider the integrative social contract theory as an extension of the implications and considerations of the contract theory. Concerns for corporate obligations and responsibilities to communities and societies are relevant through the social contractual agreement and the reinforcement of the existence of a social relationship between organizations and stakeholders (Byerly, 2013, Melo, 2012). For example, (a) leaders of organizations are accountable to vested powers in a society, (b) leaders of organizations should create value for their organizations as well as the society, and (c) there should be compensation for the use of natural resources in the form of returned benefits to communities (Peters & Caro, 2013; Van Rekom, Berens, & Van Halderen, 2013). The implied contractual agreement and considerations of meeting the social needs of multiple stakeholders are the platform for CSP and a confirmation of the relevance of the integrative social contact theory to this proposed study. Focusing only on shareholders' wealth and disregarding the impact of actions on other stakeholder groups would be contrary to the theory.

Friedman's support and focus on shareholders' wealth as documented in the



literature confirms his expressed views that increasing shareholders' wealth was the only responsibility of managers (Clacher & Hagendorff, 2012). The concept of the shareholders' theory affirms that investments in CSR activities reduce shareholders' value, and supporters of the theory argue that CSR actions are not economically advantageous (Izzo, 2014). Therefore, the consideration of business and operational strategies should only support profit maximization. However, based on the arguments of the stakeholders' theory, businesses have social obligations beyond economic returns (Baumgartner, 2014; Fontaine, 2013; Smith, 2012).

Specifically, the stakeholders' theory has confirmed the need for leaders in organizations to be accountable for the impact of their actions on societies and all levels of shareholders in conjunction with the maximization of shareholders' wealth as indicated by Friedman (Brower & Mahajan, 2013; Rakotomavo, 2012). Implications of the theory include (a) ethical, (b) discretionary, (c) altruistic responsibilities, (d) concern for ethical, environmental, and social issues or causes, and (e) concern for all groups of stakeholders (Fassin, 2012; Garay & Font, 2012). In addition, the stakeholders' theory underlines the assumption that leaders of organizations need to be cognizant of their stakeholders and implement CSR strategies that support them while also making a positive contribution to the financial performance of business ventures (Krumwiede, Hackert, Tokle, & Vokurka, 2012).

Supporters of the stakeholders' theory argue that organizations have a moral duty and social responsibility beyond maximization of profit (Izzo, 2014; Smith 2012) and it is the perception and assumptions of stakeholders that legitimize the stakeholders' theory

(Dawkins, 2014; Kouhy, 2015; Minoja, 2012). Therefore, implementation of CSR initiatives that improve employees' morale, increase productivity in operations, and promote creativity and innovation in product development are financially beneficial to organizations (Benavides-Velasco, Quintana-Garcia, & Marchante-Lara, 2014).

Three assumptions of the stakeholders' theory noted in the literature that researchers' reference to support the importance of the theory in CSP-CFP relationships relate to (a) the concept of *open systems*, (b) intrinsic value and ethical considerations, and, (c) the relevance of stakeholders' relationships. The first assumption is that organizations are open systems where there is interaction with the wider external environment in which they exist (Benavides-Velasco et al., 2014; Dawkins, 2014). The second assumption is that all groups of stakeholders have interests with equal intrinsic value and ethical considerations being a priority (Benavides-Velasco et al., 2014; Dawkins, 2014), and the third assumption is that stakeholders' relationships are relevant to organizational strategies and anticipated results (Benavides-Velasco et al., 2014; Dawkins, 2014). All three assumptions support the need to consider the impact of managerial strategies on the use of slack resources and ultimately the financial performance of an organization.

Supporters of the slack theory imply that there is the availability of resources to contribute to CSP due to the existence of surplus financial resources; the surplus financial resources are a source of funding for investing in socially responsible projects (Melo, 2012; Tang et al., 2012; Waddock & Graves, 1997). Since greater CFP can have a positive impact on the amount of financial slack resources available to leaders of

organizations, there are increased options to implement CSR initiatives (Garay & Font, 2012). In contrast, Lee et al. (2013) referred to less stable and efficient economic conditions as well as the possibility of having limited funds to invest in CSR concerns in comparison to other organizations that have more stable and efficient conditions.

However, the slack resources theory endorses the concept that all things being equal; there should be sufficient resources to continue to support CSR practices. If organizations need to validate the use of slack resources, further investigation and confirmation of the CSP-CFP relationship is a requirement to account for resource allocations.

### **CSP-CFP Relationship in Banking**

The growth of CSR concerns in organizations is evident in global banking industries and the focus of numerous studies by researchers such as Jo, Kim, and Park (2015), Fatma, Rahman, & Khan (2014), Najjar (2013), and Soana (2011). An examination of the CSP-CFP relationship in banking is important for three primary reasons. Banking systems are the lifeline of market economies, and banks play a vital financial role in an economy (Fatma et al., 2014; Matei & Voica, 2013) by providing products and services that address customer needs. In their role as financial intermediaries that organize and support the payment systems of societies, and enhance the economic development of societies (Fatma et al., 2014; Matei & Voica, 2013), banks relate to more diversified and complex stakeholder groups than most other sectors of the economy (Dorasamy, 2013; Ofari et al., 2014).

CSR requires accountability for the usage of financial funding and considerations for the economic and non-economic consequences of banking operations (Filatotchev &

Nakajima, 2014). For example, the accountability and legitimacy of the European and other global financial industries have been areas of concern for stakeholders, especially within the framework of the recent global financial crisis (Andrikopoulos, Samitas, & Bekiaris, 2014; Stephens & Skinner, 2013). Funding of projects and business activities extend from major investments in the building and expansion of roads and highways to housing development projects and investments in alternate sources of energy (Madrakhimova, 2013). Other investments and funding include sponsorships, donation of employees' time to charity events and social organizations, and the provision of employment (Madrakhimova, 2013).

While the lending of funds and financial support for business projects and investments allows banks to earn income and meet financial goals, banks thrive best when members of the organizations are trustworthy and adhere to the business code of conduct to confirm integrity (Hillenbrand, Money, & Pavelin, 2012). However, bad judgment and poor managerial decisions have negatively affected trustworthiness and ethics in the business industry including banks (Bereskin & Smith, 2014; Stevens, 2013). For example, the action of traders Jerome Kerviel and Kweku Adoboli that resulted in a loss of approximately US \$10 billion tarnished the reputation and trustworthiness of the banks involved as well as the financial sector (Cohn et al., 2014). There are now increasing questions regarding the scope of the responsibility of management of banks, and the strength of the relationship between internal and external stakeholders is facing challenges (Hillenbrand et al., 2012) with demands for better accountability.

Recent corporate scandals at financial institutions such as Citibank and JP

Morgan Chase and Company contributed to a further decrease in the level of trust shareholders have in banks (Heikkurinen & Ketola, 2012). Further evidence includes a \$19 billion lawsuit involving trustees in the Madoff fraud and the management of JP Morgan Chase and Company (Simsler, 2013). The implications of the decrease in trust (Hurley, Gong, & Waqar, 2014; Nienaber, Hofeditz, & Searle, 2014) include the need for more leaders of banking organizations to reconsider the noneconomic impact of their operations (Erhemjamts et al, 2013) as a means to rebuild their reputation in the communities they serve. However, managers of organizations must justify corporate social activities based on their contribution to financial goals and objectives, and it is the justification of being socially responsible that relates to the study.

The SOX Act of 2002 is a formal legislation that promotes transparency and accountability of organizations in the United States including the banking industry (Peterson, 2013; Stevens, 2013). The legislation became law July 30, 2002 and required the official signatures of executive officers of banks on financial records to confirm accountability for the records (Stevens, 2013). While the SOX Act assists in regulating the reporting of financial performance of banks by requiring the filing of annual financial reports (Stevens, 2013), there is still a high level of inconsistency in the assessment of the CSP-CFP relationship for gathering social performance information (Tang, Tian, & Yan, 2015). Due to the voluntary nature of reporting social actions (Casey & Grenier, 2015; Patten & Zhao, 2014) some banks do not provide CSR report. The absence of regulations also negatively affects the scrutiny of financial records or reports by increasing exposure to biases and inconsistency. In addition, reports are frequently from the perspectives of

senior managers of organizations. With no enforced standardized CSP reporting and limited monitoring of social reports, the odds for inconclusive results in CSP-CFP research studies increases.

Existing studies in the CSP-CFP relationship in banking, presented mixed inconclusive results. For example, Ahamed et al. (2014) used regression analysis to examine the CSP-CFP relationship in Malaysia and their findings confirmed a positive relationship. Soana, (2011), verified the CSP-CFP relationship using a sample of 21 international and findings confirmed no statistically significant relationship in the analysis of global ethical ratings and accounting ratios and policies and accounting ratios. The researcher's findings supported no evidence of a significant CSP-CFP relationship. Iqbal, Ahmad, and Kanwal (2013) in their study on CSP-CFP from an Islamic and conventional banking perspective confirmed a lack of CSR in Pakistan. However, findings of the research confirmed a strong positive relationship between CSR practices and (a) donation in Islamic and conventional banking, (b) CSR practices and education (b) health, (c) health, (d) earnings per share, (e) ROE, and (f) ROA in Islamic and conventional banking.

Saxena and Kohli (2012) conducted another research on CSR in the Indian banking industry. The researchers specifically studied the impact of CSR on corporate sustainability. The study findings supported a weak positive relationship between CSR and financial performance and an insignificant impact of CSR on profit after taxes (PAT) and EPS. In addition, Weshah et al. (2012) examined the impact of CSR on CFP in the Jordanian banking industry. Study findings suggested a significant relationship between

the levels of bank's CSR and CFP, a significant relationship between a bank's size, level of risk, level of advertising expenses and CFP, and that CSR is relevant to the needs of society.

Another CSP-CFP relationship issue in banking, as documented in the literature, is the diversified measures used to assess the relationship. For example, Islam, Ahmed, and Hasan (2012) used survey instruments in their study and a reputation index to measure CSP and EPS; price earnings ratio (P/E Ratio) represented CSP. Based on the *t*-tests results, the findings of the study suggested that CSR banks outperformed non-CSR banks in comparisons between ROA, ROE, and P/E ratio. More recently, Iqbal et al. (2013) verified the relationship between CSR and EPS and, ROA, and ROE using the regression model.

Diversified units of measurements and conflicting results negatively affect the assessment of the CSP-CFP relationship. There is also continued debate regarding how to measure CSP effectively. Conflicting results and continued debate as to best practices to measure the CSR-CFP relationship confirm the need for ongoing evaluation and support the need for this study.

### **Measuring Corporate Social Performance**

Researchers such as Font et al. (2012) confirmed the problem of measuring CSP in their recent studies. Confirmed elements of PMs for social activities include content analysis (Islam et al., 2012; Soana, 2011), Other methods include questionnaire surveys, reputational measures, one-dimensional indicators that relate to individual elements of CSR such as the environment (Ahamed et al., 2014; Islam et al., 2012; Peretti, Autissier,

& Lahouel, 2013), and ethical ratings calculated by agencies based on the selection of indicators that relate to CSR (I. Yilmaz, 2013; Soana, 2011).

The identified measurements and metrics confirm diversification of CSP and the task of selecting appropriate measures in examining the CSP-CFP relationship. While viable approaches to measuring CSR include reputation indices and ethics scores (Calabrese et al., 2013; Costa & Menichini, 2013; Fatma et al., 2014; Islam et al., 2012), there are disagreements regarding the usage of the wide variety of indicators and scales for CSR performance (Font et al., 2012). Researchers continue to voice their support for standardized indicators (Chaarlas & Noorunnisha, 2012). Given the opposing views on measuring CSR, there is a need to continue to promote studies that will have an impact on establishing consistent measurement practices through additional confirmation about the impact of the CSP-CFP relationship on organizations.

An analysis of metrics and units of measurement for CSP confirm strong support for the use of the Dow Jones Sustainability Index (DJSI) with a focus on sustainability and corporate economic value (Oh, Park, & Ghauri, 2013). The index relates to firms that are successful in passing investigative examinations that incorporate industry-specific measures and long-term performance measures (Oh et al., 2013). The assessment involves an external audit, and general measurements include performance measures, standard management practices, risk and crisis management, environmental management, and changes in socio-cultural influences, economic-trends, and environmental challenges and concerns (Oh et al., 2013).

The employment of the KLD social ratings is another CSP unit of measurement



recorded in studies (Jo & Harjoto, 2012; Oh et al., 2013; Sun, 2012). The ratings include a focus on the social performance and actions of organizations in community efforts, diversity, environment, product quality and safety, employee relations (Jo & Harjoto, 2012); and the inclusion of *exclusionary screens*-nuclear power, tobacco, alcohol, military, and gambling (Jo & Harjoto, 2012). The literature notes strong support for the use of KLD in studies examining the CSP-CFP relationship and the general measurement of CSP (Andersen, Hong, & Olsen, 2012; Brower & Mahajan, 2013). However, the use of FRI is a less costly feasible option referenced by Melo and Garrido-Morgado (2012) for examining the relationship between CSP and CFP.

The data for FRI composite scores are from a wide cross section of approximately 15,000 senior executives and financial professionals in the United States (Ahamed et al., 2014) and is a commonly used source of secondary data in research studies (Melo & Garrido-Morgado, 2012). Respondents rate companies on a 10-point scale; 1 represents poor and 10 represents excellent. The final rankings are an average of the attribute scores divided into approximately 57 industries (Barchiesi & La Bella, 2014). The top 50 MAC typically rank in the top 25%, and the list includes companies that finish in the top 20% of their respective industry (Barchiesi & La Bella, 2014).

FRI was the selected measurement for CSP in this research study with the overall reputation score relating to attributes such as quality and responsibility to communities and responsibility to the environment (Melo & Garrido-Morgado, 2012). The first four of eight specific attributes of the reputational index include (a) the ability to attract, develop, and retain talented and qualified employees, (b) the quality of management of

organizations, (c) the quality of goods or services produced by organizations, and (d) the noted innovativeness of organizations (Melo & Garrido-Morgado, 2012). The four other attributes are (a) value as an element of long-term investments, (b) financial soundness of organizations, (c) social responsibility, relative to the community and the environment, and (d) the effective and efficient use of organizational assets are also attributes related to the reputational index ((Melo & Garrido-Morgado, 2012). More recently, globalization considerations of the Fortune index incorporate a ninth attribute, the effectiveness of the global spread of business (Barchiesi & La Bella, 2014).

The application of the reputation index to CSR studies increased since its inception in 1982-1983; however, since then, the numerical ranking scores have faced some mixed reviews in research studies. For example, researchers Ahmed, Islam, Mahtab, and Hasan (2014) referred to doubts in using the index to measure CSP in their study. In addition, the conceptualization of the index as biased towards financial success and performance (Ho, Wang, & Vitell, 2012) resulted in opponents arguing that there is limited value in the information represented by the reputation data. However, supporters of FRI data challenge the opinions of the opposition and argue that even though the world's MACs tend to be profitable, organizational achievements are due to passion, diligence, and competence; financial return is not the core driving force behind the success of organizations (Barchiesi & La Bella, 2014). Further support for the reputation data by Szwajkowski and Figlewicz (1999) proposes that arguments against the performance measure were unjustified and questionable.

All previously mentioned positive attributes in the literature resulted in the

selection of FRI for the proposed study. CSP is the intangible asset related to the study (Lou et al., 2015). Sarstedt, Wilczynski, and Melewar (2013) confirmed reputation to be an intangible asset. It is justifiable to use reputation data for the proposed study of CSR as the quality of the data reinforces the subjective evaluations of the eight dimensions previously mentioned. With a confirmed reliability score of  $\alpha = 0.97$  by Fombrun and Shanley (1990) in the assessment of the dimensions of the FRI for past financial performance, and, modest correlation for future performance as presented by McGuire, Schneeweis, and Branch (1990), the use of the FRI correlates with the assessment of the actual CSP-CFP relationship.

The quantitative format of the reputation data is relevant to the correlational design of the study for examining the relationship between variables to prove or disprove the hypotheses of the study. In addition, the deductive format of the proposed study with the collection of reliable data to address the hypotheses should enable generalization of the proposed study results for a larger sample (Arghode, 2012). Another key consideration is that the data is a subjective measure tailored to the context of interest of the study; the subjective quality of the data in conjunction with the research design is within the scope and context of interest of the study.

The application of FRI composite scores data presents CSR consideration in a quantitative format that is relevant to the study. By using the aggregated scores, the conduction of further examination of the CSP-CFP relationship has implications for the policies and procedures of banking organizations. A positive effect finding could be an implication of congruency between implemented strategies and business objectives; a

negative finding could be an implication of the need for further review and evaluation of CSP strategies. The implications for banks in the United States are of importance based on the ongoing negative impact of the current economic conditions on the financial performance of banking institutions.

### **Measuring Corporate Financial Performance**

Leaders or organizations assess how their organizations are performing financially by using accounting-based and market-based measures (Fu & Jia, 2012). Specific categories of accounting-based measurements include (a) ROA, (b) ROE, (c) the rate of return on income (ROI), and (d) EPS (Baird et al., 2012; Fu & Jia, 2012; Sun, 2012). Market-based measures include market return and price per share (Fu & Jia, 2012). The literature confirms diversity in the application of CFP measures used by researchers in the CSP-CFP examination (Fu & Jia, 2012) and specifically, Fu and Jia (2012) confirmed (a) 15 studies with ROE, (b) 4 studies with market value/book value (MV/BV), and (c) 7 studies with return on sales (ROS) as CFP measures.

CSR concerns continue to be important aspects of evaluating the strategies implemented by leaders of organization regardless of whichever tools of measurements they use to evaluate the CSP-CFP relationship. For example, analyzing the CSP-CFP relationship presents findings that may justify expenditure on nontangible assets such as donating to charities (Smith, 2012). While the terms of CSR considerations support expenses on nontangible assets and maybe contrary to the shareholders theory, based on the terms of CSR considerations, leaders of organizations have to meet both financial and social obligations of multiple stakeholder groups. A confirmation of the impact of CSP

strategies on CFP is a part of the fiduciary role of business leaders meeting the needs of all stakeholders.

### **Transition**

The ongoing debate surrounding the CSP-CFP relationship continues to be a primary area for research among scholars. Research findings of Salazar et al. (2012) and Fu and Jia (2012) confirmed areas of concerns with the methods used to measure the relationship. Concerns include the types, and numbers of variables, and the lack of consideration for control variables such as the size of firms or industry type (Barnett & Salomon, 2012; Salazar et al., 2012; Waddock & Graves, 1997). In addition, inconsistencies in study results contribute to continuing research for more valid and general results to determine if there is a significant relationship between CSP and CFP and if so, the type of relationship. Leaders of organizations have a fiduciary duty to shareholders and other stakeholders to maximize profits while multiple stakeholders are endorsing and requiring investments in CSR projects and initiatives. The evaluation of opportunity costs and tradeoffs in analyzing the CSP-CFP relationship is effective risk management in competitive markets where maintaining a competitive advantage can enhance sustainability. An examination of the CSP-CFP relationship in the banking industry of the United States could identify findings to confirm the impact of CSR managerial strategies on the financial performance of banks and the existing literature supports the need for further analysis of the relationship.

Section 2 of the study includes a brief introduction to the project followed by detailed information on the methodology and design for data collection and analysis. In

addition, Section 2 includes reiteration of the purpose statement, the definition of the role of the researcher, a confirmation of the applied research method and design, and a definition of the population and sampling method of the study. Section 2 also includes (a) the data collection technique, (b) the organization and analysis techniques, (c) the reliability of the selected instruments and technique, and (d) the validity of the instruments and techniques.

Section 3 addresses the application of the study to professional practice and implications for change. Subsections of Section 3 include (a) an overview of the study, (b) presentation of the findings, (c) applications of the study to professional practice, (d) implications for social change and (e) recommendations for action that are relevant to the conclusions of the research.

## Section 2: The Project

Section 2 of this study project includes four main subsections; (a) a restatement of the research purpose statement, (b) the role of the researcher in the collection of research data, (c) the participants of the study, and (d) a detailed description of the research method and design which incorporates reliability and validity factors.

### **Purpose Statement**

The purpose of this quantitative correlational study was to examine the relationships between CSP and CFP in the banking industry of the United States. Components of the study included three separate analyses of secondary data representing independent and dependent variables for the years 2011 to 2013. The variables for the examination of the CSP-CFP relationship included reputation indices from Fortune reputation scores as the independent variable for CSP; ROA, ROE, and EPS (Baird et al., 2012; Fu & Jia, 2012; Sun, 2012) represented the dependent variables for CFP. The 25 United States banks included in Fortune MACs listing from 2011 to 2013 comprised the census population of the study. Total assets of the individual banks represented in the census population of the study was the applied control variable (Fu & Jia, 2012; Melo & Garrido-Morgado, 2012).

Positive relationship findings provide business leaders with evidence for the support of investments in socially responsible activities while also maximizing shareholders' wealth. Negative relationship findings support the opinion that socially responsible investments increase operational costs (Barnett & Salomon, 2012; Quazi &

Richardson, 2012) that potentially reduce shareholders' wealth and should not be a business consideration. More specifically, negative findings provide evidence for shareholders to withhold their support from strategies that incorporate social concerns. However, withholding support for social responsible strategies may be counterproductive to the sustainability of banks and minimize the impact of a more holistic approach to organizational management.

### **Role of the Researcher**

This quantitative correlational analysis study required the collection of only secondary data. My role as the researcher entailed (a) collection of the data for the independent variable CSP and the dependent variables for CFP, (b) organizing the data based on the time-period range of 2011-2013, (c) three separate analyses of the data, and (d) interpreting the results from the analyses. Data collection involved retrieving secondary data for the independent variables for CSP from FRI and data for the dependent variables representing CFP from the corporate websites of the 25 banks that comprise the census research population.

Based on the principles of the Belmont Report, the indirect participants of the study are *autonomous agents* who provided responses to surveys conducted by the Hay's Group under voluntary efforts (Ahamed et al., 2014; Barchiesi & La Bella, 2014; Greaney et al., 2012). As a result, in my role as researcher, there was no controlling inference since the data collection is from a secondary source (Greaney et al., 2012). In addition, my role as researcher did not require any consent process as there was no need for informed consent to take place in collecting the secondary data (Greaney et al., 2012).



I entered variables from FRI composite scores queried from the MAC listings for the years 2011-2013 and data for CFP from the websites of the census population into SPSS statistic software for three separate analyses computation. An analysis of the results from the partial correlation testing addressed the central research questions and the stated hypotheses.

### **Participants**

There were no actual participants in the study; however, the study included a population census of 25 banks in the United States with a Fortune's reputation index score listing during the time series of 2011-2013. As noted by Gay, Mills, and Airasian, (2009), if the population of a research study has fewer than 100 people or units, it is best to sample the entire population. All banks listed by Fortune with a reputation index score comprised the census population sample for the study.

The population of banks in the United States includes active organizations classified based on size, assets, and primary products or services. For example, the population includes domestic operating banks such as (a) insurance branches of foreign banks, (b) commercial banks, (c) saving institutions, (d) asset concentration groups above and below \$1 billion, and (e) bank charter classes such as members and nonmembers of the Federal Reserve System ("Find an Institution," n.d.). There were no delimitations based on factors such as total assets, classification based on primary functions, amount or capital, nor the size of the census. However, the firms size was an applicable control variable and represented by total assets (Fu & Jia, 2012; Melo & Garrido-Morgado, 2012).

## **Research Method and Design**

Research methodologies are the models applicable to conducting researches and the underlying sets of beliefs that guide researchers in their selection of a specific research method instead of an alternate method (Wahyuni, 2012). Two primary approaches with three perspectives used in research studies are the primary methods of quantitative and qualitative designs and the combination of the quantitative and qualitative designs to form the third perspective of a mixed method (Lund, 2012). The considerations and rationale for using the quantitative method with a correlation analysis design for the research study is the focus of the next two sections.

### **Research Method**

Research methods are resourceful tools for researchers to achieve specific goals for research studies (Venable & Baskerville, 2012). Research methods are also (a) specific techniques, (b) processes (c) procedures, (d) tools such as research questions and hypotheses used to analyze research study data (Wahyuni, 2012), and (e) tools used by researchers to enhance the credibility of research study findings (Saxena, Prakash, Acharya, & Nigam, 2013). The quantitative research method with a correlational analysis design allows researchers to use measurable variables from consistent processes and procedures (Patterson & Morin, 2012) to test hypotheses (K. Yilmaz, 2013) and address research questions. An analysis of the purpose of this study supports the use of the quantitative method.

The general purpose of this study was to provide leaders of organizations with evidence regarding the relationship between CSP and CFP. The specific purpose of this

study was to examine the relationship between CSP represented by FRI composite scores and CFP represented by financial data for ROA, ROE, and EPS, in the banking industry within the United States to assist leaders in the banking industry in making informed decision. Quantitative data represented the independent and dependent variables of the study in response to stated research questions and hypotheses while investigating a business problem (K.Yilmaz, 2013). The FRI composite scores for the banks included in the census population of the study were the numeric scores for CSP while variables for CFP included numeric data for ROA, ROE, and EPS (Kanata & Kartikaningdyah, 2015; Li, Puumalainen & Toppinen, 2014; Reeve, Warren, & Duchac, 2011). Partial correlation analysis supported if there is a relationship between CSP and CFP and the significance of the relationship (Iqbal, Sarwat, Hasan, Baloch, & Salim, 2014).

Qualitative methodology would not support the primary purpose of this study. Elements of a qualitative study include the application of processes, procedures, and principles of deductive reasoning (K.Yilmaz, 2013) arriving at defined conclusions based on, for example, (a) observations, (b) experiences or (c) principles versus inductive reasoning based on concerns that may include interpretation context (Gay et al., 2009; K.Yilmaz, 2013). This study was quantitative in design (I. Yilmaz, 2013; K.Yilmaz, 2013; Patterson & Morin, 2012); as a result, a qualitative design was not a feasible option. In addition, elements of a qualitative design such as participant observation, field study, and discovering and mapping multiple perspectives to gain better understanding of a phenomenon (Gay et al., 2009) were not applicable.

The mixed method design was a feasible option for the study as the supporting

role of both the qualitative and quantitative designs enhances the prospect of a comprehensive study (Lund, 2012). Specifically, the method is a combination of the qualitative and quantitative methods (Lund, 2012), and when either of the qualitative or quantitative design is not sufficient for a study, a mixed method design is appropriate. This study incorporated measurable variables that are congruent with the purpose of the study and related hypotheses; a quantitative design was, therefore, sufficient, and addressed the research questions and hypotheses without the support of a second research method (Newman & Covrig, 2013). In addition, time and cost constraints enhanced the prospect of applying only the quantitative design to the study.

### **Research Design**

A research design allows a researcher to establish a research methodology and appropriate research methods to address research hypotheses or questions in a study (Wahyuni, 2012). Quantitative research design types considered for this study were *experimental* and *nonexperimental*. The overall purpose of the study guided the selection of the most appropriate design.

An experimental research design is appropriate for establishing a cause and effect relationship, involves the manipulation of variables, and involves the use of random sampling (Feldman & Vasquez-Parraga, 2013; Imai, Tingley, & Yamamoto, 2013). This study was nonexperimental in design and did not (a) use random sampling; (b) manipulate data, nor (c) use data to justify a cause and effect relationship. Therefore, the nonexperimental design was the appropriate choice for the study as it supported the purpose of the study and addressed the testing of hypotheses to examine the relationship

between variables.

A correlational analysis design correlated with the purpose of this study and was congruent to the selected research design. The correlational design allows for efficient examination of relationships, and this study addressed the relationship between CSP and CFP using numeric variables (Gay et al., 2009) to address stated research questions and hypotheses (Wahyuni, 2012). The proposed sample size was the census population of all 25 banks included in Fortune's MACs listing and while no sample size calculation was necessary, I opted to conduct sample size calculations.

### **Population**

The population for this study was banks within the United States that are from Fortune's MAC listing. The FRI score is a composite score rating from eight attributes. The first four attributes include (a) the attraction, development, and retention of qualified and talented employees, (b) quality management of organizations, (c) the quality of goods and services produced by organizations, (d) and innovation (Barchiesi & La Bella, 2014; Melo & Garrido-Morgado, 2012). The remaining four attributes are (a) value as a means of long-term investments, (b) the financial soundness of organizations, (c) social responsibility with community and environmental considerations, and (d) the effective, efficient use of assets by organizations (Barchiesi & La Bella, 2014; Melo & Garrido-Morgado, 2012). The final index scores are an aggregation of the scores of the criteria (Orlitzky & Swanson, 2012) and the overall reputation score highlights and confirms the responsibility to communities and the environment.

The sample for the proposed study consisted of the social and financial

performance data for 25 banks within the United States. The correlation study focused only on the 25 banks in the census population with consistent data to examine the relationship between CSP and CFP. The literature provides support for the selection of all units from the population; as noted by Gay et al. (2009), it is best to sample the entire population if a population has fewer than 100 units. The data covered a 3year period from 2011-2013 and reported the social and financial performance of the census population; the 3 year chronological span mitigated bias from the low number of banks included in the census population . However, since the sample size of 25 could invalidate the sample size requirement for statistical validity of the study findings, two sample size calculations were completed. Since the sample size was adequate, I did not have to use bootstrapping to resample data in the testing of the research hypotheses (Calmettes, Drummond, & Vowler, 2012).

### **Ethical Research**

Ethical considerations of studies included protection of sensitive data, respect for study population, and requiring approval or consent to protect study participants (Connelly, 2014; Hardicre, 2014). This study did not include human participation, sensitive or confidential data collection, or the need for consent forms. However, based on guidelines established by the governing board of Walden University and precedence, basic ethical considerations were applicable to the study and degree confirmation process.

The governing board of the Walden University requires approval of studies by the Institutional Review Board (IRB) to support enhancing scholar compliance and adherence to the rubric requirements of the institution. The approval number for this

study is 07-28-15-0158847. In addition, students adhere to the American Psychological Association (APA) format in study article. Other ethical considerations for this study included storage of data on an external hard drive for secure storage (Connelly, 2014). Files on the hard drive are password protected and deletion of data will occur 5 years after the completion of the study. Based on the nonsensitive publically available data for the study, the plan for the deletion process is short term. Research logs and journals were not applicable to the study, so there are no ethical considerations for the disposal of logs or journals.

### **Data Collection Instruments**

During the data collection process, FRI was the source of the data for social performance and the financial performance data obtained from the websites of the 25 banks in the United States that comprise the census population for the proposed study. In addition, the website at ycharts.com was a resource tool for financial performance data. The next sections of the study provide a detailed overview of the proposed instruments and the data analysis techniques.

### **Instruments**

Two types of instruments relate to the study; social performance instruments, and financial performance instruments. Social performance instruments are from a nonfinancial perspective while the financial performance instruments relate to ratios and profitability calculations. While the scope of the individual instruments differs to some degree in the study, a combination of both sets of instruments is necessary to complete the data analysis to address the hypotheses of the study.

**Social performance instruments.** Proprietary databases such as KLD (Ahamed et al., 2014; Sun, 2012) were a consideration for study. However, the high cost of approximately \$5,000 was a critical factor in seeking an alternative social performance instrument that the literature supports as valid and reliable (Rahman & Post, 2012). In 1999, Sz wajkowski and Figlewicz supported the use of the FRI as resourceful for measuring CSP. Recent findings of research study by Barchiesi and La Bella (2014) also support the use of FRI as a valid indicator of the social performance of a firm.

The secondary data for social performance was accessible from the archive of Fortune's reputation index scores for the 3 year period 2011-2013. Fortune analysts gathers the data for the reputation index from a cross section of approximately 15,000 senior executives and financial experts throughout the United States (Ahamed et al., 2014; Barchiesi & La Bella, 2014). The Hay Group has administered the collection of the data from the reputation ratings since 1997 and completes the ratings on an 11-point scale from 0 to 10. The zero endpoint is equivalent to a poor rating and 10 to being excellent. Companies' ratings focus on the MACs per industry (Ahamed et al., 2014; Barchiesi & La Bella, 2014).

The respondents rate companies on a 10-point scale where 1 represents poor and 10 represents excellent. The computation of the final rankings is the average of the attribute scores divided into approximately 64 industries. The MACs listing includes only the top 50% of companies in each industry (Ahamed et al., 2014; Barchiesi & La Bella, 2014). The overall score is an indicator of the level of responsibility to communities and the environment (Barchiesi & La Bella, 2014). The listing of the companies is a



compilation of results from the judgment of industry experts based on predefined attributes (Barchiesi & La Bella, 2014; Beauchamp & O'Connor, 2012)

The attributes include (a) a focus on employees, (b) the management teams of organizations, (c) quality goods and services, (d) innovativeness, (e) creating value as a form of long-term investment, (f) the financial soundness of organizations, (g) social responsibility concerns and community and the environment, and (h) the effective use of assets by organizations (Barchiesi & La Bella, 2014). The effectiveness of the global spread of business is a ninth attribute referenced in some literature (Barchiesi & La Bella, 2014; Sarstedt et al., 2012).

Based on the assumption that CSP reputations reflect CSP values and behaviors of stakeholders of organizations, reputational indices are a popular approach to measuring CSP (Soana, 2011). The inclusion of corporate social performance strategies in marketing and innovation by business leaders is resourceful for customer retention and reputation building. Each strategy or innovation that supports CSP can have a positive impact on the reputation of a business organization; therefore, if CSP values and reputation implications are complimentary, CSP reputation reflects CSP values.

Soana (2011) confirmed the FRI as a proxy of social performance and noted that 15 empirical studies used the index (Barchiesi & La Bella, 2014). The repetitive use of the index in over 15 studies support the validity of the instrument as a measuring tool as reuse supports the concept that there are consistency and validity of the instrument. Findings of 13 of the previously conducted studies confirm a positive CSP-CFP relationship, one a mixed relationship, and one, no relationship (Soana, 2011).

**Financial performance instruments.** Banks provide financial capital for the creation of jobs, the growth, and development of industries, investments, innovation, and the general prosperity of societies and economies (Fatma et al., 2014; Matei & Voica, 2013; Madрахimova, 2013). These financial considerations and the wide scope of services and products provided by management and employees of banks contribute to an interest in further review and examination of the CSP-CFP relationship in the banking industry. Financial results of an organization confirm the strength and weaknesses of business operation while providing management with quantitative evidence to make valid inferences (Abels & Martelli, 2012). Financial performance is also the primary means of measuring and confirming the result of business strategic policies and the operational tasks of organizations based on monetary values (Abels & Martelli, 2012).

This study incorporated (a) accounting, (b) efficiency of investments, and (c) profitability of investments measurements for financial performance. The analysis of financial data from the websites of the 25 banks in the census population of the study over a 3 year period, 2011-2013, were included in the examination of the relationships between X and Y for the timeframe period for the social performance data. The specific numeric data collections for the financial performance of the study were (a) ROA and ROE- accounting measures and (b) EPS-profitability of investments measurement (Fu & Jia, 2012; Iqbal et al., 2013; Raza, Ilyas, Rauf, & Qamar, 2012).

**Accounting measurements.** Waddock and Graves (1997) as well as Raza et al. (2012) support the use of ROA and ROE in the measurement of CFP in their studies. Return on assets and ROE are accounting PMs of competitive effectiveness, competitive

internal efficiency, and the optimal use of assets (Fu & Jia, 2012). The formula to calculate rate of return on assets is  $ROA = NEAT / ASSET$  (Lee et al., 2013). NEAT is net earnings after tax deduction. ASSET is the total asset reported by a bank and fair value accounting requirements support the assets of banks listed on balance sheets at current value (Cohen, Cornett, Marcus, & Tehranian, 2014). ROA was applicable to the study as the measurement effectively evaluates and confirms the profitability of an organization (Enqvista, Graham, & Nikkinen, 2014; Katchova & Enlow, 2013). ROE also measures the profitability of an organization. The formula to calculate the rate of return on equity is  $ROE = NEAT / EQUITY$ . NEAT is net earnings after tax deduction. EQUITY is the net equity stated in the annual report (I. Yilmaz, 2013; Julian & Ofori-Dankwa, 2013; Katchova & Enlow, 2013).

***Profitability of investments measurements.*** EPS measure the profitability of investments while measuring the amount of income earned by common stock shares (Reeve et al., 2011). The use of EPS is a common measure of accounting returns (Ahmed, Islam, & Hasan, 2012) and provides an indication of the effectiveness of a firm. Stockholders are key stakeholders in an organization as their investments generate capital and provide financial support. Measuring the profitability of stockholders' investments includes an analysis of their financial contributions to CSP projects and confirms the relativity of EPS measurement in a CSP-CFP examination study. The formula to calculate earnings per share is  $EPS = (\text{Net Income} - \text{Preferred Dividends}) / \text{Number of Common Shares Outstanding}$  (Reeve et al., 2011). Net income is revenues less expenses such as operating costs and losses. Accounting measures relate to varied accounting

procedures and management principles (Ahamed et al., 2014) and market-based measure may not be a sufficient measurement group on its own therefore, the proposed study included indicators from both measurement groups (Michelon et al., 2013).

### **Data Collection Technique**

The data for CSP and CFP were FRI composite scores and ROA, ROE, and EPS data as reported by the 25 banks in the census population of this research. As a result, the study did not warrant the collection of data, for example, from a survey, site visit, or observation. In addition, the performance of a pilot study was not applicable to the research study. Reputation Index score data from Fortune survey represented CSP values for the 25 banks that comprise the census population for the study. The corporate websites of the 25 banks in the census population provided access to the financial information for ROA, ROE, and EPS. In addition, ycharts.com was a resource for CFP data.

After completing the data retrieval for the study, saving of the retrieved information on an external drive is the first safety precaution. The storing of the data for another five years after the completion of the study is another safety measure. The study design did not warrant research logs, journaling, or cataloging. However, keeping data organized required consistent storing of all rough drafts, and revised editions of the study on an external drive for five years after the study completion.

### **Data Analysis**

The examination of the correlational relationship between CSP and CFP included partial correlation data analysis using the SPSS software statistical package and table

results presented in APA format. The SPSS calculation of the collected data from FRI and the websites of the 25 banks in the census sample addressed the central research questions as well as the hypotheses of the study to confirm the relationship, if any, between CSP and CFP and the degree of relationship. Three separate analyses were completed. To meet the Doctor of Business Administration (DBA) requirement of including more than 1 independent variable in a research, I included firm size as a control variable (Lee et al., 2013; Michelon et al., 2013; Servaes & Tamayo, 2013) with total assets as the measurement (Iqbal et al., 2014). Sample size calculations confirmed the census population size of 25 as adequate for the study; therefore, there was no need to use bootstrapping in testing the research hypotheses (Calmettes et al., 2012).

Partial correlation analysis incorporates the general assumptions of Pearson correlation (Vargha, Bergman, & Delaney, 2013). This correlation design is widely used in research studies in assessing bivariate correlation after eliminating the influence of one or more control variable (Kenett, Huang, Vodenska, Havlin, & Stanley, 2015; Vargha et al., 2013). The easy interpretation of analysis results relates to the affirmation of the correlation and level of influence of one variable on another (Kenett et al., 2015)

The selection of partial correlation analysis design for this research is congruent with the purpose of the research-to examine the relationship between CSP and CFP as a means to assist banking industry leaders in their decision-making. The primary question for the research study that related to the specific business problem of the research is: In the banking sector of the United States, what is the relationship between CSP, represented by FRI composite scores, and CFP, represented by ROA, ROE, and EPS

while controlling for firm size? The central research questions for the study were:

RQ1: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and ROA, ROE, and EPS for banks located in the United States?

RQ2: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and return on assets for banks located in the United States?

RQ3: While controlling for firm size, what is the relationship between Fortune reputation index composite scores and return on equity for banks located in the United States?

RQ4: While controlling for firm size, what is the relationship between Fortune reputation index scores and earnings per share for banks located in the United States?

The derivative hypotheses of the proposed study with a 0.05 level of significance are:

*H1<sub>0</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and return on assets for banks in the United States.

*H1<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and return on assets for banks in the United States.

*H2<sub>0</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and return on equity for banks in the United States.

*H2<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and return on equity for banks in the United States.

*H3<sub>o</sub>*: While controlling for firm size, there is no relationship between Fortune reputation index composite scores and earnings per share for banks in the United States.

*H3<sub>a</sub>*: While controlling for firm size, there is a relationship between Fortune reputation index composite scores and earnings per share for banks in the United States.

The testing of multiple hypotheses can potentially result in an inflation of the overall alpha error (Armstrong, 2014) and the probability of wrongfully concluding that, that there is statistically significant effect with each additional test in testing when there is actually no effect (Gelman, Hill, & Yajima, 2012). The application of correction will *circumvent* the issue of concluding that there is a significant difference in the analysis of the data when it is not (Armstrong, 2014; Gelman et al., 2012).

Data coding to protect the identity of the 25 banks in the census population of the research was not necessary as the names and list are public information. I evaluated the CSP-CFP relationship using partial correlation. The same type of units were included for each year in the time series range but with possibly different values; FRI composite scores represented CSP with total assets as the control variable for firm size as the independent variables and ROA, ROE, and EPS data as the dependent variables.

Data analysis results could supported or refuted the contract theory that there is a link between leaders of organizations and stakeholder groups . There is also an obligation to the communities the stakeholder groups serve (Korontzis, 2013; Sapkauskiene & Leitoniene, 2014). Data analysis results also supported or refuted the stakeholders' theory and the premise that CSR strategies and activates can have a positive impact on all stakeholders while also contributing to the financial performance of organizations

(Michelon et al., 2013). Based on the correlational study design, research findings of a positive and significant correlation between CSP and CSP support the contract and stakeholder theories and the business case for CSR (Bouvain, Baumann, & Lundmark, 2013). While a negative and insignificant correlation contradicts the principles of the contract and stakeholders' theories, the negative and insignificant results would be a signal to business leaders to make better-informed decisions regarding CSR strategies and activities.

### **Study Validity**

Two key indicators of the quality of measuring instruments in research studies are the reliability and validity of the employed measures (Perez & Rodriguez-del-Bosque, 2013). This section of the study provides evidence to confirm the reliability and validity of (a) FRI composite scores, (b) ROA, (c) ROE, & (d) EPS, the reasoning behind the selection of the instruments, and arguments for and against the instruments. In addition, the section includes processes and tools that will enhance the validity and reliability of the study.

### **Reliability**

The reliability of scales and the level of internal consistency of the scales have an impact on minimizing random errors (Perez & Rodriguez-del-Bosque, 2013; Pallant, 2007). Fortune's reputation index is one out of approximately 39 unique measures of CSP applied to empirical research studies examining the CSP-CFP relationship (Aguinis & Glavas, 2012). However, despite the frequency of use of the FRI composite scores in existing research studies, critics have questioned the subjectivity of evaluations that



include the index, as well as the attributes. Criticisms of the index include the assessment of overall quality of measurement versus measuring CSP coupled with the perception of a financial halo effect based on a stronger correlation between prior financial performance and corporate reputation ranking (Peretti et al., 2013). However, internal requisites that confirm the reliability of the FRI composite scores for this study include the process to retrieve data to compose the reputation index (Fatma et al., 2014; Melo & Garrido-Morgado, 2012). For example, the annual collection of the data (Melo & Garrido-Morgado, 2012) using standard procedures to calculate the composite score for the reputation index increase the reliability of the index for measuring CSP.

A lack of standardized processes in collecting research data can result in the collection of unreliable data (Uronu Lameck, 2013) that can negatively influence research study findings. Standard surveys completed by top managerial executives and financial analyst who are experts in varied industries (Fatma et al., 2014) provide the ratings for firms from industrial sectors related to the survey participants. Having respondents rating firms from their related industrial sectors facilitates data consistency and reliance on the assumption that survey results will be informative (Melo & Garrido-Morgado, 2012).

The reputation index is also a viable tool for measuring CSP as the instrument provides reasonable and credible measurement results (Szwajkowski & Figlewicz, 1999) in research studies (Waddock & Graves, 1997). The CSR elements that contribute to the reasonableness and credibility of the reputation index include (a) the ability to attract, develop, and retain talented and qualified employees, (b) the quality of management of organizations, (c) the quality of goods or services produced by organizations, and (d)

innovativeness of organizations. Other attributes include (e) value as an element of long-term investments, (f) the financial soundness of organizations, (g) social responsibility to the community and the environment, and (h) the effective and efficient use of organizational assets (Barchiesi & La Bella, 2014; Melo & Garrido-Morgado, 2012).

Hillenbrand and Money (2007) were supporters of the use of the reputation index based on the attribute of responsibility to communities and environments. Yet researchers such as Baldarelli & Gigli (2014) referenced that information represented by a reputation data appears to focus more on past financial success. However, arguments in support of FRI include statements that the data are not relative to the financial performance of organizations or driven by the financial performance (Flanagan, O'Shaughnessy, & Palmer, 2011). This finding disputes the financial halo effect of prior financial performance (Baldarelli & Gigli 2014) and corporate reputation ranking resulting in a stronger correlation.

The second research instrument consideration for this study was the measuring of CFP. As previously noted, ROA, ROE, and EPS are the measurements for CFP. The frequency of the use of accounting measures of ROA, ROE, and EPS for CFP confirms the reliability of the financial measurements for use in this study (Fu & Jia, 2012; Rakotomavo, 2012; Skudiene et al., 2013; Tuhin, 2014). Another reliability element of using accounting measures of ROA, ROE, and EPS for CFP relates to data collection. Legislations including the SOX Act provide elements of standardization for the collection of the financial data of the 25 banks included in this study (Kim et al., 2015) in addition to the guidelines of the FDIC. Accounting measures are standardized common readily

available means of measuring CFP (Ahamed et al., 2014; Iqbal et al., 2013; Raza et al., 2012), and, therefore, a feasible option for this study.

### **Validity**

Using an instrument that measures what it is intended to measure validates the instrument and assures findings' validity (Johnston et al., 2014; K. Yilmaz, 2013; Uronu Lameck, 2013). Application of the instrument to a similar population or within similar environment is also a validity concern (Fatma et al., 2014). Internal and external validity are two types of validation in research studies (K. Yilmaz, 2013) and the stronger the degree to which a scale measures what it is intended to measure, the greater the validity (Bakker, 2012; Gay et al., 2009; Pallant, 2007). External validity is the extent to which the findings of the proposed study generalize from the sample to the entire population that relates to the study (K. Yilmaz, 2013). In this study, the participant pool and the sample are all from the same industry, governed by the same basic federal and state guidelines, and share common stakeholder groups. These characteristics may promote the study's external validity (Fatma et al., 2014). However, the strategies of management teams differ across organizations and priorities of management teams vary from one bank to the next; therefore, not all banks are equally proficient in their selection and implementation of CSR projects that may lessen the assurance. In addition, the Hay Group confirms that the primary difference between companies on the MACs listing and companies excluded from the list is in the implementation of organizational practices and not for any identifiable superior means of how they operate (Iyengar , Kargar, & Sundararajan, 2011).

The content validity of the research instruments is essential for the study (Johnston et al., 2014) and the judgment of experts in the field of a research study can impact content validity (Johnston et al., 2014). In the study, a composite score from annual data collection that incorporates the eight measurable attributes of the reputation index (Pallant, 2007) supports the assurance of content validity of the instruments of the study. Financial data that are under the guidelines of legislation including the SOX Act (Kim et al., 2015; Peterson, 2013) and the FDIC also supports the assurance of content validity of the instruments of the study.

Sampling errors can have a negative impact on the validity of the study and mitigation of potential sampling errors in research studies includes having a larger sample (Uronu Lameck, 2013). Therefore, the size of the census population of the study of 25 banks could be a validity issue. However, while the literature supports larger samples for quantitative studies, Gay et al. (2009) posited that if a population is less than 100 there should be no sampling. The study analysis of all available banks on the Fortune listing will assist in mitigating the low number of banks in the study since all the selected banks comprise the actual population related the research.

Internal validity is relevant to research studies that try to establish a casual relationship (K. Yilmaz, 2013). This study was an attempt to examine the relationship between CSP and CFP and not an attempt to establish a casual relationship (Soana, 2011). There was no manipulation of data; therefore, internal validity is not a consideration for this research.

### **Transition and Summary**

The preceding section of the study incorporated (a) a restatement of the primary purpose of this proposed study, (b) more detailed overviews of the role of the researcher, (c) the research study method, and design; the study population, and (d) the selection of the research study sample presented. Section 2 also addressed (a) the data collection process, (b) the testing of the hypotheses, (c) the applicable data analysis technique, and (d) arguments presented to support the reliability and validity of the selected instruments for the proposed study. Section 3 of this study begins with an overview of (a) purpose and the method of the study (b) the presentation of research study findings, (c) the study's application to professional practice, and (d) implications for social change. Section 3 culminates with recommendations for actions, suggestions for future studies, my reflections, the summary, and conclusions.

### Section 3: Application to Professional Practice and Implications for Change

#### **Introduction**

The purpose of this quantitative correlational study was to examine whether or not a relationship exists between CSP and CFP. Three separate analyses of data were completed for the years 2011, 2012, and 2013. Research findings for the year 2011 supported a low positive correlation between FRI composite scores and ROA, FRI composite scores and ROE, and FRI composite scores and EPS. For the year 2012, research findings supported a moderate positive correlation between FRI composite scores and ROA, a very low positive correlation between FRI composite scores and ROE and also a very low positive correlation between FRI composite scores and EPS. For the year 2013, research findings supported a high positive correlation between FRI composite score and ROA, a low positive correlation between FRI composite score and ROE, and a very low positive correlation between FRI composite score and EPS.

#### **Presentation of the Findings**

Single index scores from FRI (Melo & Garrido-Morgado, 2012; Orlitzky & Swanson, 2012) and accounting financial data for ROA, ROE, and EPS (El-Chaarani, 2014; Fu & Jia, 2012; Hall & Lee, 2014) were examined for the years 2011 to 2013. Since research evidences indicate smaller firms may not be as socially active as larger companies, the size of organizations measured in total asset was an applied control variable (El-Chaarani, 2014; Fu & Jia, 2012; Iqbal et al., 2014; Waddock & Graves, 1997).

The original date range of the data collection was for the time period 2009 to

2012 with a total census population sample of 40 banks operating within the United States. However, after completing data collection, I identified inconsistencies in reported FRI composite scores for several banks during the selected period for data collection. For example, some banks had reported scores for only 1 year during the selected time period for the data collection.

Further analysis of the population sample confirmed the years 2011-2013 as having a higher level of consistent data for the census population sample for 25 banks. Using a confidence level of 95% and a confidence interval of +/-5, sample size calculations using application on [resolutonrsearch.com](http://resolutonrsearch.com) and [returnpath.com](http://returnpath.com) presented findings confirming a size of 24 from a population of 25. Based on the availability of FRI composite scores data, the sample size calculations results, and support in the literature noted by Gay et al. (2009) that, if the population of a research study has fewer than 100 people or units, it is best to sample the entire population, sample size of 25 was acceptable for completing data analysis. Bootstrapping for resampling was not necessary and therefore not included as a part of the partial correlation calculations.

Financial data collection for ROA, ROE, and diluted EPS were from the annual reports of the banks in the census population sample located on the respective websites as well from [ycharts.com](http://ycharts.com). The partial correlation analysis was on a yearly basis and detailed findings presented in the same manner. Since the listing of MACs is public information, there is no need to keep the names of the banks anonymous.

Table 1 incorporates the FRI composite scores, ROA, ROE, and EPS data for 2011. Two banks had missing ROA data; FRI composite scores ranged from 4.09 to 7.27,

ROA from (0.02) to 1.53, ROE from (5.51) to 15.80, and EPS from (0.34) to 8.63. Since archived conversion history for foreign exchange is typically a maximum of 180 days, I calculated foreign currency conversions for earnings per share stated in foreign currency at the existing U. S. daily value on the date the data analysis ran. Specific conversions included converting British Pound, Japanese Yen, Euro, and Swiss Franc to U.S. currency.



Table 1

*Banks' FRI Scores, Return on Assets, Return on Equity, and Earnings per Share 2011*

Banks	FRI Scores	Return on Assets %	Return on Equity %	Earnings per Share (\$) Diluted
Bank of America	5.04	0.06	0.69	0.01
Bank of NY Co	7.08	0.86	7.55	2.03
Barclays	6.06	0.24	6.95	1.40
BB &T Corp	6.04	0.79	7.59	1.83
BNP Paribas	5.37	0.32	8.26	3.55
Citigroup	4.88	0.57	6.40	3.63
Credit Suisse	6.42	0.20	6.07	1.47
Deutsche Bank	5.64	0.21	8.30	8.63
Fifth Third	4.66	1.15	9.00	1.18
Goldman Sachs	7.25	0.27	3.70	4.51
HSBC Holdings	6.28	0.06	10.90	0.91
J P Morgan Chase	7.19	0.86	11.00	4.48
KeyCorp	4.09	1.04	8.79	0.87
Morgan Stanley	5.66	0.28	3.33	1.25
Mizuho Financial	4.74	N	11.70	0.16
Northern Trust	6.98	0.66	8.59	2.47
PNC Financial	7.01	1.11	8.80	5.64
Regions Financial	4.17	(0.02)	(5.51)	(0.34)
State St Corp	6.38	1.09	10.00	3.79
Sumitomo Mitsui	5.12	N	9.60	2.66
SunTrust Bank	4.77	0.38	2.56	0.94
UniCredit Group	5.17	0.77	11.20	7.75
UBS	5.66	2.1	9.10	1.06
U.S. Bancorp	7.27	1.53	15.80	2.47
Wells Fargo	6.25	1.25	11.93	2.82

Table 2 incorporates the FRI composite scores, ROA, ROE, and EPS data for 2012. The result details confirmed missing ROAs for 2 banks, missing ROEs for 3 banks, and a few banks with zero ROA and EPS; FRI scores ranged from 3.87 to 7.23, ROA from (0.04) to 1.90, ROE from (5.1) to 16.20, and EPS from (0.02) to 14.13.

Table 2

*Banks' FRI Scores, Return on Assets, Return on Equity, and Earnings per Share 2012*

Banks	FRI Scores	Return on Assets %	Return on Equity %	Earnings per Share (\$) Diluted
Bank of America	4.53	0.19	1.94	0.25
Bank of NY	6.42	0.74	7.11	2.03
Barclays	5.75	(0.04)	0.23	0
BB&T Corp	6.02	1.11	10.83	2.70
BNP Paribas	4.75	0.35	8.02	3.52
Citigroup	5.15	0.38	4.12	2.44
Credit Suisse	5.65	0.13	3.86	0.83
Deutsche Bank	5.46	0.01	0.44	0.33
Fifth Third	5.36	1.34	11.60	1.66
Goldman Sachs	7.04	0.78	10.70	14.13
HSBC Holdings	6.07	0.60	8.40	0.74
JP Morgan Chase	7.23	0.94	11.00	5.20
KeyCorp	4.41	0.99	8.48	0.89
Morgan Stanley	5.32	0.00	NM	(0.02)
Mizuho Financial	4.59	N	11.30	0.16
Northern Trust	6.85	0.74	9.34	2.81
PNC Financial	6.92	0.93	7.26	5.30
Regions Financial	3.87	0.86	10.69	0.71
State St Corp	6.23	1.05	10.03	4.20
Sumitomo Mitsui	4.55	N	N	2.02
SunTrust Banks	4.88	1.11	9.56	3.59
UniCredit Group	4.30	0.43	N	0..23
UBS	4.48	1.90	(5.10)	0
U.S. Bancorp	7.12	1.65	16.20	2.84
Wells Fargo	6.48	1.41	12.95	3.36

Table 3 incorporates the FRI composite scores, ROA, ROE, and EPS data for 2013. The result details confirmed missing ROAs and ROEs data as was the pattern in 2011 and 2012 and 1 bank with zero EPS; FRI scores ranged from 4.02 to 7.46, ROA

from (1.64) to 1.65, ROE from 0.97 to 15.80, and EPS from 0 to 15.46 .

Table 3

*Banks' FRI Scores, Return on Assets, Return on Equity, and Earnings per Share 2013*

Banks	FRI Scores	Return on Assets %	Return on Equity &	Earnings per Share (\$) Diluted
Bank of America	5.21	0.53	5.24	0.90
Bank of NY	6.85	0.58	5.99	2.03
Barclays	5.53	0.03	0.97	0.35
BB&T Corp	6.06	0.90	8.65	2.19
BNP Paribas	5.32	0.25	5.52	2.58
Citigroup	5.43	0.73	7.11	4.35
Credit Suisse	6.44	0.25	5.68	1.29
Deutsche Bank	6.37	0.03	1.11	1.25
Fifth Third	5.30	1.48	13.10	2.02
Goldman Sachs	6.57	0.85	11.00	15.46
HSBC Holdings	6.42	0.70	9.20	0.84
J P Morgan Chase	7.46	0.75	9.00	4.35
KeyCorp	4.64	1.02	8.88	0.97
Morgan Stanley	5.58	0.33	4.17	1.41
Mizuho Financial	4.99	N	10.90	0.18
Northern Trust	6.92	0.77	9.54	2.99
PNC Financial	6.97	1.24	9.36	7.39
Regions Financial	4.02	0.94	10.80	0.77
State St Corp	6.18	1.02	10.50	4.62
Sumitomo Mitsui	5.19	N	N	3.42
SunTrust Bank	4.84	0.78	6.24	2.41
UniCredit Group	5.53	(1.64)	N	0
UBS	5.43	2.5	6.70	0.81
U S Bancorp	7.14	1.65	15.80	3.00
Wells Fargo	7.00	1.51	13.87	3.89

The alpha  $p$  value for the study was 0.05 and the decision to reject or not to reject  $H_0$  dependent on whether or not the calculated significance values in the study were greater than or less than the alpha  $p$  value (Aquilonius & Brenner, 2015; Gbadamosi, 2016). If the calculated significance level is greater than 0.05, the relationship is not statistically significant and  $H_0$  is not rejected in favor of  $H_a$ . If the calculated significance level is less than 0.05, the relationship is statistically significant and  $H_0$  rejected in favor of  $H_a$  (Aquilonius & Brenner, 2015; Gbadamosi, 2016).

The signs and size of the coefficients of each CSP component were also data analysis considerations (Gbadamosi, 2016). Components with positive coefficient support positive relationships with outcome variables; negative coefficients support negative relationships with outcome variables (Gbadamosi, 2016). By comparing, the calculated level of significance with the coefficient of each predictor with the set alpha  $p$  value of 0.05, data analyses findings also addressed the strength of relationships based on the size of the predictor's coefficient (Gbadamosi, 2016). Ranges for the correlation levels were .10 to .30 qualified as a low correlation, .40 to .50 a moderate correlation, and .60 and above as high correlation (Gbadamosi, 2016).

Partial correlation using SPSS 22 allowed for answering the research questions posed in the study as well as addressing the hypotheses derived from the research questions. Preliminary analyses of Pearson correlation presented findings to confirm or refute if total assets influenced the CSP-CFP relationship and table 4 presents a summary of Pearson correlation analysis results for 2011 without controlling for total assets. For FRI and ROA, when  $r(21) = .22$  and  $p$  was .30 with an alpha set value of 0.05, the

evidence supported no rejection of the null hypothesis  $H1_0$  and a statistically nonsignificant relationship (Gbadamosi, 2016). In analyzing the sign and size of the correlation, a score of .22 supported a low positive partial correlation between FRI and ROA (Gbadamosi, 2016).

For FRI and ROE when  $r(21) = .47$  and  $p$  was .02 with an alpha set value of 0.05, the relationship was statistically significant and  $H2_0$  rejected in favor of  $H2_a$  (Aquilonius & Brenner, 2015). A correlation score of .47 supported a moderate positive partial correlation between FRI and ROE. For FRI and EPS when  $r(21) = .29$  and  $p$  was .19 with an alpha set value of 0.05, the evidence supported no rejection of the null hypothesis  $H3_0$  and a statistically nonsignificant relationship (Gbadamosi, 2016). A correlation score of .29 supported a low positive partial correlation.

Table 4

*Pearson Correlation Among Variables (N=25) 2011*

Control Variables			Correlations				
			FRI	ROA	ROE	EPS	TOTALA
-none <sup>a</sup>	FRI	Correlation	1.000	.224	.469	.286	.016
		Significance (2-tailed)	.	.304	.024	.185	.943
		df	0	21	21	21	21
	ROA	Correlation	.224	1.000	.679	.027	-.290
		Significance (2-tailed)	.304	.	.000	.904	.180
		df	21	0	21	21	21
	ROE	Correlation	.469	.679	1.000	.403	.119
		Significance (2-tailed)	.024	.000	.	.057	.589
		df	21	21	0	21	21
	EPS	Correlation	.286	.027	.403	1.000	.346
		Significance (2-tailed)	.185	.904	.057	.	.105
		df	21	21	21	0	21
	TOTALA	Correlation	.016	-.290	.119	.346	1.000
		Significance (2-tailed)	.943	.180	.589	.105	.
		df	21	21	21	21	0

a. Cells contain zero-order (Pearson) correlations.

Table 5 provides a summary of the partial correlation analysis results for 2011 while controlling for total assets. For FRI and ROA when  $r(20) = .24$  and  $p$  was .28 with an alpha set value of 0.05, the statistically nonsignificant results did not support a rejection of the null hypotheses  $H1_0$  that there is no relationship between FRI and ROA for banks in the United States (Gbadamosi, 2016). In the analysis of the sign and size of the correlation between FRI-ROA (Gbadamosi, 2016), the score of .24 supported a low positive partial correlation between FRI and ROA. The analyses of the data computation for FRI and ROE when  $r(20) = .47$  and  $p$  was .03 with an alpha set value of 0.05 supported a rejection of the null hypothesis  $H2_0$  that there is no relationship between FRI

and ROE for banks in the United States and the result viewed as statistically significant (Gbadamosi, 2016). With  $r(20) = .47$ , the data supported a moderate positive partial correlation between ROA and ROE. In analyzing the computation results for FRI and EPS when  $r(20) = .30$  and  $p$  was .18 with an alpha set value of 0.05, the results supported statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of the null hypothesis  $H_{30}$  that there is no relationship between FRI and EPS for banks in the United States. With  $r(20) = .30$ , the data supported a low positive partial correlation between FRI and EPS.

Table 5

*Partial Correlation Among Variables (N=25) 2011*

			Correlations				
Control Variables			FRI	ROA	ROE	EPS	TOTALA
TOTALA	FRI	Correlation	1.000	.239	.471	.300	
		Significance (2-tailed)	.	.284	.027	.176	
		df	0	20	20	20	
	ROA	Correlation	.239	1.000	.751	.141	
		Significance (2-tailed)	.284	.	.000	.530	
		df	20	0	20	20	
	ROE	Correlation	.471	.751	1.000	.388	
		Significance (2-tailed)	.027	.000	.	.074	
		df	20	20	0	20	
	EPS	Correlation	.300	.141	.388	1.000	
		Significance (2-tailed)	.176	.530	.074	.	
		df	20	20	20	0	

a. Cells contain zero-order (Pearson) correlations.

A comparison of the results of the two sets of correlation coefficients indicates a small increase in the strength of the correlation from .22 to .24 for the relationship between FRI and ROA. There was no increase in the strength of the correlation for the

relationship between FRI and ROE and a small increase in the strength of the correlation from .29 to .30 for the relationship between FRI and EPS. This suggests that total asset had a small impact on the correlation between FRI and ROA, ROE, and EPS.

Table 6 provides a summary of Pearson correlation analyses results for 2012 with no controlling for total assets. For FRI and ROA, when  $r(20) = .16$  and  $p$  was .48 with an alpha set value of 0.05, the computation results supported no rejection of the null hypothesis  $H1_0$ , and the result not statistically significant (Gbadamosi, 2016). A correlation value of .16 supported a low positive partial correlation between FRI and ROA. An analysis of the data analysis results for FRI and ROE when  $r(20) = .45$  and  $p$  was .04 with an alpha set value of 0.05, the results supported a rejection of the null hypothesis  $H2_0$  in favor of  $H2_a$  and the relationship considered statistically significant (Gbadamosi, 2016). Based on the sign and size of the correlation, the score of .45 supported a moderate positive partial relationship between FRI and ROE. In reviewing the FRI-EPS relationship, when  $r(20) = .56$  and  $p$  was 0.01 with an alpha set value of 0.05, the findings suggested a statistically significant relationship (Gbadamosi, 2016) and  $H3_0$  rejected in favor of  $H3_a$  that there is a relationship between CSP and EPS for banks in the United States. The positive correlation score of .56 supported a moderate positive partial correlation between FRI and EPS.



Table 6

*Pearson Correlation Among Variables (N=25) 2012*

Control Variables			Correlations				
			FRI	ROA	ROE	EPS	TASSETS
-none <sup>a</sup>	FRI	Correlation	1.000	.161	.451	.556	-.040
		Significance (2-tailed)	.	.475	.035	.007	.860
		df	0	20	20	20	20
	ROA	Correlation	.161	1.000	.454	.193	-.502
		Significance (2-tailed)	.475	.	.034	.390	.017
		df	20	0	20	20	20
	ROE	Correlation	.451	.454	1.000	.462	-.433
		Significance (2-tailed)	.035	.034	.	.030	.044
		df	20	20	0	20	20
	EPS	Correlation	.556	.193	.462	1.000	-.151
		Significance (2-tailed)	.007	.390	.030	.	.503
		df	20	20	20	0	20
	TASSETS	Correlation	-.040	-.502	-.433	-.151	1.000
		Significance (2-tailed)	.860	.017	.044	.503	.
		df	20	20	20	20	0

a. Cells contain zero-order (Pearson) correlations.

Table 7 provides a summary of the partial correlation analyses results for 2012 while controlling for total assets. In analyzing the computation results, for FRI and ROA when  $r(19) = .16$  and  $p$  was .48 with an alpha set value of 0.05, the findings supported a statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of the null hypothesis  $H_{10}$  that there is no relationship between FRI and ROA for banks in the United States. The correlation score of .16 supported a low positive partial correlation between FRI and ROA. For FRI and ROE, when  $r(19) = .48$  and  $p$  was .03 with an alpha

set value of 0.05, the data computation results supported the alternative hypotheses  $H2_a$  that there is a relationship between FRI and ROE and  $H2_0$  rejected. The computations also supported statistically significant relationship (Gbadamosi, 2016) while the positive correlation of .48 supported a moderate positive partial relationship between FRI and ROE. For FRI and EPS when  $r(19) = .56$  and  $p$  was .01 with an alpha set value of 0.05, the null hypothesis  $H3_0$  that there is no relationship between CSP and EPS for banks in the United States was rejected. The statistically significant relationship was positive with a correlation score of .56. The correlation score of .56b supported a moderate positive partial correlation between FRI and EPS.

Table 7

*Partial Correlation Among Variables (N=25) 2012*

Control Variables			Correlations				
			FRI	ROA	ROE	EPS	TASSETS
TASSETS	FRI	Correlation	1.000	.163	.482	.557	
		Significance (2-tailed)	.	.481	.027	.009	
		df	0	19	19	19	
ROA	ROA	Correlation	.163	1.000	.304	.137	
		Significance (2-tailed)	.481	.	.180	.554	
		df	19	0	19	19	
ROE	ROE	Correlation	.482	.304	1.000	.445	
		Significance (2-tailed)	.027	.180	.	.043	
		df	19	19	0	19	
EPS	EPS	Correlation	.557	.137	.445	1.000	
		Significance (2-tailed)	.009	.554	.043	.	
		df	19	19	19	0	

a. Cells contain zero-order (Pearson) correlations.

A comparison of the results of the two sets of correlation coefficients indicates no increase in the strength of the correlation for the relationship between FRI and ROA.

There was a small increase in the strength of the correlation for the relationship between FRI and ROE from .45 to .48 and no increase in the strength of the correlation for the relationship between FRI and EPS. This suggests that total asset had an even smaller impact on the correlation between FRI and ROA, ROE, and EPS.

Table 8 provides a summary of Pearson correlation analyses results for 2013 with no controlling for total assets. For FRI and ROA when  $r(20) = .05$  and  $p$  was .83 with an alpha set value of 0.05, the relationship was confirmed as statistically nonsignificant (Gbadamosi, 2016) and  $H1_0$  not rejected. The positive correlation of .05 supported a less than low positive partial correlation between FRI and ROA. Based on the computation results for FRI and ROE when  $r(20) = .25$  and  $p$  was .25 with an alpha set value of 0.05, the relationship was statistically nonsignificant (Gbadamosi, 2016) and no rejection of  $H2_0$  that there is no relationship between FRI and ROE. The positive correlation score of .25 supported a low positive partial relationship between FRI and ROE. In analyzing the FRI and EPS correlation results, when  $r(20) = .39$  and  $p$  was .08 with an alpha set value of 0.05, the results supported a statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of  $H3_0$  that there is no relationship between FRI and EPS. The positive correlation score of .39 supported a low positive partial relationship between FRI and EPS.

Table 8

*Pearson Correlation Among Variables (N=25) 2013*

Control Variables			Correlations				
			FRI	ROA	ROE	EPS	TASSETS
-none <sup>a</sup>	FRI	Correlation	1.000	.048	.254	.387	.154
		Significance (2-tailed)	.	.832	.254	.075	.494
		df	0	20	20	20	20
	ROA	Correlation	.048	1.000	.666	.113	-.407
		Significance (2-tailed)	.832	.	.001	.616	.060
		df	20	0	20	20	20
	ROE	Correlation	.254	.666	1.000	.353	-.443
		Significance (2-tailed)	.254	.001	.	.108	.039
		df	20	20	0	20	20
	EPS	Correlation	.387	.113	.353	1.000	-.105
		Significance (2-tailed)	.075	.616	.108	.	.641
		df	20	20	20	0	20
	TASSETS	Correlation	.154	-.407	-.443	-.105	1.000
		Significance (2-tailed)	.494	.060	.039	.641	.
		df	20	20	20	20	0

a. Cells contain zero-order (Pearson) correlations.

Table 9 provides a summary of the partial correlation analyses results for 2013 while controlling for total assets. In reviewing the computation results for FRI and ROA, when  $r(19) = .12$  and  $p$  was  $.60$  with an alpha set value of  $0.05$ , the results supported a statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of the null hypothesis  $H_{10}$  that there is no relationship between FRI and ROA for banks in the United States. The computations also supported a low positive partial correlation between FRI and ROA with a score of  $.12$ . In reviewing the computation results for FRI and ROE, when  $r(19) = .36$  and  $p$  was  $.11$  with an alpha set value of  $0.05$ , the results supported a statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of the null

hypothesis  $H_{20}$  that there is no relationship between FRI and ROE for banks in the United States. The sign and size of the correlation score of .36 supported a low positive partial correlation between FRI and ROE. For the FRI-EPS relationship, when  $r(19) = .41$  and  $p$  was .07 with an alpha set value of 0.05, the results supported a statistically nonsignificant relationship (Gbadamosi, 2016) and no rejection of the null hypothesis  $H_{30}$  that there is no relationship between FRI and EPS for banks in the United States. The sign and size of the correlation score of .41 supported a moderate positive partial correlation between FRI and EPS.

Table 9

*Partial Correlation Among Variables (N=25) 2013*

Control Variables			Correlations				
			FRI	ROA	ROE	EPS	TASSETS
TASSETS	FRI	Correlation	1.000	.123	.364	.410	
		Significance (2-tailed)	.	.597	.105	.065	
		df	0	19	19	19	
ROA	ROA	Correlation	.123	1.000	.593	.078	
		Significance (2-tailed)	.597	.	.005	.738	
		df	19	0	19	19	
ROE	ROE	Correlation	.364	.593	1.000	.343	
		Significance (2-tailed)	.105	.005	.	.128	
		df	19	19	0	19	
EPS	EPS	Correlation	.410	.078	.343	1.000	
		Significance (2-tailed)	.065	.738	.128	.	
		df	19	19	19	0	

a. Cells contain zero-order (Pearson) correlations.

A comparison of the results of the two sets of correlation coefficients indicates a small increase in the strength of the correlation for the relationship between FRI and ROA from .04 to .12. There was also a small increase in the strength of the correlation for

the relationship between FRI and ROE from .25 to .36. In addition, there was a small increase as well in the strength of the correlation for the relationship between FRI and EPS from .39 to .41. This suggests that total asset had a small impact on the correlation between FRI and ROA, ROE, and EPS

In summary, based on research findings, the answers to the noted research questions are as follows:

In the banking sector of the United States, research findings supported a positive relationship between CSP represented by FRI and CFP, represented by accounting data, ROA, ROE, and EPS. However, the strength of the relationship between the variables varied from year to year. For example, only the findings from the relationship between FRI and ROE in 2011, FRI and ROE in 2012, FRI and EPS in 2012, and FRI and EPS in 2013 supported a moderate positive partial correlation. Specifically, based on RQ2, the research findings supported a low positive partial correlation between FRI And ROA for the years 2011 to 2013. For RQ3, the research findings supported a moderate positive partial correlation for the years 2011 to 2012 and a low positive partial correlation for 2013. For RQ4, the research findings supported a low positive partial correlation for 2011, a moderate positive partial correlation for 2012 and 2013.

The results correlate to previous studies where early researchers (Waddock & Graves, 1997) and more recent researchers presented findings of a positive CSP-CFP relationship (Gee & Norton, 2013; Sun, 2013). In addition, the results correlate to studies with insignificant relationship findings between CSR and CFP (Gee & Norton, 2013) as well as span across a variety of industries (Gherghina, Vintila, & Dobrescu, 2015). Fu

and Jia (2012) noted that recent research studies still were inconclusive regarding the significance of the CSR-CFP relationship and the results of this study are consistent with their notation. However, the positive relationship findings support the assumption that social practices can positively impact the financial performance of organizations (Gee & Norton, 2013) by (a) increasing managerial competencies, (b) increasing knowledge about social and market environments through the enhancement of organizational efficiency, and (c) improving relationships with both internal and external stakeholders (Gherghina et al., 2015).

Based on the context of theoretical framework, the contract theory and stakeholders' theory are relevant theories. The general assumptions of the CSR concept implies that an implicit contract exists between business and society (Ahenkora, Banahene, & Quartey, 2013; Fontaine, 2013; Gee & Norton, 2013) and it is due to this assumption that the success rate of CSR considerations is of interest to all stakeholder groups while relating to the findings of this study. Within the scope of this study, the findings specifically align with the contract and stakeholders' theories.

The contract theory concept extends to businesses as well as societies and governments (Byerly, 2013). Even though the concept evolved over the years, the basic premise is still gaining better understanding of the specific roles, responsibilities, and relationship of individuals relative to society and the collective well-being of society (Byerly, 2013). Determining the specific roles, responsibilities, and relationship of individuals relative to society is also still a basic premise of the concept (Byerly, 2013). Managers of organizations have a fiduciary duty to the members of all stakeholder groups

and a key aspect of their duties includes reviewing and confirming the success rate of CSR considerations that impact stakeholders. The confirmation of the level and type of relationship also provides information to assist in decision-making processes as to whether or not to continue investments in CSR consideration and in decision-making regarding innovation, research and development, and long-term sustainability (Bose, 2012).

The stakeholders' theory concept supports managers of organizations engaging in social responsible activities without violating the rights of any stakeholder groups (Barchiesi & La Bella, 2014; Bose, 2012; Harrison & Wicks, 2013). An examination of the CSP-CFP relationship provides managers and other stakeholders with valuable information to assist in evaluating the achievement of organizational financial goals as well as goals related to social responsible activities. This study findings specifically provides evidence to support or refute continued contributions to CSR concerns in the banking industry while also meeting or exceeding financial goals. In addition, since some scholars consider CSP as an *essential determinant* of the sustainability of organizations (Chang, Oh, & Messersmith, 2013), the findings also provide feedback to support managers in their efforts to remain sustainable in a business environment that is constantly evolving locally and globally.

### **Applications to Professional Practice**

The findings of the study support the contract and stakeholders' theories with respect to CSR concerns. It is through the *implied contract* that exists between organization leaders and other stakeholder groups that business leaders act on behalf of



all stakeholders including whether or not to invest in CSR concerns (Agudo-Valiente et al., 2015; Bose, 2012; Fontaine, 2013; Smith, 2012). An implied requirement from the contractual agreement is accountability and trustworthiness in addressing the needs of stakeholders. The study findings present results that impact managerial decision-making regarding profitability and sustainability (Ahenkora et al., 2013; Byerly, 2013; Gee & Norton, 2013), and, whether or not to continue to invest in CSR activities. Another consideration would be for business leaders to review if there are other strategies that relate to CSR that could potentially provide better results in examining the CSP-CFP relationship.

The stakeholders' theory posits that in the pursuit of achieving organizational goals, business leaders should seek to balance the interest of all stakeholders without violating the rights of any group (Bose, 2012; Harrison & Wicks, 2013; Minoja, 2012). The positive findings provide support for the stakeholder theory and concerns for the social needs of society. However, the levels of the confirmed relationships imply a review of business strategies with the intent of improving the significance of the CSP-CFP relationship.

Based on the shareholders' theory, opponents of CSR in business might view the less than average study findings as an indication of misappropriation of funds that minimize the economic value of organizations (Ahamed et al., 2014; Bazillier & Vauday, 2014; Chin et al., 2013; Yelkikalan & Kose, 2012). However, the concept of the stakeholders' theory relates to business leaders focusing on more than just the achievement of financial goals or short-term returns (Barchiesi & La Bella, 2014); moral

responsibility and social obligation to stakeholders are also essential considerations to enhance opportunities for sustainability (Sandu, 2012; Yelkikalan & Kose, 2012). By considering social responsibility as a means of integrating interests of corporate shareholders, corporate leaders, employees, citizens, and members of communities, broader social goals such as environmental sustainability, the health, and welfare of citizens, and social justice, are now concerns of business leaders (Banerjee, 2014).

The concept of CSR is a central concern in the purpose of business organizations, and, because we live in a world where change is constant, CSR relates to changes in social relationships, political affairs, and economic concerns (Subasic, Reynolds, Reicher, & Klandermans, 2012). While there may be differences in opinions regarding CSR, CFP, and investing in CSR activities, the increasing adaptation of socially responsible activities by business managers confirm the movement of business leaders to act in a more social and ethical manner (Balabanov et al., 2015; Ganescu, 2012; Sharma & Mehta, 2012). The general premise is businesses do not exist in a vacuum and business leaders should compensate members of society for any negative effects related to business operations (Ahamed et al., 2014; Gherghina et al., 2015). The sustainability of organizations correlates with meeting the need of multiple stakeholders (Ganescu, 2012) and while being socially responsible incurs additional cost (Kaeokla & Jaikengkit, 2012), business managers still need to consider the social implications of their applied strategies and activities and address any deficiencies (Boulouta & Pitelis, 2014).

### **Implications for Social Change**

Social change and movements for social change are contingent on factors such as *shared identity, norms, values, and belief systems* (Subasic et al., 2012). The concept of CSR is a movement for social change in the world of business and CSR supporters such as Bowen (1953) and Freeman (1984) voiced opinions regarding the moral responsibility of business leaders (Bravo et al., 2012; Revanthy, 2012). Since the 1970s, CSR is a strong debate topic due to social concerns including the fair treatment of stakeholders from business leaders (Bazillier & Vauday, 2014; Rupp, Skarlicki & Shao, 2013). However, the extent to which individual leaders consider and value social and environmental issues relies upon their personal values and motives (Rupp et al., 2013).

Socially, the positive research findings support continued investments in CSR activities as a means of protecting and improving the welfare of citizens and societies (Yelkikalan & Kose, 2012). Investments and activities include philanthropic projects, corporate sponsorships and scholarships, or projects such as the building of homes in underdeveloped communities (Ducassy, 2013; Munro, 2013; Pless et al., 2012). Investment in the training and development of employees to enhance innovation and creativity to address elements of CSR is also a viable consideration for social and economic sustainability. However, the level of significance of the relationship findings might signal the need to reassess the management of CSR initiatives to confirm if any violations of implied conditions that relate to the stakeholder theory and contract theory.

While there is an increase in the number of business leaders acting as agents of social change, there are concerns regarding the engagement of business leaders in

governmental or individual citizens' activities (Bondy, Moon, & Matten, 2012).

Specifically, the concern is that governments exist to serve society; therefore, having business leaders intervening into perceived governmental affairs through the adaptation of CSR concerns may not be a fitting substitute (Banerjee, 2014; Bondy et al., 2012).

Even though some members of society view CSR as an inappropriate substitute for governmental regulations, the findings from this study support business leaders continuing to coordinate factors of the contract and stakeholder theories to aid in addressing CSR concerns.

From a corporate perspective, activities that incorporate CSR considerations enhance the level of credibility of organizations, improve corporate image, build customer relationships, and improve the retention rate of stakeholders such as employees (Fatma et al., 2014). Given recent scandals in the banking industry (Andrikopoulos et al., 2014; Fatma et al., 2014; Stephens & Skinner, 2013), the accountability and legitimacy of banking leaders and their organizations are questionable. Since the norm for corporate managers is to define the role of their organizations in society while applying social and ethical standards (Ahenkora et al., 2013) banking managers should evaluate the performance of their organizations from a financial and social perspective. Banks are an integral part of society as they play an important role in financing (Fatma et al., 2014; Matei & Voica, 2013) and when stakeholders are able to evaluate the overall performance of organizational activities, trustworthiness, and reputation can improve.

### **Recommendations for Action**

The positive study findings from hypotheses testing suggest that it is financially feasible for banking managers to focus on satisfying the financial goals of their organizations while contributing to the social welfare of the communities they serve. However, while the findings in this study confirm a positive relationship, the results from other findings confirm a conflict (Arsoy et al., 2012; Erhemjamts et al., 2013; Galbreath & Shum, 2012; Skudiene et al., 2013). The inconsistencies with results are indications of the need for further research regarding the CSR-CFP relationship.

Further analysis of the findings of this study identifies evidence to support the continued engage of managers in CSR activities. However, one primary area that requires further action is the standardization of CSR measurements as well as formal regulation and standardization of CSR reporting. Regulated and standardized reporting will enhance instrumentation relative to research studies on the CSR-CFP relationships and positively contribute to researches with more conclusive findings.

The results of this study may be beneficial to scholars, practitioners, and business leaders. The concerns of some scholars and researchers that business leaders are intervening into governmental affairs (Banerjee, 2014; Bondy et al., 2012) makes the findings of the study also relevant to government officials as they need to affirm that even though business leaders are being socially responsible, government officials still have an important role to play in societies. I will share copies of my proposal draft with business leaders of my former employer as well as my current employer as the CSR efforts of the related organizations seem to be lagging behind the performances by other

banks such as Bank of America and Wells Fargo and Company. I will also be conducting knowledge-sharing sessions with banking business leaders and members of my immediate local community to increase awareness of CSR and the evolving roles of business leaders. Other presentation to a broader spectrum of community groups such as Kiwanis Clubs is also a consideration.

### **Recommendations for Further Research**

This study adds to the literature on the CSR-CFP relationship by confirming a positive relationship between CSP and CFP in the banking industry in the United States. However, the results did not support an overall strong correlation between the independent and dependent variables. For example, in 2011, there were a low positive correlation between FRI and ROA, a very low positive correlation between FRI and ROE, and a low positive correlation between FRI and EPS. The study findings only confirmed a strong positive correlation between FRI and ROA in 2013 and a moderate positive correlation in 2012 between FRI and ROA.

Recommendations for further study include the use of primary data to represent independent variables; questionnaires or interviews are two options for securing the primary data. The second recommendation is the conduction of researches that include a wider range of data collection dates. This would expand the scope of the researches while increase the level of external validity. This study included a limited sample size with restrictions based on the section of companies noted on Fortune's MACs listing and only companies that rank in the top half of the survey results by industries were in the census sample population. Researchers should consider gaining access to the entire listing by

industries and conduct studies with a wider sample range. Expanding the study scope to include banks outside of the United States using varied quantitative, qualitative, and mixed method research studies can present findings to improve the level of consistency in study results. Future researchers may also consider additional statistical approaches in addition to partial correlation that can assist in confirming consistent findings in the examination of the CSR-CFP relationship.

### **Reflections**

Prior to conducting this research study, there were weeks of reviewing business literature for a topic that (a) was current with implication into the future, (b) relates to current scholarly debates and analysis, and (c) was of great interest to researchers and scholars. The conducted research study provides evidence to support the presence of concerns for the social welfare of communities despite the viewpoint of opponents of socially responsible activities in organizations. Conducting the research study enhanced my knowledge base concerning research methods, designs, and analysis. In addition, reading multiple peer-reviewed journal articles broadened my knowledge on major topics and trends in CSR and CSP.

When I began my doctoral study, my awareness of CSR was limited to philanthropic activities such as the donation of scholarships and community donations. However, as I worked on the study, my knowledge base broadened; the scope of CSR includes considerations and activities that extend beyond financial donations. For example, employee volunteering, innovations to reduce toxic waste as well as innovations to reduce pollution are all now facets of CSR business leaders considerations.

The second preconceived idea I had was that my study findings would support a positive and significant relationship between CSP and CFP. While the study findings support a positive relationship, the significance of the relationship varied more than anticipated. As more business leaders become supporters of CSR and develop business strategies that incorporate CSR considerations, my expectation is more collective effort towards socially responsible behavior in both non-government and government entities. Further research into the CSR-CFP relationship is a personal future consideration as it would be interesting to review the findings of a mixed method study on CSR in the banking industry of South Florida to assess CSR in the industry and location of my current employment.

### **Conclusion**

Due to the implied impact of CSR on organizations, communities, and stakeholders, scholars and practitioners are paying more attention to CSR activities globally (Fatima et al., 2014). This research study is a contribution to the literature on CSR and the business case for CSR concerns. The purpose of the research was to examine the relationship between CSR and CFP to assist banking industry leaders in their CSR investment decisions. The study design included conducting a partial correlation analysis using FRI data and accounting financial PMs for 25 banks operating in the United States from 2011 to 2013.

Based on the findings of this research in conjunction with findings from previous research studies, there are continuing results that imply that CSR activities contribute to financial performance. Further investigations using additional control variables, study



designs and methods, and sampling are additional considerations to examine CSR-CFP relationships. Even though being socially responsible involves a cost, business leaders should continue to invest in CSR while justifying their expenditures as accountability and trustworthiness are necessary conditions for maintaining an amicable relationship with all shareholder groups. However, justification should not only be about financial implications; the social benefits to communities and societies are important facets of CSR and business leaders need to continue to implement strategies that address social needs.

The increased scope and extent of CSR in our global diaspora has implications for both government and non-government stakeholders. An area of concern noted in the literature is the lack of regulation to ensure compliance with incorporating CSR strategies in more industries and businesses. This is an area for future development for promoting CSR to assist in preserving our communities, societies, and natural environment. Through collective CSR efforts, future generations may have better opportunities to experience the results of current ongoing strategies for the sustainability of our people and planet.

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