THE INFLUENCE OF PROFIT SHARING IN SUSTAINING CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY ON FIRM PERFORMANCE: A COINTEGRATION APPROACH

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Citation: Olaniyan, N.O., Ayodele, E.J., Ekundayo, A.T. & Bamisaye, T.O. (2020). The Influence of Profit Sharing in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance: A Cointegration Approach. *KIU Interdisciplinary Journal of Humanities and Social Sciences, 1*(3), 187-203

ABSTRACT

The study examined the influence of profit sharing in sustaining corporate governance and corporate social responsibility on firm performance in Nigeria. This Study is predicated on the Stewardship and Agency theory. The study disaggregated firm performance into revenue, market share, profitability and cash flow in line with the theories reviewed. The data were obtained from the company review published audit financial report. Collected data covered the period of 27 years spanning from 1992-2019. Based on the mixed level of stationarity of the variables as revealed by the unit root test, the study made use of auto-regressive distributed lag (ARDL) technique to analysis the data. The bound test revealed that; there was presence of co-integration (long-run relationship) among the dependent and all the explanatory variables consequently the study estimated the ARDLECM. The result revealed that market share have positive and non-significant influences corporate governance and corporate social responsibility, the result further showed that Revenue (RVN), Profitability(PRT) and Cash Flow (CFL) had a positive and significant impact on corporate governance and corporate social responsibility in Nigeria which is a clear indication that profit sharing have positive and significant influence in sustaining corporate governance and corporate social responsibility on firms performance both in short and long run. The findings of this study are in tandem with stewardship theory.

Keywords: corporate governance; corporate social responsibility; profit sharing; firm performance

INTRODUCTION

Corporate governance (CG) has been a strong indicator in measuring a company's performance, principally due to the mandatory and obligatory practices prescribed by the government to enhance the banner of good governance momentum amongst the societies in Nigeria. While Corporate Social Responsibility (CSR) has been an excellent tool to measure the company's ability to contribute its wealth to society as a whole. Both CG and CSR were important component that needs to be maintained by the companies in order to gain the shareholders and the stakeholder trust to continually invest in their companies (Muniandy, & Lisa, 2010)

In other to maintain the momentum of CG and CSR practices, the companies need to draw the potential investors and new shareholders with outstanding profit-sharing payout record that could contribute to a long-term performance achievement since it indicates the quality of the company to the market (Bakar & Ali, 2014). In agency theory, profit-sharing payments are one tool to control the behavior of agencies, even if they increase transaction costs associated with external fundraising (Ruparelia & Njuguna, 2016). It may also be said that in corporate governance, profit-sharing serves as a mechanism of discipline and oversight used by the board to reduce the fairness costs of the agency. In order to achieve a high standard of CG and CSR, the board of directors and management team need to mitigate agency problems by strengthening the level of responsibility and accountability amongst the directors of the companies

In general, it is arguable that rewarding employees for their performance is a contentious issue. On the one hand, there is a broad consensus that only well-motivated employees are able to achieve truly ambitious objectives. At the same time, it is true that different people are motivated by different motivating factors (Kowalewski,2012). The discussion addressed not only the types of rewards for performance to be used, but also the intensity of the use of these rewards. This works especially for tangible rewards for performance and in this regard, we can mention highly cited article "Why incentive plans cannot work" by Kohn (1993am), where Kohn expressed very negative attitude toward incentives and consequently was criticized by numerous proponents of performance-based rewards. What is significant from the standpoint of our report is that Kohn (who is a vehement opponent of incentives) explicitly stated an impression that he had no objections against profit-sharing (Luethge, & Han, 2012). The question is whether and why profit sharing (SP) is really a widely accepted method (both in practice and theory) of rewarding performance or whether it has its own shortcomings.

This study concentrates on the influence of profit sharing in sustaining corporate governance and corporate social responsibility on firm performance which is a key area of stakeholder theory and a neglected area of research Based on the description of the problem, which was based on the fundamental objective of this research paper is to study the relationship between profit sharing, corporate governance, corporate social responsibility and firm performance which research question has been drawn, respectively. How will profit sharing influence corporate governance and corporate social responsibility on firm performance?

It also contributes to an insufficiently researched area of stakeholder theory, that is, human and behavioral aspects that need to be developed and considered for analysis and further lead to exploring the actual behavior of stakeholders (Freeman et al. 2020). There is no in-depth study linking profit sharing, corporate governance, corporate, social responsibility and firm performance. It is the importance and significance of this study that profit sharing, corporate governance, corporate, social responsibility and firm performance. were examined together in a Nigerian context. Therefore, this study will investigate the influence of profit sharing in sustaining corporate governance and corporate social responsibility on firm performance.

LITERATURE REVIEW

Corporate Governance

Corporate Governance is the procedure and structure used to steer and manage the business and affairs of the company toward enhancing business prosperity and corporate accountability with the ultimate objectives of realizing long-term shareholder value, whilst taking into account the pursuit of other stakeholders. Corporate governance is one of the mechanisms that ensure investors safely gain their returns on investments (Takiah, Norazura, Muhammad, & Norman, 2011) and increase the responsiveness of the company toward societal needs for long term performance (Rossini & Muhammad, 2006).

Corporate Social Responsibility

Salleh,Wahid and Marimuthu,(2013) aver that corporate social responsibility is defined through the ethical relationship and transparency of the organization with all its stakeholders that has a relationship as well as with the establishment of corporate goals that are compatible with the sustainable development of society, preserving environmental and cultural resources for future generations, respecting diversity and promoting the reduction of social problems. Spitzeck, (2009) explains that corporate social responsibility (CSR) is a business concept whereby a company seeks to behave in socially and environmentally responsible ways so that its business contributes to society in meaningful and lasting ways.

Smith,Yahya and Amiruddin,(2017) describes corporate social responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the men and their families, as well, as of the local community and society at large. Smith et sMal, (2017) further observes that CSR is the duty of care which corporations exhibits not only with regard to their business operations such as earnings, turn back on investment, profit sharing payment, but as well with respect to social, environments, health, training and other issues. Mardudur et al,(2012) says that corporate social responsibility is the intelligent and objective concern for the welfare of people and society, which restraints individuals and corporate entities (government) from engaging in policies and activities, no matter how profitable or attractive that will portray them as callous and engaging in activities that will contribute to the betterment of men and society.

Profit Sharing as Motivational Tools

Profit-sharing is a type of group performance remuneration that has a long history. Profit-sharing can be understood as any compensation scheme, which directly links a company's profits over a given period with the compensation of employees over that period (Okafor & Ugochukwu,2016). Profit Sharing is a cash compensation strategy for internal staff that performs their duties with outstanding and excellent performance. The distribution of excess cash to employees is the most fundamental measure that eliminates conflicts between insiders and shareholders (Noor., Abdullah, Ismail, Bakar, & Yusni,2012). A theory connected with this study is the theory of signaling.

According to signalling theory, profit sharing may reduce information asymmetries between employees and shareholders. Ameer, Ramli and Zakaria (2010) found that corporate size and profitability levels are positively and statistically significant related to the profit-sharing ratio. The findings are in agreement with Kowalewski (2012) and Okafor, Ugochukwu and C (2016). The above results were taken into account when identifying the effect of participation on the company's performance. Baron and Kenny (1986) asserted that for a variable classified as a moderator variable when tested as an independent variable, the conclusion of the study will not be conclusive. Therefore, this study will analyze profit sharing as moderator that will sustain corporate governance and corporate social responsibility for company performance.

Corporate Governance and Firm Performance

The Board of Directors is responsible for ensuring that high-level management performs its duties effectively in the best interests of shareholders (Alnasser, 2012). The corporate governance issues occurred when there is a difference of interest among parties within the fellowship because of different objective, domination and behavior which in turn affect company performance which known as an Agency Problem as argued by Jensen (1976).

Various studies had been practiced in the past, on the relation Abidin, Kamal, & Jusoff (2009) examined the relationship between the instrument panel structure and performance of 75 Malaysian Companies in 2003, by referring to the Board Matters proposed in the MCCG 2000 concerning the composition of the executive and non-executive directors of the board of directors, including the separation of responsibilities between the president and the CEO (duality of the CEO) and found that, there was a significant positive relationship between board composition and panel size with performance, but there was no substantial relationship between CEO duality and board ownership with performance.

Whereas, Anum & Ghazali (2010) carried out a study on the influence of the MCCG 2000‟s implementation on 87 non-financial listed companies in Malaysia, based on the 2001 annual reports. They found that none of the corporate governance variables were statistically significant in explaining the market performance (Tobin‟s Q). Others researchers, such as Ghazali (2010); Abidin, Kamal, & Jusoff (2009); Bhagat & Bolton (2008); Chang & Leng (2005); and Roszaini & Muhammad (2006) found that their studies showed inconclusive results on the relationships between corporate governance mechanisms (board size, duality, board composition, board meeting, board independence, audit committee, and others) and performance; whether by using the MCCG 2000 or the MCCG 2007, the results were not consistent.

The inconclusiveness of the corporate governance findings had forced the researchers to change their styles and patterns of examining corporate governance mechanisms, from testing the effect of each individual corporate governance mechanism or item to developing them into a new standard form of corporate governance indexes to ensure the robustness and reliability of the findings Bacidore, Boquist, Milbourn, & Thakor (1997)

Black, Jang, & Kim (2003), who studied 515 Korean listed companies, found that corporate governance proxied by the Korean Corporate Governance Index (KCGI) had a significant positive relationship with performance (Tobin‟s Q). Klapper & Love (2004) who also used the corporate governance index of Credit Lyonnais Securities Asia (CLSA) on 495 companies in 25 countries in the year 2000, found that good governance was positively correlated with market performance variables (Tobin‟s Q and Market Value Equity (MVE)). Based on the study, found in this literature, it was hypothesized that:

H1: Corporate governance has a significant positive relationship with firm performance Corporate Social Responsibility and Firm Performance

CSR disclosure representation, expression organizations role as a „good‟ citizen in society for beneficial exchanges between the both parties (Salleh et al., 2013) . The disclosure of CSR has become a major factor for various stakeholders in influencing their opinions, decisions and perceptions of the organization. Failure to disclose their CSR may lead to the withdrawal of stakeholder support. As a result, it may have a negative impact on the company's performance. In order to demonstrate that an organization meets the expectations of different stakeholders, greater disclosure of CSR practices is essential. Some studies have found that CSR disclosure reflected the corporate image and performance of the company (Arsad, Ahmad, Fisol, Said, & Haji-Othman, 2015; Esa, Anum, & Ghazali, 2012; Mawdudur

Rahman, 2012). These findings were in line with the stakeholder theory which suggest that when corporations meet the expectations of various stakeholders, they are more capable in creating superior firm performance (Edward Freeman & Phillips, 2002).

However, Crisóstomo, De Souza Freire and De Vasconcellos,(2011) carried out inconclusive findings to test the relationship between CSR and performance. They examined the relationship between CSR and firm performance of 78 non-financial listed companies in Brazil and they did not see any significant outcome of CSR and firm performance. This is consistent with the work of Luethge and Han,(2012) and Smith, Yahya and Amiruddin,(2017). But it was contrasted with studied done in Malaysia by Arshad, Othman, & Othman (2012). They identified the disclosure of CSR-i as having a significant positive link to the company's performance. This is coherent with past empirical studies that highlighted CSR disclosure had become an important tool for stakeholder to assess company reputation and in turn induce a positive impact on firm performance. From the study found in this literature, the hypothesis was that:

H2: Corporate Social Responsibilities have significant positive relationship with firm Performance

Profit Sharing as the Moderator

The payment of profit sharing has been suggested as useful in minimizing manager-shareholder agency conflicts, profit sharing was paid out to the stockholders from the portion of net earnings determined by the management and the profit sharing can be paid either in hard currency or as a fillip. Profit sharing received not only can increase the wealth of the staff, but also increased the degree of confidence of the staff and their productivity when management have used the company’s resources effectively and companies’ performance (Okafor et al., 2016). According to Rozeff (1982), profit-sharing is generally considered a control mechanism that helps reduce management discretion and is part of the company's optimal supervisory/surety package. He also suggested that greater profit-sharing would lower agency costs. It is anticipated that the reduction in agency costs will result in a higher firm value. However, Adelegan (2002) submitted that profit-sharing reduces the corporation's free cash flow.

Another theory connected with this study is the theory of signaling. Under signaling theory, the profit sharing can alleviate information asymmetries between managers and shareholders. Ameer et al. (2012) notes that company size and profitability levels are positively and statistically significantly linked to the profit-sharing ratio. The profit-sharing payout on company performance. Baron and Kenny (1986) asserted that for a variable classified as a moderator variable when tested as an independent variable, the conclusion of the study will not be conclusive. Therefore, this study will analyses, profit sharing as moderator that will sustain Corporate Governance and Corporate Social Responsibility on Firm Performance. Therefore, it was hypothesized that:

H3: Sharing profit moderates the relationship between the Corporate Governance and firm Performance

Theoretical Framework

The Stewardship and Agency Theory

The basic theoretical aspects of corporate governance and corporate social responsibility focus primarily on the roles or responsibilities of boards of directors towards shareholders. The stewardship theory defines a position in which the directors are not moved by individual goal, or egoism, but instead, they are entrusted to work hard on behalf of the organization’s goals. Z. Othman & Abdul Rahman, (2014) claimed that the stewardship theory recognizes a substantial kinship between the managers and shareholder in order to achieve company performance and at the same time, maximize the shareholder’s wealth. The stewardship principle has some similarity with the Agency Theory introduced by Jensen and Meckling (1976) which has been recognized as “a theory of the corporate ownership structure” and has been applied as a framework for ownership–performance studied by Hu (2008). The hypothesis is related to the contractual relationship between the stockholders (principal) that supplies capital to the fellowship, and the Chief Executive Officer (CEO), including the top management team (agents), who have been given a responsibility to meet their obligation maximizing the shareholder’s wealth (Othman & Abdul Rahman, 2014).

The stewardship theory and the agency's theoretical principles are very similar to the notion of accounting. Used, Ahmad, Fisol, Said, & Haji-Othman (2015) expressed that as Muslims, we are the trustees appointed by Allah so we are accountable not only to Allah but also to the company as a whole. Still, as a human being, the principal cannot avoid being an opportunist individual who acts to maximize his or her own personal interest due to the separation of ownership and dominance within the company (Othman & Abdul Rahman, 2014). The conflict of interest arose not only between the owner (principal) and the manager (agents), but also between controlling shareholders (large) and minority shareholders (small). The dispute of interest between owners (principal) and manager (agents) will induce the agent to bare an additional cost to monitor the management’s behavior, such as the date of a watchdog group and hiring external auditors known as agency cost. This costly monitoring device acts as a contractual covenant to see to it that the managers actively run the company to maximize the wealth and interests of both parties rather than enhancing his or her own individual benefits or interests. Thus, the corporate establishment and corporate social obligations is an important component to identify the functions and responsibilities played by the managers didn't influence by self-interest, but based on the trust granted by the shareholders ensure the company stockholders and communities benefit from the company's wealth.

Review of the empirical framework

A meta-analysis of articles on the impact of profit-sharing on productivity was presented by Arsad et al, (2012). Their analysis covers five case studies, 21 published attitude surveys (6 employee surveys and 15 employer surveys), 6 studies based on simple statistical methods and 16 econometric studies on the relation between earnings-sharing and productivity., they include group-based incentive plans, including profit-sharing. As for econometric studies, Arsad (1990, p. 137-139) reported steady positive results, but nevertheless stressed that econometric studies provide little insight into the mechanism by which profit-sharing can affect productivity.

Crisóstomo, et al, (2011) provided a comprehensive review of empirical studies on the impact of profit participation on productivity. productivity. Again, emphasis is placed on methodological issues and the “remarkable consistency” of outcomes (in the sense of the positive impact of profit participation on productivity) is confirmed.

Haniffa, and Hudaib,(2016). Evaluated Corporate Governance Structure and Performance of Malaysian Listed Companies and applied meta-analytic techniques to 43 studies. According to this meta-analysis is profit participation positively associated with productivity and this association is stronger among workers-managed businesses and capitalist businesses with a participatory management style.

Results from several more recent empirical studies were also verified, e.g. Fallatah,and Dickins,(2012); Klapper, and Love, (2004) Esa,, Anum and Ghazali,(2012) and (Freeman, 2020), and it is possible to suppose that they got results similar to those, which were mentioned in the described four meta-analyses. Arshad. and Othman; examined the effect of profit-sharing on financial performance and achieved a positive result. So we can sum up that although the results of surveys analyzing the impact of earnings-sharing on productivity and profitability are ambiguous, in vast majority they report neutral or positive effect of profit-sharing.

The impact of profit-sharing on employment has been the subject of even more ambiguous research. This impact can be broken down into two areas: impact on employment stability and impact on higher levels of employment. Again, looking at empirical research on this topic can be found in (Barako, 2007) and the results are mixed (usually neutral or positive) in the two areas mentioned. Fundamental rejection of positive impact on profit-sharing on employment is broken in (Wadhwani & Wall, 1990) because in this article is questioned Weitzman’s proposition that firms use base wage and not the entire level of wage as the relevant marginal cost of confinement.

Saleh, Zulkifli, and Muhamad, (2010) based on empirical data concluded that employers under profit sharing system really take the total degree of earnings and not base wage as the marginal price of confinement. Obviously, if that's correct, profit-sharing is not a way of stabilizing employment. To enhance evidence given in (Noor., Abdullah, Ismail, Bakar, & Yusni, 2012) We looked at other studies on this topic, but obtained a similar model of results. For example Ruparelia, and Njuguna, (2016) based on analysis of data from National Longitudinal Survey of Youth on white men in nonunion jobs between 1988 and 1994 claimed that profit-sharing reduced turnover, which resulted in higher expected return to job-specific human capital investments for firms and therefore firms were motivated to increase job-training. This has led to an increase in productivity and also to an increase in workers' salaries. Similarly, Takiah, Norazura,, Muhammad and Norman (2011) reported that, based on their research on US plants in Mexico, profit-sharing has reduced sales. On the other hand, the new and methodologically impressive (employed are both regression and matching methods) study on this topic by Bhagat and Bolton, (2008) proposed that positive effect of net-sharing on employment stability could not be confirmed.

In general, as discussed above, the majority of available empirical data focused on the company's dividends, incentives and financial performance, which appear to be one-sided. Despite these works, there is still a gap in the literature as regards studies that specifically examined the Influence of Profit Sharing in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance which existing literature fail to put into consideration to the best of our knowledge. This is the gap this study intends to fill.

METHODOLOGY

The data for this study was obtained mainly from secondary sources. In order to investigate the Influence of Profit Sharing in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance in Nigeria, information from the company annual financial report concerning; In order to describe the firm performance adequately we only focused on five financial indicators. These are Revenue, Market Share, Profitability, Cash Flow as explanatory variables covering the period of years 1992-2019 (27years) was used. Other Secondary Sources of data are relevant articles, journals and newspapers.

Model Specification

The following mathematical model was developed to investigate the Influence of Profit Sharing in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance in Nigeria using Revenue (RVN), Market Share (MKS), Profitability (PFT), Cash Flow (CFL) as the explanatory variables and regressed against the dependent variables Corporate Reputation as proxy for Corporate Governance and Corporate Social Responsibility while profit sharing is the moderating effect

This study employed the model specified below.

$Ylt=\alpha it + \beta 1RVNlt + \beta 2MKSlt + \beta 3PFTlt + \beta 4CFLlt + \varepsilon it$.......................................3.1

where Y represents the Corporate Governance and Corporate Social Responsibility measured by Corporate Reputation

α= the constant term

(RVN)=Revenue.

(MKS)=Market Share

(PFT)= Profitability

(CFL)=Cash flow

β= the coefficient of the function

e = error term.

DATA ANALYSIS AND RESULTS

Descriptive statistics

The descriptive statistics on Table 1 showed that the average values of the Revenue (RVN), Market share (MKS), Profitability (PFT), Cash flow (PFT) and Corporate Reputation (CRP) are 14.662, 34.633, 16,337, 9.132 and 12.443 respectively. The standard deviation shows that Cash flow (PFT) and Corporate Reputation (CRP) are the most volatile variables with1.62 and 1.934 respectively while Revenue (RVN) is the least volatile of the variables with 0.506. Furthermore, the table revealed that the skewness statistics of Cash flow (PFT) and Corporate Reputation (CRP) are negatively skewed while other variables are positively skewed. The Kurtosis statistics revealed that Revenue (RVN) is leptokurtic, which implies that the distributions are peaked relative to normal distribution, while other variables are mesokurtic, implying that the variables have normal distribution that is the distribution of the variables is bell shaped. Lastly, the Jarque-Bera statistic for the null hypothesis of normal distribution for all the variables expect Revenue (RVN) cannot be rejected at 5% significant level as they are not significant at 5% confidence level.

Table 1: Descriptive Statistics table

Variables	LOG(CRP)	LOG(REV)	LOG(MKS)	LOG(PFT)	LOG(CFL)
Mean	14.6227	34.63372	16,33714	9.131615	12.44224
Std. Dev.	0.768868	0.506179	0.655904	1.622141	1.93445
Skewness	2.614934	0.327195	0.506351	-0.54352	-0.37433
Kurtosis	12.90374	1.642651	1.837723	2.037056	2.188385
Jarque-Bera	162.021	2.932887	3.069588	2.72404	1.574826
Probability	0.00000	0.230745	0.2155	0.256143	0.45502
bservations	27	27	27	27	27

Source: Authors' Computation

Unit Root Test

This study adopted Augmented Dickey-Fuller test to investigate the stationarity of the variables. The results of the unit root test presented in Table 3 showed that RVN and CFL were stationary at the level I(0), while (MKS, INV and CRP were stationary at the first difference I(1). Based on the mix order of integration in the result this study will use Auto-regressive Distributed Lag Bound co-integration technique because it is the estimation technique that accommodates mixed order of integration.

Table 2: Augmented Dickey-Fuller test

Variables	Level	After Differencing	Status
LOG(CRP)	-7.877	-124.193	I(0)
LOG((RVN)	-0.551	-3.929	I(1)
LOG(MKS)	-1.788	-4.851	I(1)
LOG(PFT)	-4.438	-6.938	I(0)
LOG(CFL)	-2.205	-4.149	I(1)

Source: Authors' Computation

Co-integration Estimate

Table 3 below displayed the Bound Co-integration test and it revealed that the value of the F-statistics which is 5.33621 is greater than both the upper and lower bound critical value at 5%, which implies that there is presence of co-integration among the variables in the model.

Table 3: ARDL Bound Co-integration Test

Estimated Model	**F-Statistics**	
5.33621		
Critical Values	**Lower Bound**	**Upper Bound**
1%	3.32	4.17
5%	2.75	3.56

Source: *Author's computation* (2020)

Regression Estimates on Corporate Governance and Corporate Social Responsibility on Firm Performance in Nigeria.

Table 4 below showed the ARDLECM and it revealed that revenue has a positive significant impact on corporate reputation in Nigeria. This implies that as much as company have sufficient revenue or financial stable ,the more credible and corporate reputation incline. These findings conform to the apriori expectation and in tandem with the study of Gill et al. (2010).

Also, the result revealed that market share (MKS) had no significant impact on corporate reputation in Nigeria. This is in contract to the findings of Bhagat, et al,(2018) who found a positive impact.

Furthermore, the result showed that profitability had a significant and positive impact on corporate reputation in Nigeria. This implies that as companies has more profit the higher the company wish to share profit which boost the corporate reputation of the firms. This conform to the apriori expectation and in tandem with the findings of Bhagat, et al,(2018). revenue also had a positive and significant impact on corporate reputation in Nigeria. This implies that the higher the revenue the higher the corporate reputation in Nigeria and it confirm to the apriori expectation.

In addition, the table below displayed the Error Correction Mechanism results which revealed the level of adjustment within the model. The result showed that the ECM term is negative and significant at 5% confidence level. The coefficient which is -0.6231 indicates that 62.31 percent of disequilibrium in the previous year in corporate reputation in Nigeria is been corrected by Revenue (RVN), Profitability (PFT), Cash flow (PFT) and Corporate Reputation (CRP). The ECM result also revealed the speed at which the model adjusts back to equilibrium.

Lastly, the coefficient of multiple determinations (R-squared) revealed that 76.1 per cent of variation in corporate reputation is jointly explained by the independent variables while the remaining 23.9 per cent of the variations in the corporate reputation is explained by variables not included in the model. This implies that the variables employed in the model are suitable for the analysis..

Table 4: **ARDELECM Regression**

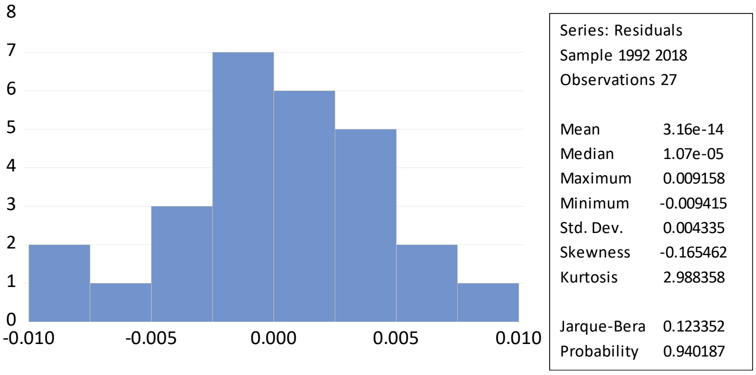
Variables	Coefficients	Std. Error	t-Statistics	Prob.
DLOG(RVN)	1.261	0.171	5.961	0.007
DLOG(MKS)	-0.041	0.021	-0.711	0.490
DLOG(PFT)	0.072	0.072	4.005	0.002
DLOG(CFL)	0.024	0.022	4.576	0.020
Coint-Eq(-1)*	-0.6231	0.038	-10.743	0.002
R-squared: 0.7612			**Adjusted R-Squared**: 0.956	
Log likelihood: 109.104			**Durbin-Watson Stat.** 2.877	

Source: Authors' computation

Diagnostics Tests

Diagnostics tests are conducted to determine the appropriateness and robustness of the estimate. This study conducted Breuch-Godfrey Serial Correlation LM and heteroskedasticity ARCH tests. The results of the normality test indicated that the Jarque-Bera probability value was greater than 0.05 confidence level indicating that the residuals from model were normally distributed. Also, Breusch-Godfrey Serial heteroskedasticity ARCH tests showed that the residuals are Homoskedasticity. Furthermore, Breuch-Godfrey Serial Correlation LM revealed that there is no serial correlation in the estimates. Lastly, Ramsey RESET Test indicated that is appropriate and free from error.

Figure 1: Normality Test



Source: Authors' computation

Table 5: Diagnostics Tests

Heteroskedasticity Test: Breusch-Godfrey Serial	**F-Statistics 1.632**	**Prob. 0.411**	**F(23,3)**
Breusch-Godfrey Serial correlation test	F-Statistics 1.911	Prob. 0.5322	F(2,1)
Ramsey RESET Test	F-Statistics 1.425	Prob. 0.431	F(1,16)

Source: Authors' computation

CONCLUSION AND POLICY RECOMMENDATION

This study investigated the Influence of Profit Sharing in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance in Nigeria between the periods of 1992 and 2019. Based on the mixed level of stationarity of the variables as revealed by the unit root test, the study made use of auto-regressive distributed lag (ARDL) technique to analysis the data. The bound test showed that the variables co-integrate consequently the study estimated the ARDLECM. The result showed that Revenue (REV), Profitability (PFT) and Cash Flow (TAR) had a positive and significant impact on Corporate Governance and

Corporate Social Responsibility in Nigeria while Market Share had no significant impact. The findings of this study is in tandem with shareholder theory and signaling theory, Fallatah, and Dickins,(2012);Klapper, and Love, (2004) Esa,, Anum and Ghazali,(2012) and (Freeman, 2020) This implies that Profit Sharing has strong influence in Sustaining Corporate Governance and Corporate Social Responsibility on Firm Performance in Nigeria. Few studies captured the connection between profit sharing and firm performance but none has tested profit sharing as moderating factor to the companies to strengthened the existent CG and CSR toward better performance. This study optimistic that when the profit sharing is consistently paid at an acceptable rate, the level of agency problem and asymmetry information problem will reduced and the company performance will increase consistently in the future because employee will be ready to go extra length to give their best to accomplish the company's aims and objectives

As the needs of employees are satisfied in such a way, their affective and normative commitments are expected to be higher. Also, it is natural that as the company shows more interest to the social issues and its employees participate to the social projects, the company reputation strengthens, and the affective commitment enhances. Employees will be proud of their own jobs, if the company itself realizes activities to be proud of. This will undoubtedly reinforce the organizational commitment of employees (Peterson, 2004). The companies which execute voluntary activities will have an improved goodwill, brand value and better reputation from the point of view of the employees and the society, and hence more job satisfaction will be observed.

Given the already intense pressure brought by stakeholders globally on utilization of resources in line with the principles of sustainable development that underpins the concept of CSR. There is need for the enshrinement of the CSR philosophy in all organizations in order to achieve a sustainable development that the 21st century demands. Companies should maintain, sustain and improve on the current tempo of CSR initiatives.

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