CORPORATE SOCIAL RESPONSIBILITY DISCLOSURES AND CORPORATE FINANCIAL PERFORMANCE: THE CASE OF NIGERIA

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CORPORATE SOCIAL RESPONSIBILITY DISCLOSURES AND CORPORATE FINANCIAL PERFORMANCE: THE CASE OF NIGERIA

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ABSTRACT

This study is an empirical examination of the relationship between the level of corporate social responsibility disclosures and corporate financial performance among selected firms' in Nigeria. The paper utilized annual reports of 68 companies listed on the Nigerian Stock Exchange covering 2010 to 2012. Based on the extensive review of literature, conceptual framework was proposed and hypotheses were developed to examine the relationship between variables of the study. Hierarchical multiple regression analysis was used in analyzing the data collected. Findings from the study revealed that community involvement disclosure, products and customer disclosures human resource disclosures and political disclosure have significant positive relationship with financial performance. Similarly, the researcher found evidence of significant negative relationship between environmental disclosure and financial performance. On the basis of the findings, the researcher therefore recommends that government in collaboration with private and public agencies should consider the need for Corporate Social Responsibility (CSR) framework and database that will guide social and environmental reporting in the country.

Keywords: corporate social responsibility, disclosures, financial performance, community involvement, human resource, products, customer, Nigeria.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility (CSR) generally refers to the social and environmental consciousness of a corporation. CSR has been identified as a macro-level activity that has macro level consequences as a result of the connectivity between firm social performance and firm economic performance (Orlitzky, Schmidt & Rynes, 2003). Generally, the ongoing debate on CSR and firm performance posits that organizations cannot survive without the stakeholders. This is in accordance with the idea of Ramanathan (1976), Jaggi and Zhao (1996) and David (2012) on existence of strong relationship between organisations and society, such that the organisation cannot exist in a vacuum. In practice, the general concept is that both business and society benefit when corporation actively engage in socially and environmentally behavior. Businesses build their reputation while society benefits from projects initiated and executed by the corporation (David, 2012). Therefore, companies must gain supports in local, national and the global market as a way of gaining a competitive advantage through their social contributions to the hold communities, employees and customers. This suggests that the entire operation of corporations should be examined from the CSR perspective if the organization wants to be recognized as corporate citizen.

Previously, many large organisations were mainly concerned about what to gain from the society, as such exhibit nonchalant attitude to the needs and aspiration of the societies where they operate despite their negative social and environmental impact on their host communities (Utting, 2005). They solely operate on the dictum of Friedman (1970) who construe the primary objective of a business is to make maximum profit to satisfy its shareholders. He expressly noted that responsibility of every business concern is to increase its profit while conforming to the basic rules of the society both enshrine in law and those enshrine in ethics (Friedman, 1970).

Although with the passage of time, the situation is gradually changing even in the developing nations due to international awareness campaign fuel by increasing attention received from media, academics and non-governmental organisations on corporate social responsibility issues across countries. Simultaneously, communities questioned organization about their CSR education, dialogue and what they supposed to do for the host communities and other stakeholders. This has brought about increase pressure on businesses to take another look at their societal role beyond the requirement of the law. This is important because no responsible society will take it lightly with any corporation that fail to take into cognizance the societal value without sanctioning any irresponsible act by the organisations (Idowu & Towler, 2004). This demonstrates that it is not just enough for the organizations to have CSR policy but must go further to the implement CSR policies with transparency beyond legal requirement in order to impact on the life of relevant stakeholders. Interestingly, businesses whether small or large try to incorporate the needs of the constituent stakeholders into their business policies in order to be perceived as corporate citizen. This effort by companies has widened the scope of CSR ever since it was opine by Bowen in 1953.

The case in mind is the practice of CSR in Nigeria. Nigeria is a country considered to be the most populous in Africa and regarded as the giant of Africa. The country is endowed with natural and human resources but still classified among the poor developing countries of the world. The country is also characterized with poor infrastructure due to high level of corruption that has promoted social, legal and environmental problems in the country. The situation is further compounded with absence of good system of corporate governance that will compel directors and managers of enterprises to carry out their duties within the framework of accountability and transparency. A mixture of measures, regulations and concepts have been developed globally and nationally to ensure that business corporations not only survive but operate in the best interest of all stakeholders (Sanusi, 2004). Regrettably the legislature and regulatory framework for CSR enforcement in Nigeria are generally weak to bring about the desire impact of CSR initiatives. These have denied the communities the rights to make meaningful contributions and decisions on projects affecting their environment in accordance of the laws of the land, especially in oil producing communities and other part of the country. Consequently, these communities resort to violence as the only means to seek redress with these companies (Micah, Esq & Adebayo, 2012).

The impact of CSR activities in Nigeria have been analyzed in the literature. Their findings are in line with the mixed evidence that existed in other part of the world on the impact of CSR on corporate financial performance. Considerable number of studies have examine the important of CSR activities on business success in different sectors of Nigerian economy (Adewuyi & Olowookere, 2010a; 2010b; Obalola, 2011; Olowokudejo, Aduloju & Oke, 2011; Ihugba, 2012; Obalola & Adelopo, 2012; Uwuigbe & Egbide, 2012; David, 2012). They found mixed results between CSR activities and corporate financial performance using different industries and different variables. The present study extends previous studies on CSR in Nigeria by examining the CSR categories independently in relation to corporate financial performance among selected Nigerian companies.

The main objective of the study is to examine corporate social responsibility practice and corporate financial performance in Nigeria. However, the uniqueness of this study lies on its ability to independently investigate the relationship between community involvement, environmental, political, human resource, and product and consumer CSR action integrated by corporations as management tools to improve corporate financial performance. In details, this study investigates whether environmental disclosure that focus on the environmental concern, environmental policies, environmental concern, pollution control, investment policy, water and energy consumption and environmental education have relationship with financial performance. Next is community involvement disclosure in terms of how companies contribute to the betterment of society by integrating social initiatives of the stakeholders in their business operations. This include activities such as charitable donations, support for education, water supplies and support for medical health care services, support for sponsoring recreational activities, skill acquisition training for communities and combating bribery and corruption. This study also investigates whether political disclosure (donations to government parastatals, political parties and profit oriented association) influences economic performance of a corporation. Next, is to examine whether human resource disclosure commitments that enhance development of employee-related internal resources and capabilities has any bearing with financial performance. Finally, in term of product and customer, CSR initiative is to examine the effort by the firms in satisfy the customers through commitment to innovation practices, product quality, customer satisfaction, customer education and compliance with business ethics and the effect of these activities on financial performance.

1.2 Problem Statement

Nigeria is one of those countries that have a low disclosure of social and environmental accounting reporting due to weak enforcement, inadequacy of legal and administrative control and law level of public awareness to foster CSR implementation (David, 2012). Far back in 2003, Echefu and Akpofure (2003) opine that framework for the Environmental Impact Assessments (EIA) process and social regulatory process in Nigeria are not working accordingly. They further express that there is a duplication of functions between supervisor bodies which results in serious problems in the environmental and social process of Nigeria. They argued further that Nigeria has good legal backing for financial reporting but suffer from cruel weakness in enforcement and compliance.

It is worthy to note that CSR in Nigeria is not a new concept per say though it is still voluntary despite the bold step taken to introduce compulsory regulation of CSR into corporate governance via the Nigerian Extractive Industry Transparency Initiative Act 2007 (Ihugba, 2012). Most Nigerian companies are not willing to implement CSR in their business policies due to the conservative thinking of the shareholders. Companies only implement CSR activities in order to meet the requirement of the law. Most of these companies consider CSR as philanthropic activity for which they expect compliments (Micah, Esq & Adebayo, 2012). David (2012) asserted that incessant corporate failures to account for the need of the relevant stakeholders in recent years have led to considerable interest in literature and research into corporate social responsibility activities and codes of best practices to provide up to date information on the internal and external impact of the organisations and corporate performance.

Another problem identified by this study is what the researcher refer to as political disclosure considered by some companies as CSR activity which in actual sense fall outside of what denotes CSR but rather political or bribery. This is yet another product of weak regulatory enforcement. In accordance with over investment hypothesis, the researcher perceived that such disclosure are made by top managers to build personal image and reputation as responsible corporate citizens without impact on the relevant stakeholders (Jensen & Meckling 1976). Also Cespa and Cestone (2005) in their strategic choice hypothesis argued that top managers choose CSR activities in order to generate support from social and environmental activist to reduce the probability of enforcing sanctions. A similar scenario is the study of Nwete (2007) who evidence corruption to be endemic in most developing countries like Nigeria. Giving a case of violation of Foreign Corrupt Practices Act (1977) by a Multinational Corporation through illegal payments and bribes paid by its subsidiary to officials of the Nigerian National Petroleum Corporation and other Nigerian government officials to gain oil contract. Thus, based on these two hypotheses discussed above, the CSR activities by the management may not necessarily have an impact on the host communities.

For instance, Ejumudo, Edo, Avweromre and Sagay (2011) conducted an assessment of the attitude of multinational corporations in ameliorating environmental and social problems in Nigeria. They argued that the nature of CSR initiatives of these companies did little in comforting the host communities of Niger Delta region due to their inability to incorporate environmental related issues like gas flaring and oil spillage into their corporate social responsibility agenda. These actions has hike up conflict and poverty among people especially the agrarian who lost their farm land and fishing water to the core activities of these companies. This problem has social vices such as kidnapping of expatriate/foreign staff, top Nigerian Petroleum experts, hijacking of oil company equipment and vandalisation of oil installation garget become a daily occurrence.

Sequel to the above undesirable events, these companies experienced poor performance and ultimately the Nigerian economy was also affected due to the nations over dependent on oil and gas resource (Aririesike, 2009). Statistically, Aririesike (2009) evidenced that 95% of the country's foreign earnings and 80% of its annual budgets is generated from the region. Aririesike (2009) stressed further that Nigeria government losses N8.7bn daily on Niger Delta Crisis that amount to N6, 264 Trillion annually to this insurgence. From the above discussion, one can conclude that the region provides economic strength to sustain the country. Yet, Niger people felt angry when their environment remains undeveloped, in terms of infrastructural facilities in health, transportation, education and industries.

Similarly, studies conducted in financial and telecommunication industry evidenced that Nigeria populace perceived financial and telecommunication as a capitalist for making huge profit from dry economy without given back to the society (Eweje, 2007; David, 2012; Achua, 2008). Ihugba (2012) investigates the stakeholder's engagement approach and implications for CSR management and governance in the Nigeria Tobacco. He found that the level of CSR engagement appears too controlled and lacking authenticity as such hinders balanced stakeholder participation and progressive corporate social responsibility programmes. Adewuyi and Olowookere (2010) conducted a case study on WAPCO cement in manufacturing industry using descriptive analysis (trends, percentages and content analysis) to analyze fifteen CSR factors that covers three component of sustainable development which include economic, social and environmental between 1999 to 2006. The study concluded that Wapco's position seems unclear in area of social and environmental reporting of CSR expenditure.

To further address the menace that characterized social and environmental reporting and to complement the weak regulatory enforcement, Nigeria has again taken another bold stride around April 2012 to adopt the International Organisation for Standardization (ISO

26000). This move was officially launched in July 2013 in Nigeria through her national member body, the Standards Organisation of Nigeria (SON) to improve social responsibility reporting like does by many other African countries like South Africa, Cote d'Ivoire, Egypt, Kenya, Cameroon, Morocco and Ghana.

Notwithstanding the studies conducted on CSR activities in Nigeria, it is pertinent to mention that their attempts have been in the right direction, although their findings cannot be generalized as they predominantly employ explanatory and qualitative approach, case studies and small sample. For instance Achua (2008) conducted explanatory research without empirical evidence. Uwuigbe and Egbide (2012) used sample size of forty-one firms. Adewuyi and Olowookere (2010) conducted a case study on WAPCO cement in manufacturing industry. Several others employ qualitative approach while some of these studies that used secondary data utilizes corporate annual report from 1999 to 2008 which was before the issuance of the current code of corporate governance of 2011. Therefore, compared to studies on corporate social responsibility in other countries, research in Nigeria CSR are still scant and lag behind. In this perspective, this research use secondary data from the recent period 2010 to 2012. This will shows the latest and updated CSR activities and company performance done by Nigerian companies especially the sample companies. Thus, the study will serve as a comprehensive approach on the examination of corporate social responsibility practices in Nigeria.

Drawing conclusion from the above discussions, there exist evidences that the expectation of host community stakeholders is greater in terms of social development projects that guarantee stable and prosperous future. The companies in the other hand accept development initiatives mainly to satisfy the minimum legal requirement. One may argued further that Nigerian company especially multinational oil companies and manufacturing alike need to re-asses their CSR initiatives to capture the needs of the intended beneficiary to reduce the persistent conflicts between the companies and the host communities. Thus, having establish a fact from the lessons lent from the Niger Delta persistent crisis with the foreign oil companies, indiscriminate discharge of toxic waste by manufacturing companies in other part of the country, philanthropic nature of Nigerian CSR, weak legislative and regulatory framework in Nigeria and gaps identified in the literatures concerning the issue of CSR in Nigeria. This study seeks to examine environmental disclosure, community involvement disclosure, political disclosure, human resource disclosure and product and customer disclosure as independent variables in order to determine their impact on firms' financial performance.

1.3 Research Questions

This research is undertaken to provide answers to the following questions:

1. What is the relationship between environmental disclosure and corporate financial performance?
2. What is the relationship between community involvement disclosure and corporate financial performance?
3. What is the relationship between political disclosure and corporate financial performance?

4. What is the relationship between human resource disclosure and corporate financial performance?
5. What is the relationship between product and customer disclosure and corporate financial performance?

1.4 Research Objectives

1. To examine the relationship between environmental disclosure and corporate financial performance.
2. To examine the relationship between community involvement disclosure and corporate financial performance.
3. To examine the relationship between political disclosure and corporate financial performance.
4. To examine the relationship between employees disclosure and corporate financial performance.
5. To examine the relationship between product and customers disclosure and corporate financial performance.

1.5 Scope of the Study

This research work examines corporate social responsibility practices in Nigeria. This is aim at providing additional empirical finding on the inconclusive research on CSR and corporate financial performance in Nigeria. Therefore, this study will focus on companies quoted on the Nigeria Stock Exchange from 2010 to 2012 using the companys' corporate annual report as proxy for assessment.

1.6 Significance of the Study

This study is motivated by the scant literature that examines the CSR activities and corporate financial performance in Nigeria. The study will contribute to the body of knowledge in bridging the gap in the existing literature. The study will also serve as additional empirical evidence of studies that independently assess CSR activities in relation to corporate financial performance. The study also contributes to methodological model of investigating CSR in developing countries with similar characteristics like Nigeria. In terms of practical contribution, this study can also allow the stakeholders to validate the corporate citizenship of corporations based on the level of commitment and participation in CSR initiatives. The findings from this study will also send signal to management of Nigerian companies as regard the impact of CSR activities on their corporate financial performance. Findings of this study will alert the enforcement agencies on the status of CSR practices in the Nigeria. Particularly, these findings will be useful to the federal government of Nigeria especially the Standard Organisation of Nigeria on helping the ongoing reform and adoption International Organisation for Standardization (ISO 26000) to guide social and environmental reporting. Finally, this study will suggest areas for further research and also serve as a reference for future researchers as it offer some fresh and valuable insight on CSR and corporate financial performance.

1.7 Organization of the Study

This study consists of six chapters, the structure and contents of these chapters are outlined as follows;

Chapter One covers the background of the study, problem statement, research questions and objectives of the study, scope of the study as well as significance of the study.

Chapter Two consists of a review of current literatures of the research variables. The review is broken down into sub topics such as corporate social responsibility, financial performance, disclosure, CSR benefits, environmental disclosure, community involvement disclosure, political disclosure, human resource disclosure, products and customers disclosure and company size.

Chapter Three discusses the theoretical framework (underpinning theories), hypotheses development and research framework used in this study.

Chapter Four focuses on the research methodology. It provides detailed explanation of the population and sample of the study, research design, variable measurement, data collection procedure and methods used to analyze the data collected.

Chapter Five presents data and interpret the findings of the study while Chapter Six summarizes the research findings, discusses the findings, contribution of the study and recommendations for future research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Chapter Review

This chapter presents the review of related literature on corporate social responsibility and firm performance. In assessing the extensiveness of disclosure of CSR activities among Nigerian companies, discussion in this chapter is divided into three sections. Section 2.1 dwells on the related empirical literatures that examine the relationship between CSR and firm financial performance. Section 2.2 explains disclosure. Section 2.3 presents the variables used in this study while Section 2.4 summarizes the chapter.

2.1 Corporate Social Responsibility and Corporate Financial Performance

The concept of corporate social responsibility is not a new idea to business organisations (Carrol, 1999). The concept has been defined in many ways in an effort to give it a befitting meaning as such lacking universally accepted definition. According to Business for Social Responsibility (2005), corporate social responsibility can be conceived by people in different ways. This is because CSR issues vary by nature of business, company size and sector where the company operates. The most used definition of CSR is the one proposed in 2001 by the Commission of the European Communities where CSR is conceived as a concept where companies voluntarily incorporate social and environmental concerns in their business operations and interact freely with their stakeholders on a voluntary basis as cited in Criso'stomo, Freir and Vasconcellos (2011).

According to the proponent of stakeholders' theory as first expanded by Johnson (1971), CSR is conceived as firm's ability to balances divergent interest groups while striving to achieve economic benefits for its shareholders by exercising duty of care for the community and nation at large. In line with legitimacy theorist as express by Moir (2001), envisage that firms' engage in socially responsible activities in order to establish and maintain legitimacy by involving in activities that will make them gain public supports.

Bowen (1953) a famous contributor of CSR initiative, construe CSR as business intent and programs which have positive effect on the societal values and norms. Backman (1975) considers social responsibility as part of those objectives crafted by business, that are not directly related with the business economic objectives, but rather address its negative external factors that improves employee's conditions and the quality of life of people through intentional integration of public aspiration into the organization's corporate decision making. Generally, CSR demonstrate activities that communicate business obligation to all constituent stakeholders. It serves as a component which a firm's subscribe to integrate all relevant element such as environment, community, employees and it product in order to enhance the values of the relevant elements while building reputation and economic benefits.

In this study, the operational definition of CSR in the context of Nigeria follows the exited literatures that perceived philanthropic gesture to be the major driver for CSR

(Obalola, 2008). These philanthropic motives are aim at benefiting the society but not necessarily the companies. This notion is in line with assertion of Amaeshi, Adi, Ogbechie, and Amao (2006) who suggested that CSR should be mirror to reflect the country needs. In the case of Nigeria, where basic needs and infrastructure are absolutely lacking when compared to the western standards hence put forth that action should be taken by companies to compliment the developmental efforts of the government. However, in the recent time, corporate social responsibility is becoming important tools in benchmarking the firms' participation in the interest of all elements. Firms are beginning to increased disclosure of CSR activities in their firm's annual report. Although in most countries of the world including Nigeria, CSR reporting is still based on voluntary disclosure.

Several studies have found a significant positive relationship between CSR activities and corporate financial performance. At the onset it will be noteworthy that both corporate social and environmental disclosures and corporate financial performance lack consensus on the universally accepted measures. However, most measures of CSR are based on index as explain in chapter four of this study. Measure of financial performance is also multi facet phenomenon and divided into three broad categories: investor based, accounting based; and the market based measures (Uwuigbe & Egbide, 2012). But following the current antecedent on the CSR studies, the researcher adopt accounting and market based measure, for example return on asset (ROA) and share price (SP) as measures of corporate financial performance. Therefore, in this study, firm financial performance is view in term of return on asset and share price.

Return on asset (ROA) represents company's profitability accruing from the total asset that the business controls. It has been used in numerous studies of this kind as a proxy for corporate financial performance (Aras, Aybars & Kutlu, 2010; Criso´stomo, Freir & Vasconcellos, 2011; Uwuigbe & Egbide, 2012).

Share price as a measure of performance is the most commonly used market- based financial performance in literature of corporate financial performance (Karagoiorgos, 2010). Karagoiorgos (2010) conducted a study using Greek listed companies to examine whether improvement in CSR performance will lead to higher stock prices. As predicted by the researcher, the study evidence positive relationship between CSR activities and stock prices. Similarly Hussainey and Walker (2009) investigate the relationship between share price return and voluntary disclosure. Consistent with Karagoiorgos (2010), they evidence that share price in anticipation of earnings improves with increasing disclosure of information in the annual reports.

In Nigeria, Uwuigbe and Egbide (2012) conducted a study on corporate social responsibility disclosure using 2008 annual report of sample of forty one (41) companies listed in the Nigeria Stock Exchange. Based on the statistical technique used, regression analysis revealed that firms' financial performance have a significant positive relationship with the level of corporate social responsibility disclosures among the study companies. The study recommend to the government to put in place mechanisms that will ensure health business environment for organisations operating within the country.

In a similar manner, Achua (2008) postulates that corporate social responsibility is basic to all organizations. Although some sectors appears to be more prone to the impact of CSR activities than the other. This is due need to satisfy a larger spectrum of stakeholders arising from the level of their its impact on the society and to maintain an equitable and working balance condition among its employees in order to gain legitimacy and to improve its overall corporate performance. Achua (2008) stresses further that the growing complexity of competition among firm's for customers, uniqueness in brand development and better condition of service is not longer sufficient to sustain the company in the near future because competitors can always imitate a successful product of a company. Thus, creation of positive image in the eyes of the community is an important aspect of achieving corporate financial performance in the competitive industry.

Undoubtedly, resource committed to CSR activities received exponential controversy as to whether it's reduced the company's value to be declared as dividend. Rakotomavo (2012) investigate the effect of corporate investment in social responsibility and dividend payout on 17,670 US firms covering the period of 1991-2007. After conducting univariate and multivariate analysis, the researcher found that mature companies tend to invest more in corporate social responsibility because it does not reduce their dividend but tend to increase proportionately as CSR activities increases. On that account, the researcher noted that CSR investment positively impact on the financial performance of the company that can afford it and does not lower the company's' value. Also the study conducted by Tan and Komaran (2006) found that CSR engagement help organisation in building strategic benefit that allows them improve their service offering and reduces their operating cost due to increase recognition from the community for being perceived as socially responsible and in the long run achieve corporate financial performance.

Interestingly, organisations are beginning to craft CSR strategies to show commitment to the needs of the community from their business operation due to expected impact on their ROA and SP that can improve or impair corporate financial performance. Firms' also benefits from CSR through integration of ethical value and CSR initiatives into their corporate and business strategy. However, businesses are increasingly making effort to link CSR initiatives to support their competitive advantage through creation of innovative capacity and human capital as intangible asset that have positive impact on the stakeholder and the organizational performance (Guadamillas-Go´mez & Donate-Manzanares, 2011). They evidenced that integration of ethics and CSR into the business strategy could mean that long-term profitability improves to provide benefits to stakeholders. They argued further that when the ethical leaders that oversee the activities of firms ensured that CSR and ethical principles are implemented in a coherent manner it will contribute to the attainment of economic efficiency.

Chen and Wang (2011) evidenced that active participation of social responsibilities will not only improve the current financial performance of an entity but also the financial performance of the company for the next period will improve through more implementation of CSR that satisfy the requirement of all stakeholders. Thus, good relationship between the company and the stakeholders will influence the commitment of internal stakeholders to organisation goal. External stakeholders will nurture good impression about the companies that improves the overall image and reputation of the company and consequently lead to healthy financial performance.

Despite number of studies that empirically established a positive relationship between CSR and firms' financial performance, some studies has also found negative relationship between CSR and firm's financial performance. Criso´stomo, Freir and Vasconcellos (2011) analyze corporate annual report of 78 non-financial corporation's listed in Brazilian stock market between 2001 to 2006 with one to six observation during the year. The results revealed significant negative correlation between corporate social responsibility and firm value. Additional finding from this study is the neutral relationship between CSR and accounting performance. Aras, Aybars and Kutlu (2009) explore the relationship between corporate social responsibility and firm financial performance using 100 index companies listed in the Istanbul Stock Exchange. Other variables such as firm size, profitability and risk level were also examined. The authors did their investigation by examining the companies' social responsibility policy and financial indicators covering 2005 and 2007 with different approaches and measurement methods. They found positive relationship between firm size and corporate social responsibility but no positive relationship was found between firms' financial performance and CSR activities.

Therefore, based on wide range of literatures around the world, it has been evidenced that alignment of company's core business strategy and operations with CSR will deliver a higher benefit. This may also about improved employee retention and motivation, enhance corporate image, higher productivity, reduced absenteeism and more efficient environmental-friendly production techniques among many others (KPMG, 2011).

2.2 CSR Disclosure

Organisations communicate a whole range of information in different ways to satisfy set of stakeholder groups. The dissemination of these information or announcements is refers to as disclosure which include corporate annual reports, prospectus, interim reports, earnings announcement, press releases, bulletin among others. According to Parker (1992) disclosure represent information covering both financial and non-financial items provided for users of accounting reports such as investors. Cooke (1993) construes disclosure as financial and non-financial information, including audited and unaudited financial statements, management's analysis of operations and other supplementary information in corporate annual reports. However, the most common known disclosure is the corporate financial annual report. Corporate annual report presents information concerning the past financial performance and the current financial position of a company. In the financial report, companies present profit and loss account, balance sheet and cash flow statement in a clear and logical manner. Also organisations are pressure to incorporate other important information such as social and environmental information in the annual report which is the focus of CSR. The independent variables used in this study drew from social and environmental information disclosed by corporations.

2.3.1 Environmental Disclosure

Uwuigbe and Egbide (2012) asserted that deliberations on man's ability to harm his environment began from the last century in the fifties. For the first time in history, all heads of states across the globe came together under the platform of the world conference held in Stockholm in 1972 which was intended to discuss the state of the globe as a whole. The outcome of the conference gave birth to what is popularly known as UN environmental program (UNEP) to combat environmental problems. Similarly, several other initiatives have also been adopted by Nigeria government to control the environmental problem. Despite these developments, environmental issues appears on the pages of the Nigeria newspapers, press discussion and economic literature addressing problems of environmental degradation, indiscriminate discharge of toxic waste, water and energy consumption and other range of pollution problems. To reduce the rising level of environmental problems, Particularly in Nigeria, some companies have reflected such increasing concern for the environment in their corporate annual reports (Uwuigbe & Egbide, 2012).

Generally, argument about the importance of environmental disclosure has gain a laudable discussion in recent times in relation to accounting and business practices stressing on the need to maintain healthy environment (Deegan, 2002; Kuasirikun & Sherer, 2004; Saida, 2009; Criso′stomo, Freir & Vasconcellos, 2011; Uwuigbe & Egbide, 2012). The present study focuses on environmental policy, concern for environment, attitude to lending and investment policies, water and energy conservation, pollution reduction and waste reduction in business operation and environmental education.

Ejumudo, Edo, Avweromre and Sagay (2012) examine the attitude of multinational corporations in ameliorating environmental problems in Nigeria. They argued that the nature of CSR initiatives of these companies did little in comforting the host communities of Niger Delta region due to their inability to incorporate environmental related issues like gas flaring and oil spillage into their corporate social responsibility agenda which translate to low performance of the companies and the country's economy. Ako, Obokoh and Okonmah (2009) noted that major determinant of continuity and success of a company's all over the world largely depends on their commitment to the social values to the host community, stakeholders and the entire society.

Samy, Odemilin and Bampton (2009) contend that UK companies have the culture of disclosing the positive impacts on the environment through CSR engagement. These disclosures include environmental pollution, waste disposal, gas emissions, energy conservation and other related environmental issues. Joshi and Gao (2009) stipulate that companies with strong equity and sound financial position voluntarily disclosed more information on environmental issues. Wilmshurst and Frost (1999) found positive correlation between environmental disclosure with the shareholders right to information, financial institution concerns, customer concerns, suppliers concerns, community concerns and concerns for legal obligations and requirement. Thus the greater the perceived importance of stakeholders' information needs the greater the environmental disclosures to witness in the annual report.

Pahuja (2009) explains that companies with better environmental performance usually disclosure detailed information on environment than poor performers. Those companies successfully take different measures to conserve energy and curb pollution problem in order to ensure healthy business environment. By so doing, goodwill is built as they are perceived as corporate citizens hence increase performance. Thus, environmentally responsive organisations like oil and manufacturing companies are more likely to disclose environmental issues due to greater attention from the public and are under strong pressure to demonstrate environmental responsibility. Magness (2006) opines that companies that portray their image before the citizens through press release activities tend to disclose more information than others. Although the study did not provides evidence of relationship between environmental disclosure and financial performances. Kuo, Huang & Wu (2010) explore the connection between firms' operational efficiency and environmental responsibility. The study statistically revealed a significant positive correlation among firm's cost of environmental conservation, net income and economic benefit of environmental conservation. They added that long term implementation of environmental protection activities has a positive effect on firm's profit.

Relevant studies also explained that the more pollution a business produces, the more environmental information they disclosed. For instance, Dragomir (2009) explores the tripartite relationship between environmental disclosure, environmental performance and firm financial performance using 60 largest European Union industrial groups. The result statistically revealed significant relationship between environmental performance and environmental disclosure. He extended that bigger polluter disclose more detail information on their operation than small polluters. Setyorini and Ishak (2012) conducted a study in Malaysia. Utilizing bonus plan hypothesis, the researchers opine that if managers are rewarded in accordance with performance, such as stock price level or accounting profits, they will try to increase disclosure of their CSR activities in the annual reports. This is due to the likelihood of that increased disclosure to bring about better financial performance. This is similar to the early studies of Haniffa and Cooke (2005) and Zakaria (2011). This is also in harmony with Positive Accounting Theory (PAT) that theorizes firms with more disclosure of social and environmental activities tend to have greater rate of return.

Contrary to the studies that provide evidence of positive relationship between environmental disclosure and corporate financial performance, some studies also evidence Menassa (2010) examines twenty four (24) Lebanese commercial banks in order to identify the quality and extent of their environmental disclosures practices. The findings provide evidence of weak relationship between environmental disclosure and firm financial performance. Criso'stomo, Freir and Vasconcellos (2011) conducted a study a study in Brazil and found neutral effect of environmental action on corporate performance in the Brazilian firm. The results further revealed significant negative relation between corporate social responsibility and firm value.

However, business commitment to environmental concern can be determine by the extent of company's' increase in the disclosures of implementation of environmental programmes through various means such as website and annual reports. Also the extent of environmental reporting is also influence by the level of stakeholders' consciousness in evaluating corporate financial performance in their roles as investors, customers, employees and community members (Perry & Sheng, 1999; Saida, 2009). From the above discussions of the previous literature, detailed disclosure of environmental information in the corporate annual report serve as a window through which business entities express concern to the growing demand of different agent concerning environmental impact arising from companies operations on their host communities.

2.3.2 Community Involvement Disclosure

Disclosure of Community involvement actions is one of the most important elements of corporate social accountability initiative when assessing corporate responsibility to stakeholders. Nejati and Ghasemi (2012) noted that community involvement disclosure looks at how companies contribute to the betterment of society by integrating social aspiration of their stakeholders such as charitable donations, support for education, support for sponsoring, recreational activities, skill acquisition training for communities, combating bribery and corruption, water supplies and support for medical health care services in their business decisions. David (2012) opine that both business and society gain when firms actively engage in socially responsible activities in their host community. He added that organizations gain improved reputation, while society gains from the various projects implemented by the business organization. The researcher found significant relationship between community CSR and societal progress hence increased performance.

Aguilera, Rupp, Williams and Ganapathi (2007) agreed that when a company shows a commitment to the values and beliefs of stakeholder groups, employees' readiness to initiate, participate and contribute social change initiatives also improves and consequently boost the company's financial performance. Heslin and Roach (2008) also support the view claiming that when employees observe positive impact of their work on the community, they show more commitment toward their job which leads to a better performance and productivity.

Alvarez, Lorenzo, Dominguez and Sanchez (2010) examine the financial data and reputation of 120 European companies based on CSR rating by Deloitte and Kirchhoff Consult between 2007 -2009. The result of their study provides evidence that all CSR initiatives particularly those that focus on boosting company's image are positively correlated with shareholder value creation. Overall, they posit that the sample organisations are sufficiently founded on all aspect relating to sustainability development in order to reinforce their reputation and in the long run create value for their shareholders.

Support for education and sponsorship is another way companies can contribute to the life of their stakeholders through corporate community involvement. Educational provision takes wide range of activities which include grant, scholarship and provision of educational facilities for the purpose of community development. Lii (2010) examine particularly the relative influence of sponsorship and philanthropic CSR initiatives on consumer identification with a company. From the response of two hundred and forty-six participants, the result revealed that philanthropic and sponsorship CSR initiatives have a stronger effect on consumer identification. He suggested that creating and maintaining good relationship between the consumers and the organisation through CSR engagement has potential to build a prolong consumer patronage for the company. Another common initiative companies used to gain legitimacy is provision of medical services. According to Joshi and Gao (2009), significant number of UK MNCs disclosed social related information in the areas of healthcare facilities, scholarship for medical training as well as charitable donations in attempt to contribute to social development and in the long run allow the company to build brand image at a relatively low cost than what the company can achieve through advertising and public relations.

In recent time, disclosure of information concerning corporate principles in combating corruption within and outside the organisation also forms part of the ongoing debate in the scheme of CSR initiatives. Hess (2008) posits that bribery is illegal and social problem in most nations of the world, the revenues stemming from bribes are large and historically, the cost to bribe payers, in terms of penalties, has been low. Thus, the economic incentives to bribe have been large. But now this is starting to change as organisation are gradually developing mechanism to combat corruption. Researchers seek for approach that will encourage business entities to implement and disclose effective anti-corruption activities through ethical programs to all stakeholders. Hess and Dunfee (2000) express concern on the growth of anti-corruption movement in 1990s which was chieftain to anti-bribery convention as well has moves make by World Bank and Council of Europe with the primary aim of reducing the supply-side of corruption in every society. Consistent with the best practices in sustainability reporting, such as the doctrine of Global Reporting Initiatives G3 Guidelines, the principles of combating Corruption mandate companies to publicly report their effort in tackling corruption through their anti- corruption policies and challenges encountered in implementing such policies.

2.3.3 Political Disclosure

Political debate for CSR will be more meaningful if related with the social contract theory that reflects the interdependence of an entity and society. Social contract theory recognised the primary role of business is to create value and to further enhance social welfare. By extension, such relationship allows companies to pursue private profits as long as they operate within stipulated boundary that maintained reasonable measure of social welfare creation for the relevant stakeholders (Weyzig, 2008).

Robert (1999) investigates the determinant of corporate social responsibility using Ullman's model of stakeholder's theory. He introduced the strategic intent to explain the management discretionary selection of information to be disclosed in the annual report. The researcher concluded that external political and economic pressures influence the managers' decision on CSR reporting information. The focus of political disclosure in this study may be classify as payment made in form of CSR donation by organisations to government parastatals or private organisation that are profit oriented in return for a favor either for undue protection or granting a large contract. This may be described as bribe.

As CSR denotes, companies especially the multinational corporations widely engage in activities that are traditionally considered to be totally government activities (Scherer &

Palazzo, 2008; Matten & Crane, 2003). The companies demonstrate their social responsiveness through provision of public education, health care and protection of human right to promote societal norms and values commonly witness in countries with failed agencies as in the case of Nigeria (Matten & Crane, 2003). The growing involvement of corporation in the state-like role and the voluntary regulation of CSR empowered corporation to engage in activities that may be doubtful to be recognised as CSR (Marshall, 1965). Looking at political disclosure from the perspective of implicit and explicit forms of CSR as explained by Matten and Moon (2005), implicit CSR demonstrate relationship between business-society-government within a political system.

According to Mark-Ungericht and Weiskopf (2007), explicit CSR emphasize on self motivated activities on the companies and their policies. Explicit CSR refers to voluntary, self-interest driven policies and programmes seeking to address issues that are perceived by a company or its stockholders as their primary concern and responsibility (Mark-Ungericht & Weiskopf, 2007). The researcher focused on later form of CSR due to the possibility that the corporation may choose CSR initiatives that will reduce political interference and buy favor for the company at the expense of the community.

2.3.4 Human Resource Disclosure

The proponent of resource based theory explains that from the resource based perspective (RBP) corporate entity can improve its financial performance through effective CSR policies developed by human resource management (Branco & Rodrigues, 2009). For survival and success of any business concern, commitment and loyalty from employees is fundamental for corporate existence. This can be achieve through disclosure of relevant information beyond human resource disclosure that covers all aspect of social responsibility that will convinced the employee of an entity commitment to CSR activities. Such commitments enhance development of employee-related internal resources and capabilities (Branco & Rodrigues, 2009).

Branco and Rodrigues (2009) categorically posit that disclosure of CSR behaviors and outcomes that covers all aspect of social responsibility to external stakeholders is essential for companies that want promote social corporate reputation through human resource disclosure. This is consistent with the study of Skudiene and Auruskeviciene (2010) that conducted a survey comprising of 274 employees from large and medium Lithuania organisation to examine the efficacy of CSR on internal employee motivation. Based on the correlation and regression analysis, they noted that both internal and external CSR activities have significant positive correlation with internal employee's motivation. Consequently, internally motivated employee work actively in achieving the goal of the organisation for reason not related to benefit that may arise from extrinsic rewards but the effort may be linked with the perceived good relationship with the company they work for. These may be enhanced by the ability of the company to recognize the values and beliefs of the stakeholder groups. This assertion is contrary to the finding of Orlitzky, Schmidt and Rynes (2003). The researchers opine that disclosure of CSR behaviors and outcomes to the external stakeholders is largely irrelevant to the development of internal resources and capabilities and performance of the organisation.

Menassa (2010) investigated twenty four (24) Lebanese companies in an attempt to identify the quality and extent of social disclosures in order to establish the relationship between disclosure practices and firms financial performance. The findings provide evidence that the sample companies use social disclosure as a key way to communicate with their stakeholders. He further contends that the study companies place greater emphasis on human resource disclosure. Thus, concluded that there is strong relationship between human resource disclosure and firm's financial performance. In the same vein, Bucˇiuniene˙ and Kazlauskaite (2011) carried out a survey of 119 medium and large-sized organisations in Lithuania to examine the relationship between human resource management, CSR and firm performance. The researchers found that human resource disclosure have positive impact on organisational and financial performance outcomes. They added that responsible training reduces employee turnover and absenteeism. Thus, found significant positive relationship between human resource CSR and firm performance.

Guadamillas-Go´mez and Donate-Manzanares (2011) advance understanding of importance of human resource initiatives as one of the ethical dimension of a firm's decisions for human development. They proposed a model that incorporates innovative technology, knowledge management, culture, human resources practices and leadership as critical element of CSR initiative that should form part of the company's strategies. Their study evidenced that some companies acquired essential knowledge about their stakeholders needs to enable them identifies new business opportunities. The knowledge acquired is used to achieve organizational strategies and performance and to enhance understanding of stakeholders needs. Therefore, concluded that development and implementation of a CSR plan allow companys' to improve their internal and external competitive position through effective and efficient knowledge acquisition. Hence allow employees to actively involve themselves in knowledge exchange and maintaining stable relationship with the stakeholders.

Vitaliano (2009) examine the effect of voluntary turnover rate of employees when an organisation is recognized as being socially responsible. The researcher argued that when a firm adopts policies that influence employees' needs through CSR, it have the effect of lowering turnover rates and significantly reduce annual quite rate of the employees. He argued further that investing in worker- friendly employment policies such higher remuneration, pension and gratuity and welfare help in reducing organisation labour cost.

Carrol (1999) evidenced that labor legislation can influences corporate social responsibility. Companies that place emphasis on labor practices and maintain continuous focus on providing employees with safe working environment with equal opportunities for all employees improve its performance (Samy, Odemilin, & Bampton, 2009). This is consistent with Aguilera et al. (2007). The researchers utilized employee justice theories that support overall employees' perception of level of fairness demonstrate by a company and its employees. Studies on these regard evidence that work environment that are perceived to be fair tend to have positive effects on organisational performance. Through good socially responsive initiatives, organisation will be able to establish good moral with employees. By maintaining employee good moral, organisation will be able to recruit, retain and prevent good employees from leaving the firm and hence promoting organizational commitment. Employee's perception of how other stakeholders perceived the firm social responsibility can also affect their commitment to the organisation (Galbreath, 2009).

Health and safety is another important element of CSR activity directed at employees and their working environment. The social responsibility heightened by researchers in the context of health and safety is to ensure "employee's health and the psychosocial issues" and creating enabling and attractive workplaces to retain employees. Thus, health and safety is intended at strengthening internal social relations and promoting health and well-being of employees (Granerud, 2011). Granerud (2011) is of the opinion that every organisation has a responsibility of ensuring ethical reasoning, civic positioning, organisational functioning, attractive workplace in gaining employees loyalty and commitment to achieve financial performance .

2.3.5 Product and Customers Disclosure

Product and customer CSR initiative assumes that organisation corporate strategies should also concentrate on the company's products in order to satisfy the customers (Rashid, 2010). Carrol (1979) explains that the core economic objective of every business is to generate maximum profit through creation and delivering better customers' value. Thus, if the organisations have the option of being strategic about their CSR engagement, they will rather emphasize on economic value addition to satisfy their customers. Galbreath (2009) asserts that satisfaction of customers is a worldwide practice among companies as a result of it effect on financial performance. Carrol (1991) classified three areas for organisation to be product/customer centric in terms of their CSR engagement. These areas include investing in product quality, customer satisfaction and provision for physical challenged customers. Rashid (2010) has also pointed out four principle (quality and innovation, establishing operational ethics, social contribution for change, and compliance to laws and norms) relating to product or customer centric CSR activities which are quite similar to the traditional CSR principles based on charity and donations. This study focuses on innovation, quality, customer satisfaction, customer education and compliance with business ethics and norms in determining the relationship between product or customers' disclosure and financial performance in Nigeria.

Menassa (2010) examines twenty four (24) Lebanese companies to identify the quality and extent of their social disclosures practices. The findings provide widespread evidence that those companies that have greater concern for product and consumer disclosure in their corporate annual report are found to exhibit strong relationship between product and consumer disclosure and firm's financial performance. Green and Peloza (2011) examined how consumers conceive CSR and how it translates to positive support for the company. They identify that CSR engagement is capable of adding emotional, social and functional value to consumers. A change in each of these components can improve or deteriorate the perceived value of the company's product by the customer. However, the way CSR of a company manifest positively on the consumer's value determines the extent of their responsiveness. If consumers make positive attribution towards a company CSR activity, they will respond positively to the corporate image, products and services of the company. But if otherwise, they will make negative attribution toward the company's CSR, they will not respond positively to the corporate image, products and services of the company (Joshi & Gao, 2009).

Chomvilailuk and Butcher (2010) examined the efficacy of CSR initiative on brand preference among Thailand customers. Included in the research theme was commitment to CSR, type of CSR programme and transparency in the disclosure using press releases and survey completed by 219 consumers as a basis for assessment. The results revealed statistically significant positive relationship between the three CSR dimensions and brand preference. They argued further that the relationship varies according to the age and cultural values of the customers. CSR programme are more receptive to older customers on brand preference while CSR commitment is the strong contributor to the brand preference from the perspective of prospective customers.

Globally, companies whether manufacturing or services providers increasingly face the challenge of how to improve their products in terms of environmental issues. To improve the environmental performance of their products, firms must look to the product planning and design stage. Little can be done to improve a product's energy consumption, materials usage, recyclability or toxicity beyond its originally designed performance levels (Schvaneveldt, 2003).Thus, concluded that organisations must put extra effort to improve their products and simultaneously provide necessary information regarding their services and produce quality products and provide services, at affordable price to meet the expectation of their customers in order to enhance corporate performance. Through

CSR initiatives, companies can improve their consumption level by implementing socially responsive project. This is can be supported by empirical finding that report a positive link between CSR and customers satisfaction (Gilbreath, 2009). He argued that higher customer satisfaction is possible through demonstration of strong commitment to economic added value through provision of highly valued product, ensuring consumers protection by complying with legal requirement.

Jones, Comfort and Hillier (2007) noted from their explanatory study of some top UK food retailers employed CSR as a vehicle of marketing their products through the use of value for money, fair-trade, healthy living and healthy eating initiatives to communicate with their consumer within the retail stores in addition to commitment to organic products and benevolent donation to the local community. Skudiene and Auruskeviciene (2010) agreed that customer related CSR activities have strong positive correlation with internal employees' motivation and corporate financial performance.

2.3.6 Company Size

Relevant number of literatures has evidence company size to be an important characteristic of firms and has also been used as control variable based on the fact that size may influence firm capacity to undertake CSR actions. Cooke (1989) investigated the annual reports of 90 Swedish firms comprising of 38 unlisted, 33 listed on the Swedish Stock Exchange and he revealed that listing status and size of firm are the major determinants of voluntary disclosure. Criso'stomo, Freir and Vasconcellos (2011) contend that size is an important control variable since smaller companies may be constraint by lower infrastructural capacity to sustained active social responsibility action compare to the larger ones with more infrastructures as well as higher cash flow levels. They argued further that as a firm grows it becomes more visible and more responsible to be identify and to satisfy different stakeholders' demands.

Arendt and Brettel (2010) investigated the impact on CSR on corporate identity, image and firm performance on 389 European companies from different industry. The result of the regression analysis show that CSR activities triggers the corporate image building process but the performance relationship to company success and performance varies significantly based on company size. Similarly, Aras, Aybars and Kutlu (2009) explore the relationship between corporate social responsibility and firm financial performance using 100 index companies listed in the Istanbul Stock Exchange while controlling for firm size. They found positive relationship between firm size and corporate social responsibility. Comier and Gordon (2002), Joshi and Gao (2009), Dragomir (2009) Menassa (2010), Pahuja (2009), and Dragomir (2009) unanimously agreed on the influence of firm size on the amount of social and environmental disclosure in the annual report. To control for firm size, this study utilized the log of total asset as a proxy of company size.

Table 2.1

Summary of selected published empirical studies on corporate social responsibility and firm performance

Country	Author (S)	Sample Size	Year of Study	Findings
Nigeria	Uwuigbe and Egbide (2012)	41	2008	Financial performance and size have significant positive relationship with the level of corporate social responsibility disclosures.
United Kingdom	Samy, Odemilin and Bampton (2009)	20	2008	Weak relationship between environmental CSR and firm financial performance
Unitesd State	Rakotomavo (2012)	17,670	2012	CSR investment positively impact on the performance of the company
Singapore	Tan and Komaran (2006)	208	2006	CSR engagement help organisation in building strategic benefit
China	Chen and Wang (2011)	151	2009	CSR improve firm financial performances
Lithuania	Bucˇiuniene˙ and Kazlauskaite (2011)	119	2011	Human resource disclosure have positive impact on organisational and financial performance outcomes
Nigeria	David (2012)	160	2011	The researcher found significant relationship between community CSR and Societal Progress
Nigeria	Adewuyi and Olowookere (2010)	Case study	2009	High level of host community satisfaction with the company and there is tendency for such expenditure to influence the firm's performance.
Iran	Nejati and Ghasemi (2012)	142	2011	No evidence of to suggest positive between CSR and firm performance.
Europe	Alvarez, Lorenzo, Dominguez and Sanchez (2010)	120	2007-2009	CSR initiatives that boost company's image are positively correlated with shareholder value creation.
Japan	Aras, Aybars and Kutlu (2009)	100	2005 & 2007	No positive relationship was found between firms' financial performance and CSR activities

Country	Author (s)	Sample size	Year of Study	Findings
Lithuania;	Skudiene and Auruskeviciene (2010)	274	2009	They noted that both internal and external CSR activities have significant positive correlation with internal employee's motivation and firm performance
Spain	Guadamillas-Go´mez and Donate-Manzanares (2011)	40	Nil	Integration of ethics and CSR into the business strategy could mean that long-term profitability improves to provide benefits to stakeholders.
USA	Schvaneveldt (2003)	Case study	2003	Firms improve performance when the engage in extra effort through CSR
Canada	Comier and Gordon (2000)	Case study	1985-1996	Environmental disclosure are related to costs and benefits but not related to social disclosure
Nigeria	Ako, Obokoh & Okonmah (2009)	Case study	2008	CSR to the host-community, stakeholders and the society determinant of success of most companies in the world rest in the performance of their.
Portugal	Branco and Rodrigues (2009)	70	2004	Social performance relating to their employees help organisations to have a good social responsibility reputation
Lithuania	Buciuniene and Kazlauskaite (2011)	119	2011	Human resource disclosure have positive impact on organizational and financial performance
Nigeria	David (2012)	160	2011	The researcher found significant relationship between community CSR and Societal Progress
Thailand	Kuasirikun and Sherer, (2004)	63 & 84	1993 &1999	social and environmental achievement account for company financial performance w
Nigeria	Ejumudo et (2012)	N/A	2011	Lack of CSR initiatives affect the performance of the companies
American and European	Saida (2009)	72	2008	European multinationals reveal more environmental information than those that are American.
Brazil	Criso´stomo, Freir and Vasconcellos (2011)	78	2011	Neutral relationship between CSR and firm performance and negative relationship with firm value.
Lebanon	Menassa. E (2010)	24	2010	Weak relationship between environmental disclosure and firm financial performance.

Country	Author (s)	Sample size	Year of Study	Findings
Taiwan	Lii (2010)	246	2010	CSR initiatives trigger customer identification with company and has a potential influence on firm performance
Europe	Dragomir, (2009)	60	2008	No association between environmental disclosure and contemporaneous firm performance
India	Pahuja (2009)	91	2000-2002	Positive relationship between size, profitability, sector, industry and environmental disclosure practices.
Canada	Magness (2006)	44	1995	No evidence of relationship between environmental disclosure financial performances was found.
United Kingdom	Joshi and Gao (2009)	49	2005	Financial conditions have a propensity to voluntarily disclose more environmental information while size and profitability determine social disclosure

2.4 Summary

This chapter predominantly drew it discussion from extensive review of empirical findings on corporate social responsibility and corporate financial performance. The review covers studies that used social responsibility action as both dependent and independent variables as well as well as those that used corporate characteristics and social responsibility initiatives to explain firm financial performance. The chapter also discussed disclosure and benefit to corporations for working on CSR. Next chapter will presents the conceptual model for this study; the theoretical background and development of hypotheses.

CHAPTER THREE

THEORETICAL FRAMEWORK

3.0 Introduction

This chapter provides explanation on some prominent theories on CSR which will serve as the theoretical background for this study. The chapter also presents hypotheses development on the basis of the research objectives and the Research Framework for the study.

3.1 Theoretical Background

To offer a convincible explanation from the theoretical point of view, several theories to support discussions on social and environmental actions have been proposed. However, for the purpose of this study, stakeholder theory, legitimacy theory and transparency theory would be sufficiently utilized. Thus, they are discussed below.

3.1.1 Stakeholder Theory

Friedman (1970) accentuate that the primary objective of an organization is purely to create value for the firm in order to maximize the shareholders wealth and owe no obligation to the community. This implies outright rejection of corporate social responsibility of business concern beyond legal compliance which is the arguments of stakeholder theory. Stakeholders theory represents departure from the above concept and has over the years remained incontestable theory when building theoretical framework for CSR to explain the relationship between the company and its society. Freeman (1984) defined stakeholders as any group or individual who can affect or are affected by the achievement of the firm's objectives. Hill and Jones (1992) agree that the large spectrums of people that have legitimate claim on the organisation are the stakeholders. They further explained that stakeholder theory recognizes that business entities owed obligation to large spectrum of agents for information relating to the impact of the companies operation on the environment. Carrol (1993) assent with Hill and Jones but also added that this stakeholders are those who can pressure or question the activities of the organisation.

Mullins (2002) grouped this large spectrum of stakeholders into six main categories which consist of shareholders, employees, consumers, government, community and the environment as well as groups such as suppliers, trade unions, business associates and even competitors. From the above discussion, stakeholders denotes all actors that have an interest in the operations of a company or any group or individual who can affect or is affected by the operations in the quest of achieving the organization's strategic objectives (Freeman, 1984). Thus, stakeholder theory has widening the scope of business entity beyond its mere economic objective by taking into consideration other non-economic responsibilities it owes to the society who have claims on the available resources. From the available resources, stakeholder theory persuades the community to provide both human resources and raw materials to the organization; the organization in turn provides some services to sustain the community. Without a strong support from stakeholders, organisation cannot contribute to the value chain (Freeman & Liedtka, 1991).

Empirically, it has been verify that success and survival of business concern largely depends on how well an organization can balance its economic (profit maximization) and non-economic (corporate social performance) objectives. In summary the theory is based on the assumption that companies with better and strong relationships with other interest parties can easily achieve its business objectives. Therefore, companies are better position when they voluntarily disclose more information on their environmental, social, internal and economic performance instead of disclosing just financial performance to shows the extent of which a company captures the needs of the stakeholders. In this perspective, stakeholder theory is appropriate to be used to study the level of corporate social responsibility information disclosed to stakeholders and corporate financial performance in Nigeria.

3.1.2 Legitimacy Theory

Legitimacy theory is built on the assumption that organisations have a social contract with the society and meeting the content of these contracts legitimizes the organisation and their activities. Legitimacy theory appears in the citation of studies that examine corporate social and environmental reporting (Joshi & Gao, 2009). The theory provides a convenient playing ground in discussion of corporate social disclosures. Suchman (1995) conceived legitimacy theory to be a general belief that activities or actions of an entity are reasonable if they are conducted in line with the societal values and norms. He opine further that legitimacy influence not only how people act toward organisations, but also the understanding of the organisational behavior in the context of their operation (Suchman, 1995 as cited in Ihugba, 2012).

Suchman (1995) added that legitimacy is an operational resource that organisation strive to acquire within the known cultural environment to achieve organisational objectives. However, organisations take some action with the intention of creating legitimacy or maintaining the existing legitimacy. Certain decisions and actions may serve as an asset capable of increasing the legitimacy of the organisation which serves as an opportunity to attract maximum resources. While some decisions result to liabilities with disastrous consequences for an entity that may likely threaten its existence (Deegan, 2002). Legitimacy theory suggests that fundamental objective of corporations to voluntarily disclose social and environmental information is to legitimize their activities in social, political, and environmental areas (Joshi & Gao, 2009; Suchman, 1995). Previously, many studies have adopted legitimacy theory to explain the extent of relationship between social and environmental disclosure and CFP. However, due to unstable nature of community expectations, legitimate theory encourages organisations to adhere to changes across time to enable them address the social and environmental issues in areas where they operate (Deegan, 2002). Thus, based on discussions from previous studies that employed legitimacy theory all over the world, the researcher consider the appropriateness of legitimacy theory to study the effort of the selected companies towards all the stakeholders who can ascribe image to the organisation and how these organisations strive to maintain their legitimacy status.

3.1.3 Transparency

The existence of diverse set of stakeholder groups who have considerable interest in the organisation and its operation placed a great deal on the relevance of transparency principle. As part of corporate responsibility, organisation disseminate a wide range of information both financial and non-financial items to the users of accounting reports (Parker, 1992). This disclosure demonstrates recognition of responsibility on the part of the organisation to the external stakeholders. Here transparency theory implies that the external impact arising from the operation of organisation should be ascertained from the reported information and essential facts should not be disguised within that report. Transparency plays an important role in ensuring optimum disclosure of social and environmental information especially to the external stakeholders that lack the background details and knowledge of source of such information (Crowther & Aras, 2008). Thus, transparency theory is intended to serve as a platform in establishing assurance and reliability of social and environment aspects of CSR reports in order to win the trust of the stakeholders in the reporting and in the company itself. Based on the researcher's observation during data collection process, CSR assurance may be something newer in Nigerian context due to lack of evidence.

For the purpose of this research, stakeholder theory, legitimacy theory and transparency theory are the accepted paradigm or the underpinning theories to explain the apparent incompatibility between corporate citizenship, social responsibility and profitability. Roberts (1992) suggested that stakeholder theory is an appropriate foundation for further empirical analysis of Corporate Social and Environmental Reporting (CSER). This theory further explains why companies divert their objectives to pursue non-economic objectives (social performance) as a strategy to maximize their economic objectives (profitability). This can be achieve through understanding of the need to satisfy a wide dispersed group of interest (stakeholder theory) with fairness and sincerity (transparency theory) due to their influence on molding the company's image and reputation (legitimacy) to achieve the organisational objectives.

3.2 Hypotheses Development

According to Zikmund et al. (2012) explain hypothesis as a formal statement explaining some outcome. The researchers defined hypothesis as an unproven proposition or supposition that tentatively explains certain facts or phenomena which can be tested empirically. The rationale for developing research hypothesis is to enable the researcher verifies and explains the nature of relationship that exists between observable facts that are proposed in the research framework (Zikmund et al., 2012). The goal of developing hypotheses in this study is to gain a better understanding of how disclosure of CSR categories considered in this study relate to financial performance.

3.2.1 Environmental Disclosure

Discussion on the maintenance of safety environment has dominated social science literatures on social and environmental disclosures and its potential effect on corporate financial performance. Kuo, Huang and Wu (2010) evidenced significant positive relationship between firms' operational efficiency and environmental responsibility. A significant association among firm's cost of environmental conservation, net income and economic benefit of environmental conservation was found with financial performance. Several other studies have evidenced that more environmental CSR disclosure leads to better financial performance (Haniffa & Cooke, 2005; Pahuja, 2009; Zakaria, 2011; Uwuigbe & Egbide, 2012; Ishak & Setyorini, 2012).

Samy, Odemilin and Bampton (2009) posit that UK companies placed greater importance on disclosing environmental information such as environmental pollution, waste disposal, gas emissions, energy conservation and other related environmental issues through CSR. The study evidenced a weak relationship between environmental CSR and financial performance proxy by earning per share. Similarly, Menassa (2010) provide evidence of weak relationship between environmental disclosure and financial performance. Dragomir (2009) conducted a study in Europe using 60 largest European Union industrial groups. The researcher reported a significant relationship between environmental performance and disclosure. But found no association between environmental performance and financial performance, as well as between environmental disclosure and contemporaneous financial performance. This is similar to the study conducted in Canada by Magness (2006), no evidence of relationship between environmental disclosure and financial performance was found. Criso'stomo, Freir and Vasconcellos (2011) found neutral effect of environmental action on corporate performance in the Brazilian firm. The results further revealed significant negative relation between corporate social responsibility and firm value. In summation, prior research provides mixed results for the association between environmental disclosures and firm financial performance. Considering the inconclusiveness in the literature, the researcher hypothesis that:

H1a: There is positive relationship between environmental disclosure and ROA.

H1b: There is positive relationship between environmental disclosure and SP.

3.2.1 Community Involvement Disclosure

Community involvement actions are evidenced to be among the common items disclosed in the corporate annual reports. Ako, Obokoh and Okonmah (2009) noted that companies all over the world improve their performance through commitment to the societal values of their host community. David (2012) found significant relationship between CSR and societal progress which translate to better performance. Adewuyi and Olowookere (2010) conducted a case study using Wapco cement manufacturing company in Nigeria and evidence that small resources was committed to CSR though there is high level of host community satisfaction with company and the tendency for such expenditure to influence the CFP. Aguilera, Rupp, Williams and Ganapathi (2007), Heslin and Ochoa (2008) agreed that companys' commitment to the values and beliefs of their host communities influence employees' readiness to initiate, participate and commitment toward their job which leads to a improved productivity and CFP. In the same scenario, Joshi and Gao (2009) evidenced that UK MNCs disclosed social related information relating to health care, medical scholarship, funding raising as well as charity donations in attempt to contribute to social development. Such allow the companies to build brand image at a relatively low cost than advertising and public relations. Thus, these activities are strategically linked with firm CFP. Alvarez, Lorenzo, Dominguez and Sanchez (2010) investigated 120 European companies based on CSR rating by Deloitte and Kirchhoff Consult between 2007 -2009. The researcher found that all CSR initiatives particularly those that focus on boosting company's image through community involvement activities are positively associated with shareholder value creation. Contrary to the studies that found positive association between community involvement initiatives and CFP, similar study by Menassa (2010) noted that Lebanese companies attribute a greater importance to community involvement. But the study found no significant evidence to suggest association between community involvement and firm performance. Therefore, since most of the studies support positive impact of companys' involvement in community CSR activities on CFP and means of legitimizing their corporate existence, the researcher hypothesizes that:

H2a: There is positive relationship between community involvement disclosure and ROA.

H2b: There is positive relationship between community involvement disclosure and SP.

3.2.3 Political Disclosure

Like early mentioned in the preceding chapter, to the best of the researcher's knowledge, studies that investigated political disclosure in relation to CSR are very minute if at all there is any. The researcher exploits evidences found in some of the analyzed annual reports as per Appendix F. The evidences may suggest self-induced motive, influences by laxity of discretional disclosure that have the tendency of motivating corporation to engage in activities that may be doubtful to be recognised as CSR (Marshall, 1965). In light of transparency theory, such proves compromise the operational definition of CSR in Nigeria context. The evidence is a variation of Nigeria CSR definition by Amaeshi et al. (2006) who suggested that CSR should be mirror to reflect the local reality. The definition aim at addressing the socio-economic development challenges of the country in terms of poverty alleviation, health care provision, infrastructure development, education, water and supplies. Above all, the evidence shows a disparity with CSR definition of Nigeria government through the National Economic Empowerment Development Strategies (NEEDS). NEEDS defined the role of private corporations to reflect social responsibilities and nation building by actively engaging in the process of jobs creation, enhancing productivity, improving the quality of life of employees and host communities through implementation and execution of social development projects in the country (NPC, 2004). Having established the existence of what the study refers to as political disclosure, the researcher hypothesizes to see if there is relationship between the disclosure category and CFP. This study hypothesized:

H3a: There is relationship between political disclosure and ROA.

H3b: There is relationship between political disclosure and SP.

3.2.4 Human Resource Disclosure

Studies have revealed that CSR information concerning employees are the most disclosed information in the corporations' annual reports. This is contrary to the finding of Nejati and Ghasemi (2012) who noted CSR to employees to be least CSR dimension performed by Iranian organisations. Interestingly, organisations that wish to obtain or enhance a good social responsibility reputation related to the human resources area increases relationship with employees to influence the external perception about the company. In line with resource based theory, Branco and Rodrigues (2009) found that corporate entities can improve their CFP from the benefits human resource management derived from CSR initiatives. Buciu'niene and Kazlaùskaite (2011) corroborated Branco and Rodrigues (2009) they found human resource disclosure have positive impact on organisational and corporate financial performance outcomes. Vitaliano (2009) noted that when a firm is rated to be socially responsible specifically to employees' needs through CSR, it have the effect of reducing employee turnover rates and significantly reduce annual quite rate of the employees. He argued further that investing in worker- friendly employment policies such higher remuneration and employee welfare help in reducing organisation labor cost hence enhance financial performance. In the same vein Carrol (1999), Gilbreath (2000) and Aguilera et al. (2007) accentuate that that work environment that are perceived to be fair influences employees psychology. They evidence a positive impact of human resource disclosure on firm performance. Skudiene and Auruskeviciene (2010) conducted a survey research in Lithuania. The researchers provide statistical positive association between internal and external CSR activities employees motivation. Contrary to the studies that established positive relationship between human resource initiative and CFP, Criso'stomo, Freir and Vasconcellos (2011) found negative impact of social action relative to employees on CFP. The researcher hypothesizes that;

H4a: There is positive relationship between human resource disclosure and ROA.

H4b: There is positive relationship between human resource disclosure and SP.

3.2.5 Product and Customers Disclosure

Carrol (1979) explains that the primary economic objective of every business is to generate maximum profit through creation and delivering better customers' value. Menassa (2010) evidenced that Lebanese companies placed a greater importance to product and customers due vast experience when it comes to product innovation and customer service. Hence found positive relationship between product and customers CSR initiatives and firm profitability. This is similar to the findings of Galbreath (2009) who established a customer satisfaction to be a global evaluation based on experiences with firms over time and is a fundamental indicator of past, current, and future performance. Lii (2010) revealed that philanthropic and sponsorship in addition to customer CSR activities has a stronger effect on consumer identification. He established a positive link in achieving a consumer patronage and financial performance through CSR engagement. Schvaneveldt (2003) and Jones, Comfort and Hillier (2007) evidenced that firms improve performance when the engage in extra effort through CSR to improve their products environmental performance and simultaneously provide quality products/services at affordable price to meet customers expectation. Skudiene and Auruskeviciene (2010) found positive relationship between customers related CSR activities with internal employees' motivation and financial performance. In accordance with the studies that found positive relationship between products and customers CSR initiatives and financial performance, the researcher hypothesize that:

H5a: There is positive relationship between products/customer disclosure and ROA.

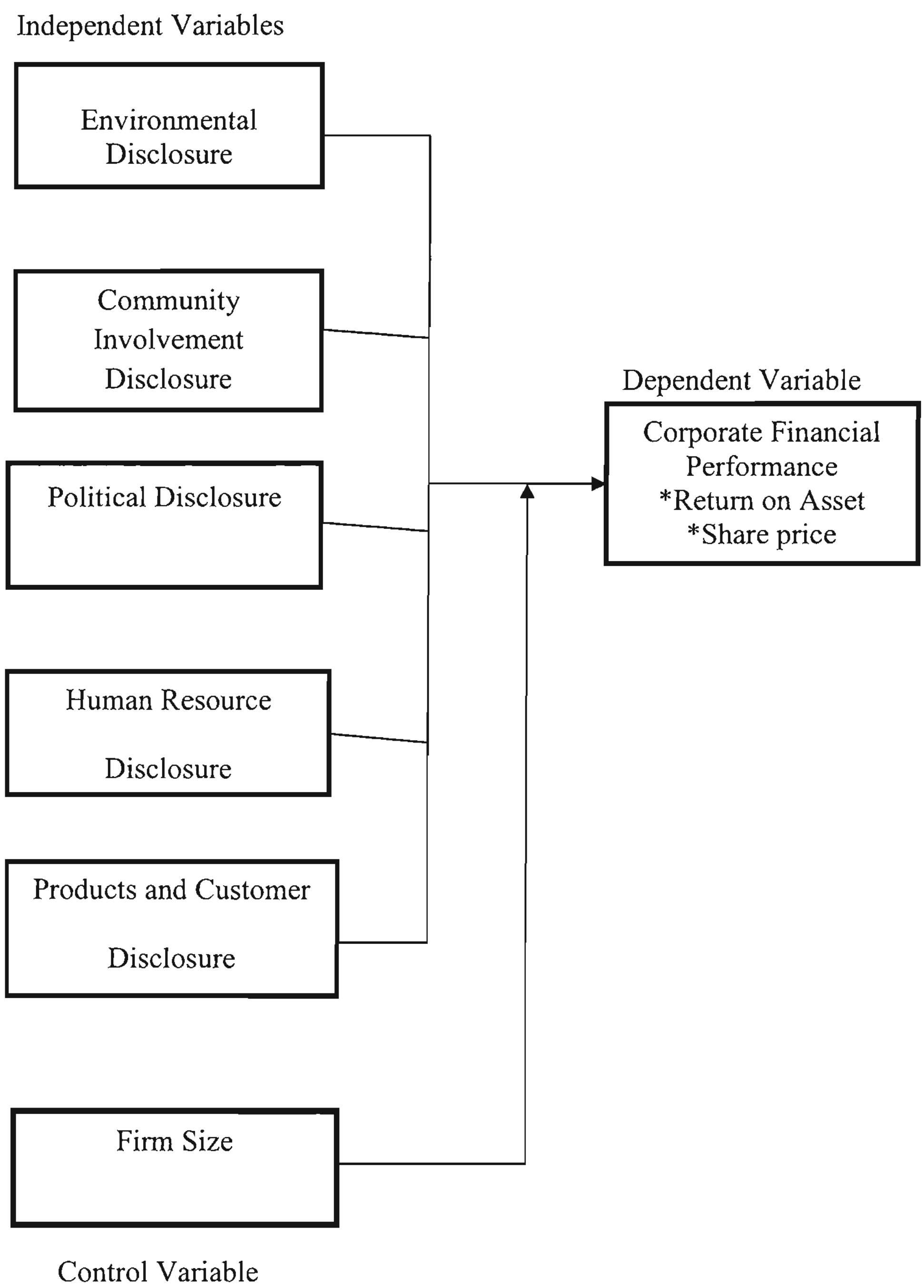
H5b: There is positive relationship between products/customer disclosure and SP.

3.3 Research Framework

The research framework for this study adapted CSR model proposed by Branco and Rodrigues (2006) with an addition of one variable. To the best of the researcher's knowledge, political disclosure is a new variable discuss in this study and use to investigate CSR disclosures. This resulted in adopting the following five independent variables which include environmental disclosure, community involvement disclosure, political disclosure, human resource disclosure and product and consumer disclosure.

Figure 3.1 Research Framework

CSR Practices and Corporate Financial Performance



3.4 Summary

This chapter had presented the theoretical background for the study. First, it presents the underpinning theories used in this study. Second, this chapter also layouts the research framework that was explain in a diagrammatical form. Furthermore, the chapter also presents hypotheses development of this study which is derived from the concept of past literatures as discussed in chapter two. In line with the conceptual model used in this study, ten (10) hypotheses were developed to achieve the objective of the study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

This study investigates corporate social responsibility and financial performance of Nigerian companies. To achieve the research objectives, useful information on the extent of social responsibility reporting of the study companies are gathered from their corporate annual reports. This chapter is divided into five (5) main sections. Section 4.1 explains the Research Approach and Design, section 4.2 discusses selection Measures, section 4.3 Data Collection, section 4.4 Data analysis techniques while section 4.5 is the Summary.

4.1 Research Approach/Design.

This research is quantitative in nature where secondary data (annual reports) are used to address research objectives through empirical assessments that involve numerical measurement and analysis. According to Tilt (1994) corporations releases widely dispersed document such as pamphlet, press releases, brochures, bulletins, segmental reports and corporate annual reports to inform the general public about their social behavior but due to the superiority, credibility, reliability and usefulness of annual report to various stakeholders, it has remain the most important used document when analyzing corporations social responsiveness. The important of annual reports is further confirm by it regulatory nature, easy accessibility and completeness in terms of the social issues communicated by the corporation (Kuasirikun & Sherer, 2004; Deegan & Rankin, 1997).

This study employs quantitative research design with the objective of determining whether the independent variables affect the dependent variables and the nature of the relationship that exist between them. The design is well suited to answer the research questions provided in the previous chapter and information generated from the annual reports are used to test the hypothesis proposed in the study.

4.2 Selection Measure

Below are the detail explanations on the selection measures for both dependent, independent and control variables use to investigate corporate social responsibility and financial performance of firms' listed on Nigeria Stock Exchange from 2010 to 2012.

4.2.1 Dependent Variables

Dependent variable used in this study is corporate financial performance. Dess and Robins (1984) noted that firm financial performance is a multifaceted variable that is difficult to measure. This difficulty may be associated with lack of consensus on the common accepted measures. But generally, measures of financial performance are divided into three broad categories: investor based, accounting based; and the market based measures (Uwuigbe & Egbide, 2012). Following the current antecedent on the CSR studies, the researcher adopts accounting performance measure (return on asset) and market based performance (share price) like in previous studies (Criso'stomo, Freir, & Vasconcellos, 2011; Uwuigbe & Egbide, 2012,). As such the researcher measures the firms' financial performance as both financial accounting performance and firm's market performance. The choice of these proxies arises because they have enjoyed considerable popularity and have evolved in wide range of literature of this nature. ROA is computed using profit after taxation divided by average total asset of two fiscal years.

$$ROA = \frac{\text{Profit After Tax}}{\text{Average Total Asset}}$$

Share price (SP) are based on the NSE quotation at the end of the financial year as stated in the annual reports.

4.2.2 Independent Variables

The operationalization of independent variables follows the corporate social responsibility index (CSRD) proposed by Branco and Rodrigues (2006) and Haniffa and Cooke (2002). Branco and Rodrigues (2006) and Haniffa and Cooke (2002) categorized CSRD element into four components which include environmental, community involvement, human resource and product and service. The present study added political disclosure which makes the total CSRD to be group into five areas.

4.2.2.1 Environmental Disclosure

Environmental disclosure are identified by any mentioning relating to environmental policy, concern for environment, lending and investment policies, conservation of water and energy in business, air and water pollution and environmental education (Branco & Rodrigues, 2009; Kuasirikun & Shere, 2004).

4.2.2.2 Community Involvement

Under community involvement, the extensiveness can be determine by the disclosure of CSR items such as charitable donations, employment of disable people, community support programs (health, water and education), sponsoring of recreational project, skill acquisition training, scholarship and combating corruption (Kuasirikun & Shere, 2004; Branco & Rodrigues, 2009).

4.2.2.3 Political Disclosure

CSR items for political disclosure represent what an organisation bring to light or any mentioning of donations that are considered as CSR expenditure to government owned organisations, political parties and profit oriented social or professional associations.

4.2.2.4 Human Resource Disclosure

CSR items in this area are identified if the firm mentions all the items involving employees in the firm such as: dissemination of information, employees' health and safety, employees' remuneration, employees training, employees' engagement, alignment of employees' need and business goals (Branco & Rodrigues, 2009; Kuasirikun & Shere, 2004).

4.2.2.5 Product and Customer

Under this category, CSR items are identified by the number of times a company mentioned the following: product quality, innovation, customer satisfaction and complain, customer education and compliance with business ethics (Branco & Rodrigues, 2009; Kuasirikun & Shere, 2004).

4.2.3 Control Variable

Many studies of this nature has identify company size has a control factor in explaining the extent of disclosure of CSR information and financial performance among companies. According to Dragomir (2009) size of a company can be measure either by number of employees of both parent company and its subsidiaries or total asset of the company. Pahuja (2009) used total paid up capital to measure company size. In this study, log of total asset will be used to measure firm size. Similar method was used by Hossain and Hammami (2009) and Criso'stomo, Freir and Vasconcellos (2011).

4.2.4 Scoring Index

This study uses content analysis to examine the presence or absence of disclosure of corporate social responsibility information in the company's annual report. This method is supported by the studies conducted by (Guthrie & Parker, 1990; Gray et al., 1995; Hossain & Hammami, 2009). This study makes use of 31 content categories made up of five independent variables in analyzing the corporate annual report in terms of what corporations indicate about their environment, wider community, human resources, product and customers and activities that may be considered political. The nature and extensiveness corporate social responsibility practice with respect to each independent variables are noted using 1 to represent extensive (100 words and above), 2 to represent summarized (below 100 words) and 3 to represent none disclosure (Joshi & Gao, 2009). Thus, mathematical express 1 = > 100 words, 2 = < 100 words 3 = 0. The 31 content categories are noted using dichotomies where 1 is used to represent mentioning of the item in the annual reports and 0 if the item is not mentioned. However, this study used unweighted approach for scoring the disclosure index. This method has been used in previous studies such as Cooke (1991), Hossain and Hammami (2009), and Joshi and Gao (2009). Like evidenced in Hossain and Hammami (2009), the method of computing the disclosure score for each annual report can be expressed as follows:

$$\text{ADICS} = \sum_{j=1} dj / n$$

ADISC= aggregate disclosure score

dj = 1 if the jth item is disclosed or 0 if it is not disclosed; and

n = the maximum score each company can obtain

Table 4.1

Summary of 31 Content Categories

ENVIRONMENTAL DISCLOSURE	Donation to Profit Oriented social and Professional Association
Environmental policy	Donation to Political Parties
Environmental Concern	HUMAN RESOURCE DISCLOSURE
Environmental Investment Policy	Dissemination of information to employee
Waste Recycling	Pension and gratuity
Control of Air and Water Pollution	Employee health and safety
Environmental Education	Employee welfare
COMMUNITY INVOLVEMENT	Employee training
Provision for Disable People	Employee remuneration
Donations	Alignment of employee priority with business goal
Support for Education	Employee engagement
Support for healthcare Services	PRODUCT AND CUSTOMER DISCLOSURE
Water Supplies	Product quality
Skill Acquisition Training	Innovation
Sponsoring for Recreational Facilities	Customer satisfaction
Combating Corruption	Customer education
Scholarship	Compliance with business ethic
POLITICAL DISCLOSURE	
Donation to Government Parastatals	

(Source: Adapted from Branco & Rodrigues, 2009).

4.3. Data Collection

In designing this research, the researcher was apprehensive on the issues of data constraints. However, secondary data (corporate annual reports) were collected for the companies listed in the Nigerian Stock Exchange.

4.3.1 Sampling

The focus of this study is to examine corporate social reporting and financial performance in Nigeria. In order to achieve the research objectives, convenient random sampling was use to choose companies with available information that meet selection requirement from the total of 119 listed companies. This is in accordance with Al-Khateeb and Dahalin (2013) and Lin et al. (2010). Overall sixty eight (68) companies were used for the examination after eliminating financial institution, those with incomplete record and those that were delisted in the period under assessment.

4.3.2 Sample Size

Tabachnick and Fidell (2001) emphasize on the importance of sample size in research design and to the overall results of a study. This assertion is also in line with suggestions of Sekaran and Bougie (2010). To determine the appropriate sample size for this study, statistical data on the population of the companies listed in the country were obtained from the Nigerian Stock Exchange. As at 27 February 2012, there are 119 active listed entities on the main board of the Nigerian Stock Exchange, whose financial year end on 31 December (Igbinosun, 2012). After eliminating the financial institutions as explain in the next section, the sample size for the remaining population was determined using rule of thumb proposed by Krejcie and Morgan (1970). With reference to the proposed table for determining sample Size from a given population, the sample size was 63. But for the purpose of generalizing the result of this study, the researcher adopted the entire population of the listed companies except for three companies that failed to file their annual report for the year 2011 and 2012 respectively. Thus, arrive at sample of sixty eight (68) companies as depicted in Table 4.2 below.

Table 4.2

Summary of sample Size Calculation

Calculation of Sample Size	
Listed companies with financial year end 31st December (population)	119
Eliminated financial institution for regulatory reasons	(48)
Companies with incomplete records	(3)
Total sample used	68

4.3.3 Sample Selection

The sample of this study is sixty eight (68) companies from Nigeria Stock Exchange. This sample is made up of companies from oil and gas industry, Agriculture, Healthcare/Providers, Consumer Goods and Services, Construction and Real Estate, Industrial Goods and Services and Information Telecommunications Technology. In accordance with Hossain et al. (1995), Ho and Mathews (2002), financial service companies (banks, insurance and trust funds) were excluded from the sample due to the difference in their operations from other companies. Thus, they have different regulatory requirement, their disclosure requirements comply with banks and other financial institution act (BOFIA) 1991 while other companies are guided by Company and Allied Matters Act of 1990 .The main criteria for sample selection include;

1. Availability of annual reports for the period covered by the research either at Nigeria Stock Exchange website, company's website and www. google.com

2. The company must have been listed throughout the period of the study.

Table 4.3

Summary of Sample Size

Industry	Number of Company	Percentage
Agriculture & Agro-Allied	3	4
Conglomerate	3	4
Consumer Goods and Services	15	22
Construction and Real Estate	5	7
Healthcare Service	4	6
Information and Technology	4	6
Industrial Goods	10	14
Natural resources	3	4
Oil and Gas	8	12
Services	13	19
Total	68	100%

Source: Nigerian Stock Exchange fact book 2011/2012

4.3.4 Collection Procedure

In line with previous studies that utilize corporate annual reports, data for this research were gathered from 2010 to 2012 annual reports of the sample companies listed on Nigerian Stock Exchange. The data were collected from different source. Some of the annual reports were collected through the Nigeria Stock Exchange website, individual companies' website and www.google.com. At the time of the study, these annual reports were the latest source of information for the entire sample.

4.4. Data analysis techniques

To examine the effect of corporate social responsibility reporting on financial performance, quantitative method is used in analyzing the data collected from the annual reports of the sample companies.

4.4.1 Descriptive statistics

Descriptive statistics was performed so as to reduce the data into manageable and concise manner that will provide an insight to the extent of CSR disclosure in Nigeria. The descriptive techniques utilized in this study include mean, standard deviation, minimum and maximum scores. Kuasirikun and Shere (2004), Branco and Rodrigues (2009), Hossain and Hammami (2009), Joshi and Gao (2009) used similar technique. In accordance with Kuasirikun and Shere (2004), percentages were also used to explain the categories of CSR initiatives investigated in this study to see the trend of these activities for the period under review.

4.4.2 Correlation Analysis

This study utilized correlation to explain the strength of relationship between the variables of the study and to check multicollinearity among the variables as suggest by Pallant (2007) and Hair et al. (2010). The researcher used Pearson product-moment coefficient since it can explain relationship between continuous variables (Pallant, 2007). To determine the strength of relationship between the study variables, statistical significant level of ($p < 0.05$) was the benchmark.

4.4.3 Regressions Analysis

In this study, hierarchical multiple regressions were performed to further examine the relationship between corporate performance and CSR activities used in this study. More so, the researcher used multiple regression to check whether the set of independent variables (CSR activities) are able predict dependent variable (financial performance) and which variable best explain the financial performance and whether the predictor variables still explain the dependent variable after controlling for firm size. To achieve the research objective, the research adhere to the assumption of multiples regression since violation of one or more of these assumption may amount to biased statistical result as suggest by Pallant (2007) and Tabachnick and Fidell (2001). This method is in line with previous studies that establish regression analysis to be an equation that best represent the estimate of dependent variable based on the independent variables (Branco & Rodrigues, 2009; Criso'stomo, Freir, & Vasconcellos, 2011). Using IBM SPSS 20 to regress data set in this study, it will generate significant level that determines the t- statistics which guides the researcher to accept or reject a hypothesis. Below is the model used in this study to examine the relationship between corporate financial performance and CSR disclosures:

$$CFP = \beta_0 + \beta 1ENVDISC + \beta 2COMINV + \beta 3POLDISC + \beta 4HRDISC + \beta 5PRCDISC + \beta 6FIRMSIZE + \varepsilon$$

Where:

CFP = corporate financial performance

β_0 = the intercept estimates

ENVDISC = environmental disclosure

COMINV = community involvement disclosure

POLDISC = political disclosure

HRDISC = human resource disclosure

PRCDISC = product/ customer disclosure

FIRMSIZE = firm size

ε = Error term which represent the differences between actual FP and predicted by the model

Thus, the equation allows the two proxies of dependent variable to be regress against the independent variables.

4.5 Summary

This chapter presents the systematic techniques and procedures employed in this study to deliver the research objectives. To collect the data for Nigerian listed companies, researcher used secondary data (annual reports) to extract the needed data by employing content analysis. Statistically, the data collected were analysed using descriptive statistics, correlation analysis and hierarchical multiple regression analysis in the next chapter.

CHAPTER FIVE

RESULT AND DISCUSSION

5.0 Introduction

The statistical techniques extensively discussed in chapter four were utilised in this chapter to analyzing the secondary data collected to infer result of this study. In accordance with the research objectives, the techniques were used to test the hypotheses developed in chapter three to explain the relationship between the dependent variable and independent variables as portray by the research framework. Furthermore, the research questions proposed in chapter one were answer with the outcome of the statistical tests. The major findings that emerged from this study are the result of regression test performed on the data as recommended by Hair et al. (2010). Before the regression analysis, descriptive statistics and correlation analysis of the variables were equally conducted and the findings are reported in this chapter. Overall, the chapter is divided into two sections. Section 5.1 explain the sample profile, section 5.2 explains the descriptive statistics of dependent and the independent variables. Section 5.3 explains the hypotheses being tested with the aid of correlation analysis and multiple regression analysis and 5.4 is the summary of the chapter.

5.1 Sample Profile

Sample profile represents the composition of the sectors used in this study. The sample was drawn from all sectors that make up the Nigeria economy with exception of financial institutions. The sample covers the following sectors: Agriculture and Agro–Allied, Conglomerate, Consumer Goods and Services, Construction and Real Estate, Healthcare services, Information and Technology, Industrial Goods, Natural Resource, Oil and Gas and Services (see appendix for details).

5. 2 Descriptive Statistics

In the wordings of Coakes and Steed (2007), descriptive statistics is a quantitative measure which describes, examine and summarize the pertinent characteristics of a collected data in order to organize and display the data in a clear, logical and meaningful manner. For this study, descriptive statistics for the dependent variables and independent variables are reported in Table 5.1. The Table indicates the minimum (Min), maximum (Max), mean and standard deviation (SD) for all variables used in this study. Based on the Table, each annual report has the chances of scoring a minimum of zero (0) point in all categories of CSR disclosure and maximum of six (6) points for environmental disclosure, and Maximum of nine (9) point for disclosure of community involvement activities. For political disclosure, annual report could score highest of three (3) points. Human resource disclosure will award maximum of eight (8) points while for products and consumer disclosure, annual reports could score the highest of four (5) points.

Table 5.1a

Descriptive Statistics

Variables	N	Measurement	Minimum	Maximum	Mean	Std Dev
ROA	**204**	**Percentage**	**-24.46**	**31.99**	**8.33**	**0.1127**
SP	**204**	**₦**	**4.39**	**700.09**	**92.67**	**0.7559**
ENVDISC	**204**	**Scores**	**0**	**6**	**2.18**	**0.0171**
COMINV	**204**	**Scores**	**0**	**9**	**4.42**	**0.0230**
POLDISC	**204**	**Scores**	**0**	**3**	**1.70**	**0.0160**
HRDISC	**204**	**Scores**	**0**	**8**	**6.92**	**0.1120**
PRCDISC	**204**	**Scores**	**0**	**5**	**3.39**	**0.0105**
FIRMSIZE	**204**	**₦(M)**	**7.26**	**11.81**	**9.84**	**0.0817**

Note: ROA = Return on Asset, SP = Share Price, ENVIDISC = Environmental Disclosure, COMINV = Community Involvement Disclosure, POLDISC = Political Disclosure, HRDISC = Human Resource Disclosure, PRCDISC = Products and Customers Disclosure, FIRMSIZE = Firm Size.

From Table 5.1a, ROA reported a mean value and variation of 8.33 and 11.27 while the minimum and maximum values of -24.46 and 31.99 respectively. Share price (SP) for full sampled ranged from 4.39 to 700.09 with a mean and standard deviation 92.67 and 75.59. The mean for independent variables from highest to the lowest are 6.92, 4.42, 3.39, 2.18 and 1.70 for human resource disclosure, community involvement, product/customer disclosure, environmental disclosure and political disclosure. Human resource disclosure has a variation of 1.12%, community involvement is 2.30%, and product/services differ with 1.05% while environmental disclosure and political disclosure has variation of

1.71% and1.06% respectively. These variations signify the differences in the choice of disclosures between the sample companies. Examination of this numbers reveals that human resource disclosure received the highest attention (mean = 6.92, SD = 1.12%) making it the most disclosed CSR information among Nigerian Companies. This is followed by community involvement initiatives. Product and customers disclosure is the third most disclosure information followed by environmental disclosure while the political disclosure is the least disclosed CSR information among the sample companies. The average of firm size which is the log of total asset is ₦9billion with minimum and maximum values of 7.26billion and 11.81billion respectively.

5.2.1 Empirical Analysis of the Nature and Extensiveness of CSR Practice in Nigeria.

An analysis of the sample annual reports presented in Table 5.1b revealed that 37, 31 and 32 of the 2010, 2011 and 2012 reports (54, 46, and 37 per cent) contained no evidence concerning environmental issues. However, 21, 24 and 28 companies of the total sample representing (28, 45 and 41 per cent) disclosed summarized information. Only 5, 6 and 8 of the sampled companies consisting (7, 9 and 12 percent) in 2010, 2011 and 2012 extensively disclosed information on their environmental activities. In effect this implies that the organisations only pursued conventional orientation of financial interests of shareholders and other financiers. About 23, 29 and 27 (34, 43 and 40) in 2010, 2011 and 2012 extensively evidenced their commitment to the communities in their annual reports. Also 40, 36 and 38 companies representing (59, 53 and 56) disclosed a summarized information relating to community involvement while very few 5, 3, 3 (7, 4, 4 percent) shows nothing in the way of disclosure that can be categorized as community involvement. With respect to political disclosure, 25, 28 26 companies (37, 41 and 38 percent) disclosed summarized information concerning political disclosure which is mostly in monetary value. On the same CSR category, 43, 40 and 42 (63, 59 and 62) did not disclosed such information. Human resource disclosure is the most disclosed information among the sample companies. From total of 68 sampled companies, 54, 56, and 59 representing (79, 82 and 87 percent) from 2010 to 2012 extensively disclosed information relating to employee. 14, 12 and 8 companies (21, 18 and 12 percent) disclosed a summarize information. Only 2 (2 percent) companies in 2012 did not disclosed information about employee. Product and customer disclosure is the third most disclosed information among the sample companies. Based on Table 5.1b, 25, 36, and 35 (37, 53 52 percent) companies give a detailed information about their product and customers in 2010, 2011 and 2012 respectively. 33, 23 and 23 (49, 34 and 34 percent) summarized their information for the said periods. Similarly, 10, 9 and 9 companies (14, 13 and 13 percent) disclosed nothing about product and customer information in their annual reports for the period under review. Based on the above analysis only human resource disclosure (extensive) increases on yearly basis as company increase the extent of information disclosure that gradually reduced the number of companies that summarized their information. Looking at other disclosure categories, there exist variations in the trend of disclosures of social and environmental information between the years. This variation may be due to some company-specific characteristics. Another possible reason for this variation could be related to the problems in the economic cycle and corporate profitability arising from operating environment.

Table 5.1b

Analysis of the Nature and Extensiveness of CSR Practice in Nigeria

CSR Categories	2010 Ext N (%)	2010 Sum N (%)	2010 None N (%)	2011 Ext N (%)	2011 Sum N (%)	2011 None N (%)	2012 Ext N (%)	2012 Sum N (%)	2012 None N (%)
ENVIDISC	**5 (7)**	**21 (28)**	**37 (54)**	**6 (9)**	**24 (45)**	**31 (46)**	**8 (12)**	**28 (41)**	**32 (37)**
COMINV	**23 (34)**	**40 (59)**	**3 (4)**	**29 (43)**	**36 (53)**	**3 (4)**	**27 (40)**	**38 (56)**	**5 (7)**
POLDISC	-	**25 (37)**	**43 (63)**	-	**28 (41)**	**40 (59)**	-	**26 (38)**	**42 (62)**
HRDISC	**54 (79)**	**14 (21)**	-	**56 (82)**	**12 (18)**	-	**59 (87)**	**8 (12)**	**2 (2)**
PRCDISC	**25 (37)**	**33 (23)**	**10 (14)**	**36 (53)**	**23 (23)**	**9 (13)**	**35 (52)**	**23 (34)**	**9 (13)**

Note: Ext = Extensively disclosed, Sum = Summarized information.

5.2.1.1 Environmental Disclosure

Nigeria as a country is plague with pollution, climatic changes, ecological degradation and illegal dumping of toxic wastes and other danger of environmental emission which are important challenges for human health and economic growth. Examination of full sampled of Nigeria companies empirically present less to be desired in term of environmental performance among corporations that are the chief architect of environmental problems in the country. Empirical finding from 2010 to 2012 clearly evidenced those actions concerning the environment reported in corporate annual reports range from providing environmental policy of 29% on average for the period under review. Environmental concern (21, 33 and 34 percent), environmental investment policy (6, 10 and 15 percent), waste, water and energy conservation (24, 39 and 36 percent), environmental education (20, 22 and 21 percent) and air and water pollution control (6, 21 and 19 percent). Overall, environmental concern has the highest score for the three years. Environmental investment policy seems to be the least item that gets attention from the companies. This descriptive statistics is corroborated with Yale Environmental Performance Index (2012) which opined that in terms of setting environmental policy, Nigeria is ranked 119th out of 132 countries with a score of 40.14% and categorized among weaker performance countries in 2012. Similarly, Adediran (2012) called for the implementation of environmental laws to protect the country's ecosystem and rainforest resources, and expressed the hope that such laws would ascertain proper harnessing of environment tax and make corporations to be responsible for the negative effect from their operations.

Table 5.2

Overview of Companies' Environmental Disclosure in Nigerian Annual Reports

Items of environmental disclosure	Number (%) of 68 sample companies		
	2010	2011	2012
Environmental concern	**28 (41)**	**35 (51)**	**36(53)**
Environmental policy	**14 (21)**	**23 (38)**	**23 (38)**
Environmental investment policy	**4 (6)**	**7 (10)**	**10 (15)**
Waste recycling	**8 (12)**	**13 (19)**	**12 (18)**
Control of air and water pollution	**4 (6)**	**14 (21)**	**13 (19)**
Environmental education	**14 (21)**	**15 (25)**	**14 (21)**

However based on the Table 5.2 above, evidence suggests lack of positive environmental concern in the corporate annual report for 2010 likewise in 2011 and 2012. Overall, disclosures of the sample companies are obviously insufficient and archaic for effective monitoring of the environmental problems of corporate activities. Very few adopt a precautionary approach to environmental stewardship which enables the Company to maintain a clear vision with regard to environmental objectives. Generally the corporations have no culture of providing detailed information to investors or the public that will be reasonably be considered informative about the impacts of business activity and about the actions taken to prevent or curb possible negative effects on the environment. This in effect, compromises the tenet of transparency as explain in the chapter three of this study. More ominously, Nigeria as a country lack administrative infrastructure of verifying or auditing the disclosed information. Thus considering the sample size of this study, covering a wide sector including those companies as big polluters such oil and gas, chemical and manufacturing organisations, detailed information as to how corporate business activities may impact on the environment and the community at large become very important to both government and individuals.

5.2.1.2 Community Involvement Disclosure

Considerable number of studies that investigate disclosure of community involvement focus on any corporate activity in her effort to identify with wider community where the company operate in addition to the primary objective of making profit. Conducting a marathon review of dimensions of community involvement based on presentation on Table 5.3 indicate that 62 companies in 2010, 64 in 2011 and 61 in 2012 representing 91, 94 and 90 percent has a policy of providing equal employment opportunities for disable people. Charity and donation enjoy attention of 40 companies in 2010, 42 in 2011 and 39 in 2012 which represent 59, 62 and 57 percent o the total sample. Support for education was also evidenced by 34 companies in 2010, 31 in 2011 and 32 in 2012 with 50, 46 and 47 percent. Compare with the above discussed items, Water supplies receive little attention as only 11 companies in 2010, 12 in 2011 and 9 in 2012 representing 12, 19 and 18 percent evidenced such information. 27 companies in 2010, 32 in 2011 and 34 in 2012 show concern for health care services representing 12, 19 and 18 percent. 17, 26 and 29 percent comprising of 12 companies in 2010, 18 in 2011 and 20 in 2012 participated in skill acquisition training. More so, recreational facilities attract attention of 14 companies in 2010, 17 in 2011 and 21 in 2012. With respect to sponsorship, 18 companies in 2010, 22 in 2011 and 24 in 2012 representing 27, 32 and 35 percent disclosed information relating to sponsorship. Lastly, 21, 28 and 26 percent (8 companies in 2010, 9 in 2011 and 10 in 2012) evidenced corruption policies in the annual report as summarize below.

Table 5.3

Overview of Companies' Community Involvement Disclosure in Nigeria Annual Reports

Items of community involvement	Number (%) of 68 sample companies disclosure		
.	2010	2011	2012
Provision for disable people	**62 (91)**	**64 (94)**	**61 (90)**
Donations	**40 (59)**	**42 (62)**	**39 (57)**
Support for education	**34 (50)**	**31 (46)**	**32 (47)**
Support for health	**8 (12)**	**13 (19)**	**12 (18)**
Water supplies	**11 (16)**	**12 (18)**	**9 (13)**
Skill acquisition training	**12 (17)**	**18 (26)**	**20 (29)**
Sponsoring of recreational facilities	**26 (38)**	**32 (47)**	**33 (49)**
Combating corruption	**8 (21)**	**9 (28)**	**10 (26)**
Scholarship	**18 (27)**	**22 (32)**	**24 (35)**

The two key aspect of community involvement that is disclosed by most of the Nigerian companies are the provision to disable people and philanthropic donations. Most of the companies have the policy of given equal opportunity to disable people that possess the requisite criteria for employment. However, the nature of the charitable donations varies among companies but the most popular form of donation include provision to foundations or charitable organisations, donations to victims of natural disaster, community member, donations for agricultural aids and donation of products to the community members. Companies consider education to be the foundation for development as such provides support for education in terms of construction of classrooms, teaching material, and computers mostly at primary and secondary levels (Lafarge Annual Report, 2011).

Companies also make provision of potable water by sinking Boreholes at different locations. Skill acquisition focused on provision of vocational training and tools, and capital to start businesses. Also one of the company evidenced that the company has zero-tolerance attitude to corruption and unethical practice. It encourages its employees, contractors and business partners to always ensure the highest standards of integrity and compliance with all relevant laws and regulations. On a regular basis, the company tracks and monitors potential corruption activities and designs strategies to eliminate the corruption risks (Dangote Cement Annual Report, 2010). Through these activities, companies' belief to improve the livelihood of their host community and make business more competitive hence legitimizes their corporate existence.

5.2.1.3 Political Disclosure

The practice of political disclosure among the sample companies is presented in Table 5.4 showing CSR expenses that are perceived to be channel into a wrong source. Looking at the table, one can easily conclude that this CSR category considered in this study is the least disclosure actions which may be as a result of unethical nature of such practice. From the table below, 20, 24 and 21 (29, 34 and 31 per cent) companies made CSR donation to the government organisation. Also 20, 25, 22 companies representing (29, 37 and 32 percent) evidenced CSR donation to profit oriented social and professional organisations for the period of 2010 to 2012. No company made donation to political parties that can be classified as CSR expenditure for the say period. Most of the company stated in their reports that the company did not incur any expenditure or donation for any political purpose either to political parties or associations that are politically inclined as required by company and allied matters act of 1991.

Table 5.4

Overview of Companies' Political Disclosure in Nigeria Annual Reports

Items of political disclosure	Number (%) of 68 companies 2010	2011	2012
Donation to government parastatals	**20(29)**	**24(35)**	**21(30)**
Donation to profit oriented social and professional Association	**20 (26)**	**25(37)**	**22(32)**
Donation to political parties	**0**	**0**	**0**

5.2.1.4 Human Resource Disclosure

The nature and trend of employee disclosure among the sample companies is presented in Table 5.5 depicting commitment to employees for the period spanning from 2010 to 2012. The table indicates that almost all the companies demonstrate commitment to employees. Looking from the below table, in 2010, 66 companies disclosed information about employee remuneration including compensation, personal income tax contribution and bonuses. About 65companies disclosed information concerning employee training (scholarships, workshop and seminars) for junior and senior staff conducted locally and internationally. 65 companies provide information on health and safety management to ensure safe working environment for employees. Also from the full sampled companies 67 companies provide information on employee pension and gratuity. Likewise 2011 and

2012 for the dimensions discussed above even though the trend decline between 2011 and 2012 for most of the items. Aspect of information dissemination, aligning employees' priority with business operation, staff welfare (fringe benefits for employees), and employee engagement received low disclosure as indicated in Table 5.5.

Table 5.5

Overview of Human Resource Disclosure in Nigeria Annual Reports

Items of human resource	Number (%) of 60 companies		
.	2010	2011	2012
Dissemination of information	**44 (65)**	**49 (72)**	**49(72)**
Pension and gratuity	**67 (99)**	**67(99)**	**64 (94)**
Health and safety	**65 (96)**	**65 (96)**	**61 (90)**
Employee welfare	**40(59)**	**43 (63)**	**43 (63)**
Employee training	**65 (96)**	**65 (96)**	**61 (90)**
Employee remuneration	**66 (97)**	**67 (99)**	**63(92)**
Employee priority with business organisation	**31 (46)**	**35 (52)**	**41 (60)**
Employee engagement	**36 (53)**	**44 (65)**	**43 (63)**

In line with the above discussion, a manufacturing company report states that employee commitment has a link with company's image and has a positive effect on shareholder value creation. This statement also concurs with the assertion of Branco and Rodrigues (2009). They noted that social responsibility related to human resource will help companies to obtain or enhance a good reputation sufficient to influence their performance. Interestingly, employees' disclosure is the most disclosed social activity in the analyzed annual report of Nigerian companies. This result is in line with Kuasirikun and Shere (2004) that noted human resource disclosure to be the most disclosed CSR information among Australia, USA and UK companies. They evidenced that companies that want to obtain or enhance a good social responsibility reputation related to the human resources area increases relationship with employees to influence the external perception of reputation. In Nigeria, as evidenced in the annual reports, companies recognized their employees as most important asset and resources of a company and if properly managed will lead to competitive advantage and overall financial performance.

5.2.1.5 Product and Customer Disclosure

Products and consumers disclosure account for disclosures related to product quality and innovation effort by companies to convince the third party on the improvement and the quality of the company's products, innovations, customer complaints, customer satisfaction and compliance with business ethic.

Table 5.6

Overview of Companies' Product and Customer Disclosure in Nigeria Annual Reports

Items of product and customer disclosure	Number (%) of 68 sample companies 2010	2011	2012
Product quality	**51 (75)**	**59 (87)**	**58(85)**
Innovation	**51 (75)**	**59 (87)**	**58 (85)**
Customer satisfaction	**37 (64)**	**44 (65)**	**44 (65)**
Customer education	**15 (12)**	**18 (27)**	**18 (27)**
Compliance with ethics	**45 (66)**	**50 (74)**	**51 (75)**

Reference to Table 5.6, out of 68 annual reports 52, 57 and 57 companies disclosed information about product quality from 2010 to 2012. Product innovation enjoys attention of 51, 59 and 58 companies. Customer satisfaction and complain is 37, 44 and 44 companies. Customer education is the least performed CSR initiative in this category with 15, 18 and 18 companies disclosing such information. While compliance with business ethics was disclosed by 45, 50 and 51 companies for the period under review. However, some companies evidenced that CSR initiatives relating to products and customers had a positive effect on the choice of product by customers. Sustainability of these initiatives will in the long run bring about improve firms' financial performance. Despite the importance of this CSR initiative on brand preference, there exists a decline on the disclosure of such information.

5.3 Hypotheses Testing

A handful of literature has presented arguments and proves in three directions, positive, negative or a neutral relation between CSR and Corporate financial performance. Most of these analyses are mostly done in well-developed western markets where stakeholders' activism is more mature than in developing economy like Nigeria. However, it is pertinent to note that in any kind of economy whether developing, emerging and well-developed market it is usually characterized with shareholders, managers, employees and creditors and other external stakeholders that are very much interested in social and financial performance of an organisation (Criso´stomo, Freire & Vasconcellos, 2009). This study investigates the effect of CSR activities on firm financial performance in Nigeria. In order to test the hypotheses developed in chapter three, the following analyses are carried out.

5.3. 1 Correlation Analysis

Correlation inferential statistical measurement between the dependent and independent variables were one of the methods considered in this study. The essence of correlation in this study is to explore the strength of relationship between the observed variables. Table 5.7 presents the Pearson correlation analysis result on the association between corporate social responsibility disclosures and firms' corporate financial performance.

Table 5.7

Correlation Analysis

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ROA	**(1)**	**1**							
SP	**(2)**	**.053**	**1**						
ENVDISC	**(3)**	**-.011**	**-.192****	**1**					
COMINV	**(4)**	**.146***	**.570**	**.556****	**1**				
POLDISC	**(5)**	**.015**	**.092**	**.158***	**.235****	**1**			
HRDISC	**(6)**	**.094**	**.125**	**.020**	**.103**	**.127**	**1**		
PRCDISC	**(7)**	**-.101**	**.265****	**-015**	**.118**	**.105**	**.418****	**1**	
FIRMSIZE	**(8)**	**.097**	**-.223****	**.293***	**.418****	**.297****	**.093**	**-.058**	**1**

* Correlation is significant at the 0.05 level (2 tailed)
**Correlation is significant at the 0.01 level (2 tailed)

Based on the table, financial performance (ROA) is weakly correlated with COMINV at ($r = 0.146$, $p < 0.05$) and no correlation exist with other independent variables. SP is weakly but negatively correlated with EVNDISC at ($r = -0.192$, $p < 0.01$), weakly correlated with PRCDISC at ($r = 0.265$, $p < 0.01$) and weak negative correlation with FIRMSIZE is also observed. Based on the above analysis, no measure of financial performance has significant strong positive correlation with the explanatory variables. Going by Cohen's (1988) convention, the strength of correlation between most of the variables is slightly weak which implies small effect between the variables.

In terms of independent variables, ENVDISC is strongly correlated with COMINV at ($r = 0.556$, $p < 0.01$), weakly correlated with POLDISC at ($r = 0.158$, $p < 0.05$) and weak correlation was also observe with FIRMSIZE at ($r = 0.293$, $P < 0.01$). COMINV have a positive correlation with political disclosure at ($r = 0.253$, $p < 0.01$) and moderate correlation exist with FIRMSIZE ($r = 0.418$, $p < 0.01$). The result also indicated that POLDISC is weakly correlated with human resource, and product and customer initiatives at ($r = 0.245$, $p = 0.01$ and 0.222, $p = 0.01$). Negative correlation was observed between FIRMSIZE and SP at ($r = -0.223$, $p < 0.01$). Significant positive relationship was also evidence between ENVDISC at ($r = 0.293$, $p < 0.05$), POLDISC at ($r = 0.297$, $p < 0.01$) and COMINV at ($r = 0.418$, $p < 0.01$). From the table above, it has also been observed that the highest simple correlation between independent variables was 0.556 between COMINV and ENVDISC. Bryman and Cramer (1997) and Pallant (2007) suggest that simple correlation between variables should not be considered harmful until they exceed 0.80 or 0.90. Overall, no result of correlation analysis exceeds the cut-off point. In effect, it implies slightly fair linear relationship among the variables of the study. However, regression analysis of the model is necessary so as to show a better understanding of predicted relationships.

5.3.2 Multiple Regressions

This section will test the hypotheses based on the equation model stated in chapter four using multiple regression. This analysis will further confirm the relationship between CSR activities and firm financial performance (ROA and SP). However, multiple regressions are guided by the following assumption (Tabachnick & Fidell, 2001).

5.3.2.1 Assumption of Multiple Regressions

As stipulated by Tabachnick and Fidell (2001) and Pallant (2007) careful steps are taken in analyzing the data to ensure no violation of any of it assumption. Because violation of one or more of these assumptions tantamount to statistical bias.

5.3.2.2 Sample Size

Pallant (2007) opines that problem of generalizing research finding may arise when the observation is considerably small. Tabachnick and Fidell (2001) proposed a formula for determining a sample size from a giving population for multiple regressions as follows: $N > 50 + 8M$, where M represents the number of independent variables. Hair et al. (2010) accentuate a rule of thumb as the minimum ratio of 5 cases to one independent variable. However 15 to 20 cases per independent variable are more desirable. Based on the above assertion, the number of observation (annual reports) is 204 and 5 variables, the sample size ratio in this study was 5:1 which was about eight times the minimum ratio and within the desirable ratio proposed in Tabachnick and Fidell (2001) and Hair et al. (2010).

5.3.2.3 Linearity

Pallant (2007) noted that a set of data is linear when the residual have a straight line relationship with predicted dependent variable. Furthermore, Hair et al. (2010) suggested the use of scattered plots as a common method of assessing the linearity between two variables. Alternatively, they contend that Pearson correlation coefficient can also be utilized to assess the degree of linear relationship between two variables. This study follows Hair et al (2010) by utilizing Pearson correlation coefficient to assess the linear association between the variables as depicted in Table 5.7.

5.3.2.3 Multicollinearity

In the analysis, the regression involves five independent variables and one control variable. Thus, the tendency for multicollinearity problem may exist. The existence of such problem reduce the fitness of regression model hence reduce the predictive power of any independent variable to the extent to which it is linear to other independent variables (Hair et al., 2010). According to Pallant (2007), a researcher is faced with multicollinearity problem when the independent variables are highly correlated at (r = .9 above). With respect to this study, there is no evidence of multicollinearity problem because the result of correlation matrix presented in Table 5.7 shows that, correlation coefficient between one explanatory variable with another explanatory variable is not high and below .90. The highest correlation between independent variables is 0.556 between COMINV and ENVDISC.

5.3.3 Regression Model

Both Hair et al. (2010) and Pallant (2007) agreed that, that researcher need to regress the data collected in accordance with research objectives as done in this study. In this study, the variables were combined to form a regression model as evidenced in (Pallant, 2007). A similar process was adopted in the study of Branco and Rodrigues (2006) and Criso´stomo, Freire and Vasconcellos (2011). Therefore, through the models, regressions are conducted to show the predictive power of block of independent variables in explaining the dependent variable to achieve the objective of the study. The regressions model analysed in this study are presented below;

$$ROA = \beta_0 + \beta1ENVDISC + \beta2COMINV + \beta3POLDISC + \beta4HRDISC + \beta5PRCDISC + \beta6FIRMSIZE + \varepsilon \ldots\ldots\ldots\ldots (1)$$

$$SP = \beta_0 + \beta1ENVDISC + \beta2COMINV + \beta3POLDISC + \beta4HRDISC + \beta5PRCDISC + \beta6FIRMSIZE + \varepsilon \ldots\ldots\ldots\ldots (2)$$

Financial performance measured by ROA and SP. B_0 is the intercept and β1 to β6 represent the coefficient.

5.3.3.1 Significant Estimate of the Variables

The results of hierarchical multiple regression analyses are shown in Table 5.8 for ROA and SP respectively. However the models are statistically significant in predicting financial performance (ROA and SP). Examining the models independently, the proportion of variation explained by the model for ROA (PART A) in step 1 is on 0.9% when controlling for the effect of company size on disclosure initiatives and corporate financial performance. But after including the predicator variables, the model as a whole explain 7.1% in the dependent variable. R-Square change in the model is 6.2% (0.062) which further explain how much of this overall variation is explained by the researcher's variables of interest after isolating the effect of firm size. Likewise the model for SP (PART B) shows a variance of 5% (0.050) when controlling for the effect of company size on CSR and financial performance in step 1. After including the targeted variables, the model as a whole account for approximately 15.7% (.157) of the outcome in the dependent variable. PART B also shows R-square change of 10.8% after the effect of size is controlled for. In both PARTS, step 2 provides the statistical result of the hypotheses used in this study. The statistical analysis also indicates that the model were statistically significant for ROA and SP as portrays by the F statistics of 2.618 at $p < 0.05$ and 5.034 at $P < 0.001$ respectively. The models are shown below.

Table 5.8A

Result of Hierarchical Multiple Regression (ROA)

ROA (Part A)			
Variables	Coefficient	t-value	Sig
Step 1	-	-	-
Constant	-	-0.916	0.361
FIRMSIZE	0.097	1.385	0.168
Step 2			
Constant	-	0.043	0.966
FIRMSIZE	0.027	0.345	0.731
ENVDISC	-0.148	-1.782	0.076*
COMINV	0.230	2.284	0.010***
POLDISC	-0.028	-0.379	0.705
HRDISC	-0.154	2.018	0.045**
PRCDISC	-0.191	-2.468	0.014**
Model Summary Step 1			
R^2	0.009		
Adjusted R^2	0.004		
F	1.917		0.168
Model Summary Step 2			
R^2	0.071		
Adjusted R^2	0.043		
F	2.61		0.026**

Notes: Significance at: *p=, 0.1 and * * p= 0.05; *** p=0.01

Table 5.8 B

Result of Hierarchical Multiple Regression (SP)

	Share Price (Part B)		
Variables	Coefficient	t-value	Sig
Step 1	-	-	-
Constant	-	5.947	0.000
FIRMSIZE	-0.223	3.248	0.001
Step 2	-		
Constant		4.843	0.000
FIRMSIZE	0.027	-3.147	0.002***
ENVDISC	-0.236	-2.387	0.016**
COMINV	-0.082	0.966	0.335
POLDISC	-0.145	2.078	0.039**
HRDISC	-0.037	0.510	0.610
PRCDISC	-0.208	2.823	0.005***
Model Summary Step 1			
R^2	0.050		
Adjusted R^2	0.045		
F	10.80		0.001***
Model Summary Step 2			
R^2	0.157		
Adjusted R^2	0.132		
F	5.034		0.000***

Notes: Significance at: *p=, 0.1 and * * p= 0.05; *** p=0.01

Conducting a review of the models that were estimated separately for each measurement of financial performance, the researcher adopts the preceding suggested by Pallant (2007). According to Pallant (2007), t- statistics calculated above 1.96 or less than -1.96 are significant at alpha = 0.005. Similarly, t-calculated above 2.56 or less than -2.56 for two tailed test should be significant at alpha = 0.01. Consistent with above assertion, all the variables investigated in this study were tested and interpreted accordance with Pallant (2007). COMINV and HRDISC made significant unique contribution to the prediction of dependant variable. Based on Table 5.8 PART A the result of the regression indicated that COMINV has a t- statistic value of 2.584 and significant at ($p = .010$) while HRDISC has a t-value of 2.018 and significant at ($p < .05$). ENVDISC PRCDISC made significant negative contribution to the prediction of ROA with t- statistics value of - 1.789 at ($p < .10$) and -2.468 at ($p < .05$). However, POLDISC and FIRMSIZE failed to make any significant contribution. Based on the regression output both POLDISC and FIRMSIZE were insignificant.

Table 5.8 PART B presents the regression output of SP model. POLDISC and PRCDISC are the only factors that made significant positive contribution to the prediction of the dependent variable with t- statistics value of 2.078 at ($p < 0.05$) and 2.823 significant at ($p =.01$). ENVDISC and FIRM SIZE are significantly negatively associated with SP evident by t-statistics value of -2.387 at ($p < 0.01$) and -3.147 significant at ($p <.01$). COMINV and HRDISC did not make unique contribution based on t- statistics value of .966 ($p = .335$) and .510 ($P = .610$). In effect this implies a neutral relationship between CSR disclosure and financial performance.

H1a: There is a positive relationship between environmental disclosure and ROA.

H1b: There is a positive relationship between environmental disclosure and SP.

With reference to H1a and H1b, as documented in Tables 5.8 the relationship between environmental activities and the two proxies of financial performance were negative. They are significant at ($P < .10$) for ROA and ($P < .05$) level. Considering the negative relationship with the two proxies of financial performance, the findings did not corroborate the proposed hypotheses (H1a & H1b) of the predicted positive relationship of environmental initiative on firm financial performance in Nigeria. The negative relationship implies that environmental disclosure will lead to low financial performance. Perhaps, disclosing this information in the corporate annual report may serve as a threat to the company in a competitive environment. Therefore, environmental disclosure among Nigeria companies may be value destructive. This is in accordance with findings of Criso'stomo, Freir and Vasconcellos (2011) that concluded CSR in Brazil to be value decreasing. Compared to western world where the concept is well developed, environmental related CSR analyze in this study does not evidence economic benefits to corporation.

H2a: There is relationship between community involvement and ROA.

H2b: There relationship between community involvement and SP.

With reference to Tables 5.8 Part A, there is positive relationship between COMINV and financial performance (proxy by ROA) at ($P = 0.010$). In Part B, COMINV reveal an insignificant or neutral relationship with financial performance (proxy by SP). The result of ROA supports the predicted hypothesis (H2a). The result of SP was not in support of

H2b. Therefore, on the basis of ROA, there is partial relationship between COMINV and financial performance. This in essence implies that activity involvement with host communities will lead to improved ROA which in turn create value for the shareholder and the long run the company is able to legitimize its existence. This relationship is further confirmed by dominance of community involvement actions in the analyzed annual reports. Although most of COMINV activities in Nigeria corporate social responsibility are still considered as philanthropic gesture and companies focus on specific forms of activities or donation over the years. Most prominent disclosure in this category among Nigerian corporation is charity/philanthropic donation, support for education, healthcare provision, skill acquisition and training and provision for disable people. Participation in these activities are consistent with Joshi and Gao (2009), David (2012) and Nejati and Ghasemi (2012) who found that companies that disclosed information in the areas of support for healthcare, charity and donation achieve legitimate relationship with stakeholders and build brand image at a relatively low cost than what is obtainable through advertising and public relations.

H3a: There is positive relationship between political disclosure and ROA.

H3b: There is positive relationship between political disclosure and SP.

The result of regression presented in Table 5.8 Part A, demonstrates the absence of explanatory capacity of POLDISC actions over corporate financial performance measured by ROA evidenced by t-statistics value of .-379 ($p = .705$). The result exhibited in Part B show a positive relationship between POLDISC and financial performance (SP) with a t-statistics value of 2.078 and a p-value $< .05$. The evidence of neutral relationship is contrary to the expected notion of positive association between POLDISC and ROA. As such H3a is not supported. However, the researcher affirms the predicted preposition of positive relationship between POLDISC and SP hence accepted H3b. By implication, engagement in political actions is sensitive to the measure of market based financial performance. This may motivate corporation to increase such practices overtime. The researcher was unable to substantiate this empirical finding due to the newness of the variable.

H4a: There is positive relationship between human resource disclosure and ROA.

H4b: There is positive relationship between human resource disclosure and SP.

With respect to Part A of Tables 5.8 there is positive relationship between HRDISC activities and CFP (ROA) at (P = .045) level. However, insignificant or neutral relationship exists between HRDISC and measure of SP at (p = .610) level as presented in Part B. On the basis of ROA, the results support the proposed hypothesis (H4a) of positive relationship between human resource disclosure and financial performance. This implies that CSR relating to employees will lead to improved financial performance. This finding is in accordance with Vitaliano (2009) who found that when a firm adopts policies that influence employees' needs through CSR, it lower employee turnover rates and significantly reduce annual quite rate of the employees. He concluded that investing in worker- friendly employment policies such higher remuneration, pension and gratuity and welfare help in reducing organisation labor cost which in turn bring about firm performance. However H4b was not supported. Hence, the predicted influence of employees' engagement on financial performance is partially accepted.

H5a: There is positive relationship between product and customer disclosures ROA.

H5b: There is positive relationship between product and customer disclosure and SP.

From Table 5.8 Part A, significant negative relationship does exist between PRCDISC and firms' financial performance (ROA) among the selected firms with a t-statistics value of -2.468 and a p-value < .05. Also Part B of the table evidenced significant explanatory capacity of PRDISC over financial performance (SP) as indicated by t-statistics 2.823 and a p-value < .005. On the basis of PRCDISC, this study presented mix findings. PRCDISC is negatively and significantly associated with accounting based corporate financial performance and significant positively associated with the market based measures of financial performance. Therefore, based on the review of the models, H5a does not support the researcher's prior expectation of positive relationship between product and customer disclosures and financial performance (ROA). However, consistent with early preposition, the measures of SP allow the researcher to confirm H5b which formulation predicted a positive relationship between PRCDISC and financial performance. This finding is corroborated with Hussainey and Walker (2010), they evidenced that share price improves with increased level of disclosure in the annual report.

Control Variable

The result of multiple regression analysis revealed that the control variable (firm size) is insignificant with ROA and negatively significant with SP. The insignificant positive coefficient (0.345, p = 0.731) of firm size on ROA model indicates that accounting based measure of financial performance is not sensitive to CSR disclosure. This finding follows the direction of studies of Dragomir (2009) that found firm size to be insignificant on disclosure of CSR information. On the basis of SP model, the result is statistically negatively significant (-3.147, $p < 0.005$). The significant negative coefficient of firm size indicates that the smaller companies disclosed more CSR information than the big companies. Some possible reason for this may be attributed to need to get their operations known to the public and send signal to investors about their annual report activities. Similarly effort to create better future and reputation may also motivate them to disclose more information.

Based on this result, it is possible to assert that regardless of poor regulatory authorities, there exists evidence of responsiveness among Nigerian companies to look beyond the traditional view of firm primary obligation of making profit or maximize shareholders' wealth. Strategically, this stance could be used to attract prospects to their existence, products, and services and gain confidence of the stakeholders as proposed by stakeholder theory. In recent time, the belief of a typical Nigerian has been that the companies simply set out to make as much money as possible without concern of what follow thereafter. Perhaps, the need to improve the image and reputation before the stakeholder could be the driving force for the current CSR engagement. This is similar with the assertion of Whitehouse (2006) who noted corporate attitude towards CSR could be a resultant perceived public values on the activities of companies. So far, the CSR relating to environmental responsibilities leaves nothing to be desired in Nigeria. Thus it will be a good posture that effective external regulation and conscious self-regulations should be imposed and checked to allow the companies show more commitment.

Nevertheless, regression analysis evidenced significant positive relationship between COMINV, HRDISC and ROA supporting H2a and H4a. POLDISC and PRCDISC are positively associated with SP supporting H3b and H5b in predicting corporate financial performance in Nigeria. ENVDISC revealed negative significant relationship with the two measures of financial performance while PRCDISC is negatively associated with ROA hence H1a, H1b and H5a are not supported. COMINV and HRDISC have neutral relationship with SP and POLDISC with ROA. Therefore, H2b, H4b and H3a are not supported too. Table 5.9 below summarizes the results of hypotheses.

Table 5.9

Summary of findings

Hypotheses	Statistical Significance ROA	Statistical Significance Share price	Accept Hypothesis
H1: There is positive relationship between environmental disclosure corporate financial performance	NO	NO	NO
H2: There is positive relationship between community involvement and corporate financial performance	YES	NO	YES
H3: There is relationship between political disclosure and corporate financial performance	NO	YES	YES
H4: there positive relationship between human resource disclosure and corporate financial performance	YES	NO	YES
H5: There is positive relationship between product and customer disclosure and corporate financial performance.	NO	YES	YES

5.4 Summary

This chapter presents result and evidences of various analyses on data collected from annual report of Nigeria listed companies used for this study. To answer the research question in this study, 10 hypotheses were formulated and tested statistically through multiple regressions. Thus, this model was adopted in examining the nature and extensiveness of corporate social responsibility practice and its impact on firms' financial performance. The study evidence mixed findings. Some of the hypotheses were significantly positive; some are significantly negative while some are statistically insignificant indicating a neutral relationship between CSR and firm financial performance. The findings are in line with the assertion of Criso′stomo, Freire and Vasconcellos (2009) on the three dimensional (positive, a negative or a neutral) arguments and proves of relation between CSR and corporate financial performance. Overall, the findings are statistically supported. The following chapter contains further discussion of results presented in this chapter.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

6.1 Introduction

This study took sample from Nigerian listed companies to investigate the extent of environmental, community involvement, political, human resource and product and customer CSR actions disclosed by corporation and its impact on firms' financial performance. In this chapter, findings presented in chapter five were discussed, conclusion was drawn and recommendation was made for future research.

6.2 Summary of Result

This study empirically investigates corporate social responsibility practice in Nigeria and its impact on corporate financial performance. This paper is grounded based on stakeholder theory, legitimacy theory and transparency principle in an effort to report the type of CSR category disclosed by Nigeria companies, and equally the relationship between these CSR activities and firms' financial performance.

However, interesting findings emerged from this study. The descriptive statistics evidenced a widespread use of some of these CSR initiatives by the sampled companies as a means to communicate with their stakeholder. The result of the control variable used in this study reveal significant negative relationship with CSR disclosure which in essence signifies that even the small company will disclose more information to demonstrate transparency for public support and legitimacy. More interestingly, findings reveal that these companies placed greater importance on human resource activities, community involvement and product and customer disclosures. Disclosure of political related action is not common among the sample companies, nevertheless the perceived benefits of such actions may be an indication of dominance of political disclosure in the near future. Sadly, the presence and extensiveness of environmental disclosure in the annual reports of the sample companies is still very weak. Based on the descriptive analysis, some selected few extensively disclosed their environmental performance and compliance to some standard such ISO 14001 standards on environmental management. For some companies, it a matter of meeting minimum legal requirements and in many reports it is completely not an issue. Above all, it nature does not constitute any substantial evidence of useful information. This finding is in harmony with the study of Ejumudo, Edo, Avweromre and Sagay (2012), they found that attitude of Nigeria companies especially multinational corporations in solving environmental problems is far from desirable. CSR initiatives of these companies did little in comforting the host communities especially in Niger Delta region due to their inability to incorporate environmental related issues like gas flaring and oil spillage into their corporate social responsibility agenda.

Furthermore, the outcome of hierarchical multiple regressions clarify the research objectives as presented in the preceding chapter. This section discusses further the findings that springs from analyses in order to respond to the research question raised in the first chapter of this study. Reference to Tables 5.8, the hierarchical multiple regressions provided evidence of negative relationship between environmental actions and firm financial performance. Both measure of accounting based and market based revealed significant negative relationship between environmental disclosure and firm financial performance. This implies that disclosure of environmental information in Nigeria will lead to low performance. The empirical result did not corroborate our hypothesis that predicted positive relationship between environmental disclosures and financial performance. Furthermore, the negative relationship can also be explained by scant nature of Nigerian corporation's annual report in term of environmental information. This could be an indication of absolute low concern of companies to commit cash flow to social action relating to environmental issues. The prevalence of lack of environmental concern among the sample companies may also be attributed to poor regulation and absence of standardized format of reporting which has given rise to discretional choice of what to disclose in the annual report. This is contrary to the practice of CSR in western world where the concept is well developed. These findings are also consistent with the work of Achua (2008) who investigated corporate social responsibility in Nigerian banking sector and concluded that there is evidence of self-regulation and poor performance of regulatory agencies to effectively check the environmental practice in the country. However, the role of the government itself has worsened the situation. In an ideal situation, government has a responsibility to pursue policies that promote a stable macro-economic environment. On the contrary, the Nigerian Government has been accused of fiscal indiscipline and this seems to have fuel the nonchalant attitude of the companies on environmental concern. Therefore evidence from this study suggested that there is negative relationship between environmental disclosure and financial performance in Nigeria.

The result of hierarchical multiple regressions presented in Table 5.9 reveal positive relationship between community involvement and financial performance. This result is also consistent with the work conducted by Obalola and Adelopo (2012) who examined corporate social responsibility in the Nigerian insurance industry. The researchers noted a strong support for community involvement projects. However they concluded that social responsibility is still largely perceived as a philanthropic gesture as observed in this study. In the near future this notion may change following the pronouncement by Martin Neureiter during the official launching ceremony on adoption of ISO 26000 in Nigeria states that philanthropic donation and charity is good for the society but should not be misconstrued as CSR. This finding also confirm the result of Adewuyi and Olowookere (2010) who perceived high level of host community satisfaction with the company to bring about future financial performance.

Similarly, Joshi and Gao (2009) on examination of UK MNCs found an improvement in the financial performance for companies that disclosed social related information in the areas of healthcare, charity and donation has the potential of influencing corporate image. This finding is also similar to studies conducted by David (2012) who found significant relationship between community CSR and societal progress which in turn increased financial performance. They added that organizations gain improved reputation, while society gains from the various projects implemented by the business organization. In the same vein, Heslin and Ochoa (2008) and Aguilera, Rupp, Williams and Ganapathi (2007), also found evidence to support the view that when employees observe positive impact of their work on the community, they show more commitment toward their job which leads to a better performance and productivity. Alvarez, Lorenzo, Dominguez and Sanchez (2010) examine the financial data and reputation of 120 European companies. They evidence positive relationship between CSR initiatives focused on boosting company's image and shareholder value creation. In this study the measure of market based financial performance was not significant. This finding follows the work of Menassa (2010) who evidence high commitment by Lebanese companies to community involvement. But found no evidence of positive association between community involvement and corporate financial performance.

The study also provided a significant relationship between political disclosure and financial performance (SP). This positive influence may be the explanation for choice of such actions by corporations notwithstanding the unethical bearing of the CSR category. However, companies such as multinational companies involve in CSR initiative that may draw the company and managers closer to influential individual and organisation claiming to be socially responsible. By political disclosure, companies hide under social initiatives to pursue interest of social and professional activist and government organisations that receive huge allocation from federation account to indirectly seek for favor and protection. In this context, the right stakeholder groups could not fell the impact of CSR. This is also accordance with Frynas (2005).The above described situation currently characterized Nigeria CSR.

As evidenced in Table 5.9, hierarchical multiple regression reveal a positive relationship between human resource disclosure and financial performance (ROA). This finding is supported by Branco and Rodrigues (2009) who found that organisation can improve their corporate financial performance through commitment to CSR initiatives. Vitaliano (2009) found tendency of financial performance when a firm is rated to be socially responsible to employees' needs through CSR due reduced employee turnover rates and annual quite rate. Also Buciu'niene and Kazlauskaite (2011) in Lithuania found human resource, specifically disclosure relating to training have a positive impact on organisational and financial performance outcomes. Finding of the study stipulate that organisation with more sophisticated human resource management will likely have better CSR policies. In line with afore study, a manufacturing company from the study sample reports states that management of employee has a link with company's image and has a positive effect on shareholder value creation. Therefore, investing in worker- friendly policies such higher remuneration and employee welfare help in reducing organisation labor cost. However this study provides evidence of insignificant relationship between human resource disclosure and financial performance (SP). This finding follows that of Bucˇiuniene and Kazlauskaite (2010) that found insignificant relationship between human resource disclosure and financial performance. However, findings from this study suggest that CSR to internal stakeholder is crucial to the long-term profitability of a company.

This study also evidence significant positive relationship between product and customer disclosure and financial performance (SP). This is consistent with finding of Menassa (2010) that found positive relationship between product and customers CSR initiatives and firm profitability. He opined that Lebanese companies placed a greater importance to product and customers due to vast experience when it comes to product innovation and customer service. The finding of this study is also similar to Galbreath (2009) who ascertain customer satisfaction to be an essential indicator of a corporate performance. In the same vein, Lii (2010) found positive link in achieving a consumer patronage through CSR engagement. Consumer patronage will bring about repeat purchase of company goods and services which translate to high sales hence improved financial performance. Skudiene and Auruskeviciene (2010) found positive relationship between customers related CSR activities with internal employees' motivation and corporate financial performance. The proxy of ROA as presented in Table 5.8 reveal negative relationship between product and customer disclosure and financial performance. This indicates that engagement on such activities will lower financial performance. However, in this study customer and product disclosure is the third most disclosed information among Nigeria companies. Majority of the sample companies evidenced that disclosure of information relating to the product quality, innovation and compliance with business ethics has a greater influence on customers' preference for company products and services. As sustainability of these initiatives will in the long run bring about improve firms' financial performance. Despite the importance of this CSR initiative on brand preference, there exists a decline on the disclosure of these categories of CSR information among the sampled companies during the year under review.

6.3 Research Implications

This study used theories relating to corporate responsibility reporting disclosure and their connectivity with financial performance. Based on the review, the study proposed a new model related to the area of the study. The model was able to explain the relationship between the variables of the study. This study has practical implication on the management of Nigeria companies to have a re-think and re-strategize their CSR policies because it can improve their financial performance. Another implication of this study is on academia and practitioners to revisit the definition of associations which companies owed social commitment as broadly proposed in stakeholder theory which was perceived to be the basis for political disclosure. This study also has implication on the Accounting standard setters, financial reporting council of Nigeria, standard organisation of Nigeria and security and Nigerian Stock Exchange to be aware of the current deficiencies in corporate environmental disclosures in Nigeria.

6.4 Recommendations

A sizeable number of studies on CSR contribute to the inconclusive research on the relationship between corporate social responsibility and corporate financial performance. In recent time, the need to satisfy a large spectrum of stakeholder groups dramatically pushed corporations to have a re-think in crafting strategies that will incorporate social and economic performance of an entity. Whilst pursuing the economic benefits, corporations demonstrate responsibility to stakeholders in order to legitimize their existence.

In line with pitfall identified in Nigerian context of CSR specifically the absence of disclosure framework. The researcher therefore, recommend government through her agencies such as standard organisation of Nigeria, financial reporting council of Nigeria as well as other private and public agencies, to consider the need for CSR framework that will guide social and environmental reporting in the country. The study recommends that corporations through self-consciousness should improve their products and customers related CSR and exploit new initiatives to maintain and sustained long term customer loyalty.

6.5 Contribution of the Study

This study made three main contributions to the ongoing debate on the relationship between corporate social responsibility and corporate financial performance and the trend of CSR practice in Nigeria. First the study, the study adds to the limited empirical CSR research that investigates CSR categories independently. Second the study introduce new variable (political disclosure) in Nigeria context and may be applicable to other developing countries where disclosure of CSR information is voluntary and lacking enforcement. Third, contrary to the previous studies such as Achua (2008), Obalola (2008) Obalola and Adelopo (2012) and Uwuigbe and Egbide (2012) focused on financial institution with exception of Uwuigbe and Egbide (2012) that focus on few non-financial institutions. Eweje (2007), Ejumudo, Edo, Avweromre and Sagay (2012), and Ebiringa, Yadirichukwu, chigbu and Ogochukwu (2013) focus on oil and gas industries with emphasize on Niger Delta region. Ihugba (2012), Adewuyi and Olowookere (2010) focused on manufacturing companies. This study covers ten (10) industries based on Nigeria Stock Exchange fact book classification.

6.6 Limitation of the Study

Notwithstanding the widely use of content analysis method in analyzing corporate annual reports, the researcher acknowledges its limitations for focusing purely on the qualitative or narrative aspect of CSR disclosure. Failure of corporations to disclosure to disclose CSR in the annual reports will have great consequence on these findings. The researcher also acknowledges the limitation of sample size used in this study. The target was on the companies listed on Nigeria Stock Exchange. As at time of the study only few companies were listed. Another challenge faced by this research is absence of social and environmental framework in Nigeria as the time of the study.

6.7 Recommendation for Future Research

For future research, it will be interesting to investigate new trend in terms quality and quantity of environmental disclosure in the annual reports in the light of adoption of international standard on social responsibility (ISO 26000) in Nigeria. Also, based on the inability of this study to confirm the lagging influence of CSR on corporate financial performance, future research should validate whether CSR in the previous year will affect current performance. Lastly, the researcher recommends further investigation of political disclosure especially in developing countries with similar characteristic like Nigeria.

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