

JANUARY - MARCH, 2021



L-R: ANAN's Immediate Past President, Prof. Muhammad Akaro Mainoma, FCNA and 2nd Vice President, Hajia Zuwaira Talatu Kishimi, FCNA decorating the new President, Prof. Benjamin Chuka Osisima, FCNA with the insignia of office during the Investiture Ceremony of Association of National Accountants of Nigeria (ANAN) held recently.

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Correspondence should be addressed to the Editor-in-Chief, The Certified National Accountant, 559, Mabushi District, Off Ahmadu Bello Way, Abuja, FCT. Tel: +2347038433781
 E-mail: info@anan.org.ng Web Address: www.anan.org.ng

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EDITORIAL

The editorial board and the entire readership family of the Certified National Accountant Journal once again heartily congratulate our amiable National President /Chairman of Council , PROF. BENJAMIN CHUKA OSISIOMA, *FCNA* on his recent successful investiture as the current National President/Chairman of Council of our great Association of National Accountants of Nigeria (ANAN), under whose watch this "first" edition of our 2021 journal is established after his assumption of office as the 12th ANAN President. It is also my pleasure to welcome all our numerous avid readers and contributors to this edition of our Certified National Accountant Journal (CNAJ) Volume 29 Number 1.

It is obvious that the Certified National Accountant Journal (CNAJ) has become a permanent staple in the menu of our professional practice and scholarship in Nigeria. So far, it has, and still portends to be a veritable platform for cross- pollination of ideas on emerging issues in our noble profession. Besides, in this era of failing-global economies as well as Covid-19 Pandemic where every profession is expected to bring its wits to bear in their national economic recovery and sustainability, the CNAJ continues to provide an undeniable platform where ever-evolving professionals and scholars engage and develop strategic thinking and strategic orientation through their numerous researches and other empirical enquiries with a view to solve some (if not all) of our national economic malaise, as well as advance the frontiers of knowledge of our accounting profession.

It is on this note that I warmly welcome all our readers on-board this edition which promises to be a must read because of the rich contributions of the following six (6) selected papers:

- ¢ Finance Act 2020 and improved public capital expenditure in Nigeria
- ¢ The future of accounting in Nigeria through the lens of graduate Accountants
- ¢ The value relevance of corporate social responsibility disclosure

- ¢ Financial intermediation and the manufacturing sector output in Nigeria
- ¢ Treasury Single Account in Nigeria: Is Fraud in the Public Sector Curtailed?
- ¢ Firm-Specific Characteristics and Market Risk Disclosures of Banks In Nigeria.

Professor Joseph Offiong Udoayang Ph.D, *FCNA*
Chairman, Editorial Board/Editor-in-Chief
e-mail: josephudoayang@yahoo.com
Phone: +2348034194911

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The Certified National Accountant Journal (CNAJ) invites unpublished, original, empirical, professional and high quality research work written in English from interested and related scholars, researchers and practitioners for publication on quarterly basis. The research areas of the papers for publication include among others: Current Challenges and Emerging Issues in the Accounting Profession, Financial Accounting and Reporting, Forensic Accounting and Internal Control Systems, Cost and Management Accounting and Management Information System. Financial Management and Control. Energy Finance and Renewable energy. Taxation, Tax Policy and Implementation. Corporate Governance and Economic Development, Corporate Social Responsibility and Financial Reporting, Accounting Theory and Disclosure. Electronic Accounting, Environmental, Petroleum and Solid Minerals Accounting, Human Resource Accounting. Public Sector Accounting and Reporting. Budgeting System and Implementation Crisis, Contemporary Issues in Accounting. Auditing and Accounting Standards and Institutions. Accounting Ethnics, The Position of IFRS in the Nigerian Accounting Practice, Financial Reporting and the Nigerian Financial Regulations and any other accounting related areas.

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All manuscripts should be submitted electronically as attachment to our e-mail: ananpubcommitte@yahoo.com The journal is quarterly: submission of manuscript shall be acknowledged within two days. Authors should note that publication in CNAJ is free of charge as contribution of ANAN to the development of accounting research in Nigeria.

Value Relevance of Corporate Social Responsibility Disclosure

Umanhonlen Imade Rebecca, Ph.d Student*1, Umanhonlen Ogbeiyulu Felix, Ph.d*2, Professor Mgbame Chijoke Oscar, Ph.d*3

Abstract

The main aim of this study was to assess the extent to which value relevance impacts on corporate social responsibility disclosure (CSR) in selected firm in Nigeria. The specific objectives were to evaluate the extent to which market capitalization (MCZ) influenced CSR of selected firms in Nigeria; analyze to which extent its return on assets impacted on CSR of selected firms in Nigeria; and investigate the extent to which volatility of stock price (VOA) influenced CSR of selected firms in Nigeria. The study employed secondary data from selected firms in Nigeria Stock Exchange (NSE) annual reports for 11 years, from 2009 to 2019. The study adopted multiple pooled ordinary least square (OLS) regression techniques for analysis. It was observed that MCZ, VOA exert insignificant influence on CSR while return on asset (ROA) has significant impact. It also found that growth rate (GRT), cash availability (CAT) has insignificant effect on CSR while leverage (LEV) exerts significant effect. This showed that decrease in MCZ, volatility of stock price leads to decrease in CSR, hence, exhibited a weak factor among MCZ, VOA, GRT and CAT but a strong determinant on ROA. The study concluded that information about CSR is an alternative and major concern for users of financial statements to accounting information. Hence, companies are to subscribe to the detailing requirement indexes by global reporting initiatives as a standard gold for CRS disclosure.

Key words: Value Relevance, Disclosure, Corporate Responsibility, Social Responsibility, Volatility, Stock Price, Returns on Asset, Leverage, Market Recapitalization

1.0 Introduction

Information disclosure provided by companies related to the environment will be taking into account by analysts and shareholders for making investment decisions (De Klerk & De Villiers, 2012). Relevant information allows investors to measure company value greatly. The value approach shows that investors want to make their own predictions regarding the future return of securities, hence, curtailed that is able to collect and process all information to achieve this goal (Scott, 2015: 154). Accounting plays a significant role within the concept of generating and communicating value of companies (Meyer, 2007). Today, accounting information is mainly disseminated by firms through annual reports (Gitahi, Nasieku & Memba, 2018). Meyer (2007) noted that annual reports still remain the most important source of externally feasible information on firms. It has been claimed that information disclosed in annual reports is the main factor that most investors consider when making decisions (Wang, Gang & Chao, 2013). Accounting information in firm's annual reports shows the firm's economic status (Weygandt & Kimmel, 2003). Accounting information can be financial or non-financial.

Financial information is information about a reporting entity's financial condition included in the basic financial statements, namely, statement of financial position, statement of comprehensive incomes, statement of

changes in equity and statement of cash flows (International Accounting Standard Board [IASB], 2011). Non-financial information is any information that does not have to be included in the IAS 1 description of financial statements (Ronnie, 2009). Non-financial information, also referred to as narrative accounting, which may not be expressed in numbers or financial figures and it can have financial-statement relation or not (Thomas, Céline, & Ludwig, 2013). Accounting information is deemed to be value relevant if it has a relationship with equity market value and, if it increases the power of the estimating equation in estimating market values (Barth, Beaver & Landsman, 2001). In view of global financial crisis, such as, the collapse of leading corporations in United States and Europe in 2001-2002 as well as 2017/2018 (Umanhonlen & Lawani, 2015) which resulted in the largest insolvencies in history (for example, Global Crossing, WorldCom, Adelphia Communications, Enron and Tyco International) and the 1998 wave of financial crisis in the Russian, Asian and Brazilian economies which later threatened the steadiness of the global financial system.

*Umanhonlen Imade Rebecca, Ph.D Student*1, Umanhonlen Ogbeiyulu Felix, Ph.D*2, Professor Mgbame Chijoke Oscar, Ph.D*3 are lecturers in the Department of Accounting, Faculty of Management Sciences, University of Benin, Benin City, Edo State, Nigeria.

This brought about turbulent time in stock markets across the world, which has over time raised unique questions on the value relevance of annual reports. It is widely believed that these series of events are triggered by the deficiencies in the accounting information reported in annual reports (Organization for Economic Cooperation and Development [OECD], 2004; Claessens, 2006). There is a perspective that accounting theory and practice have failed to keep pace with the rapid economic and technological changes which invariably impact on the value relevance of annual reports (Oyerinde, 2011). The argument is that financial figures have little relevance in determining the fundamental market value of companies. Accordingly, in a book, "Intangibles - Management, Measurement, and Reporting", assessed the impact of intangibles on firms' performance and market values. The author details case studies and real-world examples on management difficulties, risk, and questions of property rights, marketability and cost structure to demonstrate that on average about 80% of the market capitalization can be attributed to intangible asset, whereas only 20% to the tangible assets underlined in financial metrics (Lev, 2000).

In Nigeria, corporate social reporting is still largely voluntary and companies exercise reasonable control over the choice to report or disclose their CSR related activities. CSR reporting has both gains decisively in importance on the company level. Their motivation for disclosure could be viewed as a purely endogenous function of a company's evaluation of the cost-benefits of such disclosure and other associated firm specific factors. Furthermore, the effect of economic rationality seems to have led to the inducement of corporate social disclosure and its increasing growth especially within the context of voluntary CSR disclosures. Therefore, CSR activities depend on how the information affects the stock market value of shares. Firms are more interested in adopting CSR practices to obtain an advantage when it comes to accessing financial resources (Miralles-Quiros, Miralles-Quiros & Goncalves 2018).

The research on corporate social responsibility (CSR) disclosure has attracted much attention over the past years. The emission of gaseous substances and the discharge of liquid and solid wastes are not without their attendant consequences on the health and socio-economic activities of the people who reside in this area (Werhane & Freeman, 1999). However, the main objective of the study was to assess the extent to which value relevance has impacted on corporate social responsibility disclosure of selected firms in Nigeria, while specific objectives were to: evaluate the extent to which market capitalization influenced corporate social responsibility disclosure of selected firms in Nigeria; analyze to what extent its return on assets

impacted on corporate social responsibility disclosure of selected firms in Nigeria; and investigate the extent to which volatility of stock price influenced corporate social responsibility disclosure of selected firms in Nigeria.

1.1 Statement of the problem.

Firms derive their value from the market expectations of their performance. Accounting provides the necessary information for the market to form these expectations (Benoit, Colletaz, & Hurlin, 2014; Ohlson, 1999; Swati, 2016). Over time, experts have observed the difference between a firm's total value as measured in stock price and the value of its tangible assets underlined in financial metrics (Gitahi, Nasieku & Memba, 2018). On average, about 80% of the market capitalization can be attributed to intangible asset, whereas only 20% to tangible assets underlined in financial metrics (Lev, 2000; Ocean, 2015). To correct the information asymmetry that exists between managers and investors, experts have argued that non-financial disclosure forms or should form a progressively vital part of annual reports for investor decision-making (Belinda & David, 2008). Consequently, accounting regulators have revised existing and/or produced new reporting standards or rules which require entities to include non-financial disclosures in their annual reports (Topazio, 2013).

However, studies on the value relevance of non-financial disclosures have yielded contradictory inferences or inconclusive findings. In view of this, most studies conducted on the value relevance of corporate social responsibility disclosure revealed that there is no relationship between the corporate social responsibility disclosure and market value equity (Alan et al., 2006; Jones, Frost & Laan, 2009; Moneva & Ortas, 2008). On the other hand, some studies have also observed a relationship between the corporate social responsibility disclosure and market value equity (Dan, Oliver, Albert & Yong, 2011; Xueming & Bhattacharya 2006). What is more, many value relevance studies on non-financial information have been done in developed countries such as Europe and Northern America (Nasieku & Memba, 2018).

Value relevance studies on non-financial information have neglected developing countries (Dhiala, 2012). Value relevance studies on non-financial information in emerging economies are limited and therefore the impact on stock price behaviour in these economies still remain an unanswered question (Negah, 2008). In Nigeria, there are some unresolved issues with respect to the extent at which corporate social responsibility disclosure has influenced value relevance. The profit-maximizing rule proposed by the traditional theory of economics as one and only aim of

business operations does not explain the behavior of many types of companies that is observed in recent times. In view of the inconclusive findings in the existing literature, this study sought to extend the line of research on value relevance by determining whether value relevance have a significant influence on corporate social responsibility disclosure in Nigeria firms. Therefore, this work seeks to find answers to the following questions as: How far does market capitalization influence corporate social responsibility disclosure of selected firms in Nigeria? To what extent has return on assets impacted on corporate social responsibility disclosure of selected firms in Nigeria? How far has volatility of stock price influenced corporate social responsibility disclosure of selected firms in Nigeria?

2.0 Review of Related Literature

2.1 Conceptual Review

Firms are increasingly seen as being accountable not only for their financial gains but also to their social and environmental impacts (Brammer & Pavelin, 2008). Besides that, environment impact assessment of global initiatives required continuous evaluation of the impact/effect of business activities on the environment and how the activities generate financial implication of the wealth of the various stakeholders (Asuquo et al., 2021). According to Aboody, Hughes and Liu (2002), the ability of accounting information to capture or summarize information that affects share values is called value relevance. The term 'value relevance' is known to have been first used by Amir, Harris, and Venuti (1993). Though, literature on the value relevance concept dates back to the nineteen sixties with early contributions by (Ball & Brown, 1968; Beaver & Dukes, 1972). Limited literature examines the value relevance of CSR disclosure.

Cho, Lee, and Pfeiffer (2013) investigated the relationship between CSR performance and information asymmetry. It found that CSR performance is inversely related to information asymmetry. The association, however, can be seen only in companies with less institutional investors, implying that information relating to CSR performance is tied to only fully informed investors. Ulmann (1985) argued that firms use social disclosures in order to manage relationships with their stakeholders. He suggested that social disclosure is a function of three dimensions: stakeholders' power, strategic posture and economic performance. Uyar and Kiliç (2012) noted that the relationship between voluntary disclosure and a company's value depends on the measure of a company's value, for example, market to book value and market capitalization. In the recent times, companies in Nigeria

are encouraged to voluntarily give narrative information about their CSR activities in their annual reports.

In Nigeria, Companies and Allied Matters Act (CAMA, 2020) as amended specifically mandates companies to disclose such information in the directors' report which is a component of the audited annual financial statements. However, there are doubts as to the validity of the announced CSR investment (Tsoutsoura, 2004). There are several factors presented in the literature that could contribute to the level of CSR. In general, they can be divided into three main categories among which are financial characteristics such as profitability or financial leverage. Corporate governance characteristics such as chief executive officer duality or presence of women on the board, and firm-specific characteristics such as firm size or industry profile. The application of these factors mentioned in above groups in studies varies. Giannarakis (2014) used as a proxy for the extent of CSR disclosure on the environmental, social and governance disclosure. Scores calculated by Bloomberg while Reverte's (2009) data on CSR disclosure ratings come from the observatory on corporate social responsibility (OCSR).

2.1.1 Firm Size and Corporate Social Responsibility Disclosure

There is link in the literature with regards to the effect of firm size on CSR reporting. The effect has been identified as positive as a firm size is expected to increase its reporting level. There are at least three reasons for this link. Firstly, large firms are more willing to disclose information to reduce their political costs, since their higher visibility can easily lead to more litigation and governmental intervention (Watts & Zimmerman, 1978). Secondly, owing to more developed internal reporting system, the costs associated with a higher disclosure level are lower for large firms (Bujaki & Richardson, 1997). Thirdly, smaller firms are more likely to hide crucial information because of their competitive disadvantage within their industry (Singhvi & Desai, 1971).

These studies posited that corporate size would be related to social responsibility activities because larger companies are more likely to be scrutinized by both general public and socially sensitive special interest groups (Firth, 1979). Exploring the relationship between size and social and environmental disclosures has produced some what more consistent results (Setyorini & Ishak, 2012). No relationship has been found between size and social and environmental disclosures (Singhvi & Desai, 1971). According to the Political Cost Hypothesis of Positive Accounting Theory larger firms have higher political costs due to their visibility which might lead to higher

government and society attention (Setyorini & Ishak, 2012). Agency theory and legitimacy theory also contain arguments for a size-disclosure relationship (Ahmed & Duellman, 2007). In addition companies with higher visibility tend to report more information to improve corporate image (Phillips, 2003).

2.1.2 Profitability and Corporate Social Responsibility Disclosure

According to stakeholder theory, economic performance of a firm affects management decision to engage in corporate social and environmental reporting or disclosures. When companies are not performing well, economic demands take precedence over social and environmental responsibility expenditures (Roberts, 1992). Furthermore, such a firm is less likely to have the financial ability to disclose more information to satisfy the needs of the various stakeholders of the company (Gray, Kouhy & Lavers, 2000). Stakeholder theory postulates a positive relationship between economic performance and the level of decision by a company to engage in CSR reporting. Stock market returns are highly influenced by prediction for stock market which tackles the risks of investment in stock markets (Rashmi, Priti & Hemendra, 2020). Profitable firms are more likely to disclose more information in order to screen themselves from less profitable firms (Ferreira, Branco, Moreira, 2012). Therefore, there is an increasing demand for firms to report publicly on different aspects of their CSR performance by the influencing stakeholders (Anwar & Malik, 2020).

Prior empirical research on the relation between corporate environmental performance and profitability has reported mixed results (Busch & Hoffmann, 2011). Some studies sought to examine the implications of profitability on environmental issues; others examined the long-term relationship between corporate social, environmental performance and corporate performance, using the percentage change in three pollution measures and various accounting ratios as empirical proxies for environmental performance and corporate (Freedman & Jaggi, 1994). An inverse relation between environmental and corporate performance is in line with the orthodoxy associated with traditional economic thought that depicts this relation as a tradeoff between the firm's profitability and acting on its environmental responsibility (Freeman, 1984).

2.1.3 Board Size

Board size is one of the corporate governance attributes frequently used in CSR disclosure studies. CSR results are equally important for decision makers (Tahir, Muhammad, Inzamam & Sarwat 2021). Abeysekera (2010) states that a larger board size can help boards to overcome skill

deficiencies in making more discretionary disclosure related to future earnings. The results of Chapple and Moon (2005) study implied that larger board size through wider exchange of ideas and experiences could lead to better appreciation and involvement in CSR activities and hence its disclosure in annual report. Studies conducted by Siregar and Bachtar (2010), Esa and Mohd Ghazali (2012); Wang (2017) showed that the board's size was positively associated with the extent of CSR disclosure. According to Dienes and Velte (2016), the size of the supervisory board has no impact on CSR reporting. Similarly, Cheng and Courtenay (2006) found no association between the board's size and voluntary disclosure. Hence, CSR is a genuine effort by business entities to minimize negative impact and maximizing the positive impacts of its operations (Mawih, 2021).

2.1.4 Measuring Firm Value

There is no agreement in the literature about an ideal measure for firm value (Mangena, Taurigana, & Chamisa, 2012; Albassam, 2014). Study by Khaleed (n.d) on value relevance of CSRD of Saudi companies uses Tobin's Q ratio, market capitalization (MC) and return on assets (ROA) as a measure for firm value and found that both CSR disclosure quantity and quality are significantly associated with the firm value measured by MC. This study used three measurements of firm value. These are market capitalization (MC), stock volatility (SCV) and return on assets (ROA). These measures are used extensively in prior studies. The standardization of this type of measure would be helpful to develop comparability with other studies (Munisi&Randoy, 2013). Doeswijk, Trevin & Swinkels (2019) noted that market portfolio contains all assets in which financial investors have invested. An analyst can use stock market data to identify over/under exposure to risk factors and construct an optimally designed portfolio that meets investment objectives (Jamil, Jamil & Waoh, 2021). The inability to adjust the data of the financial market would prevent the smooth functioning of the financial system and adversely affect the development economic of a country (Abdulaziz, 2019). Accordingly, Abdulla, Wither, Zhankiu & Goodwin (2020) noted that higher volatility tends to raise required returns on corporate stocks and lead to low stock price.

2.1.5 Corporate Responsibility Reporting

There are increasing calls for companies to take accountability for their environmental and societal impacts (De Villiers, 1998; De Villiers & Vorster, 1995; Lawrence, Botes, Collins, Roper, 2013; Mitchell & Quinn, 2005; Nel & Nienaber, 2012; An, Harun, & Sharma, 2013). As a result, many companies make voluntary disclosures

about the effects of their activities on society and the environment and how they are being managed (Massa, Farneti, Scappini, 2015; Samkin, 2012; An, Harun, & Sharma, 2014), leading to much interest among academics (De Villiers, 2003; Schaltegger et al., 2013; Sharma & Kelly, 2014). Preparing voluntary CSRD involves organizational time and money. However, one would expect that firms gain from the decision to release such disclosures otherwise they would not choose to do so. Researchers have investigated how firms gain from voluntary CSRD in a number of ways, with many focusing on the information's value relevance to investors (Myburgh, 2001; De Klerk & De Villiers, 2012; De Klerk, De Villiers, & Van, 2015). Shareholders do consider the voluntary disclosure of social and environmental information important and seek the information from annual reports and other sources (De Villiers & Van Staden, 2010; Deegan & Rankin, 1997; Epstein & Freedman, 1994).

Nonetheless, prior studies reveal mixed evidence as to the value relevance of CSRD. Holm and Rikhardsson (2008) provide strong evidence that environmental information has value relevance to investors by employing an experimental study to investigate whether environmental information affects the investment allocation decision of investors. The results indicate that positive environmental information is positively valued by investors. This finding is consistent across different investment scenarios (Holm & Rikhardsson, 2008). It signals that investors interpret environmental information as reducing risk associated with the company rather than being concerned with the cost of such environmental actions. In testing the value relevance of environmental performance information to investors in Swedish firms, Hassel and Nilsson and Nyquist (2005) employ the Ohlson (1995) model. The authors consider the relationship between environmental performance disclosures and firms' market values in terms of the cost-concerned school of thought and the value creation school of thought.

Under the cost-concerned perspective, environmental disclosures are expected to cause the market value to decline. It is seen that investments in environmental projects only represent increased costs, which decreases the firm's earnings. Alternatively, the value creation school of thought suggests that environmental investments are a way to enhance a firm's competitive advantage, and thus improve the prospects of future earnings, which in turn improves market value. The results show that in relation to environmental performance disclosures, the market value of the firm decreases. Moneva and Cuellar (2009) examined the value relevance of financial and non-financial environmental disclosures made in the annual

reports of a sample of listed Spanish companies. Both compulsory and voluntary environmental disclosures were analyzed. In order to assess the value relevance of such disclosures, the authors performed a regression based on Ohlson's (1995) model. This enables the authors to investigate the impacts of environmental activities on Income Statement accounts and the valuation of future profitability and growth through environmental investment projects. The results support the importance of financial environmental information to investors when valuing companies.

However, non-financial environmental disclosures were not found to have relevance to investors. The insignificant results may be explained by firms using non-financial environmental disclosures in self-promotion, whereby they overstate positive environmental contributions and understate negative impacts. Alternatively, the non-financial disclosures could be more associated with long-term strategic decisions while Spanish market investors focus more on the short-term strategies of firms (Moneva & Cuellar, 2009). Similarly, the link between firm value and CSRD for Finnish firms was tested by Schadewitz and Niskala (2010). The Ohlson (1995) model was employed using an indicator variable of whether or not a firm followed the Global Reporting Initiatives (GRI) guidelines to represent CSRD. They found that CSRD which followed the GRI guidelines aided investors in making a more precise market valuation of the firm. This indicates that information from CSRD reduces information asymmetry and has incremental value to investors (Schadewitz & Niskala, 2010).

2.1.6 Value Relevance of Corporate Social Responsibility Information

Accounting value is the result of a measurement procedure that corresponds to accounting regulations and laws (Lawani, Umanhonlen & Okolie, 2015). One of the alternative information that is of concern for companies and other users of financial statements is information about corporate social responsibility (CSR). Many companies disclose CSR information of the company, but not all of the reports are based on the GRI index, which is considered a 'gold standard' for CSR disclosure (Shah, 2016). CSR information begins to show its value relevance, but the value relevance is not sufficient and inconsistent.

This indicates that CSR information begins to be considered as relevant information, as expressed by La Cour (2010), but on the other hand it also indicates that the quality of CSR reports still needs to be improved so that the relevance of information values becomes greater and consistent. Companies that report their good corporate

sustainability activities find that it is very difficult to deliver accurate and timely information, but also meaningfully and successfully attract the attention of their stakeholders (Shah, 2016). In addition to accounting information, relevant information can be obtained through disclosures in the company's annual report, one of which disclosures includes corporate social responsibility.

2.3 Theoretical Framework

The theory of stakeholders, agency, legitimacy, signaling and capital need is relevant to this research on value relevance of corporate social responsibility disclosure. The theories that are considered relevant to this study had been in decades over propounded and developed by most notable school of thoughts; economists and socialists. Few of them were highlighted amongst others to buttress our claim as follows:

2.3.1 Stakeholder Theory

This theory gives rich insights into the factors that motivate managerial behaviours in relation to the social and environmental disclosure practices of organizations. Stakeholders have been identified as 'those groups who have an interest in the actions of the corporation (Freeman, 1983). The stakeholder theory redefined stakeholders as any individual or group who has an interest in the firm because he (or she) can affect or is affected by the firm's activities (Freeman, 1984). Furthermore a stakeholder has been defined as 'any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organization (Becker, Harrison & Wicks, 2005). Also, stakeholders can be identified by the legitimacy of their claims which is described by a relationship of exchange between themselves and the organization, and hence stakeholders consist of stockholders, creditors, managers, employees, customers, suppliers, local communities and the general public. Stakeholder theory suggests that an organization will respond to the concerns and expectations of powerful stakeholders and some of the response will be in the form of strategic disclosures (Jensen, 2001). Previous social and environmental accounting research which utilized these theories indicate that organizations respond to the expectations of stakeholder groups specifically, and more generally to those of the broader community in which they operate, through the provision of social and environmental information within annual reports, and in so doing reveal the legitimation motives underlying such organization's disclosures (Dhaliwal, Naiker & Navissi, 2006).

2.3.2 Agency Theory

It has been widely used to explain and understand disclosure phenomena by accounting researchers in many countries with diverse social, political and economic

backgrounds (Depoers, 2000; Inchausti, 1997). Ittonen (2010) observes that current mainstream accounting research is based extensively on economic models of agency that represent the operating company (firm) manager as the "agent" and the individual investor as the "principal". The agency theory is basically concerned with the principal-agent relationship where the principals are the owners and the agents are the managers. Reporting is a key tool managers used to communicate firm-performance and operational activities with external investors, hence reducing information asymmetry (Healy & Palepu, 2001). Communication between these parties is essential in the functioning of efficient markets. External investors require relevant corporate information when determining the current value of a firm (Healy & Palepu, 2001). Discretionary disclosures are made in an attempt to reduce the information asymmetry apparent between a firm's managers and its external investors (Brammer & Pavelin, 2006).

Against this backdrop, reports and disclosures make the actions of managers more transparent to investors. CSRD provides qualitative information regarding a firm's corporate responsibility. The benefit of non-financial information is that managers often disclose more information about their activities than is required by law (Cormier & Magnan, 2007). Thus, using agency theory one can argue that CSRD is carried out because it reduces information asymmetry, allowing investors to make more accurate market valuations. The information disclosed through CSRD will be value relevant if it fulfils this function and provides incremental value to investors as they include the CSRD in the total set of information (that is, financial reports and other company disclosures) they use in assessing a firm's value (Power, 1991). CSRD provides additional information to investors; more than what is required to be disclosed in the annual report. This practice reduces information asymmetry as shareholders are now more aware of the firm's activities, with regard to its societal and environmental behaviour (Cormier & Magnan, 2007). Investors demand this information and consider it alongside financial information when valuing companies because it helps them to assess the future economic benefits of the company and the associated idiosyncratic risk better. This works to reduce the risk of adverse selection and enhances firm value as investors consider the new information and impound it into the valuation of the share price (Healy & Palepu, 2001).

2.3.3 Legitimacy, Signaling and Capital Need theories

Accounting scholars also make use of legitimacy theory widely as an explanatory theory to portray the motivations behind voluntary corporate social and environmental disclosures (Laan, 2009, Nik Ahmad & Sulaiman, 2004;

Watson, Shrides, & Marston, 2002). Indeed, Van der Laan, (2009) observed that in the early 1980s, the theory has been used by researchers seeking to explore social and environmental accounting practices. Signaling theory has been used to show the relationship between accounting disclosures by a firm and the market value of its equity. Signaling theory was originally developed and used to show information asymmetry in labour markets, it shows how this asymmetry information can be reduced by the participants with additional information signaling it to others. The theory provides a unique, practical, and empirically testable perspective on problems of social selection under conditions of imperfect information (Connelly, Certo, Ireland, & Reutzel, 2011). According to Alvarez, Sanchez, and Dominguez (2008), a signal can be a visible action or a structure used to indicate the sign of quality. Typically sending a signal is rooted on the basis that it should be positive to the signaler.

Capital Need theory according to Gray, Kouhy, and Lavers, (1995a), implied that managers have an incentive to disclose additional information that enables them to raise capital on the best available terms. Healy and Palepu (2001) noted that firms' managers who are intending to transact in capital market have motivations to disclose information voluntarily to decrease the information asymmetry problem and thus decrease the external financing cost. The capital need theory predicts that increased voluntary disclosure of information by the managers will lead to lower cost of capital through reducing investor uncertainty (Schuster & O'Connell, 2006). Consequently, more voluntary information disclosure is preferable to less, in order to decrease the uncertainty surrounding a company's future performance and to assist trading in shares (Hassan, Giorgioni, Romilly, & Power, 2011).

2.4 Empirical Review

Several studies have been carried out to establish the ability of accounting information to explain or capture information that affect the value of a firm. There seems to be a consensus from most of these studies that value relevant have meaningfully enhanced the corporate social responsibility disclosure in Nigeria in particular and most Economies in general. However, these were justified in different views as follows: Tahir et. al (2021) found that there exists plunged volatility in stock markets and crude oil. Herawaty (2018) analyzes environmental performance impact and company's accounting characteristics using listed manufacturing firms in Indonesia Stock Exchange in 2010-2014. The samples include 27 public manufacturing firms. The results showed that environmental performance and profitability have a positive relationship. Akinlo and Iredele (2014) established a significant positive

relationship between corporate environmental disclosures and market value, measured by Tobins q ratio.

Appah (2011) analyzed data collected between 2005 and 2007 from annual reports of Nigerian listed companies and found support for the assertion that environmentally sensitive companies disclose more social and environmental information. Mohammed (2018) explored the nature of disclosure by listed Nigeria oil and gas companies six (6) years pre and six (6) years post. It tests corporate characteristics so as to determine how they affect the amount of disclosure. Annual reports and accounts of sample companies are content analyzed by modified word count which would determine volume of disclosure. The study employs panel regression analysis to determine corporate characteristics impact on environmental disclosure. The result shows that firm size has a positive and significant effect on environmental disclosure. Plumlee, Brown, Hayes and Marshall (2010) investigated the relationship between the quality of a firm's voluntary environmental disclosures and firm value by exploring the relationships between components of firm value and voluntary environmental disclosure quality. The study concludes that increased voluntary environmental disclosure quality is associated with firm value.

Septiani et. al. (2020) found that stock price positively affects DPR in Indonesian financial service companies. Barth, Beaver and Landsman (2001) stated that value relevance research examines the relationship between corporate disclosures and equity market values. This suggests testing whether disclosures explain cross-sectional variation in share prices. Barth et al. (2001) further note that the studies of value relevance have been performed with the aim of assessing the characteristics of disclosures, primarily, relevance and reliability, as reflected in their relationship with a firm's value. Nwaiwu and Oluka (2018) examined effect of profitability on environmental cost disclosure of oil and gas companies in Nigeria. Time series data were extracted from annual financial reporting and economic review of Central Bank of Nigeria; it employed the Pearson product moment coefficient of correlation and multi-linear regression analysis by the aid of SPSS version 22. The result from the study showed that firm profitability has impacts on disclosure on environmental cost. The study however was limited to only disclosure on cost and this appears to be hardly disclosed by firms.

Uwuigbe and Egbide (2012) conducted a study to investigate the link between firm's profitability and environmental disclosure level using firms in Nigeria. Annual reports for 2008 were the core data source for the sample of 41 listed firms, the regression analysis was

employed as a technique for data analysis. Their investigation concluded that firm's profitability and the size of audit firm have positive relationship. Their findings also point out a significant negative relationship between firm's financial leverage and responsibility disclosure level and they recommended that government should instill policies that will build a good business environment for firms in the country. Zelalem (2020) revealed that debt ratio has a negative insignificant effect. Carnevale, Mazzuca and Venturini (2011) applied value-relevance analysis to a sample of one hundred and thirty (130) listed European banks, provided mixed result in the cross-country analysis; in some countries, social reports are value relevant while in others it negatively affects the stock price. In a peculiar study, Qiu, Shaukat and Tharyan (2016) examined the link between firm's social and environmental disclosures and its profitability and market value. The study did not find any relationship between environmental disclosure and profitability. Interestingly, firms that make higher social disclosures have higher values. Hence, the study suggests that it is the social disclosures that matter to the investors, not the environmental disclosures.

Egbunike and Tarilaye (2017) examined firm's specific attributes and how they impact on voluntary environmental disclosure using a sample of listed manufacturing companies in Nigeria. To achieve this, data of leverage, firm size, earnings and governance were gotten from the annual reports and accounts of some selected manufacturing companies during 2011-2015. Data were analyzed using descriptive and inferential statistics. First, it was revealed that some of the studied manufacturing companies have high leverage profile while some with low leverage profile. Adding that, some environmental items of companies were not disclosed in their annual reports and accounts while some were disclosed and expressed in monetary units. Second, the normality test for the residuals reveals the rejection of the hypothesis that the residuals are normally distributed. Third, the regression result confirms the entire hypothesis raised in the study in relation to the link between environmental disclosure, firm size, leverage, earnings per share and governance.

Abdullahi (2019) provides an evidence of a unidirectional causal relationship between the listed variables from exchange rate to tourism stock price. According to the world business council for sustainable development, [WBCSD] (2000) corporate social responsibility is the ethical behavior of a company towards society, management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business. In an examination of the economic performance of sustainability reporting companies versus non-

reporting companies in South Africa Buys, Oberholzer and Andrikopoulos (2011) found that the economic performances of companies that voluntarily submit sustainability reports are better than those who do not support Global Reporting Initiatives (GRI) sustainability reporting guidelines. In another study of environmental responsibility and firm performance: evidence from Nigeria, Ngwakwe (2009) evaluated the relationship between expenditure on sustainability variables against Return on Total Assets (ROTA), environmental responsibility was determined using disclosure on environmental and social issues above 50%. Any disclosure less than 50% was assumed to be environmentally irresponsible. The study concluded that sustainable business practices influenced the financial performance of firms (as measured by ROTA).

On their part, Clarkson, Fang, and Richardson (2010) examined the impact of CSR disclosure on the cost of equity capital and firm's value, and on the public perception about a firm's environmental performance using actual toxic emissions data and firms' general disclosure propensity. The study concluded that CSR disclosures are incrementally informative for investors over current toxic emissions data in firm valuation analyses. It further observed that investors seem to use toxic emissions data to assess the firm risks and that CSR disclosure is positively associated with the Janis-Fadner coefficient, consistent with CSR disclosure enhancing non-investor stakeholder perception about firms' environmental performance. Basically the findings were interpreted to mean that investors look at the CSR report in making investment decisions, therefore inclusion of it in annual reports has an impact on the value relevance of the reports. Accordingly, Chengyong, Qian, Taco and Dirk (2018), hypothesized that the financial effect of corporate sustainability disclosure has an inverse relationship with country-level sustainability performance because stakeholders will take a firm's sustainability improvement for granted in countries with good social and environmental performance. The results agreed with the hypothesis and were interpreted to mean that sustainability management can be a means of a competitive advantage for firms based in emerging economies, where in general the level of sustainability performance is relatively low. Basically these findings imply that corporate social responsibility disclosure has a relationship with the market value of equity.

Some studies have also arrived at a different conclusion. Jones, Frost and Der Laan (2009) carried out an examination of the market returns and financial performance of entities engaged in sustainability reporting in Australia. The study observed a negative and weak

association. In a study conducted by Moneva and Ortas (2008), are stock markets influenced by sustainability matter? Evidence from European Countries, found that there is no association between corporate social responsibility disclosure and share's returns. Murray, Sinclair, Power and Gray (2006) sought to establish if financial markets in the United Kingdom care about social and environmental disclosures. They found no relationship between social and environmental disclosures and financial market performance. From the above empirical literature, results and conclusions are mixed and inconclusive findings still exist with respect to the relationship between value relevance as measured by the market value of equity and the CSR disclosure of firms.

3.0 Methodology

This section deals with the research methodology employed by the researchers. The study used secondary data from Central Bank of Nigeria Statistical Bulletins and Nigeria Stock Exchange. The study analyzed result with dependent variables, Social Corporate Responsibility Disclosure (SCRD) proxied by Firm Size (FSZ), Earnings before Interest and Tax, Dividend Appropriation (EBITDA) and Board Size (BDS) while independent indicators proxies by Market Capitalization (MCZ), Return on Assets (ROA), Volatility of Cost Price (VCP) with following Control Variables Growth Rate (GRT), Cash Availability (CAT), Leverage (LEV). The study covered a period of 11 years annual reports from 2009 to 2019. The research design is *ex post facto* since the researcher is not in any obligation to neither vary nor alter the independent variables. The study is a longitudinal survey which covered a period of 10 years annual reports from 2009 to 2019.

The research design covers the population of the study, sample and sampling design. The descriptions of the procedure use in selecting the sample and for the purpose of this study were of two types. The analytical method employed by the study is a descriptive technique which suggests ratio based on the observations from the data collection and the statistical tools applied in analyzing the annual reports and financial statement in order to establish the association between the variables postulated in the hypothesis. Appropriate testing of the estimates of the regression results was carried out. The various statistical and econometric criteria for evaluating the parameter estimates of the regression models such as t-statistic, R²-Statistic, adjusted R²-statistic, F-statistic as well as Durbin-Watson test were analyzed. The research analysis was carried out using the EVIEWS 8 of the Econometric package. The test of the statistic for the studies t-test for difference of two means was carried out. The decision rule

states that reject the null hypothesis if $p < 0.05$ or accept null hypothesis if $t/t > t_{0.025, nt + n2-2}$ using the tab critical values of the student t-distribution.

3.1 Justification of the Study or Model Justification

This study relies partly on the findings of Clarkson et al. (2008) and measures of value relevance to develop model specification. As Clarkson et al. (2008) incorporated the most comprehensive selection of the independent variables (Cho, Freedman & Patten, 2012; Cho, Robert Patten, 2010; De Villiers & Van Staden, 2011). The study adopted correlational research design and Pearson Product Correlation Coefficient (PPCC) to determine the extent of the relationship between the variables. Another study that justified our study is Khaleed (n.d) on value relevance of CSR of Saudi companies uses Tobin's Q ratio, market capitalization (MC) and return on assets (ROA) as measures for firm value and found that both CSR disclosure quantity and quality are significantly associated with the firm value measured by MC.

3.2 Model Specification

The model is modified along correlation and regression analysis. The Pearson Product Correlation Coefficient (PPCC) was used to determine the extent of the relationship between value relevance and corporate social responsibility disclosure. The PPCC was considered in the Model 1 FS study because the variables are continuous with an interval scale of measurement.

Model 1

$$FSZ = f(MCZ + ROA + VCP + GRT + CAT + LEV)$$

$$FSZ_{ij} = \alpha_0 + \alpha_{11}MCZ_1 + \alpha_{12}ROA_2 + \alpha_{13}VCP_3 + \alpha_{14}GRT_4 + \alpha_{15}CAT_5 + \alpha_{16}LEV_6 +$$

Model 2

$$EBITDA_{ij} = f(MCZ + ROA + VSP + GRT + CAT + LEV)$$

$$EBITDA_{ij} = \beta_0 + \beta_{11}MCZ_1 + \beta_{12}ROA_2 + \beta_{13}VSP_3 + \beta_{14}GRT_4 + \beta_{15}CAT_5 + \beta_{16}LEV_6 +$$

Model 3

$$BDS_{ij} = f(MCZ + ROA + VSP + GRT + CAT + LEV)$$

$$BDS_{ij} = \gamma_0 + \gamma_{11}MCZ_1 + \gamma_{12}ROA_2 + \gamma_{13}VSP_3 + \gamma_{14}GRT_4 + \gamma_{15}CAT_5 + \gamma_{16}LEV_6 +$$

$$CSR_{ij} = f(FSZ_{ij} + EBITDA_{ij} + BDS_{ij}) = VRZ_{ij} = \alpha_0 + \alpha_{11}MCZ_1 + \alpha_{12}ROA_2 + \alpha_{13}VCP_3 + \alpha_{14}GRT_4 + \alpha_{15}CAT_5 + \alpha_{16}LEV_6 + \mu_j + \beta_0 + \beta_{11}MCZ_1 + \beta_{12}ROA_2 + \beta_{13}VSP_3 + \beta_{14}GRT_4 + \beta_{15}CAT_5 + \beta_{16}LEV_6 + \lambda_j + \gamma_0 + \gamma_{11}MCZ_1 + \gamma_{12}ROA_2 + \gamma_{13}VSP_3 + \gamma_{14}GRT_4 + \gamma_{15}CAT_5 + \gamma_{16}LEV_6 +$$

Corporate Social Responsibility Disclosure (CSR) proxied by Firm Size (FSZ), Earnings before Interest and Tax, Dividend Appropriation (EBITDA) and Board Size (BDS) while independent indicators proxied by Market Capitalization (MCZ), Return on Assets (ROA), Volatility of Stock Price (VSP) and three Control Variables were introduced into the model specification to ascertain their impact on the dependent variable and the control variables are Growth Rate (GRT), Cash Availability (CAT), and Leverage (Lev).

3.3 Research Hypotheses

The following null hypotheses were formulated as a support for testing the data collected for this study:

- H₀₁:** There is no significant influence of market capitalization on corporate social responsibility disclosure of selected firms in Nigeria.
- H₀₂:** Return on assets does not have any significant impact on corporate social responsibility disclosure of selected firms in Nigeria.
- H₀₃:** Volatility of stock price does not have any significant influence on corporate social responsibility disclosure of selected firms in Nigeria. The variables are measured as follows:

Firm size (FSZ) - This variable is the ratio of total asset to number of employees.

Earnings before Interest and Tax, Dividend Appropriation (EBITDA) - This is the profit before interest tax and dividend appropriation.

Board Size (BDS) - It is the total number of directors on the board.

Market Capitalization (MCZ) - This is the market value of common equity at the end of a company's year of operation.

Return on Assets (ROA) - This is the ratio of income before dividend appropriation to total asset.

Volatility of Stock Price (VSP) - This is amount and frequency of price changes. It is the statistical measure of a stocks or other assets deviation from a set benchmark. A range of price change security experience over a given period of time.

Growth Rate (GRT) - This variable is the annual growth rate of the firm's sales.

Cash Availability (CAT) - It is the cash available at the end of a company's year-end.

Leverage (LEV) - This is measured as the ratio of the total debt level of the firm to its net asset value.

ENDOGENEITY CONTROL: If present in data

In a statistical model, a parameter or variable is said to be endogenous when there is correlation between the parameter or variable and the error term. As a general rule, when a variable is endogenous, it will be correlated with the disturbance term, hence violating the GMAssumptions and then making our OLS estimates biased. The endogeneity issue is traditionally associated with the value relevance - CSRD link.

4.0 Presentation of Results and Discussion

Table 4.1: Descriptive Statistics

	CSR	MCZ	ROA	VSP	GRW	CASH	LEV
Mean	6.315700	2285740.	0.277710	6.407500	0.277244	60995345	0.532200
Median	6.350000	844000.0	0.265750	3.570000	0.341073	26418750	0.510000
Maximum	15.14000	30000000	0.599000	42.50000	8.061108	6.28E+08	1.130000
Minimum	-2.680000	138000.0	0.081000	0.500000	-0.698970	0.000000	0.190000
Std. Dev.	2.435383	5398103.	0.101804	7.266131	0.205005	85346312	0.174127
Skewness	-0.828148	3.712460	0.645173	2.310989	-1.428446	3.503033	0.593568
Kurtosis	7.054314	15.96655	3.511094	9.746080	6.735860	21.34623	3.084184
Jarque-Bera	79.91991	930.2531	8.025871	278.6345	92.16034	1606.955	5.901577
Probability	0.000000	0.000000	0.018080	0.000000	0.000000	0.000000	0.052298
Observations	100	100	100	100	100	100	100

Source: Researchers' Computation (E-View 8) 2021

Descriptive statistics shows profile of variables examined. It is deduced that corporate social responsibility (CR) had a median value of 6.35; this indicates that on the average more than 6% of oil and gas firms is associated with corporate social responsibility disclosure in their annual report in Nigeria. The market capitalization (MCZ) as a measure of firm market value of common equity at the end of a company's year of operation was at maximum and minimum values of 300 and 138, with mean and standard deviation values of 228 and 2.43 respectively. It was also revealed that firm financial performance proxied by return on asset (ROA) had a median value of 0.26 while the mean was 0.27, this indicates that on the average the oil and gas firms have the tendencies to disclose corporate social responsibility information in their annual report in Nigeria. Volatility of stock price (VSP) of the oil and gas firms falls within maximum and minimum values of 42.50 and 0.50 with mean and high standard deviation values of 6.40 and 7.26 respectively.

Growth (GRW) had a median value of 0.27, this indicates that on the average over 27% companies experiencing good growth opportunities should be associated to a higher corporate social responsibility disclosure. The maximum (8) and minimum values (-0.6) of growth show that the lowest proportion of corporate social responsibility information disclosure in oil and gas annual report in Nigeria was -0.6%. Cash availability (CASH) had a median value of 2641 million and a mean value of 6099 million, indicating that on the average more than 5 million of the cash available is associated with corporate social responsibility disclosure. Leverage (LEV) had a median value of 0.53 (53%) and a mean value of 0.51 (51%), these indicate that on the average more than 5% of the leverage can increase the need for corporate social responsibility disclosure.

Table 4.2: Correlation

	CSR	MCZ	ROA	VSP	GRW	CASH	LEV
CSR	1.000000						
MCZ	-0.086151	1.000000					
ROA	0.058462	-0.131397	1.000000				
VSP	-0.111324	0.182968	0.390970	1.000000			
GRW	-0.013274	0.159619	-0.243690	0.015949	1.000000		
CASH	-0.123660	0.236020	-0.302801	-0.007140	0.267516	1.000000	
LEV	0.239576	-0.094163	0.013812	-0.197013	-0.212742	-0.114803	1.000000

Source: Researchers' Computation (E-View 8) 2021

Table 4.2 showed associations among variables and to check if there is presence of multicollinearity. Corporate social responsibility (CSR) as the dependent variable appeared to be negatively correlated with independent variables as market capitalization (MCZ, $r=-0.0861$), Volatility of stock price (VSP, $r=-0.111$), Growth (GRW, $r=-0.013$) and Cash availability (CASH, $r=-0.123$), but positively associated with Return on asset (ROA, $r=0.058$) and leverage (LEV, $r=0.239$). The associations are not significant, indicating that these variables may not be having great impact on corporate social responsibility (CSR) in annual reports in Nigeria. The results of Pearson correlations indicated absence of multicollinearity since none of the independent variables exceeded 0.90 (Pallant, 2007).

Table 4.3: Variance Inflation Factor (VIF)

Variable	Centered VIF
C	NA
MCZ	1.132970
ROA	1.406453
VSP	1.325853
GRW	1.167050
CASH	1.200427
LEV	1.095878

Source: Researchers' Computation (E-View 8) 2021

To further check for presence of multicollinearity problem among the variables, the study employed the variance inflation factor as indicated in Table 4.3. Hair et al. (2010) recommend that multicollinearity with a tolerance value within the threshold of .10, which equal to a VIF of 10, is acceptable. It is observed that the highest variance inflation factor among the models variables were market capitalization (MCZ=1.132); return on asset (ROA=1.406); volatility of stock price (VSP=1.325); growth (GRW=1.167); cash availability (CASH=1.20) and, leverage (ROE=1.09). The results of the variance inflation factor indicate absence of multicollinearity in the regression variables since none of the values exceeded 10 units.

Table 4.4: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.788778	Prob. F(6,93)	0.5809
Obs*R-squared	4.842464	Prob. Chi-Square(6)	0.5642
Scaled explained SS	14.40891	Prob. Chi-Square(6)	0.0254

Source: Researchers' Computation (E-View 8) 2021

The test of heteroskedasticity was conducted using the Breusch-Pagan-Godfrey test. The test reported F-statistic of 0.5809 and a probability value of 0.5642. The result of the test could not reject the null hypothesis of homoskedastic residuals. Hence, this implies that there is no evidence for the presence of serial correlation. Hence we proceed to analysis of the regression results.

Table 4.5: Dependent Variable: CSR

Method: Panel Least Squares

Total panel (balanced) Observations: 100

Variable	Coefficient	t-Statistic	Prob.
C	4.207649	3.298028	0.0014
MCZ	-1.31E-08	-0.274078	0.7846
ROA	-6.47E-09	-2.124563	0.0363
VSP	-0.032214	-0.840038	0.4030
GRW	1.006346	0.789150	0.4320
CASH	-2.55E-09	-0.820626	0.4140
LEV	3.140376	2.158546	0.0335
R-squared	0.581749		
Adjusted R-squared	0.552508		
S.E. of regression	0.407820		
Sum squared resid	539.1766		
Log likelihood	-226.1375		
F-statistic	1.379925		
Prob(F-statistic)	0.230892	Durbin-Watson stat	1.580541

Source: Researchers' Computation (E-View 8) 2021

Table 4.5 above revealed the outcome of panel result using corporate social responsibility (CSR) as the dependent variable. The coefficient of determination R² which stood at a value of 0.581 with corporate social responsibility proxied by CSR indicated that about 58% of the systematic variations in the dependent variable were accounted for by the independent variables while the remaining 42% were unaccounted for hence captured by the error term. Similarly, after adjusting the degree of freedom, adjusted coefficient of determination, (the adjusted R-square) stood at 0.552 with financial performance proxied by ROA, implying that over 55% of the changes in the dependent variable were explained while 45% of the variations were unexplained. The overall F-statistic otherwise known as goodness-of-fit measure stood at significant value of 1.3799, compared with the standard error of regression which stood at minimal value of 0.4078, suggesting that the results are capable for prediction. Furthermore, the

capable for prediction. Furthermore, the Durbin Watson (DW) statistics also stood at impressive value of 1.58, indicating absence of autocorrelation in the results. Therefore, the entire results proved impressive for policy prediction.

Discussion of Findings

The findings of this study are discussed as follows.

First, it is observed that market capitalization is statistically insignificant indicating that market capitalization is a weak factor to corporate social responsibility (CSR). The negative coefficient value indicated that decrease in market capitalization leads to decrease in corporate social responsibility. The finding did not concur to extant studies of Akinlo and Iredele (2014) who establish a significant positive relationship between corporate environmental disclosures and market value measured by Tobins q ratio. Plumlee et. al. (2010) conclude that increased voluntary environmental disclosure quality associated with firm value.

Secondly, it was found that return on asset is statistically significant, indicating that it is a strong determinant to corporate social responsibility. This supported the view of Zelalem (2020) measured with equity ratio and interest coverage ratio which shows a significance positive effect. And negated Septiani et. al. (2020), their finding exhibited negative effects on both return and firm size in other clime.

Thirdly, volatility of stock price was found to be statistically insignificant, implying that it is a weak factor to CRS. The finding was against the view of Abdallahi (2019) which result of findings provides evidence of a unidirectional causal relationship between the tested variables from exchange rate to tourism stock price. In consonant with Tahir et. al. (2021), who found there was existence of plunged volatility in stock market and price of crude oil.

On the bases of control variables, it was found that growth (GRW) and cash availability (CASH) were also statistically insignificant. This suggested that growth (GRW) and cash availability (CASH) have insignificant effect on corporate social responsibility. The finding is consistent with Jones et. al. (2009), who observe a negative and weak association and noted that market returns and financial performance of entities engaged in sustainability reporting, while, leverage (LEV) was found to be statistically significant. This implied that leverage has significant effect on corporate social responsibility and this is not in alignment with Uwuigbe and Egbide (2012), whose finding found significant negative relationship

between firm's financial leverage and responsibility disclosure. Zelalem (2020) when measured by return on assets and return on equity but when measured with equity ratio and interest coverage ratio has significant positive effect.

5.2 Conclusion and Recommendations

Information about CSR is an alternative and major concern for companies and other users of financial statements. Relevant information disclosure on CSR is obtained through company's annual reports which serve as an addition to accounting information to users. Although, lots more companies disclosed information on CSR but not as insightful as expected, and not all of its reports are in response to global reporting initiative index which is perceived as a gold standard for CRS disclosure. Value relevance gives evidence as to whether the accounting numbers relate to value in the predicted manner. It captures information reliability and later increases earning precision, greater value relevance reduces information risk. Therefore, in this study firm financial performance as proxied by return on asset admits that on the average oil and gas firms have the tendencies to disclose CSR information in their annual report. Thus, that about 6% of them associated with CSRD in their annual report in Nigeria, meaning that volatility of stock price of the oil and gas firm falls according to the findings. This is not insightful as growth rate, cash availability and others showed a lowest proportion of corporate social responsibility information disclosure in oil and gas annual report in Nigeria.

Generally, the overall effect has no significant impact on CSR in Nigeria due to the low association value and the two positive effects observed which has no direct derivative influence on the social artifacts of the societal people. Those two effects could only attribute to rising interests for organization growth sake and market attraction. A retrieval association may not have necessitated desire outcome on disclosure. However, from the associated variables, growth rate, cash availability has negative implication on CSR in Nigeria. This suggests that value relevance annual growth rate of the firms in terms of sales decreases due to relative shortcomings was noticed in information disclosure on environment accessibility and projections. This also showed that cash availability was limitedness as a result of trust and lack of dispensability of claims by these corporations. The positive signs indicated that the ratio of the total debt level of the firm to its assets has improved CSR. It means that asset valuation on leverage is tied to accelerate CSR which is to boost the confidence of the concern public as to seeing corporate firms as socially responsible whereas not. The study,

therefore recommends from the responses of the findings that:

1. Market capitalization has a negative influence on CSR in Nigeria. This insignificant negative coefficient value implied that a reduction in market capitalization has negative effect on CSR in Nigeria. Corporate bodies have to improve on their value relevance and information disclosure in order to enhance market value of their common equities and CSR.
2. Return on equity has a significant positive impact on CSR in Nigeria. The means that an increase in return on asset indicates strong determinant to CSR in Nigeria. Therefore, value relevance of corporate entity in regard to disclosure and return on asset has ability of enhancing CSR as well as improving corporate image in these categories of firms among global reporting initiative index. Hence, firms are admonished to enhance asset quality.
3. Volatility of stock price has insignificant effect on CRS in Nigeria. Showing that the market reportage exerts weakly navigation. Showing that the frequency of price changes as a measure of a stocks, other assets deviation from a set benchmark experience over a given period of time has poorly performed relative to expected value of association relevance against claim over CSR in Nigeria.

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ANAN CORPORATE HEADQUARTERS
PLOT 559, MABUSHI DISTRICT, OFF AHMADU BELLO WAY,
ABUJA, FCT.

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