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Research Paper

Effect of Corporate Social Disclosures and Financial Performance of Quoted Industrial Goods Manufacturing Firms in Nigeria (2011 - 2020).

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ABSTRACT: *This study investigates the effect of social disclosures on the financial performance of selected quoted industrial goods companies in Nigeria. Ii interrogates the extent to which Social Disclosure Index affects financial performance proxies (return on assets, return on equity, and earnings per share) of selected industrial goods companies quoted on the Nigerian Stock Exchange (NSE). Content analysis were employed in determining the Social Sustainability Disclosure Index (used as proxy for social disclosures).The Ordinary Least Squares (OLS) regression model was used for data analysis. The study revealed that social disclosures of industrial-goods companies have a negative insignificant relationship with profitability indices. Based on the findings, it is recommended that:regulatory institutions, especially Financial Reporting Council (FRC) of Nigeria should develop a compulsory CSR disclosure framework that compels quoted firms to make more robust disclosures than what is presently obtainable; there should be incentives or penalties (as the case may be) for firms' corporate social responsiveness level; and ccompanies that take CSR activities and reporting seriously will likely enjoy higher patronage resulting in increased profitability.*
KEYWORDS: *Social disclosures, Financial performance, Corporate, and Manufacturing Firms*

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I. INTRODUCTION

Corporate social responsibility activities have become a contemporary issue in many corporate organizations and in the research world. Corporate social disclosure practices have been increasing in order to meet the expectations of the interest group and the society at large. The declaration of the International Accounting Standards Board (IASB) on corporate social disclosures makes it possible for corporations to choose the extent their corporate social responsibility programmes and other sustainability reporting indices can be reported, irrespective of the importance of such information to various stakeholders. Gould (2011) noted that social dimension reporting is necessary to provide stakeholders with information of an organization's performance periodically. International Federation of Accountants (IFAC) in 2011 developed a sustainability framework, enabling business organizations to incorporate social sustainability issues in their business approach, process and reporting practices. Investors and other stakeholders use the information in making their internal decisions.

In the past, most corporate organizations usually assumed that their corporate responsibility was limited to disclosing only quantitative information under profit maximization, and paid little attention to social disclosure issues as these were non-financial matters. Tunjung&Wahyudi, (2019) stresses some benefits that accrues to corporate organizations that discloses its social activates: such reports increase corporate images and community trust, improves confidence to shareholders and creditors that their investment is safe from both social risk and environmental risk. Social dimension reporting is a disclosure in which both financial and non-financial information of corporate organizations are been communicated with its physical and social environment, as indicated in the annual reports (Gao, Lisic and Zhang, 2014). Companies are expected to be more transparent in how they treat the environment, other issues, and the way they treat their employees and communities (Fathony, Khaq, &Endri, 2020).

Interested groups believe that corporate organizations are responsible to them and the society at large. That is why they try to assess how well companies have performed these perceived responsibilities. Shareholders deliberates on the extent to which their expectation is met in different financial indices such as

performance of companies, return on assets (ROA), earnings per share (EPS) and return on equity (ROE) etc. While the host community focuses on socially responsible activities through certain measures e.g. environment restoration, provision of social amenities (donations), the government monitors firms' compliance with relevant legislations (Rabi'u, Asma'u, & Musa 2016). Information on corporate social issues is needed to assess risks that might affect the company's operations; e.g. existing and potential investors would like to know the relationship of management with customers, employees and the host communities to choose less risky investment portfolios. Therefore, disclosing the company's corporate social responsibility (CSR) activities has become a topical issue in many corporations and in the research world.

Financial performance of an organization entails a complete evaluation of a company's overall standing in categories such as assets, liabilities, equity, expenses, revenue, and overall profitability (Albertini & Ameer, 2013). It implies a subjective measure of how well a firm can use assets and liability from its primary mode of business and generate revenues. Financial performance is measured through various business-related formulas that allow users to calculate exact details regarding the organization's potential effectiveness. With financial performance, the company can be able to ascertain whether it is going bankruptcy or not. The measurement of financial performance is done through financial performance analysis, in which specific financial formulas and ratios are calculated, which, when compared to historical and industry metrics, provides insight into a company's financial condition and performance. When calculating financial performance, there are many critical financial ratios that are extensively used in the business world to assist and evaluate a company's overall financial performance, namely; return on assets (ROA), return on equity (ROE), inventory turnover ratio, leverage, current ratio, working capital, gross profit margin, and working capital, etc (Rhianon, Jones & Solomon, 2010; Surroca, Tribo&Waddock, 2010; and Yu & Zhao, 2015). The main contribution of this research is to study the social dimensions of sustainability reports as contained in the Global Reporting Initiative (GRI-G4) and their impacts on the financial performance of industrial goods sectors.

Overview of Research Objectives

The main objective of this study is to ascertain the effect of corporate social responsibility disclosures on the performance of industrial-goods sector quoted on the Nigerian Stock Exchange. The study specifically seeks to:

i. Investigate to which social disclosure index influence return on assets (ROA) of quoted industrial goods manufacturing sector in Nigeria.

ii. Investigate to which social disclosures influence return on equity (ROE) of quoted industrial goods firms in Nigeria.

iii. Investigate to which social disclosures indicators influence earnings per share (EPS) of quoted industrial goods manufacturing sector in Nigeria.

Problem Statement

One of the challenges that confront modern-day corporate entities is not only carrying out the corporate social responsibilities (CSR) expected of them, but how to let the public and stakeholders in particular know about their CSR efforts by way of proper disclosures. Contemporarily, the shareholders are not only interested in the companies' profit or loss but also concerned about how their company is performing with social, environmental and human capital resources issues (Uddin &Safiuddin, 2015). Considerable research efforts have been made in response to the heightened interest in the concept of corporate social responsibility and what it entails. Regrettably, irrespective of the tremendous economic and social changes being witnessed in Nigeria, studies in this area in Nigeria are relatively limited. The developing countries are slower in responding to the increased concern about the issue of corporate social responsibility (Uwuigbe&Egbide, 2012).

Furthermore, evidence from preliminary literature review indicates that most previous studies failed to extend the scope of their research beyond five financial years, researchers such as; Uwuigbe and Egbide (2012) examined the relationship between firms' financial leverage and the level of corporate social responsibility disclosures among selected firms in Nigeria, using annual reports for the period 2008,Macarulla&Talalweh, (2012) examined the level of Corporate Social Responsibility (CSR) disclosure in the annual reports of the134 firms that were listed on the Riyadh Stock Exchange in 2008, Ebiringa, Yadirichukwu, Chigbu, Ogochukwu (2013) examined the effect of corporate social responsibility disclosures and profitability of Oil and Gas firms in Nigeria, for the period 2011 financial year and Ada and Daniel, (2020) analyzed the effect of corporate social responsibility on the financial performance of four construction companies in Nigeria for the period 2014 to 2018.

Some other studies failed to employ content analysis approach in determining Corporate Social Responsibility disclosure index which is a more ideal parameter to measure such variable. The use of only one performance index was also found to have dominated most existing research works. Therefore, to contribute in closing the aforementioned gaps, this study seeks to extend the line of research on corporate social responsibility disclosures on financial performance by empirically ascertaining the effect of social disclosures indicators on

the financial performance of industrial-goods firms quoted on the Nigerian Stock Exchange for the period of ten years (2011 to 2020). To the best of the researcher's knowledge, no study has been carried out in this regard.

A. Research Hypotheses

In other to achieve the objective of this study, the following null hypotheses have been formulated;

H_{01}: Social disclosure indicators do not have significant influence on return on assets (ROA) of quoted industrial goods firms in Nigeria.

H_{02}: Social disclosure indicators do not have significant influence on return on equity (ROE) of quoted industrial goods firms in Nigeria.

H_{03}: Social disclosure index do not have significant influence on earnings per share (EPS) of quoted industrial goods firms in Nigeria.

Scope of the Study

The study selected and examines ten (10) financial years of industrial-goods manufacturing companies quoted on the Nigerian Stock Exchange (NSE). It examines the influence of sustainability reporting on their financial performance of the firms.

II. REVIEW OF RELATED LITERATURE

Review of Conceptual Framework

The concepts of corporate social responsibility have broadened beyond generating profit for its shareholders, without encompassing the interests of all stakeholders. In this new era companies must consider the stakeholders' expectations and decisions (Osisoma, Nzewi&Nwoye, 2015). Awan and Akhtar, (2014) asserted that the pressure on business is high, and stakeholders are increasingly demanding corporate organizations for information not only on the financial results but also on their social concerns to the society they operate. The non-financial reporting, together with the financial reporting provides a clear look into corporate performance and positions in the global world. In fact it describes company's contributions towards sustainable development. Corporate social responsibility has been defined by various scholars based on their interest and their exposure as well as values embodied in their frame of reference, corporate social performance includes; protection of the environment, provision of social amenities, donations to health organizations, charitable contributions to approved organizations, employee's remunerations safety and health and improve the quality of life (Odetayo&Adeyemi, 2017).

The corporate social reports illustrate the effect of business operations on society and evaluate their responsibility and future impact on the environment, community and shareholders. According to Moneva&Llena, 2000) corporate social activities help the company to gain, maintain and restore legitimacy from the society.Social information is defined as the qualitative and quantitative corporate information the firm elaborates and diffuses voluntarily, through the media, about its social activity, including external and internal evaluations, in order to guarantee the reliability of that information (Corporate social issues in developed countries are monitored by strong regulated monitoring bodies as well as the interested parties in the society (Mohammed, Sudhir, & Nelson, 2017). In contrast, in developing countries such issues might not be monitored effectively for many reasons including poverty, corruption, social inequalities and mismanagement, small capital market, and weak regulations. Corporate Social Responsibility is defined as the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (Hakeem, 2014).

The European Communities Commission (2001) defines it as the practice whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The concept of corporate social responsibility means that organizations have some measure of moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. Corporate Social Responsibility requires organizations to adopt a broader view of its responsibilities that includes not only shareholders, but many other constituencies as well, including employees, suppliers, consumers, the local community, local, state, and federal governments, environmental groups, and other special interest group.Darus*et al.* (2020) in their study revealed that, the higher the level of corporate profitability, the greater disclosure on social responsibility information activities. Corporate social responsibility disclosure can enhance corporate reputation and reduce the financial risk showing that such companies likely to go bankrupt than those not engage in corporate social disclosures (Ezeagba, Rachael and Chiamaka, 2017).

Corporate Social Responsibility Disclosure Index (CSRDI)

Corporate social responsibility disclosure is measured in terms of corporate social responsibility disclosure Index; hence content analysis is used to determine the corporate social responsibility disclosure score. A content analysis is a method of codifying written text into various groups or categories on the basis of selected

criteria (Ramin& Frank, 2011). Its objective lies in generating a numerically based summary of a chosen message set. Also, corporate social responsibility index is to be determined by quantifying the amount of corporate social responsibility information (disclosures) in the annual reports of the study firms under various parameters.

In his view, Abdolmohammadi (2005), a content analysis approach assumes that frequency is an indication of the subject matter's importance. Researchers in the field of social and environmental accounting (SEA) have used content analysis as the dominant research method for collecting empirical evidence.

Corporate Financial Performances

Financial performance refers to a general measure of the firm's overall financial health over a given period. Financial performance is widely used as a dependent variable in organizational research (Roger and Wright 1998). It can be measured in different categories, financial performance and non-financial performance, financial performance measures return on assets (ROA), return on investment (ROI), and profit after tax (PAT), return on equity (ROE), earnings per share (EPS) and total revenue (TR). Non-performance includes productivity, quality customer satisfaction and manufacturing flexibility,

Return on Asset (ROA)

Return on Asset (ROA)isameasureofefficiency, and how effectively a firmutilizestheir resources(assets)atitsdisposal,inrevenuegeneration.
Returnonassets(ROA)isanindicatorofhowprofitableacompanyistoitstotal assets. Return on asset (ROA)givesanideaastohowefficientmanagementisatusingitsassetstogenerate earnings. It represents the ratio of how mucha firmhasearnedonitsassetsbase,andthereturnonassets(ROA).ReturnonAssetratiois

$$= \frac{\text{Netprofit}}{\text{TotalAssets}}$$

ReturnonEquity (ROE)

Returnonequity (ROE) is the measure of financial performance calculated by dividing Net Income by Shareholders' equity. It describeswhatpercentageofprofitthatcompanymakesforeverymonetaryunity ofequityinvestedinthecompany. It is usuallycalculatedbydividingnetprofitbyaverageshareholders'equity. Return on equity (ROE) shows how much profit a company earnedincomparisontothetotalamountofshareholderequityfoundonstatementoffinancial position.Return on equity is calculated by**;**

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Average Shareholders' Equity}}$$

Theoretical Framework

Legitimacy Theory: This study is anchored on the legitimacy theory. Legitimacy theory is a mechanism that supports organizations in implementing and developing voluntary social and environmental disclosures in order to fulfill their social contract that enables the recognition of their objectives and the survival in a jumpy and turbulent environment. The social perceptions of the organization's activities are reported to the expectation of the society (Burlea&Popa, 2013). It is therefore believed that some stakeholders will expect Management of industrial goods companies to willingly embark on corporate social responsibility projects, and subsequently disclose same in their annual sustainability reports. Companies disclose social responsibility information to present a socially responsible image so that they can legitimize their behaviours to their stakeholder groups. Legitimacy theory is based on the idea that a social contract exists between business and society.

Empirical Reviews

A lot of studies have been carried out on corporate social disclosures from various perspectives, with mixed results and findings.Bayoud, Kavanagh, and Slaughter (2012) explored f*actors* influencing levels of corporate social responsibility disclosure in Libyan firms. The paper examined whether company age, industry type and company size has a potential influence on levels of Corporate Social Responsibility Disclosure (CSRD. In the study, quantitative and qualitative methods were used to collect data to determine the level CSRD in Libyan firms. Hypotheses are tested using regression analysis on a sample of 40 annual reports from Libyan companies' from 2007 to 2009. Findings reveal that there is a positive relationship between company age and industry type and the level of CSRD. The qualitative findings show a positive relationship between all factors influencing levels of CSRD used in this study and level of CSRD in Libyan companies.

Uwuigbe and Egbide (2012) examined the relationship between firms' financial leverage and the level of corporate social responsibility disclosures among selected firms in Nigeria. While the annual reports for the period 2008 was utilized as the main source of data collection for the sampled 41 listed firms, the multiple regression analysis was employed as a statistical technique for analysing the data collected. The study revealed that firms' corporate financial performance and the size of audit firm have a significant positive relationship

with the level of corporate social responsibility disclosures among selected firms. A significant negative relationship was also found to exist between firms' financial leverage and the level of corporate social responsibility disclosures.

Resmi, Begum and Hassan (2015) examined the impact of Corporate Social Responsibility on financial performance of Agribusiness Industries of Bangladesh, for the period of 3 years from 2015 to 2017. Correlation regression analysis was employed. Findings revealed that return on equity (ROE) and net income has significant impact on financial performance favoring those firms that do Corporate Social Responsibility whereas; return on assets (ROA) and earnings per share (EPS) has no significant impact on financial performance.

Ebiringa, Yadirichukwu, Chigbu, *Ogochukwul.* (2013) examined the effect of corporate social responsibility disclosures and profitability with firm size of Oil and Gas firms in Nigeria. A sample of twenty quoted companies selected using the simple random sampling technique was utilized for the study. Secondary data retrieved from content analysis of the audited financial reports of the selected companies for 2011 financial year was employed in the study. The ordinary least squares regression technique was used for data analysis. The findings, among others, show that an insignificant negative correlation exists between corporate social responsibility disclosure and firm size. Profitability is significantly positively related to corporate social responsibility disclosure of the companies.

Bhuyan, Lodh, and Perera (2017) examined the influence of corporate social disclosure on firm performance within the context of Bangladesh firms listed on the Dhaka Stock Exchange, Bangladesh, from 2011 to 2013, and firm performance (FP) on the respective following year 2012 to 2014. A corporate social disclosure index (CSDI) including three categories (long-term, short- term, and general disclosure) is constructed to measure the extent of social disclosures in annual reports. Firm performance was measured based on three indicators including Return on Asset (ROA), Market Capitalization, and Tobin Q. Ordinary Least Square (OLS) and Two Stage Least Square (2SLS) used in analysing the data. The study found that there is a significant relationship between corporate social disclosures.

Fathony, Khaq, and Endri, (2020) investigates the impact of corporate social responsibility activities and financial performance (cash flow growth and return on assets) on a company's stock return on a sample of seven companies belonging to the Astra Group for the period from 2014 to 2018, with a total of 35 data. The results showed that the financial performance factors (growth in cash flows and return on assets) had a positive effect on the company's returns, while the corporate social responsibility activity factor was not able to affect the company's stock returns. This result indicates that companies cannot rely on corporate social responsibility activities to increase stock returns, but rather focus on improving the company's financial performance.

Okwy and Iredele (2018) examined the effect of corporate social environmental disclosure on the market value of eighty-four (84) listed firms in Nigeria, from the period 2011 to 2016. The aggregate of Corporate Social Environmental Disclosure were regressed on Market Value (Tobin's Q), while Firm size, financial performance, board size, leverage, affiliation to foreign company and industry type were factored in as extraneous variables. Data were obtained through content analysis of annual reports of sampled firms and were analyzed using descriptive statistics and Ordinary Least Square regression analysis, the result revealed that Corporate Social Environmental Disclosure, firm size, financial performance, affiliation with foreign company.

WiwikIwati (2019) examined the effect corporate social responsibilities on firm value with mediation of financial performance to 132 manufacturing companies listed on Indonesia Stock Exchange (IDX) in 2017-2018. Data Analyzed using multiple linear regression model to examine the impact of the disclosure of sustainability reporting and disclosure of corporate social responsibility toward firm value with the mediation of financial performance The findings of this study indicate that the disclosure of sustainability reporting and corporate social responsibility do not affect financial performance.

Riyadh, Sukoharsono and Ntim (2019) investigated the impact of corporate social responsibility disclosure and board characteristics such as (board independence, board size, and gender diversity) on corporate performance, and analyzed data using smart partial least squares (PLS). The population for this study is the global energy corporations which are the top two hundred fifty corporations in the world for period, 2016 to 2018. This study showed that the impact of corporate social responsibility disclosure on corporate performance is not significant, and board independence. Secondly, the board size and gender diversity have a significant impact on corporate performance.

Long, Li, Wu, and Song, (2020) examined the relationship between social responsibility and corporate financial performance in China. The results showed that (a) corporate social responsibility positively affects financial performance, (b) state ownership weakens the relationship between social responsibility and financial performance, and (c) industrial competition strengthens the relationship between social responsibility and financial performance for both state-owned and non-state companies. Market competition increases the strategic use of corporate social responsibility.

Ada and Daniel, (2020) analyzed the effect of corporate social responsibility on the financial performance of four construction companies in Nigeria. The population constitutes of construction companies who are the leaders in the business. A census approach was adopted. Data used were for the years 2014 to 2018 for the companies as extracted from the dossiers of these companies. The study used Multiple Regression Model as the techniques. The findings of shows that corporate social responsibility has a significant effect on the profitability of corporate organizations, especially, the construction companies in Nigeria.

III. METHODOLOGY

Research Design

This study employed quasi-experimental research design. A quasi-experimental design aims to establish a cause-and-effect relationship between an independent and dependent variable. The reason for the choice of this type of research design is because the data set to be employed are historical; the study's variables are already in existence (reported in the audited annual reports of the companies under study), hence cannot be manipulated.

Population of the Study and Sampling

This study focuses on listed thirteen (13) industrial goods companies quoted on the Nigerian Stock Exchange. Hence, the study's target population is as listed below;

1. Austin Laz & Company Plc
2. Berger Paints Plc
3. Beta Glass Plc
4. Bua Cement Plc
5. Cap Plc
6. Cutix Plc
7. Dangote Cement Plc
8. Greif Nigeria Plc
9. Lafarge Africa Plc
10. Meyer Plc
11. Notore Chemical Ind Plc
12. Portland Paints & Products Nigeria Plc
13. Premier Paints Plc

Sample Size and Sampling Technique

Considering the complex nature of the data set to be collected, purposive sampling technique has been employed in selecting five (5) industrial goods companies for this study. The companies were selected based on assets size; quoted companies that have the largest assets as at 2020 financial year end were adjudged suitable. The following companies met the selection criteria and therefore qualify to be among the five (5) study companies;

1. Dangote Cement Plc
2. Lafarge Africa Plc
3. Beta Glass Plc
4. Cap Plc
5. Berger Paints Plc

The criteria for the choice of the study companies (see Appendix 2) are hereunder stated;

1) The company must have been in existence (quoted on the Nigerian Stock Exchange) since year 2011. This is because data for the study covers 2011 to 2020 financial years.

2) Using year 2020 financial statements, the asset size of the company must be ranked as one of the largest among the companies quoted on the NSE since year 2011.

Sources of Data

Data used in the study predominantly came from secondary sources. Data were extracted from 2011 to 2020 audited annual report and accounts of the study firms, capturing the variables of interest.

Variables and Model Specification

Independent Variable: The study's independent variable is corporate social responsibility disclosure, to be measured in terms of CSR Disclosure Index (CSRDI), as computed from the annual reports of the sample firms. Content analysis is to be employed in determining the CSR disclosure score. Content analysis is a method of codifying written text into various groups or categories on the basis of selected criteria (Ramin& Frank, 2011). In other words, the CSR index is to be determined by quantifying the amount of CSR information (disclosures)

in the annual report and accounts under various parameters. Content analysis approach assumes that frequency is an indication of the subject matter's importance (Abdolmohammadi, 2005).

The Global Reporting Index (GRI) has been adopted in this study. In other words, a list of CSR disclosures of each of the firms under study has been prepared, to represent CSR disclosures (see Appendix 1). Consequently, a binary coding system and content analysis is to be adopted to produce CSRD index for each company. An item of information disclosed in the annual report and accounts will be scored one (1) and zero (0) for an item not disclosed. Then, the sum of the scores is divided by the total number of items in all categories for all industrial sectors. This score is to be regressed or correlated with the independent variables (firm size proxies). According to Wisuttorn (2015), the CSR Index is calculated thus:

$$CSRI_j = \frac{\sum^{n}_{i=1} X_{ij}}{N}$$

Where:
$CSRI_j$ = Corporate social responsibility index of jth firm.
n_j = Totalnumber of CSR items for j^{th} firm.
X_{ij} = 1 if i^{th} item is disclosed, and 0 if i^{th} item is not disclosed.
So that $0 \leq CSRI \leq 1$

Dependent Variable: Three different profitability indices have been employed in this study. To achieve the objectives of the study, three multiple regression models relating proxies of the independent variable (social disclosures) to the proxy of dependent variable (financial performance indicators) are presented below for empirical analysis. The generic model of the study is as follows;

$$ROA = \beta_0 + \beta_1 SDI_{it} + \beta ASZ_{it} + \mu \quad (1)$$
$$ROE = \beta_0 + \beta_1 SDI_{it} + \beta ASZ_{it} + \mu \quad (2)$$
$$EPS = \beta_0 + \beta_1 SDI_{it} + \beta ASZ_{it} + \mu \quad (3)$$

Where:
ROA = Return on Assets (Dependent variable for model 1)
ROE = Return on Equity (Dependent variable for model 2)
EPS = Earnings per Share (Dependent variable for model 3)
EDI = Social Disclosure Index
FSZ = Firm size (control variable)

β_0 represents the constant term or intercept of the relationship in the model. The coefficient β_1, represents the intercept for the independent variable (social disclosure index), while μ represents the stochastic or error term. Below table enumerates the study variables alongside their operational definitions and how they are measured in the study.

Table 3.1: Definition and Measurement of Variables

Variable	Definition	Measurement (proxy)
ROA	Return on Assets	Ratio of net income to total assets, expressed in percentage terms.
ROE	Return on Equity	Ratio of net income to equity (shareholders' fund), expressed in percentage terms.
EPS	Earnings per Share	Unit price of shareholders' earnings/returns, as stated by the reporting entity in the annual reports.
SDI	Social Disclosure Index	Average social disclosure using Global Reporting Index (GRI) table (Content analysis). See Appendix 7.
ASZ	Firm size (control variable)	Net present value of total assets of the study company.

Source: Researcher's compilation

Data Analysis Technique

Statistical Package for Social Sciences (SPSS, Version 23) is employed to provide statistical results like correlation coefficient (R), adjusted R-square (R^2), t-statistics, F-statistics, etc. Adjusted R-square (R^2) is a measure of goodness of fit in least square regression analysis. It is the percentage of the variation in the dependent variable that is explained by variation in the independent variable (Ray, Eric, & Willie, 2003). Hence, in this study, it is the percentage variation in ROA, ROE, and EPS, attributable to variation in the CSR Disclosure Index (independent variable). The student's t-distribution test ascertains whether an explanatory variable has any influence on the dependent variable when other explanatory variable(s) is held constant. We use the t-ratios to test for the individual influence of each variable (Egbulonu, 2007). In this study, we aim to test if CSRD Index (CSR Disclosure proxy) influences ROA, ROE, and EPS, at 5% level of significance.

Data Presentation
Complete data set for the work was obtained from the Annual Reports of the 13 sample companies and summarized in below table.

Table 4.1: Average Return on Assets, Return on Equity, Earnings per Share, Total Assets and Social Disclosure Index of the Study Companies

Financial Year	Dependent Variables			Control Variable	Independent Variable
	Return on Assets (ROA)	Return on Equity (ROE)	Earnings per Share (EPS)	Total Assets (ASZ)	Social Disclosure Index (SDI)
	%	%	N:K	N'000	Average Score
2011	20.36	45.78	3.90	142,515,055	1.0
2012	21.53	41.72	3.64	201,246,454	1.4
2013	16.09	28.99	5.27	237,096,119	1.4
2014	13.92	26.93	5.31	296,094,578	1.4
2015	13.33	26.98	4.76	332,729,592	1.5
2016	11.15	23.35	3.12	432,689,582	1.3
2017	11.86	22.04	5.98	558,741,903	1.4
2018	16.56	26.04	9.38	584,384,020	0.9
2019	16.46	28.81	5.65	619,536,702	0.9
2020	17.29	36.93	6.40	606,321,113	1.3

Source: Researcher's computation (see Appendix 4)

Data in table 4.1 above were used to compute the values for the three different dependent variables (ROA, ROE), expressed in percentage terms, and EPS. On the other hand, the independent variable (CSR Disclosure Index - CSRDI) was computed using the content analysis approach.

IV. RESULTS AND DISCUSSION

Empirical Results:
With the aid of SPSS (version 23), the researcher used the data in table 4.1 above to run a regression analysis. The results are presented below.

Table 4.2: Model Summary (ROA and SDI)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.697[a]	.485	.338	2.76140

a. Predictors: (Constant), SDI
b. Dependent Variable: ROA
Source: Appendix 6A (SPSS Output, Version 23)

Table 4.3: Model Summary (ROE and SDI)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718[a]	.515	.377	6.29970

a. Predictors: (Constant), SDI
b. Dependent Variable: ROE
Source: Appendix 6B (SPSS Output, Version 23)

Table 4.4: Model Summary (EPS and SDI)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.670[a]	.449	.292	1.48919

a. Predictors: (Constant), SDI
b. Dependent Variable: EPS
Source: Appendix 6C (SPSS Output, Version 23)

From table 4.2 to 4.4 above, the result for goodness of fit include 0.485 (adjusted at 0.338), 0.515 (adjusted at 0.377), and 0.449 (adjusted at 0.292), depicting that 48.5%, 51.5%, and 49.9% of the changes in dependent

variables (ROA, ROE, and EPS) are accounted for by the independent variable (SDI), while the larger remaining proportion of 51.5%, 48.5%, and 50.1% are attributed to factors not captured in the study's model.

Table 4.5: Coefficients of the Parameter Estimates (ROA and SDI)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	81.958	38.429		2.133	.066
	FSZ	-7.728	4.491	-.520	-1.721	.124
2	(Constant)	103.613	36.751		2.819	.026
	FSZ	-9.224	4.126	-.620	-2.236	.060
	SDI	-7.087	4.144	-.475	-1.710	.131

Source: Appendix 6A (SPSS Output, Version 23)

Table 4.6: Coefficients of the Parameter Estimates (ROE and SDI)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	222.388	81.152		2.740	.025
	ASZ	-22.403	9.484	-.641	-2.362	.046
2	(Constant)	257.816	83.841		3.075	.018
	ASZ	-24.850	9.412	-.711	-2.640	.033
	SDI	-11.595	9.453	-.330	-1.227	.260

Source: Appendix 6B (SPSS Output, Version 23)

Table 4.7: Coefficients of the Parameter Estimates (EPS and SDI)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-34.208	18.824		-1.817	.107
	ASZ	4.623	2.200	.596	2.102	.069
2	(Constant)	-26.765	19.819		-1.350	.219
	ASZ	4.109	2.225	.530	1.847	.107
	SDI	-2.436	2.235	-.313	-1.090	.312

Source: Appendix 6C (SPSS Output, Version 23)

Tables 4.5 to 4.7 above show the coefficients of the parameter estimates, which is used to determine the contribution of each variable included in the model. The result shows that social disclosure, measured in terms of Social Disclosure Index (CSRDI), is negatively related to profitability (return on assets, return on equity, and earnings per share). This implies that given one unit increase in social disclosure index, while holding other factors constant, profitability indices will decrease by 7.078, 11.595, and 2.436 units respectively.

Test of Hypotheses

Hypothesis One

H_{01}: Social disclosures indicators do not have significant influence on return on assets (ROA) of quoted industrial goods sector in Nigeria.

H_{11}: Social disclosures indicators have significant influence on return on assets (ROA) of quoted industrial goods sector in Nigeria

Test statistic: The coefficient value of SDI for the first hypothesis is -7.087 (with Sig. of 0.131); Seer table 4.5 above.

Decision/conclusion: Since the Sig. value of 0.131 is greater than .05, we accept the null hypothesis (H_{01}), and conclude that social disclosure indicators do not have significant influence on return on assets (ROA) of quoted industrial goods sector in Nigeria.

Hypothesis Two:

H_{02}: Social disclosures indicators do not have significant influence on return on equity of quoted industrial goods sector in Nigeria.

H_{12}: Social disclosures indicators have significant influence on return on equity of quoted industrial goods sector in Nigeria

Test statistic: The coefficient value of SDI for the second hypothesis is -11.595 (with Sig. of 0.260); See table 4.6 above.

Decision/conclusion: Since the Sig. value of 0.260 is greater than .05, we accept the null hypothesis (H_{02}), and conclude that social disclosure indicators do not have significant influence on return on equity (ROE) of quoted industrial goods sector in Nigeria.

Hypothesis Three:
H_{03}: Social disclosures indicators do not have significant influence on return on earnings per share (EPS) of quoted industrial goods sector in Nigeria.

H_{13}: Social disclosures indicators have significant influence on return on earnings per share (EPS) of quoted industrial goods sector in Nigeria

Test statistic: The coefficient value of SDI for the third hypothesis is -2.436 (with Sig. of 0.312); See table 4.7 above.

Decision/conclusion: Since the Sig. value of 0.312 is greater than .05, we accept the null hypothesis (H_{03}), and conclude that social disclosures indicators do not have significant influence on earnings per share (EPS) of quoted industrial goods companies in Nigeria.

Discussion of Findings

The descriptive statistics show that the means of all the variables under investigation are positive (see Appendix 6). Again, none of the variables showed wide variation around the mean, suggesting absence of volatility of social disclosure index during the period under study. Furthermore, it could be observed that the intercepts of the study's first and second model are positive; while that of the third model is negative; meaning that without the study's explanatory/independent variable, the values of ROA and ROE will be positive, while EPS will be negative. From tables 4.5 to and 4.7 above, the regression equations (models) that can be applied in estimating the values of profitability indices (ROA, ROE, and EPS) are as stated thus: ROA = 103.613 -7.087 (SDI); ROE = 257.816 -11.595 (SDI); and EPS = -26.765 - 2.436 (SDI).

From the results of the three hypotheses tested, social disclosure indices do not exert a significant influence on profitability indices (ROA, ROE, and EPS). This implies that the magnitude of social disclosures in the annual report and accounts of the firms under investigation does not materially influence profit performance of quoted industrial-goods firms in Nigeria. However, the study's findings support the stakeholders' theory which states that the purpose of a business is to create value for stakeholders not just shareholders; ROA shows the percentage of how financial performance of a company's total assets are yielding income and a wide range of stakeholders, not just shareholders, are interested in the revenue-generating capacity of the reporting entity.

Findings of this study are partly in contrast to the findings of Ebiringa, *et al.* (2013) who reported that profitability is significantly and positively related to CSR disclosure of the companies. The study's findings however concur with that of Mustaffa and Tamoi (2006) who found that total corporate social disclosure is positively related to companies' profitability.

V. Conclusion

The concept of corporate social responsibility (CSR) accounting in general and social disclosures in particular is rapidly gaining momentum both in the research and corporate world. From the detailed empirical analysis carried out in this study, it can be inferred that social disclosure indices exert negative impact on profitability in the quoted industrial-goods companies. However, the negative impacts are not significant to affect profitability. Arguably, widespread social disclosures will result in increased profitability of companies because, as a critical avenue of stakeholder management, CSR disclosures shape external perceptions of the firm, thereby helping stakeholders (including present and potential investors) to assess whether the firm is a good corporate citizen or not.

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