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Corporate Social Responsibility Disclosure and Financial Performance of Listed Manufacturing Firms in Nigeria

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Abstract
This paper evaluates the impact of corporate social responsibility disclosure (CSRD) on the financial performance of listed manufacturing firms in Nigeria. In specific terms, the paper examined the influence of four CSRD dimensions (human resources, environment, community and product) on the Earnings per Share (EPS) of the sampled firms. The study utilized a sample size of ten (10) manufacturing firms drawn randomly from seven (7) subsectors of the Nigerian manufacturing industry. Secondary data for the study were collected from the financial statements of the sampled firms and analyzed with the aid of multiple regression analysis. The study finds an overall significant positive association between CSRD and EPS. Furthermore, the study reveals that all the four CSRD dimensions (employee, environment, community and product) have significant positive effect on the EPS. This means that the higher the level of CSRD, the higher the EPS. The study therefore, recommends that management of listed manufacturing firms in Nigeria should increasingly approach CSR and CSRD issues with positive mindset thereby recognizing it as investment rather than liability. Finally, the study recommends that the Financial Reporting Council of Nigeria (FRCN) should make social and environment reporting in the companies' financial statements mandatory since CSRD is beneficial to the government, the listed manufacturing companies and their stakeholders.
Keywords: Corporate Social Responsibility Disclosure (CSRD), Earnings Per share (EPS), Financial Performance, Manufacturing Firms, Stakeholders.

1.0 Introduction

The traditional concern of business organisations is to focus on strategies for business operations and profit maximization through diversification, product differentiation and globalization. However, the evolution of strategic thinking underscores the need to include activities that seek to integrate social and environmental issues into business decision making process. In addition, companies in recent years are facing increasing pressures from their stakeholders to address and disclose social and environmental responsibilities. As a result, Corporate Social Responsibility Disclosure (CSRD) has increased over the years. Elkington (1997) notes that CSRD has been developed to extend the traditional model of financial reporting, which emphasizes a firm's economic prosperity to accommodate social and environmental dimensions.

Corporate social responsibility disclosure is a medium through which business organizations provide information to stakeholders about their corporate activities in the society. These activities may include environmental and ecological issues, employee welfare, energy, community involvement and product/consumer related matters. Mathews (1993) describes CSRD as voluntary disclosures of information, both qualitative and quantitative, made by organizations to inform or influence a range of audiences. The quantitative disclosures may be in financial or non-financial terms.

There is a huge number of empirical literature (Alexander & Buchholz (1978) Oba (2009) and Olayinka & Temitope (2011)) on different aspects of CSR and CSRD, most especially in the developed and developing countries such as the US, UK, Germany, Bangladesh, Egypt and India. However, noticeable gap still exists in literature on CSRD and the financial performance of listed manufacturing firms in Nigeria. However, efforts to determine the impact of CSRD on profitability have not yielded uniform empirical results. For instance, Alexander & Buchholz (1978) Oba (2009) and Olayinka & Temitope (2011) report positive relations between CSRD and financial performance. However, Friedman (1970) and Auperle and Van Pham (1989) find negative relations. Ullman (1985) reports neutral association between CSRD and corporate financial performance. Griffin and Mahon (1997), McWilliams and Siegel (2000), Griffin (2000), and Margolis and Walsh (2003) concur that these differences arise largely as a result of methodological anomalies in measuring CSRD and financial performance. In addition to the absence of consensus on the findings from available studies, there is there is a dearth of empirical studies on the impact of CSRD of Financial performance of listed manufacturing firms in Nigeria..

The objective of this paper therefore, is to examine the impact of four themes of CSRD on the financial performance of listed manufacturing firms in Nigeria and contribute to the ongoing debate on the subject matter in the context of Nigerian environment. The empirical analysis seeks to establish the impact of voluntary disclosures on human resource, environment, community involvement and product information on the Earnings per Share (EPS) of the sampled manufacturing firms. In order to achieve the objective of this study, the paper is divided into five (5) sections, with this section being the introduction. Section two is about review of relevant literature. Section three is on methodology of the research, while section four presents and discusses the findings. The fifth section concludes the paper.

2.1 Conceptual and Empirical Review

2.1.1 Corporate Social Responsibility Disclosure (CSRD)

From the extant literature on CSR, current academic debate on CSR, which started in the 1950s, was marked by the first major book on the subject written by Bowen Howard. The book, which was published in 1953 is considered by many as the first definitive work on CSR and consequently ushered in the modern era of CSR (Valor, 2005). Bowen (1953) defines CSR as businessmen's obligation to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of society. Sims (2003) defines CSR as the efforts of companies to improve conditions for their employees, their communities, and environment above and beyond what is necessitated by law of market. This definition given by Sims is more comprehensive than Bowen's because it consists of the key stakeholders of an organization. According to Davies (1960), CSR represents businessmen's decisions and actions taken for reasons at least partly beyond the firm's direct economic or technical interests. However, McGuire (1963) is of the view that the idea of social responsibility presupposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations. It can be observed from the forgoing that CSR was initially regarded as responsibilities that extend beyond the legal obligation of the firm. Therefore, social responsibility begins where the law ends and it is a firm's acceptance of a social obligation beyond the requirement of the law (Davies, 1960).

Corporate Social Responsibility Disclosure (CSRD) is a key tool for achieving effective communication of a company's social and environmental responsibility activities to stakeholders CSRD is the process of communicating the social and environmental effects of organizations' economic actions to particular groups within society and to society at large (Gray *et al.*, 1996). It is a medium through which companies inform their stakeholders the extent to which they have responded to social and environmental concerns through such media of disclosure as: annual reports; advertisement or articles published detailing a company's activities; booklets to address the social activities of the company; community development reports; environmental reports; labelling of products to promote environmental and other concerns; press releases; supplement to the annual reports produced at interim dates; video tapes and websites (Jerkins and Yakovlena, 2005).

Annual report is the traditional and main medium of communicating financial results and position of companies and is consistently and mandatorily issued as part of a company's reporting circle to shareholders and other stakeholders. More so, it is the most widely used and accessible public document issued by companies the world over (Brown & Deegan, 1989; Hooks *et al.,* 2002 and Neu *et al.* 1989). Annual report, therefore, has unique characteristic of being the obvious place of signalling disclosures and the only medium over which corporate management has complete editorial control (Guthrie & Parker, 1989) as cited in Desilva (2008). Golob and Barlett (2007) opine that CSRD forms a central charter for public relations in communicating and creating mutual understanding, managing potential conflicts and achieving legitimacy.

CSRD comprises of mandatory and voluntary reporting. Mandatory reporting discloses information as required by law while voluntary reporting is not regulated but discloses information that is nonetheless, useful to stakeholders. CSRD is an example of voluntary reporting since it differs significantly from financial and operational disclosures (Gray *et al.* 1996). While accounting standards bodies and capital markets regulate mandatory disclosures, companies make their own decisions as far as voluntary disclosure is concerned (Meek *et al.,* 1995; Cooke, 1989; Hassan & Marston, 2010).

Thus, the benefit of voluntary disclosure to society is a subject of debate. Verrecchia (2001) argues that when disclosure is a requirement of the law, it certainly contributes to the 'public good'. The group of researchers who are opposed to voluntary disclosure emphasizes the possibility of either under- disclosure or over- disclosure by companies when there is not regulation. However, Dye (1990), while making a case for voluntary disclosure, notes that instruments are available that help to ensure proper disclosure of voluntary information by companies.

2.1.2 Rationale for Corporate Social Responsibility Disclosure

CSR and CSRD concepts have evolved overtime due to the interaction between companies and their key stakeholders (internal and external). Lantos (2001) observes that the challenges in the current social and business environment have brought about increasing public demand for business leaders to include social issues as part of their strategies. Managements therefore, are frequently being pressured by various stakeholder groups to allocate financial resources to CSR activities and consequently disclose them. McWilliams and Siegel (2001) note that stakeholders such as employees, consumers, communities and environmental groups have exerted one form of pressure or the other on business organization. Disclosure of CSR activities by business organisations is part of strategy to manage the pressures from the aforementioned stakeholders.

Pressures from employees (human resource) take the form of heightening public recognition of certain employee rights in the workplace, non-discrimination in hiring, firing and promotion (Musah, 2008). Studies such as Matten and Moon (2008) find that CSR has clearly addressed issues bothering on working hours and conditions, fair wages, health care, redundancy and protection against unfair dismissal. Aguilera *et al.* (2007) emphasizes the potency of employees in pressuring companies to engage in CSR initiatives which is suggestive of the fact that the perception of CSR influences employee behaviour towards companies. It is widely believed that employees will be happy and motivated to put in their best when an organization is fair in its engagements with employees.

In the same vein, Customers wield considerable power because of competition of varying dimension among business organizations. Customer pressures include the expectation that companies will produce safe products, quality and consumption impact on the environment, and provide more reliable consumer information. In addition, Berman *et al*. (1999) is of the opinion that treatment of customers and employees has the most influence on corporate performance. Therefore, Maignan *et al*. (2005) concludes that a better way to improve the treatment of the customer is to apply CSRD as a marketing strategy. If a business organization fails to consider its customer needs, it runs the risk of losing its share of market; hence, customer pressures affect an organization‘s market risk.

The Community expects that company will provide improved healthcare initiatives; support and/or charity, children education support, creation of work condition for the disabled, and participate in occupational qualification programmes. CSR practices mainly target efforts to alleviate poverty, prevent violation of human rights and protect the environment. However, social and organizational expectations are divergent; business organizations seek to maximize profit, whereas customers expect good quality and safe, lowly priced and a variety of services. This difference results in pressure on business organisations which if not carefully resolved, it may suffer disruptions in operation. However, even when companies engage in good CSR practices such as philanthropy and social investment, the allocating more funds for community development may result in conflicts with organizations (Idemudia and Ite, 2006).

The operational impact of manufacturing companies on the environment is largely about pollution. Shrivastava (1995) states that maintaining a clean and safe environment is a major responsibility for organisations. In accordance with global environmental policy, protection rather than pollution of the environment is crucial. Shrivastava (1995) analyses the critical environmental damage such as ozone depletion caused by chlorofluorocarbons, global warming caused by industrial atmospheric pollution, acid rain, urban air pollution, toxic and nuclear wastes and the extinction of natural resources. The need to reduce the harmful effects of the foregoing on life has placed considerable pressure on business organizations to be socially responsible.

2.2 Review of Empirical Literature

Corporate social responsibility disclosure is a tool by which stakeholders evaluate corporate social performance of a firm. Over the years, CSR has become an issue of growing interest in the academia as well as in the business world. Many quoted firms are voluntarily disclosing relevant information on their activities bordering on ethical practices, corporate governance, and social responsibilities (Stanton and Stanton, 2002). Corporate social responsibility disclosure has also been recently perceived as a veritable tool for increasing transparency, accountability and credibility of a firm to society.

Available literature has shown that numerous empirical studies have been conducted on the impacts of CSRD on the financial performance of firms the world over. However, the findings of these studies have produced mixed and inconclusive results. Some of these studies have reported positive relationship or impact, while many others have found negative or no effects.

Belkaoui (1976) investigates relationship between information content of pollution control disclosures and financial performance (FP) and finds a positive relationship between FP and CSRD. Alexander and Bulcholz (1978) find no significant relationship between a firm's level of social responsibility activities disclosure and stock market performance. Furthermore, Anderson and Frankle (1980) adopting a company's market value to measure financial performance, and its link with CSR reporting, find a positive correlation. This study shows that investors are more disposed to investing in firms that report CSR than those which do not. This finding has, in addition, provided strong evidence justifying the existence of "ethical investors.

Grifflin and Mahon (1997) examine the chemical industry and report a positive relationship. The result shows that a high CSR reporting is linked to high FP and that a low CSR reporting is linked to lower FP. Grifflin and Mahon's study is significant in the sense that it is one of the few studies that have been conducted within an industry, that is, it is industry- specific. Further, Griffin and Mahon summarize the findings of the numerous articles they reviewed and conclude that no definitive consensus exists on the link between corporate social and financial performance, and that while a substantial number of studies find a negative relationship some of the studies have been inconclusive because they find both positive and negative relationships. However, most of the investigations find a positive link.

Konar & Cohen (2001) examine the extent to which a firm´s environmental performance is represented in market-value movements of their stocks. Their study provides a significant added-value to the literature, as it extends the standard economic technique of decomposing a firm´s market value into the components of tangible and intangible assets. This is done by filtering the intangible environmental part out of the total intangible asset value. The authors find that there is a significant positive relationship between a firm´s environmental performance and the intangible asset value of a sample taken from the S&P 500. Furthermore, the empirical findings suggest that major corporations "voluntarily over comply" with environmental regulations in order to externally portray a healthy environmental image. Yet, the authors fail to prove whether this relationship is truly causal and leads to the positive significance of the relationship of the variables.

Lyon (2007) undertakes a research in New Zealand to investigate the relationship between CSR reporting and financial performance using two industries-production and service industries. Using a spearman's rank-order correlation, the study finds a positive relationship between CSR reporting and financial performance. The study concludes that the industry in which a firm operates affects the relationship between CSR reporting and FP and that the production industry stands to benefit financially from reporting more CSR. Thus, Industry type is regarded in literature as a moderating variable. Waddock and Gravess (1997) find a positive association between profitability and the extent of corporate social and environmental disclosure while Cowen *et al.* (1987) find no association between the variables. Roberts (1992) employs log of profits in testing CSRD-profitability relationship and finds a positive relationship between profitability level of a company and corporate social and environmental disclosure. However, Patten (1992) fails to find any significant positive relationship between profitability and corporate social and environmental disclosure.

Further, Richardson & Welker, (2001) assess the relation between CSRD and the cost of equity capital based on a sample of Canadian companies and report positive results. They argue that CSRD could play a role similar to financial disclosure and reduce the cost of equity capital by reducing transactions costs and/or reducing estimation error. Sinclair and Power (2001) explore the relationship between CSR disclosure and the financial performance of the UK's largest companies, and found no convincing relationship between share returns and disclosure.

Fiori *et al*. (2007) investigate the impact of voluntary disclosure of CSR on stock prices of Italian listed companies over a period of 2002-2007. The results show that some CSRD (especially employees) lead to higher stock prices because of the prevalence of a good perception of the market.

Derwall *et al.* (2005) examine the relationship between a company´s eco-efficiency and its financial performance. The study defines eco-efficiency as the process of creating more value with fewer environmental resources resulting in less pollution or natural resource exhaustion". The study finds evidence indicating a positive and significant relationship between environmental management policies and a firm´s Tobin´s Q, representing a proxy for the market value of a firm.

Wijesinghe and Senaratne (2010) assess the nature of the impact of CSRD on the financial performance of banking, finance and insurance industries in Sri Lanka. The study employs the Global Reporting Index (GRI) as measures of CSR, while ROA and ROE serve as measures of profitability. They report that CSRD has a positive impact on profitability. Kwambo (2009) examines the extent to which social disclosures affects earning per share of public companies in Nigeria. The study employs paired sample t-test for analysis and finds that social disclosure has insignificant impact on earnings per share of public corporations in Nigeria. The study concludes that there is the need to realign social activities with corporate image which could relate positively to earnings of corporations.

Olayinka & Temitope (2011) adopt qualitative research method to examine the relationship between corporate social responsibility and financial performance in Nigeria. The study obtained data on variables which were believed to have relationship with CSR and financial performance. These variables included ROE and ROA, Community Performance, Employee Relation and Environment Management System. The result shows that CSR has a positive and significant relationship with the financial performance measures. These results reinforced the accumulating body of empirical support for the positive impact of CSR on financial performance.

Kartadjumena, Hadi and Budiana (2011) examine the relationship between Profit and CSRD and financial performance of manufacturing industry in Indonesia. Using t- test and chi-square for analysis, the study finds a positive relationship between CSRD and EPS. Similarly, Yahya & Bargebar (2014) investigate the impact of CSRD on the financial performance of companies listed on the Tehran Stock Exchange employing multiple-linear regression analysis. The CSRD measures (independent variables) for this study include economic social and environmental dimensions while both accounting (Return on sale, Return on asset, Return on equity) and market (sales return and price earnings ratio) data constitute financial performance measures (dependent variables). The study reports a significant impact of CSRD dimensions on financial performance.

In conclusion, it is clear from the findings of the above empirical researches that there is apparent lack of consensus in the reported results. The possible factors responsible for the conflicting findings are the use of different measures of CSRD, differences in the research methodology employed, and varying measures of financial performance used.

3.0 Research Methodology

3.1 Population of the Study and Related Issues

The population of this study consisted of the fifty one (51) listed manufacturing companies in even (7) subsectors as at 31st December, 2001 and still listed up to 31[st] December, 2012. These subsectors are Food, Beverages and Tobacco, Breweries, Chemical and Paints, Industrial and Domestic product, Conglomerates, Building Materials, and pharmaceutical. The choice of these subsectors was informed by the fact that they represent the most environmentally visible and sensitive subsectors of the manufacturing industry. For the purpose of this study, the population is stratified according to the subsectors of interest. Since there are 7 subsectors, there are 7 strata. Each stratum is taken as an independent population and 50% is applied across the strata in drawing sample from each stratum. This procedure results in the selection of 25 companies that voluntarily disclose their corporate social responsibility activities. Random numbers were used for selecting the sample companies.

Further, the study excluded from the sample, those companies that have incomplete financial statements over the years under review. Therefore, of the 25 companies only 10 emerged as the sample (see appendix A). This study utilized secondary data sourced from the annual reports and account of the sampled firms. In line with previous similar studies such as Ingram & Frazer (1980), Hackston & Milne 1996), Milne and Adler (1999), Unerman (2000), Ahmed and Suleiman (2004) and Uadiale and Fagbemi (2011), the unit of analysis of the annual reports used in this study is the sentence. In addition, consistent with Branco & Rodrigues(2008), Abdul Hamid (2004), Nik Ahmad *et al,*(2003), Hoq (2010) and Hossain *et al*. (2006), this study used four parameters of voluntary CSRD adapted from instrument developed by Hackston & Milne (1996) (see Appendix C) as independent variables.

This study used unweighted scoring approach by means of a dichotomous procedure in which an item of information disclosed was scored one (1) and zero (0) for an item not disclosed. The dependent variable is Earnings per share (EPS) measured as Net income after preference dividend divided by number of ordinary shares ranking for dividend. The control variables are size (LogTotal Assets) and leverage (Long term Debt/Total Asset). Data were analyzed using descriptive statistics which included mean scores and standard deviation employing statistical package for social science 21 (SPSS 21). In addition to descriptive statistics, correlation and multiple regression analysis were done employing a panel data approach.

3.2 Model Specification

This study has develops the following model for the relationship between the dependent variable and independent variables.

$$Y_{EPS_{it}} = \beta_0 + \beta_1 HR_{jt} + \beta_2 EP_{jt} + \beta_3 CD_{jt} + \beta_4 PI_{jt} + \beta_5 LEVit + \beta_6 LOTSit + \varepsilon it \ldots (1)$$

Where j = 1, 2…………..10 manufacturing companies

t= 1, 2……………10 years

α_0, β_0, γ_0, δ_0 are intercepts of coefficient

α_1, β_1, γ_1, δ_1 are the coefficients of each of the independent variable;

HR represents human resources etc.

ED represents environmental Disclosure

CI is the community involvement;

PI is the product information and

ε is the error term.

4.0 Results and Discussion

4.1 Descriptive statistics and Correlation Matrix

The mean, standard deviation and correlation matrix for the variables are presented in Table 1. Earnings per Share (EPS), Human Resources disclosures, Environmental disclosures, community Involvement disclosures and product information disclosures have the means of 19.25, 53.95, 36.5, 57.3 and 50.9 respectively. The standard deviations for the respective variables under analysis are 9.159, 17.28, 21.59, 19.53 and 14.12. The mean scores and standard deviation figure of 36.5 and 21.6 respectively suggest that environmental activities are the least reported over the last ten years. Community involvement accounts for the highest mean score (57.7 for the ten-year period, while human resources and product information were averagely disclosed in the ten years covered by this study.

Table 1: Descriptive Statistics and Correlation Matrix of the Variables

VARs	N	Mean	Std.Dev	EPS	HR	ENV	COM	PROD	SIZE	LEV	VIF
EPS	100	.19256	.09159	1.000							
HR	100	.53950	.17284	.223	1.000						3.037
ENV	100	.36500	.21590	.300	.095	1.000					1.071
COM	100	.57315	.19533	.217	.708	.165	1.000				2.926
PROD	100	.50980	.14115	.034	.782	.139	.736	1.000			4.173
SIZE	100	15.715	1.3982	.106	.062	-.021	.168	-.188	1.000		1.391
LEV	100	.07468	.11115	-.220	-.032	.211	-.130	-.067	.036	1.000	1.084

Source: SPSS Output

Table 1 shows the coefficients of correlation for the variables. This table indicates the extent to which the dependent variable is related to the independent variables. There is a positive correlation between human resource disclosures and EPS. Further, the correlation between environmental disclosures and EPS is 0.300 for a 0.001 probability level. This relationship is also significant. The correlation between community involvement disclosure and EPS is 0.217 with probability level of 0.015 which is significant at the 5% level because 0.005 is less than 0.05. For the correlation between product information disclosures and EPS, the coefficient is 0.034 which is however, insignificant at the 5% level because the relationship is at 0.370 which is higher than 0.05. There is insignificant but positive relationship between size and EPS (0.106) at 14.8% level) while there is a significant negative relationship between leverage and EPS is (-0.220 at 0.014).

The table also shows the result of the multicollinearity test. The variance inflation factors (VIF) of all the variables suggest that there is a low level of linear relationship among the independent variables. It is expected that VIF must be lower than 10 and the tolerance value higher than 0.10.

4.2 Regression Analysis

Table 2 summarizes the regression results conducted using OLS. In the model, profitability is the dependent variable measured by EPS while four (4) dimensions of CSRD and two control variables are the independent variables. The coefficient of C (constant) is the intercept in the regression. This coefficient is the base level of the estimation when all other explanatory variables are zero. The size of the regression coefficient for each explanatory variable gives the size of the effect that the variable has on EPS. Additionally, the sign of the coefficient indicates the direction of this effect (positive or negative).The values for the coefficient reflect the original units in which the variables were measured. The table shows that all the four independent variables have significant effect on the dependent variable, EPS.

Table 2 shows R^2 of 0.353 and adjusted R^2 of 0.303. The R^2 measures the explanatory power of the independent variables and the adjusted R^2 measures the extent to which the result can be generalized. The values of these three parameters indicate that the model's performance is healthy enough for the prediction of the effect of CSRD on the FP. It implies that 31.6% of the variations in the FP could be explained by the presence of the independent variables.

Table 2: Summary of Regression Results

Indvar	**Coeff**		**t-stat**	**Std error**	**p-value**
Constant	.439		3.961	.111	.000
HR	.328		4.225	.077	.000
ENV	.114		3.109	.037	.002
COM	.189		2.826	.067	.002
PROD	.579		5.231	.111	.006
SIZE	-.012		-1.816	.006	.073
LEV	-.129		-1.825	.071	.071
R		0.594			
R^2		0.353			
Adj. R^2		0.303			
F-Statistic		7.156			
P- value		0.000			
DV	**EPS**				

Source: SPSS Output

The linearity of relationship between the variables is tested by the value of the *F*-statistic and for this study, this value is 7.156 at a p value of 0.000; this is significant, implying a linear relationship between the variables.

Human resources disclosure has a coefficient of 0.328 with a p-value of 0.000 which means that one unit change in Human resources disclosure will result in 0.328 unit change in the EPS. The value of t-statistic for human resources disclosure is 4.225 with a *p- value* of 0.000, implying that the variable is statistically significant. This result is consistent with the findings of Najib (2012). Environmental disclosure has a coefficient of 0.114 with a p-value of 0.000 which means that a unit change in environmental disclosure will increase the EPS by 0.114. The t-statistic for environmental disclosure is 3.109 with a *p- value* of 0.002, an indication that the variable is statistically significant. This is a significant positive relationship and consistent with the findings of Chen and Metcalf (1980), Sarkis and Cordeiro (1998) and Wagner *et al*. (2002) who document a uniformly positive relation between environmental and financial performance for companies within the pulp and paper industry.

The coefficient for the community involvement disclosure is 0.189 with a p-value of 0.006 which means that EPS will increase by 0.189 for a unit change in community disclosures. This is a significant positive relationship. The t-statistic for community involvement disclosure is 2.826 with a *p- value* of 0.006 which indicates that the variable is statistically significant. In addition, product information disclosure has a coefficient of 0.579 and a p-value of 0.000 which implies a significant positive relationship since EPS will increase by 0.579 if the product information disclosure increases by one unit. The t-statistic for product information disclosure is 5.231 with a *p- value* of 0.000 implying that the variable is statistically significant.

The two control variables, size and leverage, included in the analysis have insignificant negative effect on EPS. Size has a coefficient of -0.012 and p- value of 0.073. This result supports the findings of Hassan *et al.* (2007). Leverage has a coefficient of -0.129 but insignificant, given the p- value of 0.071but significant at 10%.

On the whole, the influence of CSRD on EPS in this model is relatively low but significant as shown by the coefficient of the R^2 and the p- value, which indicates the explanatory capability of the variables. Nevertheless, the regression result still supports the hypothesis that CSRD has significant impact on the financial performance of listed manufacturing firms in Nigeria. This result is consistent with the Kartadjumena, Hadi and Budiana (2011).

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

Based on the analysis of data and discussions, the specific findings of this paper include the following:

1. Human resource disclosure has significant positive impact on Earnings per share (EPS). This implies that the level of the disclosure of employee related information has direct effect on EPS- the higher the disclosure level, the higher the EPS and vice versa.
2. Environmental disclosure has significant positive impact on EPS. This means that increase in the disclosure level of environmental responsibility will result in proportionate increase in EPS.
3. Community involvement disclosure has significant positive effect on EPS which implies that the effect of the level of disclosure of community initiatives on EPS is linear.
4. Product and consumer information disclosure has significant positive impact on EPS. This means that the more a firm addresses and discloses product and customer responsibility, the more its EPS
5. The control variables (size and leverage) have insignificant effects on EPS implying that both size and leverage do not influence earnings per share.

On the strength of the foregoing, the study concludes that CSRD level has impact on the profitability of Nigerian quoted manufacturing firms. The disclosure levels of all the four dimensions have positive effects on EPS.

5.2 Recommendations

Relying on the analysis of data and the findings, the paper recommends the following measures:

1. That management of Nigerian manufacturing firms should consider CSR and CSRD as an investment which pays off subsequently.
2. It is also recommended that Nigerian listed manufacturing firms should step up their CSR programmes and disclosures most especially employee, environment, community and consumer responsibilities in order to enhance their financial performance.
3. The need for the Federal Government of Nigeria to regulate corporate social and environmental reporting through the relevant regulatory agencies (such as FRCN) cannot be overemphasized since CSRD is beneficial to the government, the listed manufacturing companies and stakeholders. Government benefits by getting more corporate tax from increased profitability resulting from disclosure of CSR.

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APPENDIX A

List of Nigerian Listed Manufacturing firms in the Sample

S/N	Name of Firm	Sub- Sector	Year of Listing
1	Ashaka cement PLC	Building materials	1990
2	BOC Gases PLC	Industrial and domestic	1979
3	CAP PLC	Chemical and paints	1978
4	Flour Mills Nigeria PLC	Food/beverages and tobacco	1979
5	Guinness Nigeria PLC	Breweries	1965
6	Nigerian Bottling co plc	Food/beverages and tobacco	1973
7	Nigerian Breweries PLC	Breweries	1973
8	PZ Industries PLC	Conglomerates	1974
9	Glaxosmithkline	Pharmaceutical	1977
10	Cement Co. of Northern Nigeria plc	Building materials	1993

Source: Fieldwork, 2014.

APPENDIX B

REGRESSION OUTPUTS

Descriptive Statistics

	Mean	Std. Deviation	N
EPS	.1925610	.09152904	100
HR	.539500	.1728395	100
ENV	.365000	.2159007	100
COMM	.573150	.1953314	100
PRODUCT	.509800	.1411495	100
SIZE	15.714910	1.3982279	100
LEVERAGE	.074689	.1111926	100

Correlations

		EPS	HR	ENV	COMM	PRODUCT	SIZE	LEVERAGE
Pearson Correlation	EPS	1.000	.223	-.300	.217	-.034	.106	-.220
	HR	.223	1.000	-.095	.708	.782	.061	-.032
	ENV	.300	.095	1.000	.165	.139	.021	.211
	COMM	.217	.708	.165	1.000	.736	.168	-.130
	PRODUCT	.034	.782	.139	.736	1.000	.188	-.067
	SIZE	.106	.061	-.021	.168	-.188	1.000	-.036
	LEVERAGE	-.220	-.032	.211	-.130	-.067	-.036	1.000
Sig. (1-tailed)	EPS	.	.013	.001	.015	.370	.148	.014
	HR	.013	.	.174	.000	.000	.272	.377
	ENV	.001	.174	.	.051	.085	.420	.018
	COMM	.015	.000	.051	.	.000	.047	.099
	PRODUCT	.370	.000	.085	.000	.	.031	.255
	SIZE	.148	.272	.420	.047	.031	.	.361
	LEVERAGE	.014	.377	.018	.099	.255	.361	.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.594[a]	.353	.303	.07640032	.353	7.156	7	92	.000

a. Predictors: (Constant), AGE, PRODUCT, LEVERAGE, SIZE, ENV, COMM, HR
b.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.292	7	.042	7.156	.000[b]
	Residual	.537	92	.006		
	Total	.829	99			

a. Dependent Variable: EPS
b. Predictors: (Constant), AGE, PRODUCT, LEVERAGE, SIZE, ENV, COMM, HR

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.439	.111		3.961	.000		
	HR	.326	.077	.615	4.225	.000	.329	3.037
	ENV	.114	.037	.269	3.109	.002	.933	1.071
	COMM	.189	.067	.404	2.826	.006	.342	2.926
	PRODUCT	.579	.111	.893	5.231	.000	.240	4.173
	SIZE	-.012	.006	-.179	-1.816	.073	.719	1.391
	LEVERAGE	-.129	.071	-.157	-1.825	.071	.940	1.064

a. Dependent Variable: EPS

APPENDIX C

Disclosure Index of Voluntary Corporate Social Responsibilities

A. Environnemental Information: 1. Air emission information. 2. Water discharge information. 3. Solid waste disposal information. 4. Environmental policies or company concern for the environment. .5. Pollution control of industrial process
B. Employees Information: 1. Human Resource Development (e.g. Training Programme /Scheme) 2. Health and Safety Arrangements (i.e. safety of the employees). 3. Pensions 4. Reduction or elimination of pollutants, irritants, or hazards in the work environment 5. Discussion on staff accommodation/staff home ownership schemes 6. Policies for the company's remuneration package/scheme 7. Number of employees in the company 8. Providing information on the qualification of employees recruited 9. Providing information on the company/management relationships with the employees in an effort to improve job satisfaction and employee motivation 10. Providing information on the stability of the workers' job and company's future
C. Community involvement 1. Donations to the charity, arts, sports, etc 2. Relations with local population 3. Social welfare 4. Seminars and conferences 5. Establishment of Educational Institution (s).
E. Products information 1. Information on developments related to the company's products including its packaging (e. g. making containers re-usable); 2. The amount/percentage figures of research and development expenditures and/or its benefits 3. Providing information on the safety of the company's product 4. Information on the quality of the company's product as reflected in prizes/awards received 5. Verifiable information that the quality of the firms' product has increased.