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Effect of Corporate Social Responsibility Disclosure on Financial Performance of Multinational Companies in Nigeria

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Abstract
The study examined empirically the sensitivity of financial performance to corporate social responsibility disclosure of listed multinational firms in Nigeria. The study adopted an ex-post facto research design. Audited annual reports of eighteen (18) quoted firms from 2009 to 2019 formed the relevant period where corporate social responsibility disclosure (CSRD) (donations and other related expense) was used for the explanatory variable of the study. While return on asset (ROA), return on equity (ROE) and profit for the year (PFTY) were used as the dependent variables. The study employed panel least square regression analysis via STATA 13 output to fathom the nature of association between these variables. The results show that ROE and profit for the year are influenced significantly by CSRD. It was discovered that the coefficient of the return on asset is significant and equally indicated a positive effect on CSRD. The study accepts the null hypothesis, which stated that return on asset does not positively and significantly affect corporate social responsibility disclosure of multinational firms in Nigeria. The study recommended that government/regulatory bodies should adjust the minimum percentage of profit liable for taxation / CSRD from their profit for the year.
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1. Introduction

1.1 Background of the Study

The debate on the importance of corporate social responsibility (CSR) to the performance of firms of all categories began since the early 1960s (Kenan, Vincent and Muhaheranwa, 2015). It, however, gained reputation in Nigeria in 1990s with the internationalization of the conflict between oil and gas companies and their host communities (Oguntade and Mafimisebi, 2011). The subject matter of argument according to the stakeholder theory is that the success and failure of every business depends largely on the impact of the company on the stakeholders and the environment of the host community (Freeman, 2004; Omodero and Ihendinihu, 2016). CSR is a concept that explains the responsibility firms have in order to improve basic welfare within the society in which they operates. It is similarly a management concept whereby firms integrate social and environmental concerns in their business operations and interactions with their stakeholders.

Accounting disclosure is playing vital role in accounting research due to the importance of accounting information in the decision making process of internal and external users. Accounting standards in several countries tried to take into consideration the information needs of different types of users, but in the same vein, this study focused on multinational companies in Nigeria. Striglbauer (2010) posits that the development of economies and the globalization of financial markets needed adequate mandatory disclosure of information that would inform the stakeholders about the activities of the business. Indeed, public companies should make stakeholders and host community regularly inform of all significant results of business activities in the company Meriemand (2014). Truly, a more transparent firm will easily raise funds from financial institutions.

Scholars including Igbekoye (2017) and Tsoutsoura (2014) opined that public companies ought to conduct mandatory disclosure in its business activities because it facilitates the process of decision making and equally has the access to credit facility by financial institutions. From the fore going, it is observed that some firms do not disclose either voluntary or mandatory items in its corporate reporting keeping the stakeholders and host community in a misleading stage (Alimi, 2013; Aliabi and Ntukekpo, 2012). Nonetheless, firms that do not disclose its financial statement items often suffer a lot of setbacks in capital structure which adversely affect return on asset of the firm. Their inabilities to disclose corporate items bring discrepancies and affect profit indicators such as return on equity and profit for the year. The strength of a corporation's governance systems and the quality of its public disclosures are becoming increasingly important because stakeholders are paying more attention to what is reported and how. Therefore, stakeholders and other investors are demanding better financial reporting and corporate transparency as well as more Good Corporate Governance (GCG) practices through their management and board processes in order to lower their uncertainty regarding investment decisions (Benjamin, 2014).

The efficient allocation of resources in the economy consists of directing available resource to economically

viable investment projects. In this allocation process, information plays an important role (Cai, 2010). Financial disclosure or corporate disclosure practices are essential mechanism in the functioning of an efficient capital market because they provide investors with useful and reliable information regarding the operations and activities of its management. Therefore, in support of the above assertion, FASB (2010) stated that public companies must provide and make available a minimum amount of mandatory disclosure to the public through financial statements, explanatory notes, and chairman's management reports.

With respect to the importance of mandatory disclosure on financial statements of public companies, several empirical studies have measured the weight of financial information on the pricing of stocks as a method of verifying the relevance of the contents of financial reports on the capital market. The studies by Ball and Brown (2008), Beaver (2011), and Brown and Warner (2005) are notable. Voluntary disclosure of listed companies refers to reporting to security regulators and revealing to the public the company's financial situation, operating results and other related information, in accordance with the relevant laws and regulations. The information disclosure institution serves as an effective guarantee for regulated operation of the capital market. The history of disclosure of accounting information has witnessed the transformation from voluntary to mandatory, and then to a combination of both (Zhang and Jianxu 2014).

However, voluntary disclosure is still a new subject for the market by public companies in Nigeria, but its importance is advancing more attention. Due to the fact that regulatory accounting body has not been able to institute regulatory principles that will guide these practices, companies as a matter of fact do not reveal enough trading results/ information at the end of the year to the stakeholders and host community. Mao (2018) posits that voluntary disclosure of accounting information is not restricted by the national guidelines. Companies can work out the content for voluntary disclosure with their own advanced technologies, in addition to other means ensuring the firm's ability to secure mandate and the demands of the investors.

Accordingly, there is a need to look at the effect of corporate social responsibility disclosure of multinational companies' on financial performance in Nigeria to strengthen the position of law on environmental, economic, social and other responsibilities of firms. It is pertinent to note that its contributions to the environmental health, human resource development, stakeholders and indeed the host communities are enormous. It is because the idea behind Corporate Social Responsibility (CSR) in its more grounded system states that companies have a commitment to consider the concerns of their clients, workers, shareholders, host communities, nations, and so on (Little 2006). Perez and Del Bosque (2014) posit that corporate social responsibility activities can prompt developments through the utilization of social, ecosystems or sustainability drivers to make new social interventions. It is against this background that this study evaluates the effect of corporate social responsibility disclosure on financial performance of multinational companies in Nigeria.

1.2 Statement of the Problem

The most common and most well documented of the failures in corporate social responsibility disclosure is stakeholder's dissatisfaction with managerial performance. Poor information dissemination to stakeholders creates dissatisfaction and normally leads to discrepancy and misunderstanding among the parties (Winegarden, 2017). Consequently, it cripples the business activities and other operations which simultaneously threaten the profit volume and other performance indicators (i.e. return on asset, profit for the year earnings per share, return on equity). Once these discrepancies occur breeding hostilities between the firm and stakeholders including host communities, investors would be scared on investing their scarce resources in such hostile place. Despite the revenue generated by multinational firms, they are accused of being insensitive about the interest of stakeholders due to their attitude in presenting trading results as it is most often presented in abridged form (Arzizeh and Bassey, 2017). Similarly, multinational firms are confronted with increasing demands for social responsibility and are held responsible for environmental problems arising from their operations. The performance and success of these companies depends on how well they are able to manage their relationship with stakeholders. Despite all their efforts to render social responsibility to its stakeholders, it has not succeeded in creating conducive conditions to promote peaceful coexistence.

Ahmed and Duellmand (2011) viewed that companies with better quality of financial information are associated with subsequent higher performance, due to the fact that both stakeholders and host communities have access to those companies which are more committed to the issuance of good information for shareholders and other stakeholders, aiming to reduce or avoid information asymmetries between market participants (Garcia, Osma, and Penalva, (2010). Further, the manager's decision and his discretional behavior have an influence on corporate performance through the strategic management process. Thus, it is necessary to know the manager's actions, decisions and behavior, corporate strategy and accounting policies among others, to highlight and determinate causes of firm's performance. But full adoption of policies and standards issued by relevant regulatory bodies such as International Financial Reporting Standards Committee, Financial Accounting Standard Board (FASB) and International Federation of Accountants may not be imbued and fully implemented. That is, there is no uniformity of standard or total compliance on what to disclose by companies in their annual reports and accounts to the

stakeholders and host community. It is most likely that a lot of firms do not keep to disclosure requirements and standard which affect the uniformity in this direction.

The objective of the study is to appraise the influence of corporate social responsibility disclosure on financial performance of multinational firms in Nigeria. Specifically, it tried to ascertain the relationships between CSRD, ROE, ROA and profit for the year.

2. Literature Review

2.1 Conceptual Review

2.1.1 Corporate Social Responsibility Disclosure

Corporate social responsibility disclosures are information presented in form of reports to furnish all stakeholders with financial and non-financial information, which are relevant, faithfully represented and useful for making prudent, reliable, effective and efficient decisions. Companies globally are now focusing on how best to integrate their financial and non-financial information, particularly as businesses are experiencing unprecedented environmental and social changes. Hence, the need for every organization to disclose in their annual reports the various activities that affect the stakeholders.

2.1.2 Corporate Social Responsibility (CSR)

Corporate social responsibility is actions taken by the firm to produce further social goods beyond the direct interests of the firm and that which is required by law (McWilliams and Sieege, 2011). Corporations have societal obligations that transcend their duty of care to shareholders, but also to other stakeholders such as employees, suppliers, workers, the government and indeed the communities. CSR is an increasingly indispensable component in the business world. The first impression many people have towards corporations is that they are taking advantage of consumers and society. In their view, they think businesses are all about profit-making, and they care less about society, the environment, and human rights issues. They do not contribute much to society. In fact, many entrepreneurs want to erase the negative image corporate social responsibility of corporations ingrained in people's minds, moreso, with their actions. The trend of companies engaging in socially responsible activities is increasing. Businesses, including small and medium sized companies, are now working hard to establish various programs and strategies that can balance both areas of profitability and social responsibility.

2.1.3 Corporate Social Responsibilities in Nigeria

In order to view clearly the term CSR from Nigeria standpoint, it is of importance to explore the drivers for, and the history and development of CSR in Nigeria. The world Business Council for sustainable Development has looked at CSR with business and non- business stakeholders in a number of countries in the world with the single objective of understanding local perspectives better and to get different perceptions of what CSR should mean from a number of different societies (http:www.cecodes.org.co). Odia (2017) identified key CSR issues such as human rights, Employee rights, Environmental protection, and Community involvement and supply relations. In a work by Pederson and Huniche (2016) titled Corporate Citizenship in Developing Countries, it contains a chapter about revisiting Carroll's CSR pyramid from a Nigerian perspective. Most of the research on Carroll's CSR pyramid has been in an American context and in this report, an attempt was made to look on how CSR manifests itself in a Nigerian context. In Nigeria, economic responsibility still get the most emphasis while philanthropy is given second highest priority, followed by legal and then ethical responsibilities.

2.1.4 Multinational (Transnational) Companies

The term multinational corporation (MNC) is often seen as international link in the business activities across the globe. It can be defined and described from differing perspectives and on a number of various levels including law, history and strategy as well as from the assessment of business ethics and society (Akinleye and Faustina, 2017). Multinational corporations are companies which seek to operate strategically on a global scale. A multinational corporation is a company, firm or enterprise that operates worldwide with its headquarters in a metropolitan or developed country. Hill (2005) defines multinational enterprise as any business that has productive activities in two or more countries. Certain characteristics of multinational corporations should be identified at the start since they serve, in part, as their defining features. Often referred to as "multinational enterprises and in some early documents of the United Nations they are called "transnational organizations," Multinational corporations are usually very large corporate entities that while having their base of operations in one nation—the "home nation"—carry out and conduct business in at least one other, but usually many nations, in what are called the "host nations."

2.1.5 CSRD and ROA

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or stakeholders, an idea on how efficient a company's management is at using its assets to generate earnings (Gallo, 2016). Some investors add interest expense back into net income when performing this calculation because they'd like to use operating returns before cost of borrowing. ROA tells what earnings were generated from invested capital (assets). ROA is calculated using this formula: (Net Income + Interest Expense) / Average Total Assets

2.1.6 CSRD and Return on Equity (ROE)

It is a financial ratio that measures the return generated on stockholders' equity; shareholders' equity reflects the accumulation over time of amounts received by the company from stock/share issues plus the profits/earnings retained by the company. It shows the value or volume of dividend that would be distributed to shareholders. In other hand, equity is equal to a company's net assets.

2.1.7 CSRD and Profit for the Year

This is part of revenue generated from business operations in order to view the strength and weakness of business activities within the accounting period. It is pertinent to know that before the arrival at the profit for the year, profit from continuing operations and profit from discontinuing operation should be taking care off. This would make the financial statement easy and build solid confidence to the investors, stakeholder and the general public. It is an avenue to display the image of the firm to the public. This encourages the public to invest their hard earned revenue and is ideal for the purpose of generating future income.

2.2 Theoretical Framework

Some many theories have addressed the issue of corporate social responsibility both in Nigeria and globally. However, the study is anchored on Signaling Theory (Jensen, 1986) which is more relevant and appropriate to the topic.

2.2.1 Signaling Theory (Jensen, 1986)

The role of information in the business cycle cannot be over-emphasized. The stakeholders and the management of firms use financial information for planning and decision making. Based on signaling theory, corporate disclosures usually signal companies' performance to shareholders. Mathias (2016) argued that the adoption of IFRS in corporate reporting serves as a signal to investors on the credibility of financial reports. IFRS adoption increases the disclosure level of a firm by allowing outside capital providers to have more information to evaluate the return of investment opportunities. He, also, noted that the adoption of IFRS will provide a signal that new financial information provided is credible and relevant to investors.

2.3 Empirical Reviews

Appah (2011) carried out a study on corporate social accounting disclosure using audited annual reports of Nigerian companies. The objective of the study was to examine the practice of social accounting disclosure in these companies. The research adopted descriptive research design. A sample size of 384 firms from infinite population was used. The research hypothesis was tested using chi-square statistic.The findings revealed that the inclusion of social cost and the disclosure of information by the organizations in the financial statements enhance appropriate disclosure of information by organization. Mohammed, Nma and Olugbenga (2016) evaluated 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 earnings per share (EPS) and return on asset (ROA) of the sampled firms. It 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 these firms and analyzed with the aid of multiple regression analysis. The study finds an overall significant positive association between CSRD, ROA and EPS. Further, the study reveals that all the four CSRD dimensions (employee, environment, community and product) have significant positive effect on EPS.

Babalola and Abiodun (2012) studied the relationship between corporate social responsibility and firms' profitability in Nigeria with the use of secondary data, sourced from ten (10) randomly selected firms' audited annual report from 1999 to2008. The study made use of ordinary least squares for the regression analysis of collected data. Findings show that the sample firms committed less than ten percent of their annual profit to social responsibility. The co-efficient of determination of the result obtained shows that the explanatory variables account for changes or variations in selected firms' performance, proxied by profit for the year (PFTY), are caused by changes in corporate social responsibility (CSR). Richard and Okoye (2013) examined the impact of corporate social responsibility on deposit money banks (DMBs) in Nigeria. Descriptive survey research design was adopted in the study with focus on corporate social responsibility and financial performance. The study tested financial performance with the help of PFTY. The study reveals that social responsibility has great impact on the society by adding to the infrastructures and development of the society. It concluded that a company has to give back to the society in which it operates, clean up all forms of pollution it has caused in its course of operation and provide infrastructural facilities to the society as a way of giving back and developing (that) same society.

Odia (2017) carried out a study on social and economic consequences of corporate social and environmental disclosures in Nigeria. The study discussed consequences of corporate social and environmental disclosures in Nigeria (CSED). The research method was based on the survey of a sample of 351 shareholders, management and auditors. The study made use of ROI and ROE to find out the social, economic, and environmental consequences on CSED and firm performance. The results indicate a varying degree of differences with respect to stakeholders

and gender with regard to the social and economic consequences of CSED. It was recommended that companies should increase the disclosures on social and environment issues to improve their social and environmental performances which could eventually impact on their financial performance. Igbekoyi, Alade & Oladele (2011) carried out a study on the trend of compliance of manufacturing firms in Nigeria to corporate social responsibility (CSR). The population of the study comprised of 74 manufacturing firms quoted on the Nigerian Stock Exchange (NGSE). A sample size of 25 firms was selected using purposive sampling technique so as to capture only firms that are in existence consistently within the time frame of this study. Data were collected from audited annual reports of the selected firms for the period 2002-2016. Data collected were analysed using tables, graphs and cross-sectional regression trend analysis with the aid of E-views 9.0 statistical package. The findings revealed that the rate of compliance of Nigerian manufacturing firms to CSR is more than the rate of noncompliance.

Mujahid and Abdullah (2014) studied the dependency of CSR on firm's financial performance as well as on shareholders' wealth in Pakistan. They had selected 10 firms which are highly rated as CSR firms and 10 non-CSR firms to see the differences in their financial performances and shareholders wealth as well. They selected the return on equity (ROE) and return on assets (ROA) ratios as financial performance indicators and stock prices and earnings per share (EPS) as representing shareholders' wealth. They adopted a mixed methodology in the study and concurred that there was a significant positive relationship between CSR, financial performance and shareholders' wealth. In another study by Nana, Boafo and Doris (2016) carried out on comprehensive assessment of corporate social responsibility using primary data with help of questionnaires administered to management and staff of Vodafone Ghana ltd. Target population of the study was made up of management and staff of Vodafone Ghana ltd. 20 respondents was randomly selected among management and staff through simple random sampling technique. The study revealed that the company engages in CSR programs because it wants to create an image of a good corporate citizen. It was concluded that CSR has a positive impact on all performance indicators of the firm.

Igbekoji (2017) studied the impact of corporate social responsibility on firms' profitability in Nigeria. Data were collected through secondary data sourced from 10 randomly selected firms' audited annual report from 1999 to 2008. The study used ordinary least square to the analyze data collated. The findings show that the sample firms invested less than 5% of their annual profit to social responsibility. Juhmani (2014) studied corporate social and environmental disclosure on website. This study centered on examining information disclosure of the companies' website. The study made use of historical research design and secondary data was used. Return on investment (ROI) was used for the proxy of performance. The findings shows that 57.57% of the sampled companies provided social and environmental information in their 2012 annual reports and their websites.

Raji, Mbashiru and Adebayo (2017) conducted study on impact of corporate social responsibility on firm performance measured by firm size. Data were collected from audited annual reports of fourteen manufacturing companies for the period of 10 years (2005 – 2014). It employed a time series and cross sectional data (panel data) to examine the relationship between corporate social responsibilities and firm's performance using ROA as proxy for firm performance. The results revealed that there is no significant relationship between corporate social responsibility and firm performance measured by size. The study also revealed that there is a negative relationship between corporate social responsibility and firm's efficiency. Iqbal, Ahmad, Basheer, & Nadeem, (2012) examined the connectivity of CSR with financial performance, market value of share and financial leverage of 156 listed companies on Karachi Stock Exchange for the period (2010-2011). They adopted descriptive statistics, correlation and regression to conduct the study; return on investment (ROI) was proxy for the firm performance. This study showed a mixed results, that CSR negatively affected the market value of those companies and that CSR did not have any influence on those companies and that there was no significant relationship between CSR and financial leverage.

Riyadh, Sukoharsono, and Alfaiza (2019) investigated the influence of corporate social responsibility disclosure and board characteristics on corporate performance. Specifically, it examined the effects of CSRD, board independence, board size and gender diversity on profitability of selected two hundred and fifty multinational energy companies for the three year period 2016-2018. Employing smart partial least squares, the study depicted a statistically insignificant relationship between CSRD and profitability. However, board size and gender diversity exerted significant influence on profitability.

3. Methodology

3.1 Research Design

This study adopts ex-post facto research design. *Ex-post facto* research design involves the ascertaining of the impact of past factors on the present happening or event. Agburu (2014) define e*x-post facto* research design as an inquiry to discover whether and to what extent a variable or event which occurred in the past has impact on the occurrence of the present event. It is concerned with the existence and influence of independent variables on the dependent variable(s).

3.2 Method of Data Analysis

The sample of the study is made up of (18) multinational companies in Nigeria selected through purposive sampling from the Nigerian Stock Exchange (NGSE). Data were analyzed using Panel Least Squares. Subsequently, decision rule posits that if $P > 0.05$, $t < |2|$ at 95% confidence interval, we accept Ho. Otherwise; we reject Ho and accept H_1.

3.3 Model Specification: Based on the above theories, an investment in corporate social responsibility is what guarantees legitimacy to the firm. This, in the long run, would enhance its performance and profitability. Enahoro, Akinyomi, and Olutoye, (2013) posited that the functional relationship between corporate social responsibility and financial performance is specified as:

$FP = b_0 + b_1\, CSR + U$ ……………………………… (1)

Considering the underlying objectives of this study, the model for the study could be specified as:

$ROA = f(CSRDISC)$ ………………………………… (2)

$PFTY = f(CSRDDISC)$ ……………………………….. (3)

$ROE = f(CSRDISC)$ ………………………………… (4)

where

ROA, PFTY and ROE = Department variables, CSRDISC = Independent variable equations 2-4 can be specified as: $ROA = b_0 + b_1\, CSRDISC + U_{it}$ ……… (5)

$PFTY = b_0 + b_1\, CSRDISC + U_t$ ….……………… (6

$ROE = b_0 + b_1\, CSRDISC + U_t$ ………………… (7)

LnTA = $b_0 + b_1\, CSRDISC + U_t$ ………………… (8)

Where:

ROA, PFTY and ROE are proxies for financial performance

CSRDISC = Corporate Social Responsibility Disclosure (Proxy for corporate social responsibility investment and expenses incurred to the host community and stakeholders)

U_t and V_i = stochastic error terms

t = time series trend for firm i

b_o = constant terms

b_i = coefficient parameters

Control Variable

Natural Logarithm of Total Assets (LnTA): This is used as proxy for firm size. In most cases LnTA is better as it is easier for firms to iinflate their total sales than their total assets. While total assets is used to control most of the variables in the study to make these linear, natural logarithm of total assets linearizes the value of the total assets.

Natural Logarithm of Total Assets = LnTA

4. Results

4.1 Analysis of Data

Table 1: Descriptive Statistics

Variable	*Obs.*	*Mean*	*Std. Dev.*	*Min*	*Max*
csrd	180	.8333333	.3737175	0	1
roe	180	20.70433	20.30821	-3.4	92.79
roa	180	7.136389	6.955067	-14.48	26.52
pftytta	180	.3265556	.3003895	-.87	.98
lnta	180	17.15339	2.1328	12.41	22.07

Source: Authors' STATA 13 Output of Collated Data

Note that all abbreviations retain their original meanings as described in the beginning of the chapter. The mean (a strong measure of central tendency where extreme values are truncated) of the sampled 18 firms' variables in 180 observations are portrayed in the table above. It is presumed to estimate the true population mean of multinational firms in Nigeria as regards the variables studied. The standard deviation, a measure of dispersion, is quite large in comparison to the respective means which is expected as the sampled firms come from diverse industries. This is peculiar to heterogeneous data commonly applied in panel methodology. Since the mean, standard deviation and standard error must exist in the same units of data (i.e. meters, naira, and so on) the largeness becomes obvious. The difference between the minimum and maximum values is the range of the distribution given the individual variables studied.

Table 2: Pairwise Correlation

	csrd	*roe*	*roa*	*pftytta*	*lnta*
csrd	1.0000				
roe	-0.2566*	1.0000			
	0.0005				
roa	-0.1643*	0.7371*	1.0000		
	0.0276	0.0000			
pftytta	-0.1893*	0.0412	0.0148	1.0000	
	0.0109	0.5834	0.8436		
lnta	-0.0266	0.2856*	0.2376*	-0.0978	1.0000
	0.7228	0.0001	0.0013	0.1916	

Source: Authors' STATA 13 Output of Collated Data

The correlation matrix coefficients measure the degree of association between the different variables studied. Probabilities of each correlation coefficient are beneath each and P-values < 0.05 connote statistical significance. The table depicts a negative relationship between return on assets (ROA) and corporate social responsibility disclosure (CSRD). Further, there exists a negative relationship between natural logarithm of total assets and CSRD on the one hand; natural logarithm of total assets and profit for the year to total assets on the other albeit later is statistically insignificant. ROA is significantly and positively correlated with LnTA at 0.2376, perfectly correlated with return on equity (ROE) at 0.7371, in that their P-values are less than 0.05 (the acceptable limit) while PFTYTTA is very highly correlated with CSRD at -0.1893. These suggest existence of co linearity that characterizes panel data.

Table 3: Prais-Winsten Regression Correlated Panels Corrected Standard Errors (PCSEs)

roe	Coef.	Semirobust Std. Err.	t	P>|t|	[95% Conf.	Interval]
csrd	-13.53957	4.877652	-2.78	0.006	-23.16541	-3.913738
lnta	2.65659	0.602081	4.41	0.000	1.468408	3.844771
_cons	-13.58221	11.424895	-1.19	0.236	-36.12873	8.964333
rho	.8782259				number of obs = 180	
DW (original)		0.293866		F(2, 177) = 14.27	Prob > F = 0.0000	
DW (transformed)		2.124101		R-squared = 0.6436	Root MSE = 18.899	

Source: Authors' STATA 13 Output of Collated Data

Table 4: Prais-Winsten Regression Correlated Panels Corrected Standard Errors (PCSEs)

roa	Coef.	Semirobust Std. Err.	t	P>|t|	[95% Conf.	Interval]
csrd	-2.941522	1.726484	-1.70	0.090	-6.348664 .	4656207
lnta	.7609334	.1999473	3.81	0.000	.366346	1.155521
_cons	-3.464929	3.607153	-0.96	0.338	-10.58349	3.653633
rho	.8639616				number of obs = 180	
DW (original)		0.294291		F(2, 177) = 7.94	Prob > F = 0.0005	
DW (transformed)		2.333100		R-squared = 0.4814	Root MSE = 6.7036	

Table 5: Prais-Winsten Regression Correlated Panels Corrected Standard Errors (PCSEs)

pftytta	Coef.	Semirobust Std. Err.	t	P>|t|	[95% Conf.	Interval]
csrd	-.1543352	.0643914	-2.40	0.018	-.2814089	-.0272615
lnta	-.0144922	.0084944	-1.71	0.090	-.0312554	.0022711
_cons	.7037579	.1609299	4.37	0.000	.3861696	1.021346
rho	.3873431				number of obs = 180	
DW (original)		1.227754		F(2, 177) = 4.02	Prob > F = 0.0195	
DW (transformed)		1.956076		R-squared = 0.3464	Root MSE = .29499	

Source: Authors' STATA 13 Output of Collated Data

In tables 3, 4 and 5, the transformed Durbin-Watson d-statistic is approximately equal to 2 respectively (from 0.30 to 2, 0.30 to 2 and 1.23 to 2) indicating that any serial correlation has been corrected. F – Statistic (a powerful statistic for testing hypothesis) depicts that the combined influence of the explanatory variable including the control variable on return on equity of the multinational firms is very statistically significant. It also depicts that the combined influence of the explanatory variable including the control variable on return on assets of the multinational firms is only statistically significant at 10% level of significant. Further, the independent and control

variables exerted significant influences on profit for the year to total assets at 2% and 9% level of significance respectively.

The multiple coefficient of determination, R-squared, is 64.4%, 48.1% and 34.6% respectively indicating that 64.4%, 48.1% and 34.6% changes on ROE, ROA and PFTYTTA of firms are caused by these determinants. Further, these are significant influences as regards panel data. The p-values are less than 0.02 which is lower than $\alpha = 0.05$ for both ROE and PFTYTTA corroborating that the influence of the explanatory variables is statistically relevant.

4.2 Tests of Hypotheses

I H_0: Corporate social responsibility disclosure does not have any significant effect on return on equity of multinational companies in Nigeria.

H_1: Corporate social responsibility disclosure exerts significant influence on return on equity of multinational companies in Nigeria.

According to Gujarati and Porter (2009), the decision rule involves accepting the alternate hypothesis (H_1) if the sign of the coefficient for corporate social responsibility disclosure (CSRD) is either positive or negative, the modulus of the t-Statistic > 2.0 and the P-value of the t-Statistic < 0.05. Otherwise, accept H_0 and reject H_1.

Table 3 Prais-Winsten Regression Correlated Panels Corrected Standard Errors is used to test the above stated hypothesis. As regards beta (β) coefficients, table 3 denotes that a unit change in corporate social responsibility disclosure (CSRD) increases return on equity by -13.54 units (bivariate relationship).The control variable (natural logarithm of total assets) in this instance, depicted strong result (very significant probability) of the t-statistic. Since the P-value < 0.05 at 0.006 with the inclusion of the control variables, t > |2| at -2.78 (|-2.78| = 2.78 > 2), we reject the null hypothesis and surmise that corporate social responsibility disclosure (CSRD) very significantly and negatively affects the level of return on equity of quoted multinational firms in Nigeria. The findings were in agreement with findings of Appah (2011), Babaolala (2012) and Olaroyeke, Nasieku (2015) and Senan, Noaman, Al-dalaien and Al-Homaidi (2021).

II H_0: Corporate social responsibility disclosure does not have any significant effect on return on assets of multinational companies in Nigeria.

H_1: Corporate social responsibility disclosure exerts significant influence on return on assets of multinational companies in Nigeria.

Table 4 Prais-Winsten Regression Correlated Panels Corrected Standard Errors is used to test the above stated hypothesis. As regards beta (β) coefficients, table 4 denotes that a unit change in corporate social responsibility disclosure (CSRD) increases return on assets by -2.94 units. The control variable (LnTA) however, depicted strong result of the t-statistic. Since the P-value > 0.05 at 0.09 with the inclusion of the control variables, t < |2| at -1.71, we reject the alternate hypothesis and surmise that corporate social responsibility disclosure (CSRD) exerted negative but statistically insignificant influence on the level of return on assets of quoted multinational firms in Nigeria. Findings of this study aligned with the previous empirical research of other scholars: Mohammed, Odion and Akhalumed (2016), Ibrahim and Garba (2015), Igbekoye, Alade and Oladele (2011), Odia and Mohammed (2017), Nma and Ohugbeng (2016).

III H_0: Corporate social responsibility disclosure does not have any significant effect on profit for the year to total assets of multinational companies in Nigeria.

H_1: Corporate social responsibility disclosure exerts significant influence on profit for the year to total assets of multinational companies in Nigeria.

Table 5 Prais-Winsten Regression Correlated Panels Corrected Standard Errors is used to test the above stated hypothesis. As regards beta (β) coefficients, table 5 denotes that a unit change in corporate social responsibility disclosure (CSRD) increases profit for the year to total a asset by -0.154 unit. The control variable here also exhibited an insignificant influence on profit for the year to total assets. However, the P-value < 0.05 at 0.018 with the inclusion of the control variables, t > |2| at -2.40, we reject the null hypothesis and concur that corporate social responsibility disclosure (CSRD) negatively and very significantly affects the level of profit for the year to total assets of quoted multinational firms in Nigeria. The findings was consistent with the studies of Appah (2011), Odia (2017), Senan, Noaman, Al-dalaien and Al-Homaidi (2021), Juhmani (2014), Nana, Boafo and Doris (2016) and Richard and Okoye (2013) who argue that corporate social responsibility disclosure is a means by which stakeholders, investors and host communities are duly informed of the activities of the business organizations and its results thereto.

5. Conclusion

The study dealt with the effect of corporate social responsibility disclosure on financial performance of multinational firms in Nigeria with an explanatory variable (CSRD) and predicted variables (return on equity, return on asset and profit for the year to total assets). The study employed multiple regression (panel least squares analysis) via STATA 13 output to examine the relationship between corporate social responsibility disclosure and financial performance from 2009- 2019. The results showed very significant and negative influence of CSRD on

both ROE and PFTYTTA. However, the effect of CSRD on ROA is negative and statistically insignificant. That is, all cuts on the profits of multinational firms.

Recommendations are made based on the findings of the study.

(i) Firms should increase its expenditure on CSRD until it becomes sub-optimal given the significantly negative association between CSRD and ROE.

(ii) Multinational firms should ensure the investment in CSRD at least approximates the expected benefits including non-financial (cost benefit ratio approximates to 1). Return on assets invested must be reasonable.

(iii) Firms should increase its expenditure on CSRD until it becomes sub-optimal given the significantly negative association between CSRD and PFTYTTA

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