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Determinants of Corporate Social Responsibility Disclosure Practices: An Empirical study of Nigerian Listed Firms

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***Abstract*:** This paper investigated determinants of corporate social responsibility disclosure practices of listed firms in Nigeria. Data covering the period of 2010-2017 was collected from the annual report and account of Sixteen (16) listed firms on Nigerian stock exchange market. Ordinary least Square Panel regression estimator was employed owing to the cross sectional and time series nature of the data. The result showed that board independence, financial leverage and age were positively related to corporate social responsibility disclosure while profitability was found to exhibit a negative relationship with corporate social responsibility disclosure. It was however revealed that approximately 40% of the variations in the dependent variable of CSR disclosure was explained by the explanatory variables and jointly tested all the variables had a significant effect on the dependent variable as revealed by the F-statistic of 14.44 significant at 5%. This study extends the scope of previous studies by including corporate governance variables of: board independence and board size which are issues of current contention. The paper contributes to the understanding of determinants of CSR disclosure practices and offers findings which are useful for both theory and practice.

***Keyword*:** Corporate Social Responsibility, Disclosure, Determinants, Listed firms, Nigerian Listed Banks, Leverage

1.0 Introduction

An evolving challenge faced by business firms is the issue of incorporating into their performance indices the social and environmental concerns as part of the overall objective of the business (Aguilera & Jackson, 2003). The increase in global environmental awareness and the campaign for sustainable economic development has redirected the attention of firms towards social and environmental sensitivity. Dramatic economic events in recent years have

emphasized the role of Corporate Social Responsibility (CSR) and its reporting in defining the future of our society. This has prompted increased accounting and reporting interest in the CSR concept because of the clear need to restore investors' and consumers' trust in markets (Dyduch & Krasodomska, 2017). While businesses are mainly responsible for creating wealth and driving progress, they are guided by governments and regulations, societal pressure groups and consumer pressure. However, companies are now increasingly aware that commercial success and profits for shareholders do not only arise from maximizing short-term profits, but instead require an attitude that justifies and reinforces social responsibility.

No one definition adequately explains the concept of corporate social responsibility. However for the purpose of this paper we adopt the definition as given by World Business Council for Sustainable Development (1999) that states it as a company's commitment to operate in an economically, socially and environmentally sustainable manner while still ensuring that diverse stakeholders' interests are met. Companies can become socially responsible by following the law, as well as by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategies and operations; and informing stakeholders of same (i.e., companies' social and environmental performance). This information, companies can make available in their annual, integrated, and social reports, as well as on their corporate websites. The response to the growing demand for corporations to be socially responsible, has heightened corporate social responsibility disclosure by corporations of their social and environmental activities.

This is made more evident as a result of the failure of traditional corporate reporting in informing stakeholders about the impact of business activities on society (Hackston & Milne, 1996). Hence corporate social disclosure involves extending firms' accountability beyond their traditional role of providing financial account to the owners of capital, in particular shareholders. Such an assertion is based upon the assumption that companies do have wider responsibility than simply making money for their shareholders.

Corporate Social disclosure is a subject that has received increased academic attention in the time past and most importantly in today's dynamic world. People's expectation of the business and about its role in society is mounting and the research in this area shows that there has been expansion in a range of instruments that plan to develop, evaluate and communicate socially responsible practices (Golob & Bartlett 2007). Researchers have carried out studies in different countries' on CSR disclosure level to indicate the awareness of CSR practice and what often makes a company to disclose its CSR activities. Attention in this regard have focused largely on why or what factors could influence a company or explain why a company would engage in corporate social reporting voluntarily. This heightened interest in firms corporate social responsibility reporting

and what propels it has generated much study in the developed countries. An Emerging economy such as Nigeria on the contrary, has been slow in responding to the increased concern about the issue of CSR reporting (Uwuigbe, 2011). In spite of its relevance and timeliness, there is still a dearth in research in the Nigerian context on this issue, with the exception of only few notable studies; hence the interest.

The goal of this study therefore is to evaluate the determinants of corporate social responsibility disclosure practices of Nigerian companies. It is often argued that the main motivation for publishing CSR disclosure is to legitimize the company's operations, thus justifying its continuous existence and gaining stakeholders' trust. Companies adopt disclosure policies in order to achieve this legitimization that may differ according to their characteristics. The investigation of the influence of a range of company-level attributes potentially provides evidence for guiding companies' CSR disclosure. Hence, our findings may not only provide valuable insights into companies themselves, but also provide useful insights for policy-regulators. On the whole, we will be analysing the consequences for CSR disclosure of six factors: firms' size, firms' age, profitability, financial leverage, board size and board independence. The disclosure index of four themes is used as a proxy for the level of CSR disclosure.

2.0 Literature Review

2.1 Corporate Social Disclosure

Companies' responsibilities towards society have expanded significantly in recent years. Omran and Ramdhony (2015) agree that the call for disclosure of non-financial information has grown in response to the awareness that financial statement omits salient information about the firm. Traditional financial reporting has often been queried for its concentration on the needs of the industry, finance and the market; hence the emergence of social responsibility accounting in addressing the needs of all the firms' stakeholders was a welcome development.

Social disclosure is the giving of account, of corporations social activities to all those affected by their activities in their financial statements. Originally businesses were accountable to their private shareholders or institutional investors in the financial markets. In recent time however, because of the increasing adverse impact of corporations on aspects of social life and on the environment, a diversity of stakeholders now demand accountability about the impact of corporate activities on the life of the society (De-Regil, 2003). The considerable emphasis placed on the societal role of business is in accordance with the spreading belief that measures of company success must go beyond profit and should relate to the needs of stakeholders and society at large. Rouf (2011), also noted that the perceived role of business firms' world over and especially in the developing countries has changed over time from classical profit maximization approach to social responsible approach.

Most organizations are expected to be responsible to their clients as well as their immediate environment and society as a whole. Corporate social disclosure is a way to communicate that company's values are in line with public values. It could also serve as a means of managing stakeholder relationships. Others see it as having become one of the requirements for firms' usefulness to the society in which they operate (Uwuigbe, 2012). Corporate disclosure of social and environmental impacts constitutes what some advocates consider to be a critical pillar of the CSR movement. In theory, corporate disclosure pushes the CSR movement forward by providing stakeholders with actionable information that can be factored into future decisions. Investors deciding where to direct their money, employees deciding where to work, public policymakers deciding what to regulate, consumers deciding what goods to purchase; all these groups benefit from corporate disclosure of CSR-related information.

2.2 Framework of Corporate Social Reporting in Nigeria

Financial reporting practices in Nigeria is governed by several major bodies including government through company law, the Central bank, Securities and Exchange Commission, Nigerian Stock Exchange registration's requirements, and the Governance Rules. Nigeria company law states that accounting principles and practices should be in line with the Generally Accepted Accounting Principles (GAAP). These regulatory bodies provide financial regulatory frameworks by which organizations carry out their businesses and how same is reported. Most importantly is the adoption of the IFRS by banks and other financial institutions operating in Nigeria. This was to make their reporting practices more understandable and acceptable world-wide while competing favourably with international contemporaries.

Unlike financial reporting, corporate social reporting cannot be said to have received enough standardization in terms of reporting most especially in the developing and emerging economies of the world of which Nigeria is one. Corporate social reporting has evolved in Western Europe over several decades. Today, numerous organizations, including the United Nations, the European Union, national governments, and public interest groups require corporations to publish reports on corporate social responsibility. Various reasons have been given as been responsible for the sustained drive in developed countries towards corporate social responsibility reporting. In these countries, different private, pressure group and government regulatory bodies enforce the laws and guidelines of corporate social responsibility to intensify the CSR practices of firms. On the contrary, fewer similar initiatives exist in developing countries. In Nigeria the case is not too different. Uwuigbe and Egbide (2012) observed that over the past decade, Nigeria being one of the largest producers of crude oil in Africa has witnessed tremendous economic, technological and social changes making businesses more complex and demanding. This better economic position has also translated into higher levels of education amongst its people.

Consequently, there appears to be increased public concern and awareness for corporate social environmental impact. Uwuigbe, (2012) further argued that the intense media scrutiny and coverage of environmental problems have also contributed to public concern for the detrimental effects of business operations on our natural environment. This change in public concern and awareness on environmental issues, have heightened the demands from the various stakeholders to which firms in Nigeria must respond to by providing social and environmental disclosures.

The increased corporate social awareness has however not translated into much in terms of standardization of corporate social disclosure; as corporate social responsibility reporting is still highly voluntary in Nigeria. It also appears that corporate social responsibility reporting practice in Nigeria is unregulated. Apart from the introduction and adoption of International Financial Reporting Standards (IFRS) and some already existing regulations such as environmental acts, code of corporate governance and the likes bodies such as Securities and Exchange Commission, Nigerian stock exchange, corporate affairs commission (CAMA), ICAN, ANAN all work towards increasing the level of accounting information disclosure; CSR reporting still appears to be low. This implies that quoted companies in Nigeria seem to abuse the weakness of the voluntary nature of corporate social disclosure. The government on its part also lacks the political willpower to enforce compliance on disclosure of CSR information. With the trend of event in the developed countries, it is pertinent that the government of Nigeria needs to wake up to its responsibility of instituting frameworks and laws that will ensure compliance with corporate social disclosures by quoted firms and specify punishments for non-compliance.

2.3 Theoretical Framework

The theoretical framework underpinning this study of understanding the determinants of corporate social responsibility disclosures among listed firms in Nigeria are the legitimacy and stakeholder theories. These two theories dominate the explanation of social and environmental impacts on disclosure.

Legitimacy theory

Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995; Zhang, 2013). Legitimacy theory relies upon the fact that a social contract exist between an organization and the society in which it operates (Omran & Ramdhony, 2015). When there is a disparity between two value systems, there is a threat to the company's legitimacy. Guthrie and Parker (1989), opines that if the legitimacy theory holds true, then corporations will react by disclosing more information when there are major social and environmental events. Consequently, firms ensure that they operate within the bounds and norms of the societies they operate in and legitimize their actions by engaging in corporate social disclosure

to obtain approval from the society and thus guarantee their continued existence.

Stakeholder theory

The stakeholder theory sees the firm as part of a larger social system**.** The theory argues that the firm has a wider group of stakeholders who are affected by or affects the activities of the firm other than its shareholders. This theory advances the sole responsibility of firms beyond just making profits for its shareholders to enhancing stakeholder relationships that are mutual. Hence the success of the firm is dependent on how well these stakeholder relationships and needs are managed as it concerns corporate social disclosure. These two theories form a good framework for this paper due to their interrelatedness. While the legitimacy theory deals on communication with the society, stakeholder theory focuses on reducing information asymmetry between the firm and its stakeholder groups.

2.4 Prior Literature and Hypothesis development

Corporate social responsibility disclosure has never been more prominent on the corporate agenda than it is today. It has become a focal point for policy makers and the public, who demand that companies assume responsibility towards society, the environment, or the stakeholders in general. Considerable number of theoretical and empirical researches has been undertaken around the world. This is not unconnected to the growing awareness of the need for sustainability. However, the scanty literature in Corporate Social Responsibility Disclosure is noted most especially in developing economies or emerging markets to which Nigeria is categorized. Extant literature has it documented that several variables jointly influence the level of disclosure among firms. Some studies have shown that positive association exist between corporate social disclosure and some identified firm attributes while others reveal a negative relationship. In Bangladesh, Arif and Tuhin (2013) evaluated the factors affecting voluntary disclosure of environmental and society related issues in the annual reports of listed banks. Using the disclosure index with 48 voluntary non-financial information disclosures on a sample of 20 listed banks, they examined the effect of three firm characteristics age (denoted in years of operation), bank size and profitability on the extent of disclosure. The result revealed that age and profitability of the bank significantly influenced the disclosure level of non-financial information of the banks while size had significant influence.

Majeed et al. (2015) investigated factors affecting the level of disclosure of information about environmental and social responsibility of listed firms in Pakistan. The study was conducted with a sample of 49 firms with annual reports from 2007 to 2011. The study looked at factors including: board size, the degree of board independence, nationality and gender of the representative on the board, the degree of decentralization, the size and the profit of the business. They found that there is a positive and significant impact of the size of the board. The level of board independence, the degree of decentralization and the size of the business have a noticeable impact on the level of disclosure of

corporate social and environmental responsibility. The results also show the reverse relationship between the representatives by genders and nationality and the disclosure level of environmental information. In Bangladesh Das, Dixon and Michael (2015) evaluated the corporate social responsibility reporting practices of listed banks. They explored the potential effects of corporate governance and company specific characteristics on CSR disclosures. Using content analysis of all listed banks operating between 2007 and 2011 and analysing with regression tools, the study indicated an increase in the disclosure level of CSR activities. The findings further revealed that firm size, board size ownership structure and independent non-executive directors had positive and significant effect on the CSR disclosure while profitability and firms' age were negatively associated. Doan and Tran (2017) reviewed and evaluated the level of social responsibility information disclosures in the annual reports of listed firms on the Vietnam Stock Exchange and identify the factors that influence this level. The results showed that the levels are low. Factors that influence the level of disclosure such as size of business, financial leverage, size of board of directors, independence of executive directors and independent auditors are found in the study. However, the study was conducted jointly for all firms in different business fields without considering the impact of those. In Nigeria Dibia and Onwuchekwa (2015) studied the determinants of environmental disclosures in Nigeria using firms in the oil and gas sector over the period 2008-2013. A significant relationship between company size and CSRD was indicated on one hand and no significant relationship between profit, leverage and audit firm type on the other. The voluntary stance of CSRD in Nigeria was a factor noted as being responsible for the under reporting or non- reporting of social and environmental issues by firms in Nigeria.

2.4.1 Hypothesis development

Based on literature review of factors affecting the level of corporate social and environmental disclosure and theories concerning the disclosure level, we synthesize the factors affecting corporate social responsibility disclosure of listed firms on the Nigeria Stock exchange as follows:

Firms' Size

Previous studies have shown that the size of the firm affects the level of corporate disclosure. The larger the size of the firm the more likely it is to publish its social and environmental information. This is because larger firms tend to receive more attention from the general public and therefore likely to be under greater public pressures to be socially responsible. As a result, large companies feel the pressure to disclose more social information to obtain approval from the stakeholders for continued survival (O"Donovan, 2002). Hasan and Hosain, 2015 further observed that large firms are always confident of their prospects, and so are often willing to expend to publicize more voluntary information in order to make a difference to rival businesses and increase its value. Moreover, for large firms, the accounting system is

relatively effective; the accounting information system satisfies the demand for information in terms of quality and quantity, hence the disclosure of more environmental accounting information will be less costly than that of small firms (Nguyen, Dung, Nguyen and Le, 2017). This is measured by the total asset and is hypothesize that firms' size has a positive effect on CSR disclosure.

Firms' Age

This represents the day the firm was listed on the stock market. According to Wachira (2014), the firm's age does not affect the level of disclosure of environmental accounting information. In contrast, the study by Hasan and Hosain (2015) showed that business's age has a significant effect on the level of mandatory information disclosure. However, according to the theory of legalization, the longer the firm is listed on the stock market, the easier they will be to comply with the disclosure requirements. In terms of additional disclosure, the extra cost they have to spend is not much higher than that of young firms. So in cost and benefits theory, these firms will tend to spend cost for the disclosure of environmental accounting information. Therefore firms' age has a positive effect on corporate social responsibility disclosure.

Profitability

The relationship between profitability and the level of environmental and social disclosure has been thoroughly discussed in existing literature. Firms with higher financial performance are more likely to have a more advanced social disclosure. According to stakeholder theory, the more profitable firms are, the more ambitious they are to meet and satisfy the information needs of the stakeholders, especially the stakeholders who are in control of the important resources of the firm. Hence firms' profitability is positively related to corporate social responsibility disclosure practices of listed firms in Nigeria.

Financial leverage

The power of creditors as a stakeholder depends upon the degree to which a company relies on debt financing. A firm with significantly more debt than equity is considered to be highly leveraged. According to Christopher and Filipovic (2008); Ma and Zhao (2009) the higher the leverage, the more the company is likely to disclose social information. Branco and Rodrigues (2008) found out that the relationship between corporate social responsibility disclosure and leverage may be significant. Therefore, it's expected that, the higher the financial leverage, the more likely the company would disclose social and environmental information. Leverage was measured by total debt over total equity. Debt financing could impact on the level of disclosure of a firm the higher the debt employed by a firm the more likely managers use an accounting method that boost the income. However for some companies who may be unwilling to spend extra cost in addition to their cost of debt may be unlikely to disclose CSR information. Based on this we hypothesize that financial leverage do have a significant effect on corporate social responsibility disclosure.

Board size

The board of directors of any firm plays a crucial role in the alignment of corporate behaviour, in ensuring compliance with legal framework and maintaining credibility in the eyes of stakeholders through proper and timely disclosures (Ezhilarasi & Kabra, 2017). The number of directors on the board (board size) is perceived to play an important role in monitoring managements' performance most importantly in the context of corporate social disclosure. Mixed results trail the different studies that have been carried out on the effect of board size on disclosures. While some argue in favour of a larger board size that brings greater number of experienced directors who can control, monitor advice and establish strategies (Xie et al, 2001; Halme & Huse, 1997). Others on the contrary, argue for smaller sized board that can monitor the management more effectively and take unanimous decisions easily (Cheng, 2008; Ienciu, 2012). We hypothesize that board size has a significant positive effect on corporate social responsibility disclosure.

Board independence

Boards play an essential role in monitoring and directing managers to satisfy the interests of stakeholders. However, the boards' monitoring effectiveness depends on its composition. Independent boards are more likely to inspire managers towards high transparency and disclosure quality levels (Forker, 1992; AbuRaya, 2012). Agency and stakeholder theories argue that a high ratio of independent directors on the board could be an important element of the CG structure that would help to resolve agency problems and advance the interests of other stakeholders, such as employees and local communities (Amran et al. 2009; Chen & Roberts, 2010). Empirically, a large number of studies, including Barako and Brown (2008) and Khan et al. (2013) find that appointing non-executive directors on the board positively affect CSR disclosure. Accordingly, this study believes that non-executive directors on the board are more likely to encourage managers to act socially, and thus, provide high quality CSR disclosure. Hence, the study hypothesize that Board Independence has positive influence on corporate social responsibility disclosure

3. Research Method

This study made use of the ex-post facto research design in investigating the determinants of corporate social responsibility disclosure practices of listed firms' in Nigeria. A sample size of sixteen (16) firms was drawn across various sectors for the period 2010-2017. Content analysis of the annual report of the selected firms was employed as widely used by previous studies in investigating the extent of corporate social responsibility disclosures by corporate entities. Following prior studies, a thirty-one (31) item checklist was used in measuring disclosure through an unweighted index measure where '1' is awarded if item is disclosed and '0'if not disclosed. Having drawn up the disclosure index (CSRD-I), a scoring sheet was also developed to assess the level of social responsibility disclosure

practises. In this way, we added up all the items disclosed by each company. The following formula was used to measure the total CSRD score for a company:

$$CRSDI = \sum_{i=1}^{31} di$$

Where:
CSRDI = Corporate Social Responsibility Disclosure Index Reporting Score
di = 1 if the item is reported; 0 if the item is not reported
i = 1, 2, 3... 31
The comprehensive disclosure index drawn included four themes and a total of 31 items. This was based on the selection of disclosure items upon an extensive review of previous studies .In order to increase the reliability of the index and to improve on the previous studies and models used.

Table 1. Measurement and explanation of variables

Variable	Operational definition	Abreviations	Expected sign
Dependent			Index
Corporate Social Responsibility disclosure	CSRD index 1= for disclosure 0= for non-disclosure	CSRDI	
Independent			
Age of the firm	From the date a firm was listed	FAGE	+
Profitability	ROA= PAT/TA	ROA	+
Board size	No of persons on the board	BSIZE	+
Board Independence	Ratio of non-executive directors to total no of directors	BIND	+
Firm size	Natural logarithm of Total Assets as proxy for firm size	FIRMSIZE	+
Financial leverage	Ratio of debt to equity	DER	+ or -

3.1 Model specification

The study used panel data consisting of cross-sectional and time series observation from the annual reports of sixteen firms (16) listed on Nigerian Stock Exchange for the period 2010-2017. According to Wachira (2017) panel data reduces the collinearity among independent variables and improve the efficiency of statistical estimates. Panel data can help in detecting and measuring effects that cannot easily be observed in pure time-series or cross-sectional data and because of this it can be used to analyse dynamic changes (Gujarati, 2003).This sample size is quite acceptable and comparable with the samples used in most other CSR disclosure studies. This gave a total of 128 observations for the panel structured dataset.

The regression model used to investigate the determinants of corporate social responsibility disclosure practices is as stated below

$CSRDI_{it} = \alpha + \beta_1 BSIZE_{it} + \beta_2 BIND_{It} + \beta_3 ROA_{it} + \beta_4 FAGE_{it} + \beta_5 DER_{it} + \beta_6 TA_{it} + \varepsilon_{it}$

Where:

CSRDI = Corporate social responsibility disclosure index

BSIZE = size of board of directors

BIND = proportion of non-executive directors to total directors on the board

ROA = return on asset measuring profitability

FAGE = age of the firm from listing on the NSE

DER = debt equity ratio

TA= natural logarithm of firms' total asset

ε = error term

4. Data Presentation and Analysis

Table 2: Descriptive analysis

	CSRD	BIND	BS	DER	FAGE	ROA	TA
Mean	24.68750	0.634219	12.70313	3.642578	26.30469	-0.009439	8.234933
Median	26.00000	0.590000	12.00000	2.655000	26.00000	0.040000	8.225517
Maximum	31.00000	0.920000	19.00000	11.72000	67.00000	0.270000	9.613021
Minimum	14.00000	0.330000	7.000000	0.170000	2.000000	-5.260000	5.682700
Std. Dev.	4.167270	0.153431	2.959994	2.766434	17.60304	0.577350	0.956978
Skewness	-0.727742	0.398143	0.009865	0.687515	0.350281	-7.508141	-0.801834
Kurtosis	2.626624	2.361882	2.277374	2.677190	2.015346	62.56888	3.151793
Jarque-Bera	12.04184	5.553408	2.787079	10.63954	7.788437	20127.68	13.83888
Probability	0.002427	0.062243	0.248195	0.004894	0.020359	0.000000	0.000988

Source: Researcher's Compilation

Table 2 shows the descriptive statistics of the variables in the study. Descriptive statistics for dependent and independent variables were calculated in order to help explain the behaviour of the disclosures. Such descriptive statistics included the mean, maximum, minimum, standard deviation, skewness, and kurtosis. Descriptive statistics explores the distribution of the variables used in the study. A look at the results reveal a 77% (24.69) mean disclosure of items examined in the study in relation to corporate social responsibility of listed firms in Nigeria. This is further explained in the minimum and maximum values respectively. The standard deviation measuring the spread of the distribution stood at a value of 0.15 to 17.6 with a Jarque – Bera probability of 0.000 - 0.24 which indicates that the variables are normally distributed when measured at critical level. This therefore implies that the possibility of outlier does not exist in the distribution. On the average the board independence among firms used in the study measures up to 63% implying a strict compliance to the code of conduct on corporate governance requiring a given level of board independence and board size at mean value of 13 persons. The size of the firm measured by log of total assets ranges from 5.682-9.613 indicating that the size of firms in the sample differs widely. The period of listing on the stock market showed a mean value of 26.3years

showing that the listed firms in the sample are not too young.

Table 3: Correlation test

	CSRD	BIND	BS	DER	FAGE	ROA	TA
CSRD	1.000000						
BIND	0.076337	1.000000					
BS	0.254140	-0.217930	1.000000				
DER	0.211939	-0.232452	0.598927	1.000000			
FAGE	0.331912	-0.081323	-0.045248	-0.243159	1.000000		
ROA	-0.154602	-0.076259	-0.113710	-0.247629	0.131216	1.000000	
TA	0.149022	0.151213	0.231505	0.286812	0.087259	-0.157575	1.000000

Source: Authors' Analysis

Table 3 presents the results of the correlation coefficient test between the variables. The results show that there is a variation between the independent and dependent variables of the model. The level of disclosure of corporate social responsibility accounting information has positive relationship with the variables of board independence, board size, financial leverage, age, and firm size and negative relationship with profitability. At the same time, correlated pairs are less than 0.8 and indicating no possible problem of multicollinearity.

4.1 Regression Results

Table 4: Regression Analysis

	Constant	BIND	BS	DER	FAGE	ROA	TA	R^2	F-stat/p-value
FEM	12.0497	7.597 (0.004)	-0.1039 (0.446)	0.2396 (0.140)	0.6882 (0.000)	-0.0932 (0.781)	-1.1946 (0.2540)	0.844	33.73343 (0.0000)
REM	0.3228	10.0625 (0.000)	0.1419 (0.2361)	0.4111 (0.0064)	0.2686 (0.000)	-0.5881 (0.0673)	0.9243 (0.1834)	0.388	14.43491 (0.0000)

Source: Authors Computation

Shown in Table 4 is the result of analysis using the OLS panel data regression. Panel regression was adopted for this study owing to the cross sectional time series nature of the data set. However in determining the final estimator to use in the study, the hausman test was carried out to ascertain whether the fixed effects model (FEM) or the random effects model (REM) would be used. The result from the hausman test accepted the random effect model (REM) as the more appropriate method to use at a

significant level of 0.01(Prob < Chi2 is more than 0.05). The regression result reports a positive and significant relationship between board independence, financial leverage, firms' age, and corporate social responsibility disclosure practices of firms used in the study. Board size and firms' size though positive were both insignificant. Profitability on the contrary indicated a negative relationship but significant at 10%. The R^2 of 39% (approximately 40%) representing fluctuation in the independent variables explains the variation in the dependent variable of corporate social responsibility disclosure practices of firms sampled in the study. The F-statistics of 14.435 which determines the overall fitness of the model was significant at 5%. This gives an indication that the variables investigated in the study were well fitted for the model expressed and that jointly measured all the independent variables have a significant effect on corporate social responsibility disclosure practices of listed firms in Nigeria. The regression equation is thus rewritten as:

CSRD = 0.323 + 10.062 BIND + 0.142BS + 0.4111LEV + 0.269FAGE - 0.588ROA +0.924TA + e

5.0 Discussion

The first hypothesis postulates a significant positive relationship between firm size and CSRD. The result from firms' size reveals a positive but insignificant relationship with corporate social responsibility disclosure practices of listed firms in Nigeria. This finding supports the first hypothesis and lends credence to legitimacy theory. Large firms are usually more visible and accountable to the public (Cormier & Gordon, 2001) and have huge impact on the society, as such are subjects of greater pressures than smaller companies. This is because size is synonymous with visibility. Consequently, large companies are more likely to receive more attention from the public and put under a greater public pressure to demonstrate social responsibility (Cowen et al., 1987). So to avoid pressure and reduce monitoring cost, these firms involve more in voluntary disclosure practices thereby justifying their existence in the society or environment in which they operate. The firms also perform well socially and try to avoid any mistake that could negatively hit the firms' bottom line. Hence, on the average, listed firms in Nigeria would more likely increase corporate social responsibility disclosure practices as their firms get larger. The Second hypothesis tested firms' age as a determinant of corporate social responsibility disclosure practices. It was measured as the date of listing of firm to its current date. In line with the expectation, the older the firm the higher the level of disclosures. The result showed a positive and significant relationship between firms' age and corporate social responsibility disclosure practices of firms in Nigeria. This result is consistent with that of (Alam & Deb, 2010; Yang, 2009; Akhtaruddin, 2005; Haniffa & Cooke, 2002). This implies that the longer listing time is, the higher the disclosure level of corporate social responsibility practices. Firms' would usually want to operate within the bounds and norms of the societies they operate in and legitimize their actions by engaging in

corporate social responsibility disclosure to obtain approval from the society and thus guarantee their continued existence. Older firms therefore would be seen to disclose more information on corporate social responsibility activities. This will help firms to earn greater social support and less public complaints.

The third determinant investigated in this study was Profitability. This variable showed a negative relationship with corporate social responsibility disclosure practices but significant at 10%. The implication is that profitable companies disclosed less detailed social responsibility information than less profitable companies. This stance is justified on the grounds that high profits talk for themselves. In other words, firms that achieved high levels of profits believe that this will signal to the market information about the effectiveness of corporate management and assure investors and lenders about the future of the company concerned. Consequently, there is no need to disclose detailed information. On the contrary, firms that achieved low levels of profits or sustained losses need to disclose detailed information to assure investors and creditors about the future and going concern position of their companies. It is also believed that detailed information is also required to explain to users of their information the problem and how they intend to correct it. The negative relationship may also be argued from the point that CSRD is viewed as public pressures more than economic pressure and having no bearing on the firms' profitability. Furthermore, the financial leverage measured by the debt equity ratio indicated a positive and significant relationship with corporate social responsibility disclosure. The implication of this is that firms are willing to spend extra cost on corporate social responsibility disclosure irrespective of their debt position. The higher the financial indebtedness, the more willing they are in reporting CSR activities. Thus showing a commitment towards creating a sustainable environment, this greatly enhances their chances of legitimization while still creating value. This result is in tandem with Orij, 2007; Ahmad, Hassan, and Mohammad, 2003. However this position was not supported by (Soyinka, Sunday & Adedeji, 2017; Wachira, 2017; Purushothaman et al, 2000) who argue that, because of their close relationships with their creditors, companies with high gearing level are unlikely to disclose a lot of social information. This is because they can use other means of disclosures. The variable of board size as investigated in the study represented the number of persons on the board. The result indicated a positive relationship with corporate social responsibility disclosure practices of listed firms in Nigeria. Board members represent the interest of the shareholders and as such should protect such interest by engaging in CSR and communicating their social performance through disclosure. Akhtaruddin et al (2009) in arguing that board size influences voluntary disclosure noted that the level of disclosure is a strategic decision made by the board who also formulate policies to be followed by managers. They added that a great number of directors on the

board reduce the likelihood of information asymmetry and that the size of the board is believed to affect the ability of the board to monitor and evaluate management. This result is consistent with other researchers who found a positive relationship between board size and corporate social responsibility disclosure practices. (Uwuigbe & Egbide, 2012; Alotaibi, 2016; Haji, 2013).

The last variable investigated in the study was Board independence. The results revealed that board independence was found to have a positive and significant effect on corporate social responsibility disclosure practices of listed firms in Nigeria. This result is supported by the stakeholder theory which advocates for the interest of all affected by or can be affected by the activities of an organization being taken care of. Independence of the board to a great extent acts as a check and balance mechanism in enhancing board's efficiency and play a significant role in company's monitoring system. Greater board independence acts as a powerful tool for constraining managers' behaviour. With more independent directors on the board of corporations in Nigeria, it is assumed that the diverse interest of the different stakeholders will find a right balance with important decisions taken being equitably aligned to these competing needs. This result is consistent with the findings from similar studies (Barako & Brown, 2008; Khan, 2010; Htay et al, 2012). However it contradicts with studies that have found negative relationships between board independence and corporate social responsibility disclosure (Haniffa & Cooke, 2005; Eng & Mak, 2003).

6.0 Conclusions

The study examined the determinants of corporate social responsibility disclosure practices of listed firms in Nigeria. Sixteen (16) firms were included in the study covering the period 2010-2017, and the variables tested were firm size, age, profitability, financial leverage, board size and board independence. The findings concluded that all the variables tested in this study had positive relationship with CSRD with exception of profitability. The level of significance also varied among the variables. The firms' age, financial leverage and board independence were significant at < 0.05 while firm size, board size and profitability were insignificant. The F-stat revealed a statistically significant model of 14.43491 significant at less than 1% level of significance. Thus it can be concluded that the variables investigated in this study to a great extent determines corporate social responsibility disclosure practices of listed firms in Nigeria. This is further explained with the R^2 of about 40% showing that the variables captured in this study moderately explains variations in firms CSRD practices in Nigeria. Thus corporate social responsibility disclosure practice has become an important issue for companies who want to survive and thrive in the Nigerian business environment. Consequently for firms to survive, it has to take particular care on social responsibility disclosure issues both from the perspective of legitimizing its existence to balancing the varying needs of all

stakeholders. The implication of the negative relationship between profitability and CSRD could well assume that profitable companies seem to believe that good news talk for itself while less profitable firms or companies that sustained losses need to disclose detailed information to assure investors, lenders and others alike to explain their performance. This paradigm of thought need to be changed as this is not always the case.

Nevertheless, this research has some limitations. Firstly, the research results on CSR disclosure items were based on the data from annual reports of firms. There are other means by which firms report their activities such as standalone reports and websites these were not considered in this study. Secondly, one important aspect of any existing firm is its ownership structure which to a great length determines what happens in the firm. The researcher is of the opinion that further research be carried out in this area.

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