CORPORATE PERFORMANCE AND CORPORATE SOCIAL RESPONSIBILITY IN NIGERIA: AN EMPERICAL INVESTIGATION

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Abstract

The objective of the study is to examine the relationship between corporate social responsibility and corporate performance using a panel data research design and a scope period of 2008-2011. The study used secondary data from only audited financial statements and footnotes of the sampled companies for 40 companies selected using the simple random sampling. The study made use of generalized least squares regression analysis as the data analysis method. We specified three models for the study. Model 1 examines the impact of Corporate Social Responsibity Disclosure on Return on equity, Model 2 examines the impact of Corporate Social Responsibity Disclosure on Return on Assets while Model 3 examines the impact of Corporate Social Responsibity (CSR) Disclosure on Firm growth. The Panel EGLS (Fixed effects) estimation shows that we find some evidence that corporate social responsibility specifically has a significant effect on corporate performance though the effect is mixed. The policy implication that follows where is the challenge of ensuring credibility of CSR disclosures as it may tend to be selective and as such difficult to determine whether such disclosures are anything more than corporate branding.

Keywords: *Corporate Social Responsibility, Corporate performance, Return on Equity, Return on Asset and Firm's Growth*

Introduction

The relation between corporate performance and Corporate Social and environmental reporting by corporations has become an important research area as we are faced with the reality that contemporary corporate Social and environmental reporting practices has drifted and evolved within a system skewed towards the spirit of free-market individualism without effective state direction. Hence companies may rationalize and be interested in maximizing their CSR reporting Practices in relation to how it impacts on its corporate performance. Why we argue that CSR reporting should not be subjected to purely cost-benefits considerations as if it were strictly an "investment-returns" situation, we find that however, this is the perception of most corporations. Although it is not a new concept, Corporate Social Responsibility (CSR) remains an interesting area of discourse for academics and an intensely debatable issue for business managers and their stakeholders. The Commission of the European Communities in 2001 defined Corporate social responsibility as the integration of social and environmental concerns by companies in their business operations and in their interaction with their stakeholders on a voluntary basis. It is related to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, relations with suppliers and consumers. Corporate social responsibility (CSR) reporting has attracted much attention over the past three decades (Smith, 2003). By reporting CSR information, a firm addresses the information needs of stakeholders and provides a basis for dialogue between the firm

and its stakeholders. Gelb and Strawser (2001) argue that a greater level of reporting is itself a form of socially responsible behavior. Branco and Rodrigues (2006) note that that Corporate Social Responsibility is now seen as a source of competitive advantage and not as an end in itself. Specifically, CSR may signal to the market that the firm is social and environmentally responsible and may create goodwill for the firm leading to positive effects for firm financial performance. Bowen (2000) in this regards, identified that corporations engage and report their CSR activities in order to increase their social visibility and to improve stakeholder relations as it creates promotional opportunities for the firm. Furthermore, many CSR activities are made on the basis of presenting corporations in a positive light and providing reputation effects that improves on how the organization is perceived. In addition Roberts and Dowling (2002) explains that corporate social responsibility initiative can lead to reputation advantage which could result to improvement in investment trust, new market opportunities, and positive reactions on capital market which ultimately enhance organization's financial position.

The nexus between CSR and corporate performance is complex and its complexity is confirmed by the empirical literature in the field which does not provide clear cut results. In favor of a positive link are those studies showing that: i) costs of having a high level of CSR are more than compensated by benefits in employee morale and productivity (Solomon and Hansen, 1985); ii) CSR is positively associated with financial performance (Pava and Krausz, 1996 and Preston and O'Bannon, 1997); iii) positive synergies exist between corporate performance and good stakeholders relationships (Stanwick and Stanwick, 1998; Verschoor, 1998); iv) change in CSR is positively associated with growth in sales and returns on sales are positively associated with CSR for three financial periods (Ruf, Muralidhar, Brown, Janney and Paul, 2001). On the negative side, we have contributions of Preston and O'Bannon (1997) Freedman and Jaggi (1982), Ingram and Frazier (1983) and Waddock and Graves (1997). Inconclusive results are those of McWilliams and Siegel (2001) Anderson and Frankle (1980), and Aupperle, Caroll and Hatfield (1985). It is suffice to point out at juncture that, the majority of the studies conducted on the relationship between the duos in Nigeria seem to be heading towards one direction, that is, corporate social responsibility impacts positively on corporate performance (Ngwakwe, 2009; Uadiale and Fagbemi, 2011). Thus, this study fills this gap by examining the relationship between corporate social responsibility reporting and corporate performance in Nigeria. The remaining part of this study is sectionalized as follow: section 2 reviews the extant literature of both corporate social responsibility and corporate performance, section 3 unveils the methodology adopts in the study, section 4 is on presentation and data analysis and section 5 is the concluding part of the study.

Literature review

1. Corporate Social Responsibility:

Although it is not a new concept, corporate Social Responsibility (CSR) remains an emerging and elusive idea for academics and a contested issue for business manger and their stakeholders owing to the range of contrasting definitions and often convoluted by varying use of terminology, the notion of CSR has led to the emergence of variety of practice (Crane and Motten, 2004: Welford 2004: Habisch and Jonker, 2005). In brief, the concept of Corporate Social Responsibility encompasses many dimension of business activity ranging from the social to economic and to the environmental. According to Business for Social Responsibility (BSR, 2006), corporate social responsibility is defined as "achieving

commercial success in ways that honor ethical values and respect people, communities, and the natural environment." McWilliams and Siegel (2001:117) describe CSR as "actions that appear to further some social good, beyond the interest of the firm and that which is required by law."

2. Corporate performance: The return on equity is a tradition performance measure use as internal performance measure of shareholders' value. It has gained prominence among practitioners and academicians a like due to its ability to: propose a direct assessment of the financial return of a shareholder's investment; easily bring to the disposal of analyst public information, and facilitates performance comparisons of companies in different sectors (European Central Bank, 2010). To Circiumaru, Siminica, Marcu (2010) the return on equity reveal the efficiency with which the capital is utilized by the companies, it on this bases the shareholders' employed it to ascertain if their remunerations reward the risk associated with their investment. The Dupont model by Delaware in 1919 is widely used to analyze return on equity today (kennon, 2013), the model expressed the return on equity as the product of the equity multiplier, the total asset turnover and the return on sale. Taking the Dupont's model as a premise, Helfert (2003) concludes that the operating activity, investment activity and financing activity can proffer explanation to the level of return on equity of a company. Also, return on total asset according to Lindo (2008) is a financial ratio that can be employed to measure the relationship between profit and the investment in asset that generated such profit. The ratio can be used as a yardstick for appraising capital investment by organization, in this instance, the ROA from any investment is expected to be same or more than the organization general ROA. It is in tandem with this, it can be stated that the ROA measure the profitability of an organization is in relative to its investment in total asset Dissanayake and Anuranga (2012). Fairfield and Teri (2001) posit that disaggregating ROA into its component of asset turnover and profit margin does not provide incremental information for forecasting change in ROA in the future; but when decomposed into change in asset turnover and change in profit margin it will be useful in forecasting the change in ROA in future. And also, to Hermelo and Vassolo (2007), growth is as the result of exploring opportunity. Penrose (1959) gives the concept a broader view by conceptualizing it in term of merely increase in amount and increase in size or improvement in quality as a result of a process of development. Researchers like Storey (1994), Davidsson, Kirchhoff, Hatem-J., and Gustavsson (2002), Henrekson and Johansson (2008) conclude that firm size could be reason for growth in firms. This appeared to be in contrary with the Gibrat's law of firm growth which states that the growth of a firm in any given point in time is independent of the size of the firm at the beginning of the period. The findings of authors like Kumar (1985), Audretsch (1990), Wagner (1992) seemed to have given credence to the Gibrat's law. The study of Hall (1987), Mata (1994) and recently Becchetti and Trovato (2002) debunk the Gibrat's law of firm growth on the ground that they found negative relationship between growth and firm size of the firms they studied.

3. Corporate Social Responsibility and Corporate Performance: Several studies have found positive relationship between environmental practices or performance and financial performance (e.g. Konar and Cohen, 2001; King and Lennox, 2001), but others results appear to be negative or non-significant (Barla, 2007; Filbeck and Gorman, 2004). The same types of results may be found for social and business behaviors performance measures. Interestingly also, research has tended to provide more consistent results and show preliminary evidence of a bi-directional causality, namely from financial to social and

environmental performance (Scholtens, 2008; Margolis, and Walsh, 2009). Specifically, Short term studies based on abnormal return measure (Posnikoff, 1997) and on market actions (Moskowitz, 1972) showed a positive relation between performance and CSR. Griffin and Mahon (1997) looked at the chemical industry and found that high CSR was linked to high financial performance and that low amounts of CSR reporting was linked to lower financial performance for the firm. Griffin and Mahon's empirical study was one of only a handful of studies that was industry-specific. Industry is a moderating variable. However, the internal validity of this empirical research was low as Griffin and Mahon only studied six firms. Joyner and Payne (2002) also found a positive correlation between reporting CSR with performance and firm value. Joyner and Payne noted the difficulty of measuring the benefits of CSR. There were also limitations as only a small sample of two firms was studied in detail, so their results could not be generalized adequately. The authors also saw some indication of a time lag between when CSR was reported and the financial benefits seen. These findings conflict with the results of Spicer (1978) who found that the financial benefits were short lived.Wright and Ferris (1997) discovered a negative relationship; Posnikoff (1997) reported a positive relationship, while Welch and Wazzan (1999) found no relationship between CSR and financial performance.

Theoretical framework

a) Stakeholder Theory: The stakeholder theory is a theory of organization management and business ethic that give consideration to the expectation of the various stakeholders of an organization. The theory is based on the on the notion that the expectations of the stakeholders may be different from that of the shareholders. It is against this back drop the proponents of this theory, Barnard (1938) and Freeman (1984) suggest that there is the need to give more attention to the need of these other stakeholder such as: the customers, employees, creditors, competitors, government agencies and the community if the continual support from these stakeholder would be expected.

b) Shareholder Theory: The shareholder theory is propounded by Berle and Mean (1932) and Friedman (1962). The proponents of this school of thought are of the view that apart from the carrying out the business operations within the confine of the law and the payment of all dues and taxes to the government, the sole responsibility of the organization is to maximize the wealth of its shareholders and that the organization carries out its corporate social responsibility when the shareholder wealth is maximized.

c) Slack Resource Theory: This theory is based on the notion that the excess resources at the disposal of the organization should inform the action of such organization to indulge in the activities of social betterment of the society. Hence if the organization performs well financially, such organization would be expected to indulge in corporate social responsibility activities (Waddock and Grave, 1997)

Methodology

The research design adopted for the study is the cross-sectional research design. The population of the study is made up of all the companies listed on the Nigerian Stock Exchange. Each company in the population must have finished its obligation in delivering annual report of the year ended 2011.

However, considering the near impracticality of observing the entire population, the simple random sampling technique was utilized in selecting a sample size. A sample size of 40 companies were selected and utilized for the study; this became necessary due to the need to access the required data for the sampled companies for the period under study. Secondary data will be used for the study. The secondary data will be retrieved from financial statements and footnotes of the sampled companies. previous studies, (e.g. Thompson and Zakaria, 2004; Abu-Baker and Naser, 2000) argue that annual reports are broadly viewed as the main official and legal document, which are produced on a regular basis and act as an important place for the presentation of a firm's communication within political, social and economic systems and are the most publicized by companies. Therefore in line with the afore-listed prior studies, this study is restricted to CSR disclosures in annual reports. In the extraction of the data to be used for the analysis, majority of studies on corporate social responsibity disclosure especially in the emerging capital markets, use content analysis from annual reports. The use of content analysis method in the study was based on its popularity and suitability in measuring a company's CSR disclosure in audited annual reports (Adler, 1999). In line with Al-Tuwaijri et al., (2004) content analysis is utilized in extracting the data. Content analysis involves using quantitative disclosure measures with denoted weights for different CSR disclosure items. These are based on the perceived importance of each item to various user categories, which also marks the greatest weight '3'for quantitative disclosures, Marking the next highest weight '2' for non-quantitative but specific information related to these indicators. Lastly, common qualitative disclosures receive the lowest weight '1'. Firms that do not disclose any information for the given indicators receive a zero score. The study will make use of ordinary least squares regression analysis as the data analysis method.

Model specification:

In line with the findings of Owolabi (2010) about the nature and extent of what constitutes corporate social responsibility disclosure in Nigerian companies we therefore specify the model for the study; the basic model for the study specifies corporate performance (COP) as a dependent function of corporate social responsibility (CSR). Thus the specification is;

COP=F (CSR) --------------------------------- (1)

$COP = {}_0 + {}_1 CSR + \mu$ ------------(2)

However, the model is re-specified to examine the effect of selected variants of CSR activities often reported in financial statements on specific corporate performance indices;

$ROE = {}_0 + {}_1CSRCMD + {}_2CSREGPL + {}_3CSREMPWT + \mu$ -------------------------- (3)

$ROA = {}_0 + {}_4CSRCMD + {}_5CSREGPL + {}_6CSREMPWT + \mu$ ------------------------ (4)

$GROWTH = {}_0 + {}_7CSRCMD + {}_8CSREGPL + {}_9CSREMPWT + \mu$ ----- (5)

Aprori expectation; ${}_1$- ${}_6$> 0

Where COP = corporate performance

CSR= corporate social responsibility (CSR)

ROE= Return on equity

ROA= Return on assets

GROWTH= Change in total assets

CSREMPWT= Corporate social responsibility disclosure on employee welfare and training

CSRMCMD= Corporate social responsibility in form of monetary gifts and donations and community development activities.

CSREGPL= Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies.

Table 3.1: Operationalization of Variables (corporate performance measures)

Variable	Measurement	Source
Return on equity	ROE is equal to a fiscal year's net income (after preferred stock dividends but before common stock dividends) divided by total equity (excluding preferred shares), expressed as a percentage.	Waddock and Graves (1997) Preston and O'Bannon, (1997).
Return on assets	It is given by the ratio between net income and total assets.	McWilliams and Siegel (2001) Luce, Barber and Hillman (2001).
Growth	Change in total assets	Gonthier- Besacier and Schatt, 2007;

Source: Researchers' review, 2013

Table 3.2: Operationalization of Variables (corporate social responsibility measures)

Variable	Measurement	Source
Corporate social responsibity	CSREMPWT= Corporate social respon sibility disclosure on employee welfare and training CSRCMD= Corporate social responsibility in form of monetary gifts and donations and community development activities. CSREGPL= Corporate social responsibility disclosure in the form of Conformity to env ironmental and other governmental policies	Owolabi (2010) Cormier et al, (2004) and Ismail and Ibrahim (2009).

Source: Researchers' review, 2013

4.0: PRESENTATION AND ANALYSIS OF DATA

Table 4.1 Descriptive Statistics

	ROE	ROA	GROWTH	COMMDEV	EGPL	EMPWT
Mean	16.404	7.002	14.119	9689226	0.633	0.6175
Median	12.8	5.57	7.195	1012000	1	0
Maximum	290.47	49.04	380.6	3.65E+08	1	1
Minimum	-658.12	-37.06	-80.29	0	0	0
Std. Dev.	55.781	10.302	33.776	33566985	0.483	0.924
Jarque-Bera	193023.7	235.952	85319.25	76608.31	68.188	74.348
Probability	0.00	0.00	0.00	0.00	0.00	0.00
Observations	400	400	400	400	400	400

Source: Eviews 7.0

Where;
ROE= Return on equity
ROA = Return on asset
GROWTH = Growth
EMPWT=Corporate social responsibility disclosure on employee welfare and training
COMMDEV= Corporate social responsibility disclosure in form of monetary gifts and donations and community development activities. EGPL= Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies

Table I presents the result for the descriptive statistics for the variables. As observed, ROA has a mean value of 16.404. The maximum, minimum and median values stood at 290.47, -650.12 and 12.8 respectively. The standard deviation is 55.781 while the Jacque-Bera statistic of 193023.7 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality and as well as the unlikelihood of outliers in the series. ROA shows a positive mean of 7.002 and standard deviations of 10.302. The maximum, minimum and median values are 49.04, -37.06 and 5.57 respectively. The Jacque-Bera statistic of 235.952 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality. Growth measured as change in total assets has a mean value of 14.119 and a standard deviation of 33.776. The maximum, minimum and median values are 14.119, -80.29 and 7.195 respectively. The Jacque-Bera statistic of 85319.25 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality. The mean for corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) is 9689226. The standard deviation of 7241.559 is large and suggests that the spread of COMMDEV is unlikely to exhibit considerable clustering around the sample average. The maximum, minimum and median values are 3.65E+08, 0 and 101200 respectively. The Jacque-Bera statistic of 76608.31 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality. As observed, corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) has a mean value of 0.633 which suggest that about 63.3% of the companies in our sample make disclosures with regards to conformity with environmental/governmental policies. The standard deviation is 0.483 while the Jacque-Bera statistic of 68.188 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality and as well as the unlikelihood of outliers in the series. We also observed that about 61.75% of our sample engages in corporate social responsibility disclosure on employee welfare and training (EMPWT) as indicated by the mean of 0.6175 with a standard deviation of 0.924. The Jacque-Bera statistic of 74.348 alongside its p-value ($p=0.00<0.05$) indicates that the data satisfies normality.

Table 4.2: Pearson Correlation Result

	ROE	ROA	GROWTH	COMMDEV	EGPL	EMPWT
ROE	1	0.251	0.041	0.009	0.053	-0.103
ROA		1	0.008	0.022	0.197	-0.206
GROWTH			1	0.040	0.028	0.147
COMMDEV				1	0.172	0.018
DISCL					1	-0.127
EMPWT						1

Source: Eviews 7.0

From table 2 above, the correlation coefficients of the variables are examined. A positive correlation is observed between ROE and ROA (r= 0.251). GROWTH is observe to correlate positively with ROE (r=0.041). ROE appears to also correlate positively with COMMDEV (r=-0.009), EGPL (r=0.030) and negatively with EMPWT (r= -103). ROA is also observed to correlate positively with GROWTH (r=0.041), COMMDEV (r=-0.022) and EGPL (r=0.197). We also observe that ROA correlates negatively with EMPWT (r=-0.206). Growth is observed to be positively correlated with EGPL (r=0.028). We also find that a positive correlation exist between EMPWT and GROWTH (r=0.147), COMMDEV is seen to correlate positively with EGPL (r=0.172) and EMPWT (r=0.018). From the evaluation of the correlation coefficients, we find that none of the variables exhibits any evidence of strong collinearity and as such the challenge of multicollinearity may be unlikely when conducting the regression analysis.

Table 4.3: Regression Assumptions Test

	MODEL 1		MODEL 3
MODEL 2			
Variance inflation Test (Centered VIF Values)			
COMMDEV	1.481	1.140	2.856
EGPL	5.336		8.56
1.703			2.762
EMPT	9.434		
1.72			
Breusch-Godfrey Serial Correlation LM Test:			
P(f-stat)	0.221	0.219	0.322
Heteroskedasticity Test: Breusch-Pagan-Godfrey			
P(f-stat)	0.724	0.715	0.404
Ramsey RESET Test			
P (f-stat)		0.387	0.342
0.589			

Source: researcher's computation (2013)

Table 3 shows the regression assumptions test for models 1-3. As observed, the variance inflation factor (VIF) shows how much of the variance of a coefficient estimate of a regressor has been inflated due to collinearity with the other regressors. Basically, VIFs above 10 are seen as a cause of concern (Landau and Everitt, 2003). As shown in the table, none of the variables appear to have VIF's values exceeding 10 and hence none is dropped from the regression model. The performance of the Ramsey RESET test showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification. The Breusch-pagan-Godfrey test for heteroscedasticity was performed on the residuals and the results showed probabilities in excess of 0.05 which suggest the absence of heteroscedasticity in the residuals. The Lagrange Multiplier (LM) test for serial correlation indicates that the probabilities (Prob. F, Prob. Chi-Square) exceeded 0.05 suggesting the absence of serial correlation in the model.

Regression results

Table 4.4: Return on Equity and Corporate Social Responsibity Disclosure (Model 1)

OLS	POOLED		PANEL EGLS (RANDOM EFFECTS)		PANEL EGLS (FIXED EFFECTS)	
VARIABLE	COEFFICIENT	PROB. PROB	COEFF ICIENT	PROB.	COEFFICIENT	
C	17.328	0.018	20.138	0.000*	21.300	0.000*
COMMDEV	7.41E-10	0.995	9.39E-09	0.925	-4.32E-08	0.000*
EGPL	-0.007	0.948	0.052	0.991	-0.075	0.945
EMPWT	3.108	0.694	-2.777	0.453	-3.910	0.025*
R^2	0.05		0.21		0.876	
ADJ R^2	0.04		0.17		0.832	
F-Stat	3.258		0.195		20.38	
P(f-stat)	0.012		0.899		0.000	
D.W	2.039		2.28		2.25	
Hausman test	0.00					

Source: Eviews 7.0 * significant at 5% **significant at 10%

Table 4 shows the result for Model 1 which examines the impact of Corporate Social Responsibity Disclosure on Return on Equity. As observed, The Panel OLS (Fixed effects) estimation shows an R2 value of 0.876 which suggests an 87.6% explanatory ability of the model for the systematic variations in the dependent variable with an adjusted value of 0.832. The F-stat (20.38) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. For an evaluation of the effects of the explanatory variables on Return on Equity, we examine their slope coefficients. As observed, the mean for corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (4.32E-08) and significant at 5% (p=0.00). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) also appeared negative (0.028) and significant at 5% (p=0.025). The effect of Corporate social responsibility disclosure on employee welfare and training (EMPWT) appeared negative (-0.075) and statistically insignificant at 5% (p=0.945). The D. W statistics of 2.25 indicates the absence of serial correlation of the residuals in the model.

Table 4.5: Return on Asset (ROA) and Corporate Social Responsibity Disclosure (Model 2)

PANEL ELGS (FIXED EFFECTS)		POOLED OLS	PANEL EGLS (RANDOM EFFECTS)			
Variable	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob
C	7.768425	0.000*	6.650	0.000*	8.459	0.000*
COMMDEV	-5.59E-09	0.268	-9.28E-09	0.624	-1.44E-08	0.508
EGPL	0.698305	0.000*	2.745	0.003*	1.051	0.439
EMPWT	-0.53848	0.663	-1.2028	0.453	-0.626	0.639
AR(1)	0.067137	0.000*				
R^2	0.94		0.02		0.360	
ADJ R^2	0.92		0.014		0.349	
F-Stat	20.38		2.515		33.084	
P(f-stat)	0.000		0.05		0.00	
D.W	2.25		1.4		1.7	
Hausman test	0.031					

Source: Eviews 7.0 * significant at 5% **significant at 10%

Table 5 shows the result for Model 2 which examines the impact of Corporate Social Responsibity Disclosure on Return on Assets. As observed, The Panel EGLS (Fixed effects) estimation shows an impressive R2 value of 0.94 which suggests that the model explains about 94% of the systematic variations in the dependent variable with an adjusted value of 0.92. The performance of corporate social responsibity disclosure measures reveals that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (-5.59E-09) and insignificant at 5% (p=0.268). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) appeared positive (0.698) and significant at 5% (p=0.000). The effect of Corporate social responsibility disclosure on employee welfare and training (EMPWT) appeared negative (-0.538) and statistically insignificant at 5% (p=0.663). The F-stat (20.38) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. The D. W statistics of 1.7 indicates the absence of serial correlation of the residuals in the model.

Table4.6: Firm Growth and Corporate Social Responsibity

PANEL EGLS (FIXED EFFECTS)			PANEL EGLS (RANDOM EFFECTS)		POOLED OLS	
Variable	Coefficient	Prob.	Coefficient	Prob.	Coefficient	Prob
C	8.879	0.000*	7.460	0.000*	5.993	0.000*
COMMDEV	-5.02E-08	0.074**	2.89E-08	0.021*	4.17E-08	0.000*
EGPL	5.0304	0.000*	3.249	0.00*	3.618	0.000*
EMPWT	0.904	0.422	4.3808	0.129	1.105	0.000*
R^2	0.65		0.021		0.56	
ADJ R^2	0.54		0.013		0.52	
F-Stat	5.57		2.34		1.55	
P(f-stat)	0.00		0.07		0.04	
D.W	2.39		1.54		1.9	
Hausman test	0.00					

Source: Eviews 7.0 * significant at 5% **significant at 10%

Table 6 shows the result for Model 3 which examines the impact of Corporate Social Responsibity Disclosure on Firm growth. As observed, The Panel EGLS (Fixed effects) estimation shows an R2 value of 0.65 which suggests that the model explains about 65% of the systematic variations in the dependent variable with an adjusted value of 0.54. The performance of corporate social responsibity disclosure measures reveals that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV) appeared negative (-5.59E-09) and significant at 10% (p=0.072). Corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) appeared positive (5.0304) and significant at 5% (p=0.000). The effect of Corporate social responsibility disclosure on employee welfare and training (EMPWT) appeared positive (0.904) and statistically insignificant at 5% (p=0.422). The F-stat (5.57) and p-value (0.00) indicates that the hypothesis of a significant linear relationship between the dependent and independent variables cannot be rejected at 5% level. The D. W statistics of 2.39 indicates the absence of serial correlation of the residuals in the model.

Summary of findings

The empirical study results on the link have never been in agreement, as some studies determined negative correlation, some determined positive correlation, while others determined no correlation at all. In this study we find that the relationship between CSR disclosures and corporate performance tend to vary with respect to the particular type of disclosure that is examined. This may suggest that not all disclosures are equally relevant in influencing corporate performance and the reasons for this are quite varied and may depend largely on how stakeholders interpret CSR disclosures especially for developing economies. Interestingly, the study found that in model of all the three measures of corporate social responsibility disclosure examined, corporate social responsibility disclosure in the form of Conformity to environmental and other governmental policies (EGPL) appeared to be significant at 5% and positive when regressed on ROA and FIRM GROWTH. Corporate social responsibility disclosure of employee welfare and training (EMPWT) also appeared positive but not significant when regressed on FIRM GROWTH. We also found that corporate social responsibility disclosure in form of monetary gifts and donations and community development activities (COMMDEV), disclosure in the form of Conformity to environmental and other governmental policies (EGPL) and disclosure on employee welfare and training (EMPWT) all appeared negative when regressed on ROE. The study found that measures of corporate social responsibility disclosure exert significant impacts on corporate performance though the findings seem to be mixed. Our findings is supported by those of Anderson and Frankle (1980), Aupperle, Caroll and Hatfield (1985), Freedman and Jaggi (1986), McWilliams and Siegel (2001), and Okafor and Oshodin (2012)

Conclusion and policy implication

Our work has tried to verify, whether certain corporate performance measures can be affected by a firm's social responsible behaviour. The novelty of our analysis comes from its disaggregation of CSR disclosures into three variants based on the analysis of audited corporate financials. We have analyzed some simple descriptive statistics and we have used cross section and panel data econometrical approaches, to verify whether corporate social responsibility disclosure could affect corporate performance measures. The study found that measures of corporate

social responsibility disclosure exert significant impacts on corporate performance though the findings seem to be mixed. The recommendation is that the challenging situation is the issue of weakness of state policy in the development of effective and enforceable CSR management framework especially in most developing countries. Thus, CSR reporting has developed rather voluntarily and this implies that companies can choose what to disclose and may even decide not to. The policy implication in this regards involves the need for effective regulation of CSR practices of companies in Nigeria. In addition, there is the issue of credibility of CSR disclosures. One problem with CSR disclosure is that the information reported may tend to be selective and as such it is difficult to determine whether such disclosures are anything more than corporate branding and is motivated to enhance corporate image. Hence there is the need for external verification of CSR claims and disclosures as well as ascertaining the reliability and authenticity of CSR representation in the accounting record.

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