

Effect of Corporate Social Responsibility on Companies Performance: Evidence from Nigerian.

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Abstract

This study which focused on the “effect of corporate social responsibility on companies’ performance” was prompted as a result of manufacturing companies not being environmentally friendly and not being able to carry out their corporate responsibility to their host community. Thus, the study ascertained the impact of community donation on earnings per share of companies listed on the Nigeria Stock Exchange and also determined the impact of employee compensation on earnings per share of companies listed on the Nigerian Stock Exchange. Only secondary data was used for the successful execution of this research work. Four hypotheses were formulated for this study, while data extracted through the annual report and financial statement was tested with descriptive, correlation and regression statistical tool using E- View Version 9. The outcome of the analyses carried out showed that community donation has negative and weak significant impact on earnings per share of companies listed on the Nigeria Stock Exchange. It is therefore recommended that management of companies should develop and design sound employee compensation system in order to maximize employee productivity and increase shareholders’ earning per share, because employee try to put in their best when adequate benefit is given to them.

Keywords: Corporate Social Responsibility, Company Performance, Earnings Per Share, Employee Compensation, Community Donation, Nigerian Stock Exchange.

Introduction

In 1987 the concept of societal development was introduced for the first times in the Brundtland report “Our Common Future” The core of societal development according to this report is: “...to meet the needs of the present generation without compromising the ability of future generations to meet their own needs” (Brundland, 2015). One of the economic interpretations of societal development, in order to incorporate sustainable considerations into decision-making, is based on the concept of internalization of environmental or sustainable related costs. Possibly the most important factor in an effective pursuit of societal development is “getting the price right”. Unless prices for raw materials and products properly reflect the social costs, and unless prices can be assigned to air, water and land resources that presently serve as cost-free receptacles for the waste products of society, resources will tend to be used inefficiently and environmental pollution will likely increase (Okafor, 2012).

There is a belief that accounting is supposed to serve the public interest and it has been presented that central to the public interest is the pursuit of sustainability (Gray & Collision, 2002). Since the 1990s, much research has focused on the issue of accounting for societal development. For instance, Ekwueme (2011) presented that accountants have a major role to play in environmental issues, “both through their traditional roles of recording and reporting financial details and through their roles as business managers”. They even described how

accountants' jobs will change as a consequence of the environmental management issues that they will need to be involved in.

Okafor, Egolum, and Onyali (2014) argued that organizations cannot fully embrace the need for a substantial response to the worldwide environmental crisis until all sectors of a business/organization respond. They however noted that the response from the accounting and finance communities had been "fairly lukewarm and superficial". Milne (2016) argued that "corporate accounting in general, and management accounting in particular, have ignored a wide range of non-market activities that are associated with private sector organizations and their impact on the biophysical environment", and that "the formal decision analysis invoked in traditional management accounting neglects the social cost and benefits of corporate activities". It may appear that little has changed with the status quo. Often, it is the financial consequences of an action which determine acceptability of projects.

Extensive research literature shows that there is overwhelming support for the need for societal development, with proponents pushing for better quality information in regards to sustainable practices (Bebbington and Gray, 2001; Wilmshurst and Frost, 2001; Ball, 2005; Albelda, 2011; De Villiers and Van Staden, 2012). Societal development has three dimensions: economic viability, social responsibility, and environmental responsibility (Elkington, 2004). The three dimensions are presented with opportunity costs and trade-offs between each dimension. As Gould (2011) states, "social and environmental reasonability cannot stand in isolation from economic viability." Therefore, it is crucial that management accountants and managers consider societal development as an integral part of their decision-making (De Villiers & Vorster, 1995; Milne, 2016; Parker, 2000; Wilmshurst & Frost, 2001; Ferreira et al., 2010; Albelda, 2011). Although there is overwhelming support for a movement towards societal development, little empirical evidence exists regarding how extensive the roles of management accountants have become in accounting for societal development (Wilmshurst & Frost, 2001; Albelda, 2011).

Therefore, that the researcher intends to examine the effect of corporate social responsibility on companies performance

The principal objective of this research is to assess the effect of corporate social responsibility on company's performance in Nigeria.

To achieve this purpose, the following hypothesis were formulated:

H₀: Community donation has no significant impact on earnings per share of companies listed on the Nigeria Stock Exchange.

H₀: Employee compensation has no significant impact on earnings per share of companies listed on the Nigerian Stock Exchange.

H₀: Societal welfare cost has no significant impact on earnings per share of companies listed on the Nigerian Stock Exchange.

H₀: Community infrastructure has no significant impact on earnings per share of companies listed on the Nigerian Stock Exchange.

Review of Related Literature

Corporate Social Responsibility

Corporate Social Responsibility has assumed a variety of meaning, descriptions and manifestations since its inception. Corporate social responsibility is a concept which has become dominant on business reporting. Every corporation has a policy concerning corporate social responsibility and produces a report annually detailing its activity. Crowther (2008) defines corporate social responsibility as an approach to reporting a firm's activities which

stresses the need for the identification of socially relevant behavior, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques.

According to Sanusi (2008), Corporate Social Responsibility generally refers to a collection of policies and practices linked to relationship with key stakeholders, values, compliance with legal requirements and respect for people, communities and the environment and the commitment of business to contribute to sustainable development.

From the perspective of Aguilera (2007), Corporate Social Responsibility force firms to work under the concept of socially responsible practices wherever they operate their business, legitimately fulfilling the needs and concerns of stakeholders.

Aruwa (2006) defines corporate social responsibility as the responsibility of an enterprise to its immediate environment which is greatly influenced by its own profit-orientation and the desire of the entrepreneur.

Furthermore, early definition of the concept from the 1950s when the modern era of social responsibility began, it states, "Social Responsibility is the obligation of business men to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of objectives and values of society" Carroll (2008).

Another definition from the 1980s states that, "the social responsibility of business is to tame the dragon; that is, to turn a social problem into an economic opportunity; economic benefits into productive capacity; into human competence, into well paid jobs and into wealth" Carroll (1999).

McWilliams & Siegel (2001) defines it as, "action that appears to further some social good beyond the interests of the firm and that which is required by law".

In conclusion, the European Commission in 2006 affirms that Corporate Social Responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

Accounting in societal development

Accounting in societal development also referred to as Green Accounting has different meanings and can be used in varied contexts. It is an inclusive field of accounting that provides reports for both internal use, generate environmental information to help make management decisions on pricing, controlling overhead and capital budgeting, and external use; disclosing environmental information of interest to the public and to the financial community and its related to company's attitudes, policies or actions toward environmental impact, emissions, cleaning, planting, or energy efficiency (Campbell, 2004). According to, Seetharaman, et al; (2007) opined that environmental accounting is used to asses full environmental costs associated with activities and products. Environmental accounting is an aspect of accounting which has to do with costs and benefits that arise from changes to a firm's products to identify and analyse material streams and their related money flows by using environmental accounting systems to provide insight in environmental (James, 1998). In his contribution environmental accounting is a tool that can be employed to determine less tangible and external costs for projects and activities, it is generates reports for both internal use, providing environmental information to help make management decisions on controlling overhead, capital budgeting and pricing, and external use, disclosing environmental information of interest to the government, public and to the financial community (Eze, Nweze, & Enekw, 2016). Environmental accounting as the generation, analysis and use of financial and non-financial information in order to optimize corporate environmental and economic performance and to achieve sustainable business. An important function of environmental accounting is to bring environmental cost to the attention of corporate

stakeholders who may be able and motivated to identify ways of reducing or avoiding those costs while at the same time improving environmental quality. Environmental management accounting as a combined approach which provides for the transition of data from financial accounting, cost accounting and material flow balances to increase material efficiency, reduce environmental impact risk and reduce cost of environmental protection and this has a financial as well as physical component as the leaders of the corporate sector. Richardson (1999) identified that, more elaborately, environmental accounting is an effective tool for placing environmental issues firmly on top management agenda, providing useful data to facilitate environmental and financial manager's decision making, and concretely demonstrating environmental commitment to stakeholders.

Total Quality Environmental Management (TQEM) supports continuous improvement of corporate environmental performance. During the environmental cost accounting cooperative benchmarking process, environmental cost was described severally as costs which have been incurred in order to comply with regulatory standards, costs which have been incurred in order to reduce or eliminate releases of hazardous substances, all other costs associated with corporate practices aimed at reducing environmental impacts and costs associated with it greater awareness of environment related costs often provides the opportunity to find ways to reduce or avoid these costs, whilst also improving environmental performance (Tapang, Bassey & Bessong, 2012).

Community Donation

Community is a population which is geographically focused but which also exists as a discrete social entity, with a local collective identity and corporate purpose (Manderson et al, 1992). A community's social and economic resources are embedded in social networks. Social capital has "externalities" that go beyond individual members which affects wider community. People feel much better if they belong to a community and share a common destiny with others.

There is a sense of consciousness about what community is, who assist them in one way or the other. Organization that donates to a particular community is regarded as a good on because it helps to promote such companies corporate image.

A community usually feel free to leave their children with neighbours when they go to market (trust) This is because they share a sense of place assessment that their neighbourhood is distinctive based on its unique characteristics (Peck, 2012).

Employee Compensation

Compensation measures the total remuneration, in cash or in kind, that accrues to employees in return for their work during the accounting period, regardless of when they are paid (Landefeld, Moulton, Platt, & Villones, 2010). As such, the treatment of compensation is consistent with the treatment recommended by the System of National Accounts 2008, in which compensation reflects total remuneration and is measured on an accrual basis. Compensation consists of the earnings of employees and rewarding system elements to which include monetary, non-monetary as well as psychological payments that organizations make to their employees Nyaoga (2014)

Employee's compensation is equal to the sum of wages and salaries and of supplements to wages and salaries. Wages and salaries, which generally accounts for over 80 percent of compensation, consists of cash remuneration of labor (including sick or vacation pay, severance pay, commissions, tips, and bonuses), and in-kind remuneration of labor such as transit subsidies, meals and it revealed that pay as a reward for labour in the production process depends on the volume and quality of the goods and services its producDale-Olsen (2006).

Organization compensates its employee to promote its image in the environment just to remain friendly as a corporate entity. Supplements to wages and salaries consists of employer payments that are made on behalf of employees but are not included in the regular wage payments provided directly to employees—specifically, employer contributions for employee pension and insurance funds and employer contributions for government social insurance. Because these payments are made for the benefit of employees and because the value of the contributions is typically determined, in some fashion, by their labor, they are treated as compensation. Two measures of compensation are compensation earned by all of the employees of resident. And the one earned by none resident. “Compensation of employees” is the measure of the compensation paid by resident and nonresident employers to resident employees. Social norms is also important elements in compensation strategy. The pay has direct bearing on employees, not only in terms of attaining basic needs, but also, in meeting up with other social aspiration (Brown, Sturman & Simmers 2003) In addition, compensation decisions influence the employer's ability to compete for employees in the labor market (attract and retain), as well as their attitudes and behaviors while with the employer. Employee compensation practices differ across employment units (e.g., organizations, business units, and facilities) on several dimensions (Gerhart & Milkovich, 1990, 1992; Gerhart, Milkovich, & Murray, 1992). The focus of the employee compensation literature has been on defining these dimensions, understanding why organizations differ on them (determinants), and assessing whether such differences have consequences for employee attitudes and behaviors, and for organizational effectiveness.

Societal Welfare Cost

Social welfare cost refers to the costs resulting from assisting society in other to make life better. Organization which embarks social welfare cost promotes its image and create environment for survival and ability to compete favorably in the competitive environment. On the other hand it is costs imposed on the consumers as a consequence of being exposed to the transaction for which they are not compensated or charged (Gruber, 2012). Private costs refer to direct costs to the producer for producing the good or service. Social cost includes these private costs and the additional costs (or external costs) associated with the production of the good for which are not accounted for by the free market. Mathematically, social marginal cost is the sum of private marginal cost and the external costs (International Monetary Fund, 2017). For example, when selling a glass of lemonade at a lemonade stand, the private costs involved in this transaction are the costs of the lemons and the sugar and the water that are ingredients to the lemonade, the opportunity cost of the labor to combine them into lemonade, as well as any transaction costs, such as walking to the stand. An example of marginal damages associated with social costs of driving includes wear and tear, congestion, and the decreased quality of life due to drunks driving or impatience.

According to the International Monetary Fund, "there are differences between private costs and the costs to the society as a whole". In a situation where there are positive social costs, it means that the first of the Fundamental theorems of welfare economics failed in that relying merely on private markets for price and quantity lead to an inefficient outcome. Market failures or situations in which consumption, investment, and production decisions made by individuals or firms result in indirect costs i.e. have an effect on parties external to the transaction are one of the most common reasons for government intervention. In economics, these indirect costs which lead to inefficiencies in the market and result in a difference between the private costs and the social costs are called externalities. Thus, social costs are the costs pertaining to the transaction costs to the society as a whole.

Intuitively, this refers to a situation in which the production of the firm reduces the well-being of the people in the society who are not compensated for the same. For example, steel

production results in a negative externality because of the marginal damages pertaining to pollution and negative environmental effects. Steel making results in indirect costs as a result of emission of pollutants, lower air quality, etc. For example, these indirect costs might include the health of a home owner near the production unit and higher healthcare costs which have not been factored into the free market price and quantity. Given that the producer does not bear the burden of these costs, they are not passed down to the end user. It implies how organisation can manages its business process to produce an overall positive impact on society. It also means how organisation behave ethically and contribute to economic development of society by improving the quality of life of the local community and society at large. Societal welfare cost set the standards that society subscribes to in order to make positive impact on society (Odetayo, Adeyemi, & Sajuyigbe, 2014)

Community infrastructure

Community Infrastructure is the basic physical and organisational structures needed for the operation of a society like industries, buildings, roads, bridges, health services, governance and so on Oyedele, (2014). Organizations which wish to remain environmental friendly contribute immensely to the community infrastructure. These are low-cost small-scale infrastructures built over time through community-led initiatives according to the needs and aspirations of the community population (Crown, 2011). These micro infrastructures are socially, economically and operationally linked with community lives and livelihood options, ensure basic services to its population and are thus conceived as critical lifelines for survival of the community. Community infrastructures, because of being less robust in their design, are usually subjected to severe damage by any natural event of reasonable magnitude or intensity. These small-scale infrastructures represent a weaker segment of the assets available at the local level, making the community more vulnerable to the challenges of disasters. The conditions are worse for urban community infrastructures that are built in and around slums and informal settlements. Community Infrastructure is developed by the actors of informal sector, through community-led and non-government- funded initiatives according to the needs and aspirations of the population in the community. Often, these structures have been built in isolation from planned government programs and disconnected from the formal sector's development initiatives. Community infrastructures are not supported by regulatory mechanisms such as building codes and construction regulations. It is the enterprise or the products, services and facilities necessary for an economy to function (Sullivan and Sheffrin, 2003).

The types of infrastructure are extremely diverse and vary from community to community depending on geo-physical, socio-cultural and economic factors that influence the lives and livelihoods of the population in a community. Therefore, estimation of damage, changes in production flows and determination of recovery options require special skills and deeper understanding of geo-physical settings and socio-political dynamics of the affected regions. Communities also have distinctive demographic characteristics such as social aspects, infrastructure or basic amenities as well as economic production scales (Hlavsa, 2010).

Due to the informal conditions under which the community infrastructure has been developed, these structures are often absent from the official government records and have not been accounted for in the national accounting systems.

The recovery of community infrastructure is essentially a community-driven process and it is therefore important to ensure that the assessment should be guided by the insights and participation of the community populations.

This poses significant challenges and often makes the process an unusually complex and difficult undertaking. Community infrastructure is an integral sub-sector of the infrastructure sector. Basic infrastructural facilities such as roads, clean water supply and communication

are the main keys to the wellbeing of a community, notably those in the rural areas (Yusoff, Talib, & Pon, 2011).

Benefits of Implementing Social Accounting Practices by Companies

Social accounting for the purpose of management control is designed to support and facilitate the achievement of an organization's own objectives (Agbiogwu, Ihendinihu & Okafor, 2016). In the words of Gray, (2000), organizations are seen to benefit from implementing social accounting practices in a number of ways, example:

- Increased information for decision making
- More accurate product or service costing
- Enhanced image management and public relations
- Identification of market development opportunities
- Maintaining legitimacy.

Theoretical Review

This study was anchored on Triple bottom line theory, which was propounded by John Elkington in (1994). Elkington (1997) reiterated via his triple bottom line approach theory, that capitalism must satisfy legitimate demands for economic performance. With this, Elkington (1997) echoes Adam Smith's theory of the firm - that the firm has one and only one goal - to satisfy the desires of shareholders by making profits. However, profit may not be attainable if the environment in which the business operates is neglected. A corporation which accommodates the triple bottom line approach (social, economical and environmental performance) is contributing to sustainable development (Acti, Ifurueze, Etale & Paymaster, 2013). Hart (1997) added that the achievement of sustainability would require a blending of product stewardship, green technology and pollution prevention. Therefore, this theory is the most appropriate theory to anchor this study.

Empirical Review

Fauzi and Rahman (2007) examined the relationship of CSP and CFP on companies listed in Jakarta stock exchange in Indonesia. Secondary data was collected from audited reports of 383 firms from 2002-2003. Using the Regression model, the study found Link between CSP and CFP to be inconclusive. This study thus did not establish any significant association between CSP and firm performance.

According to Enahoro, (2009) who observed environmental costs and activities impact and consequences on environment in which organization operates. In his study, he state that corporate neglect and avoidance of environmental costing have left gap of financial incompleteness and absence of fair view of financial information reporting to users of financial statements, environmental regulatory agencies and the general public. The research instruments utilized in the study were primary data survey and secondary data elucidation. For this purpose, cross-sectional and longitudinal content analyses were carried out. The test statistics applied in this study were the t-test statistics, Pearson Product-Moment correlation tests, ANOVA, and Multivariate Linear Regression Analysis. The study investigated best practice of environmental accounting among companies currently operating in Nigeria. Specifically, the study assessed the level of independence of tracking of costs impacting on the environment; level of efficiency and appropriateness of environmental costs and disclosure reporting. Findings are that environmental operating expenditures are not charged independently of other expenditures. There is also, absence of costing system for tracking of externality costs. Environmental accounting disclosure does not however, take the same

pattern among listed companies in Nigeria. Recommendations among others are that corporate organizations should develop Plans and Operating Guidelines expected to meet Industry Operating Standards which should focus on minimizing impact on environment. There should be continued evaluation of new technologies to reduce environmental impacts.

Dietrich and Lubomir (2010) analyze the effect of corporate environmental performance on financial performance in a transition economy. In particular, it assesses whether good environmental performance affects profits, and if so, in which direction. Then the study decomposes profits into revenues and costs in order to identify the channel(s) of any identified effect of environmental performance on profits. For example, as environmental performance improves, do revenues rise and costs fall so that profits increase? For this assessment, our study analyzes the links from environmental performance to revenues, costs, and profits using an unbalanced panel of Czech firms from the years 1996 to 1998. The empirical results indicate strongly and robustly that better environmental performance improves profitability by driving down costs more than it drives down revenues. The strong reduction in costs is consistent with the substantial regulatory scrutiny exerted by environmental agencies during the sample period in the forms of prevalent monitoring (i.e., inspections) and enforcement and escalating emission charge rates.

Appah (2011) carried out a study on Corporate Social Accounting Disclosure in the Annual Report of Nigeria companies. The objective of this study is to examine the practice of social accounting disclosure in Nigeria companies. The research adopted descriptive research design, secondary data only was used. A sample size of 384 from infinite population the formula is $Z^2 p q / (e)^2$. The research hypothesis was tested using chi-square (X^2). The findings reviewed that the inclusion of social cost and the disclosure of information by the organizations in the financial statements of will enhance disclosure of information disclosure in the financial statement of the organization.

Setyorini and Ishak (2012) examined Corporate Social and Environmental Disclosure. The center objective is to provide an examination. Indonesian corporate social and environmental disclosure in the Positive Accounting Theory (PAT) perspective. It used descriptive research design also and secondary data only was used. Population of the study was listed companies since they are required to publish their annual report yearly in the Indonesian stock exchange from 2005 until 2009. The study applied sampling method on the sectors of the listed companies in the Indonesian stock exchange. There were approximately 336 to 398 companies listed on Indonesian stock exchange from 2005-2009. The findings review that if the association is driven more by political cost considerations, it can be expected that corporate social and environmental disclosure is positively associated with earnings management.

Actifurueze, Etale & Bingilar (2013) stated the impact of environmental cost on corporate performance in oil companies in the Niger Delta States of Nigeria. The field survey methodology was utilized involving a selected sample of twelve oil companies. The multiple regression analysis was explored to test the hypothesis. An investigation was undertaken into the possible relationship between corporate performance and three selected indicators of sustainable business practices: Community Development Cost (CDC), Waste Management Cost (WMC) and Employee Health and Safety Cost (EHSC). The study revealed that sustainable business practices and corporate performance is significantly related. And sustainability may be a possible tool for corporate conflict resolution as evidenced in the reduction of fines, penalties and compensations paid to host communities of oil companies. Therefore, the researchers recommended that the

management of oil companies in the Niger Delta States of Nigeria develop a well-articulated environmental costing system in order to guarantee a conflict free corporate atmosphere needed by managers and workers for maximum productivity and eventually improve corporate performance.

Barbu, Dumontier, Feleagă and Feleagă (2012) observed in their study which aimed at determining whether application of a single set of accounting standards may result in differences in the environmental information provided, because of discrepancies in national regulatory characteristics in the countries where the reporting firms are located. To this end, we analyzed all IAS/IFRS standards and IFRIC interpretations related to the recognition, measurement and disclosure of environmental issues. This identification helped us to create a grid of environmental information that was used to analyze the 2007 annual reports of 114 listed German, French and UK companies and develop a disclosure index for both monetary and descriptive information. We used regression techniques to determine whether the level of environmental disclosure under IFRS is related to the size of the reporting firm (as is the case for voluntary environmental information) and the strength of legal and regulatory constraints on environmental disclosures in the country where the firm is domiciled. Results indicate that environmental disclosures imposed by IFRS, just like voluntary environmental disclosures, increase with firm size. Furthermore, firms located in countries with constraining environmental disclosure regulations (i.e. France and UK) report more information on environmental matters than firms located in countries with weakly constraining regulations. Such results support the view that cultural and international differences survive in financial reporting, despite the generalized adoption of IAS/IFRS, notably because of discrepancies in national legal requirements, thus compromising the comparability of accounting information.

Oti, Asuquo and Tapang, (2012) in their studies examine environmental costs and its implication on the returns on investment. At various national levels are government regulations, society, pressure groups and green consumer pressure; developments reawakening corporate attention to strategic and competitive role of environmental responsibility for corporate survival. However within the developing nations, the understanding is somewhat different mainly because of weak government regulations and lack of organized pressure groups and consumer awareness to influence corporate behavior. Data were collected from both primary and secondary sources and also analyzed using the ordinary least square technique.

Umoren, Isiavwe-Ogbari, and Atolagbe, (2016) investigated the Corporate Social Responsibility (CSR) disclosure practices of Nigerian quoted companies and their determinants. A checklist of 20 attributes was developed to capture the social and environmental disclosures from the annual reports of 45 companies from 8 sectors quoted on the Nigerian Stock Exchange over a two-year period (2013 to 2014). The determinants of disclosure were proxied by company size, profitability and auditor type. Company size was measured by total assets, profitability was measured by return on equity (ROE), and auditor type was measured by a dummy variable, '1' for Big 4 and '0' for otherwise. The data obtained were analysed using descriptive statistics, correlation and regression. The findings revealed that, the level of CSR was 44%, made up of social disclosure (68%) and environmental disclosure (6%). Findings also revealed that CSR was influenced by company size and auditor type; but not by profitability. This paper recommends a mandatory CSR reporting framework in line with international best practice for all listed companies in Nigeria.

Ruly, Sunaryanto and Heri (2017) studied the effect of the institutionalization of strategic management of the institutionalization of strategic management accounting system in manufacturing enterprises in East Java. This is a quantitative research paradigm with explanation manifold uses manufacturing companies as research samples. The research instrument to measure company performance was indicated by the size of financial and non-financial performance while both two legitimacy tools measurement consists of three dimensions: institutional environment, the level of institutionalization, and the institutionalization impact. And total of population that has been determined as 1088n companies and sample of 292. Data obtained as many as 16 manufacturing companies located in East Java were analyzed using Kendal Tau one-tailed nonparametric analysis. Empirical evidence also shows that the level of institutionalization of strategic management is influenced positively by an external source, namely the institutional environment, while the level of institutionalization of strategic management accounting system is influenced not only by external sources but also internal sources of legitimacy, namely the institutionalization another tool that is strategic management. This means the company's performance is achieved when the company becomes similar to other companies through the institutionalization of strategic management as legitimacy tools.

Methodology

This study adopted an ex-post facto research design based on the fact that the study seek to examine the impact of past factor(s) on the present happening or event, and its strengths as the most appropriate design to use when it is not always possible to select, control and manipulate all or any of the independent variables.

The population of the study is made up of all manufacturing companies quoted in Nigeria as at 31st December 2017 and have consistently submitted their annual reports to the Nigeria Stock Exchange from 2012 to 2017. This comprises companies as per the Nigeria Stock Exchange fact book 2017 that published their corporate social responsibility consistently from 2012 to 2017.

Model Specification

In order to test for the relevance of the hypothesis regarding the effect of social responsibility on companies performance, the following model (regression model) as in onwumere (2009) were adopted.

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + E \dots \dots \dots (1)$$

$$EPS = b_0 + b_1CD + b_2EC + b_3SWC + b_4CI + E \dots \dots \dots (1)$$

Where Y is the dependent variables which describe performance indicator such as:
Dependent Variable(Y) = Earnings per share where X is the independent variables which represent of corporate social responsibility.

Data Presentation, Analysis and Interpretation

The study used panel data collected from the annual report of companies listed on the Nigeria Stock Exchange between 2012 and 2017. The panel data used is presented in table 1 under the appendix. However, the analyses of those data were presented in tables below.

Data Analysis

Effect of corporate social responsibility on company's performance in Nigeria

In analyzing the data, the study adopted the ordinary least square regression analysis to identify the causal effects that exist between social responsibility and the company's performance of companies listed on the Nigerian Stock Exchange. However, the study conducted some preliminary analysis such as descriptive statistics and correlation analysis.

Descriptive Statistics

Table 1 provides summary of the descriptive statistics analysis result.

Date: 03/27/19

Time: 14:09

Sample: 1 126

| | EPS | CD | EC | SW | CI |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Mean | 157.2702 | 22759375 | 53351253 | 20552552 | 29665231 |
| Median | 20.00000 | 725000.0 | 3415155. | 1175000. | 659900.0 |
| Maximum | 1682.000 | 6.32E+08 | 1.33E+09 | 5.07E+08 | 6.69E+08 |
| Minimum | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| Std. Dev. | 289.4885 | 74904071 | 2.27E+08 | 70998178 | 1.05E+08 |
| Skewness | 2.636481 | 5.858138 | 4.940483 | 5.284738 | 4.588166 |
| Kurtosis | 10.62786 | 42.90775 | 26.45854 | 32.18440 | 24.12346 |
| Jarque-Bera Probability | 408.4451 0.000000 | 8217.025 0.000000 | 3077.699 0.000000 | 4576.356 0.000000 | 2519.427 0.000000 |
| Sum | 17928.80 | 2.59E+09 | 6.08E+09 | 2.34E+09 | 3.38E+09 |
| Sum Sq. Dev. | 9469805. | 6.34E+17 | 5.84E+18 | 5.70E+17 | 1.24E+18 |
| Observations | 114 | 114 | 114 | 114 | 114 |

Sources: Researcher's summary of descriptive statistics 2019

The descriptive statistics result provided some insight into the nature of the data collected from all the companies that were used for the study. From the result, the study observed that within the period under review, the selected company's performance have an average value of 157.2702, maximum and minimum value of 1682.000 and 0.000000 respectively.

Those values indicate that the company's performance represented by earnings per share used in the study varies widely. Some perform highly while others perform poorly. Secondly, it was observed that community donation of the firms used has a mean value of 22759375, maximum and minimum value 6.3208 and 0.000000 respectively. This reveals that some of the firms spend as high amount of their performance while the others do not; The table also shows mean value for employee compensation of the firms used 53351253, maximum and minimum 1.3309 and 0.000000 respectively. The difference between the mean, maximum and minimum value indicates that all the firms in the sector experience employee compensation, however, the growth rate differs over the years and across the firms used.

Lastly, in table 1, the Jarque-Bera (JB.) which test for normality or existence of outliers or extreme value among the variables shows that all the variables were normally distributed at 1% and 5% level of significance.

Correlation Analysis: In examining the relationship that exists among the variables, the study employed the Pearson correlation analysis and the results are presented below in table 2.

Correlation Analysis

| | CD | EC | SW | CI |
|----|-----------|-----------|----------|----------|
| CD | 1.000000 | | | |
| EC | -0.008718 | 1.000000 | | |
| SW | 0.743510 | -0.053781 | 1.000000 | |
| CI | 0.293849 | -0.046552 | 0.257812 | 1.000000 |

The study used the correlation analysis is to check for multi-collinearity and to explore the relationship that exist among the variables used for the study. The correlation analysis result shows the relationship among the various components of social responsibility; such as Community donation, Employee compensation, Societal welfare cost and Community infrastructure. The correlation analysis result shows that a positive relationship exists between firm profitability and all the components this positive relationship reveals that firm social responsibility can lead to better firm profitability.

In checking for multi-collinearity, the study observes that no two variables were perfectly correlated. This means that there is absence of multi-collinearity problem in the model used for the analysis.

Regression Analysis

To examine the effect of social responsibility on company’s performance in Nigeria, we used the multiple regression analysis.

Table 3 Regression Result

Dependent Variable: EPS

Method: Least Squares

Date: 03/27/19 Time: 13:59

Sample: 1 126

Included observations: 114

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|--------|
| C | 145.7554 | 29.33691 | 4.968330 | 0.0000 |
| CD | -8.2207 | 5.4307 | -1.512931 | 0.1332 |
| EC | 1.1609 | 1.1807 | 0.009802 | 0.9922 |
| SW | 5.1207 | 5.6707 | 0.902760 | 0.3686 |
| CI | 6.6207 | 2.6907 | 2.457998 | 0.0155 |

| | | | |
|--------------------|-----------|-----------------------|----------|
| R-squared | 0.063964 | Mean dependent var | 157.2702 |
| Adjusted R-squared | 0.029614 | S.D. dependent var | 289.4885 |
| S.E. of regression | 285.1698 | Akaike info criterion | 14.18692 |
| Sum squared resid | 8864079. | Schwarz criterion | 14.30692 |
| Log likelihood | -803.6542 | Hannan-Quinn criter. | 14.23562 |
| F-statistic | 1.862126 | Durbin-Watson stat | 1.026256 |
| Prob(F-statistic) | 0.122267 | | |

Source: researcher's summary of regression analysis from e-view 8

Discussion of Findings

The above finding is disagreement with the findings of Njeri, (2016) which examined the effect of CSR on financial performance of listed firms in the Nairobi Securities Exchange. Financial performance was measured using the return of assets. Investment in CSR was measured using monetary spending on social activity. The study equally applied regression analysis model to assess the influence of CSR on financial performance. Study findings were that none of the variables were strongly correlated. The study concluded further that a positive but insignificant relation existed between CSR and financial performance.

The study was inconsistent with the study of Agbiogwu, Ihendinihu and Okafor (2016) which examined the impact of environmental and social costs on performance of Nigerian manufacturing companies, this is because finding from the analysis shows that the sample companies environmental and social cost significantly affect Net profit margin, Earnings per share and Return on capital employed of manufacturing companies.

Although, the study is in partial agreement with the work of Ezejiolor, Akamelu and Chigbo (2016) which assessed the effect of sustainability accounting measure on the performance of corporate organizations in Nigeria. Based on the analysis, the study found that environmental cost does not impact positively on revenue of corporate organizations in Nigeria, also that environmental cost impact positively on profit generation of corporate organizations in Nigeria.

Finally, the study agree with the result of Omodero and Ihendinihum (2016) which examined the impact of environmental and corporate social responsibility accounting on organizational financial performance of firms in Nigeria. The study was also arranged to determine the extent to which firms' PAT affects the CSR, EMC and the PBC. The result obtained showed no impact and a negative impact for CSR and EMC on PAT respectively, while the PBC has a positive impact on PAT. The p-value for CSR and EMC is not significant while PBC is highly significant.

The Durbin Watson statistics result was 1.026256 can be approximated into two, this reveals the absence of autocorrelation in our model.

Summary of Findings

After carrying out the relevant analysis in this study, it was discovered that:

1. Community donation has negative and weak significant impact on earnings per share of companies listed on the Nigeria Stock Exchange.
2. Employee compensation has positive and very strong significant impact on earnings per share of companies listed on the Nigerian Stock Exchange.
3. Societal welfare cost has moderate significant and positive impact on earnings per share of companies listed on the Nigerian Stock Exchange.
4. Community infrastructure has positive but very weak significant impact on earnings per share of companies listed on the Nigerian Stock Exchange.

Conclusion

This study examined the effect of social responsibility on companies' performance in Nigerian. The following detailed time series analysis, the findings revealed that social responsibility in the companies of Nigeria has no significant effect on companies'

performance. Thus, it equally explains a very high degree of changes in companies' performance in terms of earning per share. Thus, community donation, employee compensation and societal welfare cost have no significantly while community infrastructure has significantly influenced on companies performance in the Nigeria. In addition to this general point, it is apposite to highlight that the findings of this research show that social responsibility can reduce corporate conflict, which is one of the major distractions to corporate attention. This research therefore points to the practical significance of sustainable corporate practice in reducing the level of fines, penalties, compensations and litigations. This finding therefore informs managers of the need to enhance environmentally friendly practices in order to restore and guarantee a conflict free corporate atmosphere needed by managers and workers for maximum productivity. Money expended in settling disputes could be applied to enhance social liquidity and management is better able to plan and make decisions when it is not engrossed in disputes. The act of managing and production per se is optimal when an enabling serene atmosphere is in place.

5.3 Recommendation

Based on the findings and conclusion above, the following recommendations were made:

The management of companies should have positive disposition towards social cost friendly practices in order to restore and guarantee stable and sustainable operations in their organization. Social responsibility cost like community donation so as to create good public image and to enhance its earnings per share.

Management of companies should develop and design sound employee compensation system in other to maximize employee productivity and increase shareholders' earning per share, because employee try to put in their best when adequate benefit is given to them.

Environmental Regulatory Authority should compel manufacturing companies to disclose social responsibility cost in their financial statement as this is needed to make organization socially and environmentally conscious in their organizational activities. This is important because spending for societal welfare promote good reputation and promote corporate image of organization.

Standard setting bodies should introduce a standard framework/guideline for the mandatory disclosure of social responsibility information. This effort will yield to a great extent a higher level of environmental disclosures by Nigeria organizations.

Disclosure of community infrastructure expenditure promotes environmental friendly organization and attracts patronage which in turn results to increase in companies' earnings per share.

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APPENDIX I

| Names Of Companies | YEAR | | | | | |
|------------------------|------|-----------|----------|------------|------------|-------|
| | S | CD | EC | SW | CI | EPS |
| Dangote Cement Plc | 2012 | 0 | 9984068 | 0 | 0 | 8.57 |
| | | | | 420457777. | | |
| Dangote Cement Plc | 2013 | 632150000 | 12965294 | 5 | 384500000 | 12.34 |
| Dangote Cement Plc | 2014 | 580863 | 16640925 | 181638 | 54166 | 10.9 |
| Dangote Cement Plc | 2015 | 54858 | 22209000 | 120688 | 79993 | 12.51 |
| Dangote Cement Plc | 2016 | 243734875 | 27588 | 34900000 | 15461120 | 17.97 |
| Dangote Cement Plc | 2017 | 332983883 | 26936 | 506646766 | 5975004 | 14.94 |
| Unilever Plc | 2012 | 0 | 4536851 | 0 | 0 | 1.48 |
| Unilever Plc | 2013 | 0 | 5154272 | 31398 | 10417 | 1.27 |
| Unilever Plc | 2014 | 32865 | 6602743 | 0 | 32865 | 0.64 |
| Unilever Plc | 2015 | 212066 | 6961370 | 7411 | 204655 | 0.32 |
| Unilever Plc | 2016 | 18787 | 6748272 | 10000000 | 8786715 | 0.81 |
| Unilever Plc | 2017 | 18676 | 7373428 | 12,500,00 | 6175960 | 1.78 |
| Oando Plc | 2012 | 0 | 494860 | | 0 | 125.8 |
| Oando Plc | 2013 | 29578340 | 266416 | 70885345 | 28707352 | 458.4 |
| Oando Plc | 2014 | 17458613 | 0 | 14349472 | 0 | 0 |
| Oando Plc | 2015 | 1512500 | 0 | 4206346 | 5267805 | 0.7 |
| Oando Plc | 2016 | 116097459 | 715881 | 5000000 | 9476767 | 0 |
| Oando Plc | 2017 | 145536060 | 460905 | 63252805 | 36451848 | 0 |
| Honeywell Plc | 2012 | 1000000 | 36828 | 1198688 | 150000 | 0 |
| Honeywell Plc | 2013 | 100000 | 14955 | 4,77,685 | 740000 | 0 |
| Honeywell Plc | 2014 | 1000000 | 16111 | 1198688 | 342922 | 0 |
| Honeywell Plc | 2015 | 1169000 | 1609803 | 144491 | 100000 | 0 |
| Honeywell Plc | 2016 | 144500 | 1505152 | 4772685 | 203279 | 0 |
| Honeywell Plc | 2017 | 342922 | 51472 | 100000 | 144500 | 0 |
| Nigerian Breweries Plc | 2012 | 500000 | 18204079 | 200000 | 1105000 | 0 |
| Nigerian Breweries Plc | 2013 | 36021207 | 19155265 | 55346236 | 155,45,760 | 0 |
| Nigerian Breweries Plc | 2014 | 13818598 | 20700513 | 71164999 | 22678189 | 0 |
| Nigerian Breweries Plc | 2015 | 131064450 | 27500383 | 34166222 | 41160000 | 0 |
| Nigerian Breweries Plc | 2016 | 41718153 | 28860900 | 45209536 | 60602654 | 0 |
| Nigerian Breweries Plc | 2017 | 22618350 | 30054342 | 17577500 | 37168419 | 0 |
| Julius Berger Nigeria | 2012 | 8200000 | 43025895 | 9303800 | 11150000 | 6.48 |

| | | | | | | | | |
|------------------------------------|------|-------------|----------|-----------|------------|------|--|--|
| Plc | | | | | | | | |
| Julius Berger Nigeria Plc | 2013 | 6140000 | 41682863 | 8470000 | 5495000 | 3.99 | | |
| Julius Berger Nigeria Plc | 2014 | 37500000 | 44401611 | 7560000 | 5750000 | 4.92 | | |
| Julius Berger Nigeria Plc | 2015 | 10585000 | 30109505 | 3135000 | 750000 | 2.68 | | |
| Julius Berger Nigeria Plc | 2016 | 1150000 | 35883929 | 3250000 | 500000 | 2.68 | | |
| Julius Berger Nigeria Plc | 2017 | 1550000 | 35678696 | 3500000 | 3000000 | 0.34 | | |
| A.G Leventis Plc | 2012 | 250000 | 1313246 | 0 | 0 | 42 | | |
| A.G Leventis Plc | 2013 | 0 | 1648505 | 455000 | 70000 | 51 | | |
| A.G Leventis Plc | 2014 | 1655 | 1619855 | 160000 | 70000 | 27 | | |
| A.G Leventis Plc | 2015 | 2034 | 1846725 | 1841 | 200000 | 13 | | |
| A.G Leventis Plc | 2016 | 2497 | 1987465 | 200000 | 63,000 | 142 | | |
| Beta-Glass Plc | 2017 | 100000 | 2065253 | 100000 | 0 | 97 | | |
| Beta-Glass Plc | 2012 | 150000 | 1652701 | 3255000 | 5153111 | 2.66 | | |
| Beta-Glass Plc | 2013 | 2900000 | 1776651 | 100,000 | 3934000 | 2.95 | | |
| Beta-Glass Plc | 2014 | 0 | 1855181 | 4100000 | 11300000 | 4.78 | | |
| Beta-Glass Plc | 2015 | 10675000 | 2017952 | 150000 | 0 | 3.98 | | |
| Beta-Glass Plc | 2016 | 2497 | 2265330 | 250000 | 10300000 | 7.6 | | |
| Beta-Glass Plc | 2017 | 400000 | 2071883 | 4000 | 3838 | 8.23 | | |
| 7-Up Bottling Plc | 2012 | 11044000 | 6169236 | 577000 | 14100000 | 262 | | |
| 7-Up Bottling Plc | 2013 | 11110000 | 6248406 | 708000 | 955860 | 446 | | |
| 7-Up Bottling Plc | 2014 | 90 | | 3000 | 100 | 2.34 | | |
| 7-Up Bottling Plc | 2015 | 1405000 | 7852641 | 1600000 | 2925000 | 1112 | | |
| 7-Up Bottling Plc | 2016 | 5407000 | 7878078 | 1297000 | 600000 | 523 | | |
| 7-Up Bottling Plc | 2017 | 411000 | 7737790 | 1447000 | 658000 | 1682 | | |
| Berger Paints Plc | 2012 | 0 | 0 | 0 | 0 | 0 | | |
| Berger Paints Plc | 2013 | 0 | 0 | 0 | 0 | 0 | | |
| Berger Paints Plc | 2014 | | 450067 | | 0 | 51 | | |
| Berger Paints Plc | 2015 | 118,250 | 565313 | 200000 | 75000 | 114 | | |
| Berger Paints Plc | 2016 | 750000 | 522371 | 500000 | 133872.57 | 77 | | |
| Berger Paints Plc | 2017 | 0 | 0 | 0 | 0 | 0 | | |
| Chemical Allied Products (CAP) And | 2012 | 540000 | 346995 | 7098715 | 258661 | 0 | | |
| Chemical Allied Products (CAP) And | 2013 | 365962 | 424584 | 5927874 | 1143802 | 202 | | |
| Chemical Allied Products (CAP) And | 2014 | 150000 | 23747 | 539977 | 3922977.82 | 237 | | |
| Chemical Allied Products (CAP) And | 2015 | 1743200.88 | 24485 | 922368.69 | 3172737.98 | 249 | | |
| Chemical Allied Products (CAP) And | 2016 | 14814758.11 | 507348 | 962220 | 821053.83 | 229 | | |
| Chemical Allied Products (CAP) And | 2017 | 176255.51 | 621089 | 173650 | 1698240.36 | 214 | | |

| | | | | | | |
|---|------|-----------|-----------|-----------|------------|-----|
| Dangote Sugar Plc | 2012 | 0 | 2094995 | 0 | 0 | 90 |
| Dangote Sugar Plc | 2013 | 250000 | 2430450 | 250000 | 230000000 | 113 |
| Dangote Sugar Plc | 2014 | 30000 | 3239315 | 100000 | 15960000 | 99 |
| Dangote Sugar Plc | 2015 | 0 | 1317980 | 0 | 0 | 105 |
| Dangote Sugar Plc | 2016 | 1920000 | 2200958 | 336000000 | 10000000 | 118 |
| Dangote Sugar Plc | 2017 | 211450000 | 2486308 | 118200000 | 22100000 | 315 |
| Cutix Plc | 2012 | 0 | 0 | 0 | 0 | 9 |
| Cutix Plc | 2013 | 0 | 89077 | 0 | 0 | 17 |
| Cutix Plc | 2014 | 780000 | 95529 | 1987077 | 2783910 | 24 |
| Cutix Plc | 2015 | 400000 | 119436 | 1175000 | 659900 | 17 |
| Cutix Plc | 2016 | 400000 | 138538 | 1175000 | 659900 | 22 |
| Cutix Plc | 2017 | 1280000 | 156808 | 5277380 | 7017620 | 29 |
| Cement Company Of Northern Nigerian Plc | 2012 | | 165951450 | 1 | 0 | 95 |
| Cement Company Of Northern Nigerian Plc | 2013 | 18758450 | 129551051 | 1 | 0 | 113 |
| Cement Company Of Northern Nigerian Plc | 2014 | 18758450 | 131263253 | 3 | 0 | 153 |
| Cement Company Of Northern Nigerian Plc | 2015 | 33400000 | 132876974 | 7 | 2500000 | 96 |
| Cement Company Of Northern Nigerian Plc | 2016 | 2000000 | 631407210 | 5200000 | 3500000 | 100 |
| Cement Company Of Northern Nigerian Plc | 2017 | 7350000 | 760821225 | 5000000 | 5000000 | 257 |
| Cadbury Plc | 2012 | 0 | 4055806 | 0 | 0 | 137 |
| Cadbury Plc | 2013 | 125351 | 4322662 | 5030586 | 3246000 | 192 |
| Cadbury Plc | 2014 | 174607 | 4135837 | 7850150 | 125251 | 106 |
| Cadbury Plc | 2015 | 301775 | 4023849 | 6296883 | 47309 | 61 |
| Cadbury Plc | 2016 | 261446 | 4148296 | 4988202 | 5219930 | 16 |
| Cadbury Plc | 2017 | 567870 | 3590995 | 7028353 | 100321 | 16 |
| Champions Breweries Plc | 2012 | 0 | 0 | 0 | 0 | 0 |
| Champions Breweries Plc | 2013 | 0 | 0 | 0 | 0 | 0 |
| Champions Breweries Plc | 2014 | 600 | 490250 | 120 | | 24 |
| Champions Breweries Plc | 2015 | 0 | 460558 | 1200 | 720 | 1 |
| Champions Breweries Plc | 2016 | 0 | 559011 | 1200 | 0 | 7 |
| Champions Breweries Plc | 2017 | 0 | 656966 | 2400 | 0 | 7 |
| Lafrage African Plc | 2012 | 3600000 | 2619280 | 24400000 | 190800000 | 487 |
| Lafrage African Plc | 2013 | 1380000 | 2119152 | 4174200 | 60284937.7 | 934 |
| Lafrage African Plc | 2014 | 21262800 | 7448690 | 14797350 | 6 | 828 |
| Lafrage African Plc | 2015 | 55188337 | 9539546 | 22155990 | 225000000 | 838 |
| Lafrage African Plc | 2016 | 36850000 | 6372559 | 42418220 | 526901232 | 394 |
| Lafrage African Plc | 2017 | | | | 669078491. | |

| | | | | | 2 | |
|----------------------|------|----------|----------|-----------|------------|-------|
| Lafrage African Plc | 2017 | 10700000 | 14687390 | 98000000 | 552927952 | 240 |
| Nestle Plc Nigeria | 2012 | 11235000 | 7081299 | 2771000 | 23012000 | 26.67 |
| Nestle Plc Nigeria | 2013 | 7755000 | 8001617 | 12900000 | 15171000 | 28.08 |
| Nestle Plc Nigeria | 2014 | 24940000 | 9196332 | 10000000 | 10607000 | 28.05 |
| Nestle Plc Nigeria | 2015 | 43691000 | 9662142 | 500000 | 3000000 | 29.95 |
| Nestle Plc Nigeria | 2016 | 900000 | 10967121 | 2000000 | 5878000 | 10 |
| Nestle Plc Nigeria | 2017 | 1530000 | 11322223 | 240000 | 318000 | 42.55 |
| Vitafoam Nigeria Plc | 2012 | 0 | 0 | 0 | 0 | 0 |
| Vitafoam Nigeria Plc | 2013 | 0 | 544225 | 0 | 0 | 0 |
| Vitafoam Nigeria Plc | 2014 | 300000 | 941427 | 1970000 | 5076217 | 0.81 |
| Vitafoam Nigeria Plc | 2015 | 700000 | 1160113 | 2377500 | 21226291.1 | 0.5 |
| Vitafoam Nigeria Plc | 2016 | 0 | 1062261 | 0 | 0 | 41 |
| Vitafoam Nigeria Plc | 2017 | 2004875 | 1118683 | 3506725 | 8484000 | 18 |
| Guinness Company Plc | 2012 | 28404725 | 7600884 | 110728873 | 775000 | 964 |
| Guinness Company Plc | 2013 | 3860 | 7730644 | 7684 | 28610 | 793 |
| Guinness Company Plc | 2014 | 0 | 8348242 | 0 | | 636 |
| Guinness Company Plc | 2015 | 3075 | 10963749 | 1250 | 0 | 518 |
| Guinness Company Plc | 2016 | 68000000 | 9569515 | 0 | 0 | 134 |
| Guinness Company Plc | 2017 | 11775000 | 9660166 | 10000 | 1775 | 128 |

Source: Computation of Researcher from the Annual Account