CORPORATE SOCIAL RESPONSIBILITY REPORTING AND BUSINESS SUSTAINABILITY IN NIGERIA: EMERGING ISSUE.

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ABSTRACT

The study examines the influence of corporate social responsibility on business substance in Nigeria cement industry. A case study was used for the study with the aid of secondary data generated from the annual financial report of selected firms was used to statistically test the hypotheses formulated with the aid of SPSS 20.0 software. The study discovered that there is significant relationship between corporate social responsibility and business sustainability. the researcher recommend that firms should know that they are corporate citizen, and their host community look unto them to help on developmental projects in their environment.

Keywords: Emerging, corporate social responsibility, voluntarily,

INTRODUCTION

Sustainability of business organization has been a source of concern to business managers around the world in these recent times of increased social demand of businesses to their environment. Griffin and Mahon,(1997) observed that for business to survive in an environment, the management must be reasonable for given back to the host communities and report same in their financial report. The response of corporate organization to the social needs of their environment, especially in Nigeria, induces business sustainability. Holmes (1976). opined that corporate social responsibility and sustainability are key issues in the current business environment.

The inculcation of corporate social responsibility cost into financial statement has taken its toll on finance of many corporate organizations in Nigeria. Cooper and Robson (2006) noted that sustainability which is a key issue in the current business environment has been faced with the challenge of financial allocation to social responsibility. Griffin and Mahon,(1997) noted that, the present business environment creates opportunities and threats to both accounting and accountants.

The need for business sustenance in Nigeria, companies are now reporting their corporate social responsibility, voluntarily, in their financial reports. The allocation of financial resources of the organizations to social responsibility compelled the researcher to evaluate the effect social responsibility cost on business sustainability in Nigeria.

1.1 Objective of the Study

The objective of the study is to examine the influence of corporate social responsibility reporting on business sustainability in Nigeria. The specific objectives are:

i. To determine the influence of corporate social responsibility on firm's return on capital employed..
ii. To ascertain the influence of corporate social responsibility on net profit margin

1.2 Research Hypotheses

The following hypotheses are formulated to guide the study

i. There is no significant relationship between Corporate social Responsibility Reporting and firm's return on capital employed..
ii. Corporate social Responsibility Reporting does not have any significant influence on net profit margin.

1.3. Scope of the study

The study will focus on Cement manufacturing firms located within Ogun State in Nigeria..Emphasis was placed on corporate social responsibility and business performance. The preference for these firms is motivated by the fact that their annual reports are easily accessible and capable for computation. In addition, the choice for these firms is based on the nature of their production. The annual report to be used for the study will cover the period of 2010 to 2015.

2. Empirical review of related literature

Amole, Adebiyi and Awolaja (2012) carried out study on corporate social responsibility and profitability of Nigerian bank industry using First Bank of Nigeria (FBN) Plc as their case study. The study found out that there is positive relationship between banks corporate social responsibility activities and profitability. Ahamed, Almsafir and Al-Smadi (2014) examine the relationship between corporate social responsibility and Corporate Financial Performance for a Malaysia firms. The result of the study shows a positive relationship between corporate social responsibility and Corporate Financial Performance practices.

Aras, Aybars and Kutlu (2010) investigated the relationship between corporate social responsibility and Corporate Financial Performance by performed regression analysis with profitability as dependant variable and corporate social responsibility and firm size as independent variable. The study discovered that there is no significant relationship between corporate social responsibility and company profitability. Oladipo, Aremu and Lawal (2015) examined the impact of corporate social responsibility expenditure on the level of profitability of listed banks in Nigeria. The study concluded that expenses on corporate social responsibility by banks do not commensurate with the profit they make.

However, Babalola (2012) study the relationship between corporate social responsibility and firms' profitability in Nigeria. The study employed secondary data, which was obtained from the Nigerian Stock Exchange. The result reveals negative relationship between firm performance measure and investment in social responsibility.

Folajin, Ibitoye and Dunsin (2014) investigated the impact of Corporate Social Responsibility on bank profitability with particular reference to United Bank for Africa (UBA) Plc. Shehu (2013) and Richard and Okoye, (2013) carried out separate investigation on effect of corporate social responsibility on deposit money banks in Nigeria. Their studies show that there is significant relationship between corporate social responsibility and deposit money banks performance.

Mutasim and Salah (2012) conducted their study on the effect of corporate social responsibility on the profitability of the industrial companies in Jordan. Primary data were obtained through the administration of questionnaire to fifty respondents in the industrial companies. The result of the study revealed a positive relationship between corporate social responsibility and profitability of the selected industrial companies.

Amole *et al*., (2012) study the effect of corporate social responsibility on profitability and use First Bank Nigeria Plc as a case study. The study discovered a positive relationship between corporate social responsibility investment and Bank's profitability. Ajide and Aderemi (2014) examined the effects of corporate social responsibility activity disclosure on bank profitability in Nigeria. The results showed that banks' corporate social responsibility have a positive relationship with bank profitability.

Enahoro, Akinyomi and Olutoye (2013) conducted a study on corporate social responsibility and profitability in Nigeria beverages manufacturing firms. The study revealed that significant relationship exists between corporate social responsibility and profitability.

Prior studies had mixed results concerning corporate social responsibility and profitability. Many studies reported positive relationship, while some reported negative relationship, between corporate social responsibility and profitability. It is clear that there is no generally acceptable link between corporate social responsibility and profitability. However, most of the studies focus on banking sector in Nigeria. Some studies focus on construction industry and food and beverage industry. To the best of researchers' knowledge, there is no study on effect of corporate social responsibility on business sustainability in cement industry. Hence, this study stands to fill the gap.

3. Designs and Methods

A case study was used for the study with the aid of secondary data. This study basically adopts the use of corporate annual reports of companies as its main source of data. This is due to the fact that annual financial reports are readily available and accessible. Lafarge Africa Plc and Dangote Cement Plc will constitute the population of the study because these are the two cement manufacturing firms in Ogun Stae.

Corporate social responsibility will be measured by the following variables: i. Renovation of schools, bursary allowance or vocational training; ii. Provision of health services, renovation of health institution; iii. Building of roads, provision of drinkable water; and iv. Donation for community development projects or donation for cultural activities. While business sustainability will be measured by the following variables: Return on capital employed and Net profit margin. Content analysis will be employed to generate data for corporate social responsibility.

The model in its functional form was specified as follows:
CsRj = f (Roc, Np).

Two hypotheses were proposed for confirmation in this study:

Hypothesis one.

Hoi: There is no significant relationship between Corporate social Responsibility Reporting and firm's return on capital employed..Business sustainability was measured by Return on Capital Employed. Content analysis was developed to obtain Corporate Social Responsibility behaviour score.

The model to be used to confirm this proposition is presented below:

CsRj = β0 + βiRoc + eijk. ....…..eqi

β1 >0; R^2Pp > 0

β1 … measure the effect of corporate social responsibility on firms return on capital employed.

Hypothesis Two.

Hoi: Corporate social Responsibility Reporting does not have any significant influence on net profit margin. Business sustainability was measured by net profit margin..Content analysis was developed to obtain Corporate Social Responsibility behaviour score.

The model to be used to confirm this proposition is presented below:

CsRj = β0 + βiNp + eijk. ....…..eqii

β1 >0; R^2Pp > 0

β1 … measure the effect of corporate social responsibility on firms net profit margin

Where:

CsRj = Corporate Social Responsibility

Roc=Return on Capital Employed

Np= Net Profi Margin

Ei = Error term

β0, and βi = Coefficient

4. Data Analysis

Test of hypotheses

Hoi: There is no significant relationship between corporate social responsibility reporting and firm's return on capital employed.

Table1a: Regression co-efficient for corporate social responsibility reporting on firm return on capital employed

Model	B	Beta	T = test
Constant	9.287		T=7.327, P= .005
Return on capital employed (Lafarge) Return on capital employed (Dangote cement)	-4.710 .-11.085.	.290 .931	T=1.323,,p=.278 T=.4.246, p=.024

Note: r^2 = 88, f(2,3) = 8.203, p= .052

a. Predictors: (Constant), corporate social responsibility

Source: Researcher's computation, 2017

Table .1b: Anova result for corporate social responsibility reporting on firm return on capital employed

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	8.306	2	3.153	8.203	.052[b]
1	Residual	1.028	3	.343		

a. Dependent Variable: corporate social responsibility
b. Predictors: (Constant), return on capital employed for both Lafarge and Dangote

Source: Researcher's computation, 2017

Corporate social responsibility explains 88 per cent of variation experienced in firms return on capital employed, and this result is significant f(2,3) = 8.203, P > 0.05.

Decision

Based on the analysis above, the null hypothesis (Hi) is rejected while the null hypothesis (Ho) is accepted, which state that there is no significant relationship between corporate social responsibility and firm's return on capital employed.

Ho2: Corporate social Responsibility Reporting does not have any significant influence on net profit margin.

Table2a: Regression co-efficient for corporate social responsibility reporting on firm net profit margin

Model	B	Beta	T = test
Constant	11.813		T=17.48, P= .000

Return on capital employed (Lafarge) Return on capital employed (Dangote cement)	15.802 -19.809	1.050 -1.111	T=11.782,,p= .001 T=.-12.475, p= .001

Note: $r^2 = 99$, $f(2,3) = 93.318$, $p = .002$

a. Predictors: (Constant), corporate social responsibility

Source: Researcher's computation, 2017

Table .2b: Anova result for corporate social responsibility on firm net profit margin

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.217	2	3.809	93.398	.002[b]
	Residual	.118	3	.039		

a. Dependent Variable: corporate social responsibility

b. Predictors: (Constant), return on capital employed for both Lafarge and Dangote

Source: Researcher's computation, 2017

Corporate social responsibility explains 99 per cent of variation experienced in firms net profit margin, and this result is significant $f(2,3) = 93.318$, $P < 0.05$. Corporate social responsibility has positive influence on net profit margin.

Decision

Based on the analysis above, the null hypothesis (Ho) is rejected while the alternative hypothesis (Hi) is accepted, which state that corporate social responsibility have any significant influence on net profit margin. Therefore, it shows that there is positive relationship between corporate social responsibility and business sustainability.

5. Discussion, Conclusion and Recommendations

The analysis shows that there is no significant relationship between corporate social responsibility and return on capital employed. It means that the expenses incurred by corporate organization on social responsibility affect the return on capital employed by the organization negatively. The analysis shows that the $p > 0.05$. However, the analysis shows that there is significant relationship between corporate social responsibility and net profit margin. The money spent on corporate social responsibility leads to increase in net profit margin.

In conclusion, expenses incurred on social responsibility by corporate organization help the company to remain in business because it increases the net profit of the organization. So far the main goal every organization is makes profit. It means that, for business to survive within Nigeria, the firms need to be socially responsible to their host community and the environment which they are operating.

Based on the findings and conclusion above, the researcher recommend that firms should know that they are corporate citizen, and their host community look unto them to help on developmental projects in their environment. When firms are socially responsible in their environment, it will induce peaceful coexistence between the firm and the host community.

Corporate organization should improve on provision of bursary allowance, renovation of formal schools, and provision of medical facilities to hospital and create conducive environment for indigenes to be gainfully employed in their organization.

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