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## Value Relevance of Corporate Social Responsibility Disclosures among listed food manufacturing companies in Nigeria

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**Omowunmi Jumoke, Ogunleye**

Department of Accounting, University of Lagos, Akoka, Nigeria  
Email: oogunleye@unilag.edu.ng

**\*Udofia, Ini E.**

Department of Accounting, University of Lagos, Akoka, Nigeria  
Email: iniyang2005@yahoo.com

**Amodu, Akinwale O.**

Department of Accounting, University of Lagos, Akoka, Nigeria  
Email: modian4you@yahoo.co.uk

**&**

**Korubo, Amonia**

Department of Accounting, University of Lagos, Akoka, Nigeria  
Email: amo4life2001@yahoo.co.uk

### **Abstract**

*This study examined the value relevance of corporate social responsibility disclosures of listed food manufacturing companies in the Nigerian consumer goods sector. It specifically investigated how the share prices of listed food manufacturing companies respond to publications on each of the four components of corporate social responsibility disclosures as required by the GRI framework. The social contract theory anchored the basis for this study. Census sampling technique was utilized for this study because all of the 9 listed food manufacturing companies in the consumer goods sector were observed. The annual reports, sustainability reports and NSE website for the ten-year period covering 2011-2020 were content analysed for data on CSR and market price of share respectively. The hypotheses formulated were tested using multiple linear regression analysis. The study reveals that CSR disclosures are value relevant, however, human resources responsibility disclosures (the most disclosed component) has the least impact on the share prices, while in descending order of significance environmental responsibility disclosures (the least disclosed), community responsibility disclosure and customers and products responsibility disclosures have the most significant impact on the share prices of listed firms in the Nigerian food industry. In view of the significance of CSR disclosures on the market share prices of food manufacturing companies listed on the Nigeria stock exchange, it is recommended that higher environmental, community and product/consumer responsibility disclosure compliance is required by listed companies in order to enhance positive share price responses in the capital market.*

**Keywords:** environmental responsibility, community responsibility, consumer responsibility, human resource responsibility, value relevance

### **1.0 Introduction**

Corporate social responsibility disclosure unlike financial reporting is a voluntary reporting practice in Nigeria. Consequently, management of firms, especially among food manufacturing companies, would embark on social responsibility activities after considering the huge cost implications, the cost benefit of such disclosures and its impact on

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\*Corresponding author.  
Email: iniyang2005@yahoo.com

corporate legitimacy (Bowerman & Sharma, 2016). The long-term objective of any profit-making organization is to maximize the wealth of its shareholders as reflected by continuous increase in its share price over-time. All shareholders want to maximize their portfolio returns by desiring value relevant and decision useful information. Value-relevant information aids the investing or divesting decisions of shareholders which in turn reflect on the share prices of firms, assuming capital markets were efficient (Amodu, 2017). Accounting information is regarded to have value and to be relevant for investors' decision-making when the stock price reacts to it. According to Barth, Beaver, and Landsman (2001), accounting information is regarded as value-relevant if it has a connection to stock market value and strengthens the ability of the estimating equation to predict market values.

Disclosures such as CSR trigger a series of reaction from diverse shareholders which impacts their beliefs and expectations of the returns and risks of their investments in a company; and eventually share price movements. The voluntary nature of CSR reporting in Nigeria, creates some level of variability in the disclosures. The Nigerian food manufacturing companies accounts for about 4.6% of the Nigerian GDP (Flanders, 2020). In 2016, the Central Bank of Nigeria (CBN) Governor noted that Nigerians spend on average 73% of their income on food products (Onyewuchi, 2016). Given this statistic, it is expected that stakeholders would want to know how firms in the Nigerian food industry give back to the society in form of environmental support, sustainability, social community development, appreciation of human right values, compensation and employee development programs among others. When companies provide this kind of information, whether as a stand-alone report or as an integrated report, it is termed as Corporate Social Responsibility (CSR) disclosure. On the part of the food firms, it is imperative to investigate if there are economic incentives or disincentives that underpin the disclosure of such CSR activities.

The extent which CSR disclosures impact on firm value (market capitalization) in the food industry has not been adequately studied in Nigeria. The few studies are mainly focused on manufacturing companies. Mohammed, Zakaree and Oladele (2016) explored the relationship between CSR disclosure and the financial performance (FP) of the UK largest companies and found no convincing relationship between the share returns and disclosure. Bowerman and Sharma (2016) examined the effect of corporate social responsibility disclosures on share prices in Japan and the United Kingdom using 91 UK firms and 85 Japanese firms. The authors discovered that investors in the UK consider CSR information vital for investment decision-making or valuations of firms, whereas Japanese investors do not.

Most of the prior studies which aimed to assess the impacts of CSR disclosures on indices such as financial performance, firm value, among others have mixed results (Ogaji, 2023; Tamumo, 2022; Abubakar, 2020). Even among developed countries majority of the studies were focused on performance measures such as profitability ratios (Kareem, 2021; Mansaray, Yuanyuan & Brima, 2017; Dai, Lu & Qi, 2019). Therefore, it is instructive to examine the extent of CSR disclosures practised by each firm and whether the investing public in particular and other stakeholders in general find this information value relevant. The review of extant literature shows little or no industry-specific studies on the effects of CSR disclosure on a subsector in the manufacturing industry, the particular effects of how share price as an index of performance responds to CSR disclosures in food firms would shed light into the decision usefulness of CSR disclosures or the motivation behind these disclosures. Given the expectation of stakeholders on companies attitude to CSR, coupled with the high composition of income spent by Nigerians on food, it is arguable that Nigerians would expect a higher sense of social responsibility from the listed companies operating in the Nigerian food industry.

Primarily, a vital question that should come to mind on this issue is: do investors and other stakeholders actually attach special value to information disclosure by food firms on CSR activities? Well, the probable answer to this question may be best deduced from the effect of such disclosures on the market valuation of such companies, primarily represented by its share prices. On the assumption of efficient capital markets, the share prices of these quoted food firms most likely reflect the information processing expertise of their investors. The aim of this research was to identify level of CSR disclosures and the effect of these CSR disclosures on the share prices of listed food manufacturing companies in Nigeria consumer goods sector. It attempts to test the value relevance of environmental, human resources, community and consumer/product responsibility disclosures in Nigeria consumer goods sector.

This study provides empirical evidence on the value relevance of CSR disclosures. It is beneficial to various stakeholders such as the investing public when making portfolio decisions based on the impact of CSR activities disclosures. Furthermore, this study will guide regulatory authorities in developing sustainable rules that affect CSR disclosures of firms in the Nigerian food industry. Customers and the general public who patronise the food industry will make

appropriate purchasing decisions if they know that their choices matter and can influence the interaction of a company with its environment. The management of organisations would be more sensitive to the environmental friendliness of the products, its inputs in production and general operational processes so as to retain their legitimacy in the eyes of all stakeholders. Lastly, the study serves as a guide to scholars/researchers in the field of accounting on the food industry CSR disclosures, and the rationale that underpins such CSR disclosures.

## **2.0 Literature Review**

### **2.1 Conceptual Review**

The operational meanings of various concepts are explained in this study below.

#### **2.1.1 Corporate Social Responsibility Disclosure**

Corporate Social Responsibility is a voluntary effort by companies to develop better circumstances for all stakeholders beyond what is necessitated by law (Mohammed, Zakaree & Oladele, 2016). Corporate Social Responsibility Disclosure (CSR D) is a means of communicating to stakeholders the extent which social and environmental concerns are addressed through diverse media of information dissemination such as the annual report which discloses financial and non-financial performance of companies to stakeholders. CSR D is a voluntary reporting system solely at the discretion of a company to decide what to disclose (Mohammed, Zakaree & Oladele, 2016).

The four major dimensions of CSR disclosure that have been consistently measured are: Environmental Responsibility Disclosure (ERD), Community Responsibility Disclosure (CRD), Human Resource Responsibility Disclosure (HRRD) and Customers and Product Responsibility Disclosure (CPRD) (Ehsan, Nazir, Nurunnabi, Khan, Tahir & Ahmed, 2018).

#### **2.1.2 Environmental Responsibility Disclosure (ERD)**

Environmental responsibility disclosure relates to the behaviour and effect of an organisation's activities towards its environments to internal and external parties (Omaliko, Nweze & Nwadiakor 2020). Information contained in the ERD includes information on pollution, emissions, cleaning, planting, energy efficiency among others. The growing issue of an organisation's business activities adverse impact on the environment has been growing for a number of years. There have been several global warnings on climate change, ozone depletion and environmental pollution. Inadequate disclosures by companies on the measures taken to reduce the adverse impact of their activities on the environment, could be viewed by shareholders or potential investors as a sign that the entity is unaccountable or irresponsible which could in turn lead to divestment of shares, loss of goodwill and diminished corporate reputation. This diminished reputation will ultimately affect the share price of the organisation as investors are wary of investing in organisations that are guilty of making the environment unsafe for future generations (Wulan, 2022).

*This study therefore hypothesizes that Environmental responsibility disclosures have no significant impact on the share price of listed food manufacturing companies in Nigeria*

#### **2.1.3 Human Resource Responsibility Disclosure (HRRD)**

Human resource responsibility disclosure shows information that relates to the working conditions of the company's employees and compliance with relevant safety standards (Amodu, 2017). The focus of the HRRD is on the human resource which is a critical aspect of all organisations. Human resources are the intellectual strength behind an organisation's achievement and firm value (Surdu, Caliskan & Esen, 2020). Human resource responsibility disclosure has been credited to improve financial performance because it gives an exceedingly driven and motivated workforce with the sole objective of cultivating smooth work cohesion and making strides in the company's corporate status. (Branco & Rodrigues, 2016; Okpala & Chidi, 2020).

*This study therefore hypothesizes that Human Resource responsibility disclosures have no significant impact on the share price of listed food manufacturing companies in Nigeria.*

#### 2.1.4 *Community Responsibility Disclosure (CRD)*

Community Responsibility Disclosure reveals information on the contributions of the company to the improvement of the welfare of the members of its host community. Global Reporting Initiative mandates organisations to disclose on operations with local community engagement, impact assessments, and development programs (GRI, 2020). An entity's relationship with its host community is of paramount and critical importance. This is because a community that is agitated and worried about the negative impact of an organisation's activities on their community could easily disrupt the operation of the company. An organisation that operates and derives revenue through its operations in a community is expected to play its part in developing and improving its relationship with the host community through charitable events, scholarship, skill acquisition programs, provision of infrastructural facilities and so on (Amodu, 2017). This could in turn improve corporate legitimacy and stabilize firm value. A company that neglects her social responsibility to the host community while tapping their resources and degrading the community lose key infrastructural assets and having their revenues drastically impacted as a result of the activities of the angry youths in the community similar to the case of Niger Delta militants and oil and gas companies in Nigeria or face criticisms from social media critics and the general community resulting in loss of corporate reputation and ultimately firm value (Zhang & Yang, 2021).

*This study therefore hypothesizes that Community Responsibility Disclosures have no significant impact on the share price of listed food manufacturing companies in Nigeria*

#### 2.1.5 *Customers and Products Responsibility Disclosures (CPRD)*

Customers product responsibility disclosures describes information on product quality and safety for consumption; product research and development; and customer service and how their complaints are handled (Ta and Bui, 2018). Global Reporting Initiative framework for sustainable reporting (2020) explains that organizations are mandated to disclose: an assessment of the health and safety impacts of product and service, non-compliance with health and safety impacts of products and services, product and service information labelling, substantiated complaints concerning breaches of customer privacy and losses of customer data. Disclosing information on products is of great importance as it paints the organisation in a good light as an organisation that takes the health and safety effect of its consumers seriously (Jeroh, 2020).

*This study therefore hypothesizes that Customers product Responsibility Disclosures have no significant impact on the share price of listed food manufacturing companies in Nigeria*

#### 2.1.6 *Regulation of CSR Disclosures in Nigeria*

Currently, there is no mandatory requirement for corporate entities in Nigeria to disclose details of their social responsibility activities either as stand-alone report or as a section of the annual report unlike in developed countries. Amodu (2017) stressed further that the majority of CSR and sustainability practices in Nigeria are not regulated which does not encourage disclosures on environmental, social and governance activities (ESG).

The Nigerian Stock Exchange published a sustainability strategy in July 2015. Highlights include raising awareness of sustainability reporting and disclosure reporting guidelines for environmental, social, and governance reporting for the Nigerian capital market; providing listed companies with training on sustainability reporting and high-level engagement processes with listed companies, investors, and the capital market community; and building the capacity of key stakeholders, including listed companies and market operators in Nigeria, which also "encouraged" accounting. This code has been superseded by the issuance of sustainability guidelines in 2018 which became effective in 2019. Since most of these rules utilize the term "should" rather than "shall," which highlights their lack of obligation, they just promote CSR disclosures. These codes may not be effective in enforcing accountability and corporate responsibility in light of the apparent enforcement anomalies.

## 2.2 *Theoretical Framework*

This research is anchored by the social contract theory. It explains how companies conduct their operations in ways that will enhance their financial performance without harming the society, thus, narrowing the gap between companies' actions and social expectations. The thrust of the social contract theory is that, organisations should practice responsible behaviour not because of their commercial interest, but rather based on society's expectations of how organisations should

operate (Roelofs, 2020; Samuel, Zubairu & Abubakar, 2020). Thus, the disclosure of CSR activities by firms in Nigeria should be borne out of the mindset of “this is how the society expects us to behave”. In doing this, they preserve the social image of the entity as one which conducts all aspects of its operations transparently and with an astute sense of accountability (Jeroh, 2020). Investors would consider investing in organisations that have the society’s interest at heart because these organisations would be transparent and accountable to society in their operations and financial dealings.

### 2.3 Empirical Review

The results of prior studies on the connections between CSR disclosures and company performance have been conflicting and ambiguous (Wulan, 2022). Ogaji (2023) investigated this connection among listed consumer goods sector firms in Nigeria. Content analysis of 20 firms' annual reports and financial statements from 2014 to 2020 was employed. Multiple ordinary least squares regression analyses revealed that community, human resource, and environmental disclosures had a substantial impact on the financial performance of Nigerian consumer goods corporations that are publicly traded. The findings show that investing in CSR may give businesses a competitive edge and increase profitability.

Echobu, Ekundayo, and Abu (2022) investigated the value relevance of sustainability reporting in the oil and gas sector in Nigeria. Applying regression analysis, the study found that social information disclosure is the most value relevant. Kareem, (2021) examined the effect of CSR disclosure on earnings quality of member countries of the Gulf Cooperation Council (GCC). from 2008 to 2016 period. The panel data regressions analysis showed that corporate social responsibility disclosure in three of the six Gulf Cooperation Council countries (Bahrain has a significant positive relationship with value relevance. Based on the ranking of marketing capitalization as of 2018 Samuel, Zubairu, and Abubakar (2020) examined the CSR disclosure of Nigeria's top 5 profitable firms. The authors discovered that while community disclosure ranked best among the four aspects of CSR disclosures, overall disclosure quality was somewhat poor by using text analysis of the annual reports of these firms.

Using 1478 Chinese listed businesses between 2010 and 2015, Dai, Lu, and Qi (2019) evaluated the relationship between CSR disclosure and the probability of stock market crashes. The study's analysis focused on the annual CSR and sustainability reports released by Shanghai and Shenzhen A-share-listed corporations. The authors discovered that listed firms that have issued CSR reports had a much lower chance of experiencing a stock price fall than listed companies that have not. The index of CSR information disclosure level and the probability of stock price crashes did not have any statistically significant linear relationships. In other words, the likelihood of a stock market crash decreases as CSR information disclosure levels rise.

Mansaray, Yuanyuan and Brima (2017) investigated the impact of CSR disclosure on financial performance of 158 listed companies selected from six African countries (South Africa, Kenya, Nigeria, Morocco, Egypt and Mauritius) from 2005 to 2015. The study showed that CSR disclosure affects the financial performance of firms in the short-run (ROA) negatively for the mining, investment and transport industries while it positively affected the financial performance of firms in the sales and manufacturing, health and pharmacy industries. The study discovered that the financial performance is not significantly impacted by CSR practices.

Tamunotonye and Zukbee (2023) investigated the value relevance of CSR reporting among quoted industrial goods companies in Nigeria. They concluded that only social and governance sustainability reporting appears to significantly affect the value relevance of listed industrial goods firms in Nigeria. The literature reviewed shows there is scant research on consumer goods sector and specifically food manufacturing companies. The mixed and conflicting results across sectors on the value relevance of CSR disclosures. The study formulates the hypothesis for subsequent testing and validation.

**H<sub>01</sub>:** Corporate social responsibility disclosures have no significant impact on the share price of listed food manufacturing companies in Nigeria.

### 3.0 Methods

This study adopted ex post facto research design approach to analyze how and to what extent share price is influenced by CSR disclosure so as to conclude whether or not CSR disclosures are value relevant. The population comprises all the 9 quoted food manufacturing companies in the consumer goods sector as at December 31, 2021 (NGX, 2021). This study

adopted a census technique because of the small number of food firms listed on the floor of the Nigerian Exchange (NGX) as at December, 2021.

This study gathered data for ten (10) years period between 2011 and 2020, the market share prices of the food companies were obtained from the data and statistics section of the Nigerian Stock Exchange's website. This study period included 2020 because values of share prices which would have been grossly affected after the COVID 19 pandemic at the end of the year 2020, was reduced due to the stimulus interventions introduced by the Nigerian government to curtail the impact of the pandemic on the food industry. The data for the 4 dimensions of CSR disclosure were obtained from the annual reports as well as sustainability reports of the sampled food firms from 2011-2020.

The market share price of firms listed in the Nigerian food industry denoted by  $P_{i,t+3}$  is measured using the closing share price on the last day of the three months after the end of the financial year  $t$ , for the company  $i$ . This was used to allow time for the issuance of corporate reports and subsequent examination as well as actions by users of the reports.

Corporate Social Responsibility Disclosure as the independent variable was measured by four disclosure themes: Environmental Responsibility Disclosure ( $ERD_{i,t}$ ), Human Resource Responsibility Disclosure ( $HRRD_{i,t}$ ), Community Responsibility Disclosures ( $CRD_{i,t}$ ) and Customer and Product Responsibility Disclosures ( $CPRD_{i,t}$ ). This CSR disclosure measurement was adopted from the study of Ehsan et al., (2018). This study employed frequency of disclosure generate CSR Disclosure Index (CSR Index), where each of the selected food firms would receive a score of "1" for every item or indicator under each of the four (4) CSR disclosure themes and "0" if there was no disclosure in any of the four themes of CSR disclosure which this study intends to cover.

$$\text{Therefore, the CSR Index is given as: } CSR\ Index = \sum^{n=22} d_{ij} \quad (1)$$

$d_i, i=1, 2, 3, 4, \dots, 22$  where  $d_i$  is 1 if the information about the indicator  $d_i$  is disclosed for  $j$ th firm, and 0 if the information about the indicator  $d_i$  is not disclosed for  $j$ th firm, and  $j= 10$  where  $n=22$  is the total number of indicators for  $j$  firms.

The analysis process was based on the list of indicators categorized in 4 groups (see appendix). Information about Environmental Responsibility Disclosure (ERD-7 indicators), information about Human Resource Responsibility Disclosure (HRRD-5 indicators), information about Community Responsibility Disclosures (CRD-6 indicators) and information about Customer/Product Responsibility Disclosures (CPRD-4 indicators).

Corporate social responsibility disclosures in this study, borders on environmental, human resource, community, customer and product responsibility disclosures as used by Mohammed, Zakaree and Oladele, (2016); Bayoud, Kavanagh and Slaughter, (2012), Ahmed, Islam and Hasan, (2012). Share price of the food firms is measured as the closing market share price of the food companies on the last day of the three months after the end of its financial year in order to allow time for the issuance of corporate reports and subsequent examination as well as actions by users of the reports. Bowerman and Sharma (2016), Godfrey, Meril and Hansen, (2008) used a similar proxy to measure share prices. The study adopted the price specification variation of Ohlson (1995) model to investigate the value relevance of Corporate Social Responsibility Disclosures (CSR) represented by the four dimensions of CSR while share price was measured 3 months after year end  $t$ .

Descriptive statistics such as simple percentages, means and standard deviations were used in analyzing data collected for this study. The hypotheses formulated were tested using linear regression. The control variables are (Total Assets) and Leverage (Debt/Total Assets). The model is given as;

$$P_{i,t+3} = f(CSRD_{i,t}) \quad (2)$$

$$P_{i,t+3} = \alpha + \beta_1 ERD_{i,t} + \beta_2 HRRD_{i,t} + \beta_3 CRDRD_{i,t} + \beta_4 CPRD_{i,t} + \beta_5 \text{LogTA}_{i,t} + \beta_6 \text{Levi}_{i,t} + \varepsilon$$

Where:  
 $P_{i,t+3}$  is the closing share price of company  $i$  exactly three months after the end of year  $t$ .  
 $i=1, 2, 3, \dots, 9$  food firms in the Nigerian food industry  
 $t= 1, 2, 3 \dots 10$  years  
 $\alpha$  is the intercept of the independent variables or the value of  $P$  when each of the independent variables equal to zero  
 $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  and  $\beta_6$  are coefficients of the independent variables.  
 $ERD_{i,t}$  is the Environmental Responsibility Disclosure of company  $i$  at the end of year  $t$ .  
 $HRRD_{i,t}$  is the Human Resources Responsibility Disclosure of company  $i$  at the end of the year  $t$

$CRD_{i,t}$  is the Community Responsibility Disclosure of company  $i$  at the end of the year  $t$   
 $CPRD_{i,t}$  is the Customers and Product Responsibility Disclosure of company  $i$  at the end of the year  $t$ .  
 $TA_{i,t}$  is the Total Asset of company  $i$  at the end of the year  $t$ .  
 $Lev_{i,t}$  is the Leverage of company  $i$  at the end of the year  $t$ .  
 $P_{i,t+3}$  is the share price of company  $i$ , 3 months after the end of year  $t$ .  
 $\epsilon$  is the residual value

#### 4.0 Results and Discussions

Table 1 displays the mean (average) values for environmental, human resource, community, consumer/product responsibility disclosures as well as closing share prices, leverage and total assets for the listed Nigerian food firms observed between 2011 and 2020 were estimated to be 2.06, 3.31, 2.31, 1.73, 121.76, 1.699 and 82,769,257,910 respectively.

With total obtainable scores of 7, 5, 6 and 4 for environmental, human resource, community, consumer/product responsibility disclosures respectively; human resource responsibility disclosures represent the largest component of CSR disclosures complied with by Nigerian food firms while environmental responsibility disclosures reveal the lowest compliance level. All variables were positively skewed except for human resource responsibility disclosure and leverage. In terms of the flatness of the variables distribution (kurtosis), all variables with the exception of closing share prices are deemed *platykurtic* since they fall below the threshold value of 3. However, closing share prices are described as *leptokurtic* since they exceed the threshold of 3.

The standard deviation values reveal that, in descending order; the environmental, community, human resource and consumer/product responsibility disclosures of listed Nigerian food firms are most volatile.

**Table 1: Descriptive Statistics of CSR Components Disclosure, Share Prices, Leverage & Total Assets**

		ERD	HRRD	CRD	CPRD	Closing Share Prices	Leverage	Total assets
N	Valid	90	90	90	90	90	90	90
	Missing	0	0	0	0	0	0	0
<b>Mean</b>		2.06	3.31	2.31	1.73	121.75	1.69	82,769,257.91
<b>Std. Deviation</b>		2.58	1.77	2.30	1.62	327.21	.72	96,694,836.58
<b>Skewness</b>		1.01	-.57	.44	.23	3.09	-.77	1.17
<b>Std. Error of Skewness</b>		.25	.25	.25	.25	.25	.25	.25
<b>Kurtosis</b>		-.47	-1.27	-1.26	-1.56	8.89	1.01	.36
<b>Std. Error of Kurtosis</b>		.50	.50	.50	.50	.50	.50	.50
<b>Minimum</b>		0	0	0	0	.46	.02	5728
<b>Maximum</b>		7	5	6	4	1580	3.55	343,933,157

**Note:** ERD - Environmental Responsibility Disclosure; HRRD - Human Resources Responsibility Disclosure; CRD - Community Responsibility Disclosure; CPRD - Customers and Product Responsibility Disclosure

**Source:** Authors (2022)

#### 4.1 Test of Hypotheses

Corporate social responsibility disclosures (environmental, human resources, community and consumer/product aspects of CSR) have no significant impact on the share price of listed food manufacturing companies in Nigeria.

From the model summary in Table 2, the Model 2 R-Square change of 0.31 implies that whilst controlling for the effects of firm leverage and total assets, environmental responsibility disclosures account for a significant 31% of the volatility in the share prices of listed firms in the food industry of the Nigerian economy. From the model summary in Table 2, the Model 3 R Square change of 0.02 implies that whilst controlling for the effects of firm leverage and total assets, human resources

responsibility disclosures account for only 2% of the volatility in the share prices of listed firms in the food industry of the Nigerian economy.

From the model summary in Table 2, the Model 4 R Square change of 0.19 implies that whilst controlling for the effects of firm leverage and total assets, community responsibility disclosures account for about 19% of the volatility in the share prices of listed firms in the food industry of the Nigerian economy. The Model 5 R Square change of 0.12 implies that whilst controlling for the effects of firm leverage and total assets, community responsibility disclosures account for about 12% of the volatility in the share prices of listed food manufacturing firms in Nigeria.

**Table 2: Model Summary for Hypothesis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		Change Statistics	Change Statistics	Change Statistics
					R Square Change	F Change	Df1	Df2	Sig. F Change
1	.377 <sup>a</sup>	.142	.122	306.53	.14	7.21	2	87	.001
2	.671 <sup>b</sup>	.451	.432	246.67	.31	48.35	1	86	.000
3	.408 <sup>b</sup>	.167	.138	303.87	.02	2.53	1	86	.116
4	.578 <sup>b</sup>	.334	.310	271.74	.19	24.70	1	86	.000
5	.513 <sup>b</sup>	.263	.237	285.82097	.12	14.064	1	86	.000

Source: SPSS v23, 2022.

The regression coefficients result in Table 3 shows the extent of influence which environmental responsibility disclosure affects “closing share price” whilst controlling for the effect of firms leverage and total assets. The regression equation was established as:  $Y = \text{N}181.670 + \text{N}87.69X_1 + \text{N}41.464X_2 + \text{N}88.196X_3 + \text{N}102.720X_4 + E$ .

Thus, there is a predicted increase of N87.69 in the share price of listed firms in the Nigerian food industry for every 1 unit increase in their environmental responsibility disclosures. The p value of environmental responsibility disclosures = 0.000, thus, it is concluded that environmental responsibility disclosures have a significant effect on the share prices of listed firms in the food industry of the Nigerian economy. There is a predicted increase of N41.46 in the share price of listed firms in Nigerian food industry for every 1 unit increase in their human resources responsibility disclosures whilst controlling for the effect of firms leverage and total assets. The p value of human resources responsibility disclosures = 0.116, shows that human resource responsibility disclosures have no significant impact on the share price of firms in the food industry of the Nigerian economy. Further, Table 5 suggests that there is a predicted increase of N88.19 in the share price of listed firms in Nigerian food industry for every 1 unit increase in their community responsibility disclosures whilst controlling for the effect of firms leverage and total assets. Since p value of human resources responsibility disclosures = 0.000, community responsibility disclosures have a significant impact on the share price of listed firms in the food industry of the Nigerian economy. There is a predicted increase of N102.72 in the share price of listed firms in Nigerian food industry for every 1 unit increase in their consumer/product responsibility disclosures whilst controlling for the effect of firms leverage and total assets. The p value of 0.000 concludes that consumer/product responsibility disclosures have a significant impact on the share price of firms in the food industry of the Nigerian economy.



**Table 3: Regression Coefficient Results**

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	-435.967	203.135		-2.146	.035
	Total assets	105.644	29.714	.377	3.555	.001
	Leverage	-119.547	47.917	-.265	-2.495	.014
2	(Constant)	181.670	186.036		.977	.332
	Total assets	-17.673	29.770	-.063	-.594	.554
	Leverage	-66.416	39.308	-.147	-1.690	.095
	Environmental Responsibility Disclosures	87.690	12.611	.693	6.954	.000
	Human Resource Responsibility Disclosures	41.464	26.085	.225	1.590	.116
	Community Responsibility Disclosures	88.196	17.745	.622	4.970	.000
Consumer/Product Responsibility Disclosures	102.720	27.390	.511	3.750	3.750	

a. Dependent Variable: Closing Share Price

#### 4.2 Discussion of Findings

Following the statistical estimations and analyses performed, the following findings were made:

Environmental, Community, Consumer/Product responsibility disclosures have positive and significant effects on the share price of listed firms in the food industry of the Nigerian economy. However, Human resource responsibility disclosures (HRRD) have a positive yet insignificant impact on the share price of listed firms in the food industry of the Nigerian economy. This corroborates findings from the studies of Okala and Chidi, (2020) and (Amodu, 2017). But grossly negates the findings of Aliyu and Noor (2014), which suggested a negative and significant impact of Environmental, Community and Product responsibility disclosures on share price.

Listed firms in the Nigerian food industry have more disclosures in the human resources responsibility theme and the least disclosure on environmental responsibility. This result corroborates the findings of Aliyu and Noor (2014) and Echobu et al., (2022) which revealed human resource/labour responsibility activities to be the most disclosed CSR theme by listed firms in Nigeria, with environmental responsibility issues as the least disclosed. But the results are contrary to the findings of Samuel, Zubairu and Abubakar (2020), which revealed that community disclosure had the highest disclosure level among top profitable companies in Nigeria.

In descending order as well as controlling for the effects of firm leverage and total assets; environmental, community, consumer/product and finally human resources responsibility disclosures account for the most variations in the share price of listed food firms in the food industry of the Nigerian economy. Also, in descending order of significance as well as judging from the t-values, environmental ( $\beta = 87.69$ ,  $t = 6.954$ ,  $p = .000$ ), community ( $\beta = 88.196$ ,  $t = 4.97$ ,  $p = .000$ ), consumer/product ( $\beta = 102.72$ ,  $t = 3.75$ ,  $p = .000$ ) have the greatest impact on the share price of listed food manufacturing companies in Nigeria. However, this finding fails to agree with that of Ahmed, Zakaree and Kolawole (2016) which disclosed consumer/product, human resources, environmental and finally community responsibility disclosures as possessing the greatest impact on firms' financial performance.

The finding of a positive and significant impact of environmental, community and product/consumer responsibility disclosures on share price in this study lends credence to the Social Contract theory which suggests that continuous improvement to CSR disclosures implies management transparency and accountability which can enhance the trust and confidence of current and potential investors as well as a multitude of stakeholders thus resulting in higher share prices for companies with higher CSR disclosures.

## 5.0 Conclusion and Recommendations

Based on the assumption of efficient capital markets, this study hypothesized that environmental, human resources, community and consumer/product themes of CSR have a significant impact on the share price of food manufacturing companies in the consumer goods sector of the Nigerian economy. The findings showed that listed food manufacturing companies mostly comply with human resources responsibility disclosures and lowly with environmental responsibility disclosures. However, while only human resources responsibility disclosure has a positive but insignificant impact on the share prices of listed food manufacturing firms, environmental responsibility disclosure, community responsibility disclosure, and consumer and product responsibility disclosure are value. We can therefore conclude that CSR disclosures are value relevant.

In the light of its significant and positive effect on share price, this study recommends the management of food manufacturing companies lay more emphasis on their environmental responsibility disclosures. Further, their activities have impact on the environment, thus regulatory authorities should mandate them to disclose their CSR performance.

This study calls for further enquiry into the value relevance of CSR disclosures across other sectors of the Nigerian economy which are starved of academic research; such as the services and natural resource sector.

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### **Appendix 1: Disclosure Indicators**

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#### ***Information about Environmental Responsibility Disclosure (ERD)(7 indicators)***

- 1 Information about pollution or carbon emission management during operations
- 2 Information about water waste management during production
- 3 Information relating to solid waste disposal in the course of business
- 4 Information about energy consumption and preservation during operations
- 5 Information relating to conservation of natural resources and recycling
- 6 Information relating to Environmental Management System (EMS) and audits
- 7 Compliance with the law and regulations on prevention of environmental contamination

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#### ***Information about Human Resource Responsibility Disclosure (HRRD)(5 indicators)***

- 1 Information about enterprise' compliance with work safety and health conditions for employees, and rate of decline in fatalities.
- 2 Information about employee relations, i.e., evidence of democratic leadership and existence of an employee-involvement culture
- 3 Information on employee benefits/remuneration: recreational activities, compensation for employee losses in the course of business, maternity leave, holiday, retirement benefits
- 4 Information on employee diversity, non-existence of pay differential based on sex, special persons and minorities, measures taken to discourage child or forced labour
- 5 Information about schemes and systems put in place for employee training, learning and development

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#### ***Information about Community Responsibility Disclosure (CRD)(6 indicators)***

- 1 Organisational or employee participation in charitable activities such as sports, culture and arts.
- 2 Information on rural development programs for less developed or remote areas as well as programmes for less privileged individuals
- 3 Information about contribution to infrastructural facilities for localities
- 4 Information about contributions to community health projects
- 5 Information about education scholarships or skill acquisition seminars
- 6 Information on the relations with the local community

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#### ***Information about Customer/Product Responsibility Disclosure (CPRD)(4 indicators)***

- 1 Information about enterprise' product/service safety or safety of production process, incidence of fees, penalties or fines for previous non-compliance
- 2 Information about product/service quality, packaging (for re-use) and marketing
- 3 Information about manufacture of product, service development and sourcing of inputs
- 4 Information about management of customer relationships, and resolution of customer complaints

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**N.B:** Total Obtainable CSR Score for all companies is twenty-two (22) points.

**Source:** Adapted from measurement scale developed by Ehsan et al. (2018)