CORPORATE SOCIAL RESPONSIBILITY DISLOSURE AND FINANCIAL PERFORMANCE OF LISTED MULTINATIONAL FIRMS IN NIGERIA

[1]Adesanmi Timothy Adegbayibi, [2]Romoke Rafiat Busari, [3]Adu Boluwatife Olamiposi and [4]Oyedokun Okiki Isaac

[1]Department of Accounting, Faculty of Administration and Management Sciences, Adekunle Ajasin University Akungba-Akoko, Ondo State, Nigeria
adesanmi.adegbayibi@aaua.edu.ng; https://orcid.0rg/
[2]Department of Accounting, University of Ibadan, Oyo State, Nigeria
romokeb@yahoo.com; rr.busari@ui.edu.ng
[3&4]Department of Accounting, Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria
Email: aduboluwatife@gmail.com & [4]Email: okikioyedokun@gmail.com

Abstract

The increasing incidents of business disruptions and employee hostility has become a major concern for stakeholders, policymakers, investors and academia to adopt socially friendly policies. Adopting socially friendly policies has become a key strategic priority for companies striving for sustainable development in an hostile environment. The study examined the effect of corporate social responsibility disclosure on financial performance of listed multinational firms in Nigeria. This study adopted ex-post facto research design and data were obtained from secondary sources through the annual report of sampled firms and the factbooks of the Nigeria Exchange Group. The population consists of 30 listed multinational firms on the Nigerian Exchange Group as at 31st December, 2023 with a sample size of 15 listed multinational firms were selected using purposive sampling techniques. Data were analyzed using descriptive statistics and panel ordinary least square method. The findings of the study showed that community performance disclosure has positive but insignificant effect on the financial performance as measured by enterprise value of the listed multinational and same goes for leverage. The findings also indicate positive and significant effect of health and safety disclosure, educational sponsorship disclosure on financial performance. The study concluded that health and safety and educational sponsorship disclosure are the most significant variables to inancial performance. It is therefore recommended among others that that management should ensure that the practice of stakeholders' engagement is explored to improve the community performance of their firms.

Keywords: *Health and safety disclosure, community performance disclosure, educational sponsorship disclosure, financial performance, multinational firms*

Introduction

The demand for stable environment and minimization of cost in the world has necessitated firms to address the menace brought to the stakeholders and society (Solanke, *et al*, 2022). Corporate social responsibility is essential element for society development and existence of firms as there is no way organization can effectively operate without putting into consideration the responsibility to manage social and green nature of the environment where it is located (Stephnie, 2022). Corporate social responsibility is a management concept in business where the social and ecological interests of a company are taken into consideration (Ellie, 2018). The major corporate objectives of business firms are to make profit, increase their total boot earnings and value of its shares (Maverick, 2021; Chastity *et al*., 2020). Corporate social responsibilities are carried out by companies voluntarily but recently mandated by the law in order to increase the share value of the company (Lin-Wen, 2020). Therefore, corporate social responsibility turns out to be a business opportunity as members of society believe company's products are best due to it contributions to the society (Yujing Lin, 2019).

Operating a corporate company has various effects on the environment where its operations are being carried out (Stephanie, 2022). It is expected that companies should have measures that will always improve and safeguard the conditions of their environment. In essence, the need for corporate social activities cannot be over emphasized as it involves monetary plan. The monetary aspect involves the financial performance, just as humans are particular about their health, so are managers and stakeholders about their health as well as the company's health (Osazee, *et al.*, 2019). Financial performance is used as a general measure of a firm's overall financial health over a given period. It is a measure of a firm's wellness and a firm's primary mode of business and generation of revenues.

Kajola *et al*. (2020) posited that financial performance is the measurement of a firm's financial health over a certain period of time. It is a subjective measure of a firm's ability to use its assets to generate revenues. The financial performance of a firm informs investors about the financial position or well-being of the firm, it is an important document in reporting corporate financial performance which is to be published in the annual financial report which has to do with the overall profitability of a firm (Magdalena & Malgorzata, 2021). Conversely, the term Profitability means a situation where a firm makes profit. In other words, profitability of a firm arises when the aggregate revenue exceeds the aggregate expenditure in the financial year or reporting period (Mei & Jinghua, 2017). Profitability is a measure of valuating a business with comparison of the profit after tax to revenues or profits on per share basis can be used to proxy firm's profitability. Thus, net profit ratio and earnings per share ratio are used to measure firm's profitability. Financial performance reflects the company's condition in a certain period of time (Javier *et al*., 2017). The financial ratios compare two different accounts in the financial books or statements to ascertain the success of the company in carrying out its business activities for one financial year or period (Solanke *et al.*, 2022; Jill, 2021; & Li-Wen, 2020). Therefore, this study seeks to analysis the effect of corporate social responsibility as a competitive advantage on the listed multinational firms in Nigeria.

The firm's performance is a gauge on how effectively an organization uses its resources for profit and enhancing firm value (Amerta & Soenarno, 2022). Financial performance reflects entity liquidity, return on assets (ROA), return on equity (ROE), profitability, and other are enhanced. It provides financial and non-financial indicators in the organization essential for proper transparency and effective risk procedures. The effectiveness of the organization will determine whether a business succeeds or fails because organizational performance enables businesses to pinpoint important issue areas and make necessary improvements (Uzun, *et al*., 2018). Performance are crucial component for a company's survival and expansion has it involves the process by which the limited resources available to an organization are effectively and efficiently managed in order to achieve its predetermined goals for both the short and long future (Kakanda, 2017). Firm performance helps to assess shareholders' wealth between the start of one accounting period and the end of another (Mustapher & Othman, 2020). Assessing firm performance gives investors more confident in a company regarding future returns the higher the firm's performance, the better the company performs in creating profits (Indawati, 2021).

Financial performance usually measures key performance indicators which includes earnings before interest and tax, return on capital employed, return on assets, operating profit margin, economic value added, return on equity (Zhang, 2017). One of the fundamental objectives of every business firm is to maximize profit, therefore, the profitability of the firms must be considered. (Maverick, 2021). Hence, the need for critical examination of the firm's financial performance. The financial performance tells investors about its general wellbeing; whether its operations and profits are on track to grow and outlook for its stock (Will, *et al*., 2022).

Extant studies on the effect of corporate social responsibility and financial performance (Cheema *et al*., 2020; Kabir, & Chowdhury, 2023; Akpan & James, 2024;) were conducted in other sectors of the economy such banking sector, insurance, manufacturing sectors, oil and gas companies with specific focus on customer relations, donations, and host community relations among others. 7

Against this backdrop, this study examined the effect of corporate social responsibility disclosure on financial performance of listed multinational firms in Nigeria with specific focus on health and safety disclosure, educational sponsorship and community performance as proxies for corporate social responsibility and economic value added as proxy for financial performance. The broad objective of this study is to examine the effect of corporate social responsibility disclosure on financial performance of listed multinational firms in Nigeria. The specific objectives are to:

i. assess the effect of health and safety disclosure on financial performance of listed multinational firms in Nigeria

ii. determine the effect of educational sponsorship disclosure on financial performance of listed multinational firms in Nigeria
iii. investigate the influence of community performance on financial performance of listed multinational firms in Nigeria

The following research hypotheses were formulated for the study:

$H0_1$: There is no significant relationship between health and safety disclosure and financial performance of listed multinational firms in Nigeria

$H0_2$: There is no significant relationship between educational sponsorship disclosure and financial performance of listed multinational firms in Nigeria

$H0_3$: There is no significant relationship between community performance and financial performance of listed multinational firms in Nigeria.

Literature Review

Conceptual Review

Corporate Social Responsibility Disclosure

Firms' corporate social responsibility activities and identification of organizations activities are targeted at internal stakeholders that tend to create a feeling of self-respect in employees and help them identify with the firms (Eunyoung *et al.,* 2022). More so, organizations that are embark on corporate social responsibility are environmentally and socially responsible in appealing to employees unlike organizations that are not and investors are likely to identify with such organizations (Cheema *et al.,* 2020). Corporate social responsibility is being performed by firms in order to contribute to the welfare of the society, mostly in contributions to the communities where its business activities are located (Thuy, *et al*., 2022). Due to the fact that CSR is a voluntary activity and is viewed as a philanthropic gift to the environment by businesses, it is necessary to know that the community performance of firms have a direct or indirect relationship with their financial performance (Lin-Wen, 2020).

Community Performance Disclosure

Environmental and safety disclosure, also known as community performance disclosure, also includes information regarding the effects of a company's operations on the environment. (Peter & Mbu-Ogar, 2018). It covers the act of business, actively incorporating social and environmental concerns into their operations and corporate goals while disclosing the same in the statement of financial position (Okwy, *et al*, 2018). Community performance disclosure describes the active behaviour of firms by which it creates contemporary or modern solutions to meet societal needs either singlehandedly or in collaboration with stake holders (Rahmawati, *et al*., 2019). Community performance disclosure is one among the most crucial line of social responsibility when assessing the corporate responsibility of a firm (Racha *et al*., 2017). This involves the ways in which the firms take responsibility for the impacts of their social and environmental activity and give account for it in the information provided in their annual reports (Chan *et al*., 2014).

Educational Sponsorship Disclosure

Educational sponsorship refers to any form of help towards education. Sponsorship events could be beneficial to companies, in that it gives rise to increase on the firm's return on investment, help firm build business relationships, gain valuable insights, expand its content strategy, generate leads, foster a positive reputation for the firm, boost brand visibility and even gain competitive advantage (IET, 2021)**.** An educational sponsor is an individual or organization who has received an approval from the ministry of education to support or fund an underperforming academic structure. If sponsors fail in their roles, the ministry of education could withdraw their status. Sponsorship is a and should not be forced. However, companies can sponsor educational activities as it will improve the academic wellbeing of scholars (Eunyoung, 2021).

Health and Safety Disclosure

Health and safety disclosure otherwise called occupational health and safety disclosure includes the collection, processing and the disclosure of information with the aim of facilitating organizational leadership, empowerment of stakeholders' decision making and managerial effectiveness (Evangelinos, *et al*., 2018). Health and safety disclosure is a worldwide policy and is established in a bid to protect labour safety and health (Wang, *et al.*, 2022). Health and safety is an important part of the human resource or capital and it aims at the promotion of quality life, and social inclusion while reducing the financial burden on the social security system. (Akinleye, *et al*., 2017). This policy is implemented in agreement with local laws and it recognizes international practices and guidelines issued by the World Health Organization (WHO) to describes the appropriate standards in order that the health and safety risks are controlled or even avoided within risk tolerance across the workplace. (NBB group, 2022). Health and safety disclosure had limited attention in sustainability report even though it influences employee's well-being.

Theoretical Underpinning

Stakeholder theory underpins this study. Stakeholder theory was propounded by Freeman in 1984, is a widely used theory in the field of corporate social responsibility. This study suggests that corporations should not only prioritize the interests of their shareholders, but also consider the needs and interests of other stakeholders such as customers, employees, suppliers, and the local community (Freeman, 1984). This theory assumes that corporations operate within a broader social context and that their actions can have a significant impact on society as a whole. Therefore, corporations should strive to balance the interests of all stakeholders, not just shareholders, to achieve long-term sustainable success.

Stakeholder theory has been widely applied in previous studies on corporate social responsibility. For example, studies by Adeyeye and Adeyeye, (2019); Igbekoyi, (2021); Adegbayibi and Adelowotan, (2024) have shown that stakeholder theory provides a useful framework for analysing the impact of corporate social responsibility practices on satisfaction and loyalty, studies by Ali and Nair (2018), and Barako *et al*. (2019) found a positive relationship between stakeholder corporate social responsibility and financial performance in Nigerian firms.

Stakeholder theory is relevant to this study as it emphasizes the importance of corporate social responsibility in listed multinational firms in Nigeria. Stakeholder theory can help to identify the various stakeholders of multinational firms in Nigeria and their interests, and how corporate social responsibility can contribute to meeting those interests. Critics of stakeholder theory argue that it may be challenging to balance the interests of all stakeholders, as some interests may conflict with each other. Additionally, they argue that the theory does not provide clear guidelines on how to prioritize stakeholder interests (Fasanmi *et al*., 2024).

Empirical Review

Kabir and Chowdhury (2023) examined the relationship between CSR and corporate financial performance (CFP). Their study extends the contemporary CSR literature horizon by examining 30 listed banks in Bangladesh from the years 2006 through 2018, with particular emphasis on methodology that attempts to validate the CSR-CFP relationship. In addition to examining the bidirectional causality between CSR and financial returns using Panel Vector Autoregression, the study examined the factor determinants of CSR. Their study finds that better CFP leads to more CSR expenditure, but CSR expenditure does not necessarily influence CFP. However, net income, total deposits, return on asset and previous year's CSR have significant positive relationship with CSR whereas firm age has a significant negative relationship.

Diem (2023) examined whether listed companies comply with regulations on social responsibility disclosure and the regulatory role of CEO power impact on earnings management. The study used data sample of 418 companies listed on two stock exchanges HOSE and HNX in the period 2016-2020 through the method of general feasible least squares (FGLS) to measure the impact of corporate social responsibility and the impact of social responsibility with the regulation of CEO power on earnings management. The finding of the study reported that listed companies have the incentive to comply with regulations on CSR disclosure so as to increase their prestige and attract investment.

Coelho *et al* (2023) examined the relationship between companies' financial performance and CSR activities. To shed new light on the issue, the study mapped this topic via a systematic review and content analysis of 53 articles identified in the confluence between CSR and financial performance from 1984 to 2021. The study suggests that CSR directly impacts a company's financial performance, and this impact becomes more significant as the company's environmental, social, and governance (ESG) scores improve. Moreover, we must note that this is a comprehensive study whose results include analyses of companies from the world's largest stock market indices, mutual funds, sustainable portfolios, non-sustainable portfolios, regions, asset classes for ESG investing, emerging markets, developed and developing countries.

Adamkaite *et al* (2023) examine the impact of CSR activities on companies' financial performance in the Lithuanian energy sector. The new method of CSR performance assessment of energy companies was developed and applied in this case study. The relevant financial performance indicators were selected to measure the impact of CSR on financial performance of energy companies. The results of the study, which examined nine Lithuanian energy companies, showed the dominating neutral relationship between CSR and financial performance for the period of 2017–2020.
Zampone *et al* (2023) unravel the main determinants of corporate social responsibility in 63 Portuguese companies. To accomplish that, we used panel data, withdrawn from the SABI database, in the period comprehended between 2008 and 2018, applying the Probit model and the dynamic GMM for robustness check. The sample composed of 42 companies listed on the Portuguese stock exchange and 21 non-listed. Their findings revealed that audit, asset rotation ratio, debt ratio, size, age and financial autonomy are statistically positive in the implementation of corporate social responsibility practices.

Ramlawati *et al*, (2022) examines the effect of environmental performance on profitability with environmental disclosure as moderating variable using purposeful sampling technique. Linear regression analysis and hypothesis testing were employed in the investigation. The result shows that environmental performance had a positive and statistically significant effect on profitability, the environmental disclosure variable strengthened the relationship between environmental performance and profitability.

Ika, *et al*. (2022) studied the effect of social responsibility disclosure on financial performance in the COVID-19 pandemic era. The disclosure of social responsibility was measured using the global reporting index in the company’s annual report. Findings revealed that corporate social responsibility disclosure constituently has a significant positive effect on return on asset, return on equity and market value (Tobin’s Q).

Ibrahim, *et al*. (2022) examines the relationship between corporate governance mechanism and the extent of corporate social reporting disclosure for companies listed on the Saudi Stock Exchange. The result indicates that board size has positive effect on the extent of corporate social responsibility disclosure but is not statistically significant. Kishore (2022) worked on emerging phenomenon of corporate sustainability reporting; evidence from top 100 listed companies in India using sample t test and Cohen's d research techniques for the analysis. Findings suggest that companies should move beyond compliance of regulatory norms and adopt sustainability code of conduct.

Wada *et al.* (2022) examines the value effect of health and productivity management where health and productivity management award on stock prices were evaluated, having an abnormal return of all the first-time health performance management awardees was significantly positive.

Magdalena and Malgorzata (2021) examined the relationship between corporate social responsibility and financial performance among energy sector companies in Poland. The basis of empirical research in this study is slack resource theory which argues that financial performance is the cause of corporate social performance. The study showed statistically significant relations between selected financial performance and the implementation of CSR strategy on energy industry companies. Faisal, *et al*. (2021) worked on corporate social responsibility and firm's financial performance; a multilevel serial analysis underpinning social identity theory in Spain. Multi-method, multisource and multilevel data with temporal breaks are collected from 60 manufacturing firms listed on the Pakistan stock exchange. Primary data were collected by following by conducting multiple surveys. The secondary data were collected from the annual and sustainability reports published by selected firms on their official websites. The study revealed that serial mediation of OID and employees' innovative job performance on the CSR-FFP relationship. It contributed to understand why CSR is viewed to have strategic importance for the firms and how social identity theory (SIT) might be utilized in such endeavors.

Igbekoyi, *et al*. (2021) worked on environmental accounting disclosure and financial performance of listed multinational firms in Nigeria. Data were analyzed using descriptive statistics and panel regression analysis. Their findings revealed that environmental accounting disclosure had significant and positive effect on earnings per share but a negative and insignificant effect on return on equity. Hamzel, *et al*., (2021) worked on ownership structure and environmental, social and governance performance disclosure, the moderating role of the board independence; using the content analysis technique. The results show that foreign ownership and state ownership play a critical role in disclosing environmental, social and governance performance.

Ama, *et al*. (2021) in their study, sustaining oil and gas multinational operations through corporate social responsibility practices in Ghana. The study analyzed accounting-based measures on investments, financial performance, disclosures of activities on panel data set of company size (total assets) over a 10-year period. Findings demonstrate that multinational corporations with interests in developing nations pay close attention to their corporate social responsibility policies and the sustainability of their financial performance.

Yushau and Aliyu (2020) worked on corporate social responsibility and financial performance: Evidences from listed oil and gas firms in Nigeria. The study examined 7 firms of the listed oil and gas firms using the regression techniques and data were collected from secondary source through the use of annual reports and accounts of the firm. The findings revealed that CSR with a value beta coefficient of 0.635 with a p-value of 0.342 is positively and insignificantly influencing the return on assets of the listed oil and gas firms in Nigeria. Ugo and Daniel (2020) had an empirical study on the effect of corporate social responsibility and performance of Nigerian Quoted Firms. The study applies the survey research method with a cross sectional analysis of 150 firms quoted on The Nigerian exchange group. The model was specified and analyzed using the binary logistic regression analysis. The findings showed that CSR has a favorable and statistically significant impact on a company's profitability, return on equity and market success in Nigeria.

Yadong, *et al*. (2021) examined the relationship between corporate social responsibility and financial performance: a moderate role of fintech technology in Germany. The study investigates the linear and nonlinear relationship between corporate social performance and banking performance by using data set of Chinese banks from 2009 to 2018. The findings indicate that the interacting variable of CSR(GOV*SOC) shows insignificant influence on the returns on assets, returns on equity and nominal interest margin profit from dependent variable.

Kuldeep, *et al*. (2020) carried out a study on the link between corporate social responsibility and organizational performance; the moderating effect of corporate reputation in India. The study examines the effectiveness of corporate reputation as a moderator on CSR organizational performance linkages. Final data comprised of 340 responses collected from senior executives/ managers working in European multinational firms. The correlation was analyzed in two stages, stage one comprised the building of a theoretical model using the strategic paradigm of literature; stage two involved the examination of the pertinent associations using hierarchical regression analysis. The findings showed that CSR has an impact on organizational performance when it is applied to external stakeholders. Furthermore, it was discovered that this influence differs between well-established, renowned businesses and those with a less stellar reputation.

Mohammed and Kabir (2019) examined corporate social responsibility and financial performance of listed non-financial services companies in Nigeria. This study used ex-post factor research design and utilized secondary data collected from the annual report and accounts of 23 sampled listed non-financial services companies in Nigeria for a period of 10 years. The data were analyzed using descriptive statistics, correlation and regression analysis (GLS Fixed Effect). It was concluded that making socially conscious investments improves financial performance of Nigerian listed companies.

Several studies (Cheema *et al*., 2020; Kabir, & Chowdhury, 2023; Akpan & James, 2024) on corporate social responsibility in Nigeria have only considered some of financial performance measures such as return on equity, return on assets (Ibrahim, 2021; Yadong, 2021). However, this study examined how economic value added (EVA) as a financial performance measure influenced corporate social responsibility.

Data and Methods

This study made use of *expo facto* research design because the data needed had already been provided in the annual report and the Nigerian Exchange Group fact book which cannot be revamped or altered. The data employed were obtained from secondary source through the annual reports and accounts of the sampled multinational firms on the Nigerian Exchange Group fact books for a period of 2012 to 2022. Secondary data were chosen because information needed on the variables can only found in the financial statements of the listed multinational firms. This study focused on the multinational firms listed on the Nigerian Exchange Group as at 31st December, 2023. A total number of 15 listed multinational firms listed on the Nigerian Stock Exchange were purposefully sampled because they have readily available data and were fully listed on the Nigerian Exchange Group while other firms are either merged or closed down during the period covered by the study.

The model specification was adopted from Ashni and Priya (2020). The study employed the Carroll's pyramid CSR model methodology. The model was modified to meet the specific objectives of this study as recently used by Asif Iqbal (2020). The functional model and statistical model were stated as follows:

$FP_{it} = F\ (CSR)$ (i)

$FP_{it} = F\ (CPD, ESD, HSD)$ (ii)

$EVA_{it} = ai + \beta_1 CPD_{it} + \beta_2 ESD_{it} + \beta_3 HSD_{it} + \beta_4 LEV_{it} + £_{it}$ (iii)

Where FP= Financial Performance

CPD= Community Performance Disclosure

ESD= Educational Sponsorship Disclosure

HSD= Health and Safety Disclosure

EVA= Economic Value Added
LEV= Leverage
β1-β4= Coefficient of independent variables
$£_{it}$ = Error terms of firm I and time t

The independent variable for this study is corporate social responsibility which was proxied by Community Performance Disclosure (CPD), Educational Sponsorship Disclosure (ESD), Health and Safety Disclosure (HSD). The dependent variable is financial performance and this was proxy by Economic Value Added (EVA) while leverage serves as a control variable to aid the conduct of the linear multiple regression analysis.

Descriptive Statistics

Descriptive statistics shown the interaction of data described is presented in table 1. The result of the descriptive statistics is reported in Table 1, indicated that enterprise value (ESV) across the firms has average returns of 11.8809 percent with standard deviation of 30.0764 implied high level of variation of enterprise value across the sampled firms due to its distance from the mean. The minimum enterprise value is-277.5346 percent and maximum of 152.8822 The data is negatively skewed showing -5.6596 with leptokurtic distribution of 66.0704. The total sum of the enterprise value for the multinational firms is 1663.33. Likewise, community performance disclosure (CPF) across the firms has average returns of 0.9642 with standard deviation of 0.18624 implying high variation of community performance disclosure across the sampled firms due to its distance from the mean. The minimum community performance disclosure is 0 percent and maximum of 1. The data is negatively skewed showing -5.0037 with leptokurtic distribution of 26.0370. The total sum of the enterprise value for the multinational firms is 135.

From Table 1, it is shown that health and safety disclosure across the firms has an average of 0.6832 with standard deviation of 0.0825 implies high variation regarding health and safety disclosure across the firms. Firm with the least health and safety disclosure have a value of 0 and firm with the highest returns on assets have 1. The data for the variable is negatively skewed indicating -8.1862 and kurtosis value of 68.0144. Also, educational sponsorship disclosure has an average value of 0.00714 with standard deviation of 0.0845 and minimum value of 0 and maximum of 1. The data is positively skewed having the value of 11.705 and maximum value of 138.007. Lastly, leverage has mean value of 1.958 with standard deviation of 0.8262 indicating that there is high variation regarding leverage across the firms. Firm with the minimum debt is -3.453 and maximum of 5.118. The data for the variable is negatively skewed indicating -1.859 and kurtosis value of 17.552.

Table 1: Descriptive Statistics

Variables	ETV	CPD	HSD	ESD	LEVERAGE
OBS	140	140	140	140	140
Mean	11.8809	0.9642	0.6832	0.0071	1.9580
S.D	30.0764	0.1862	0.0825	0.0845	0.8262
Min	-277.5346	0	0	0	-3.4532
Max	152.8822	1	0.6931	1	5.1180
Skewness	-5.6596	-5.0037	-8.1862	11.70501	-1.8595
Kurtosis	66.0704	26.0370	68.0144	138.0072	17.5520

Source: Authors' Computation (2023)

Correlation Matrix

The correlation co-efficient represents the linear relationship between the dependent variables as explanatory variables that symptoms of multi-collinearity. The result in Table 2, revealed the relationship between community performance disclosure and enterprise value is positive having coefficient of -0.0666 which implies that an increase in the sampled firms' community performance will lead to 0.6 percent decrease in enterprise value. However, the relationship is insignificant at 5 percent having P-value of 0.4341. Furthermore, the relationship between enterprise value and health and safety disclosure is positive and significant having a coefficient of 0.5774 and p-value of 0.0000 and this imply that an increase in health safety disclosure of listed multinational firm will cause an increase in enterprise value to the tune of 57.74 percent. Likewise, it is shown that the relationship between educational sponsorship disclosure and enterprise value is positive and significant having a coefficient of 0.1779 and p-value of 0.0355 and this imply that an increase in educational sponsorship firm will cause an increase in educational sponsorship disclosure to the tune of 17.79 percent.

From the Table 2, the relationship between leverage and enterprise value is negative having coefficient value of -0.0684 and insignificant value of 0.4220 and this indicate that an increase in the leverage of the multinational companies will reduce enterprise value by 6.84 percent. The relationship between the independent variable is insignificant with coefficient less than 0.7. The relationship between community health services and health and safety disclosure is -0.0232 while the relationship between community health services and educational sponsorship disclosure is -0.4407. The relationship between leverage and enterprise value shows a coefficient of -0.0243 and the relationship between health & safety disclosure and educational sponsorship performance shows coefficient of 0.0102 while its relationship with leverage shows -0.0712. Lastly, the relationship between leverage and educational sponsorship disclosure shows a coefficient of -0.0225.

Table 2: Correlation Analysis on the Relationship between CSR Disclosure and Financial Performance

ETV	CPD	HSD	ESD	LEV	
ETV	1.0000				
CPD	-0.0666	1.0000			
	0.4341				
HSD	0.5774*	-0.0232	1.0000		
	0.0000	0.7858			
ESD	0.1779*	-0.4407*	0.0102	1.0000	
	0.0355	0.0000	0.9047		
LEV	-0.0684	-0.0243	-0.0712	0.0225	1.0000
	0.4220	0.7752	0.4028	0.7918	

Source: Authors' Computation (2023)

Normality Test

The normality of data distribution is an assumption of running a linear model which assures that the p-values for the t-test and F-test will be valid. The assumption merely requires that the residuals be identically and independently distributed. However, from the descriptive statistics the data across some of the variables shows that virtually all the data obtained for this study are normally distributed and also the normality of the residual is of paramount significance. And as such, the normality of residuals will be conducted using Shapiro Wilks test and Skewness and Kurtosis tests for normality and the result is presented in Table 3 below, since the values are lesser than 0.05 as indicated on the table at 5% level of significant therefore, the null hypothesis that the data is normally distributed across the models will be rejected. For this reason, it is concluded that the residuals of the models are not normally distributed.

Table 3: Shapiro-Wilk W Test for Data Normality

Variables	Obs	W	V	z	Prob>z
CSR and Financial Performance					
residuals	140	0.17243	90.775	10.184	0.00000

Skewness/Kurtosis tests for Normality

				------ joint ------	
Variable	Obs	Pr (Skewness),	Pr (Kurtosis)	adj chi2(2)	Prob>chi2
Residuals	140	0.0000	0.0000	.	0.000

Source: Authors' Computation (2023)

Multi-collinearity Test

Multi-collinearity test is part of post estimation test to confirm the validity of the assumption of the regression model. In a situation where two or more explanatory variables are highly correlated, meaning that one can linearly predict from the others with a certain degree of accuracy, then there is problem of multi-collinearity. The

Variance Inflation Factor (VIF) value is used to investigate the relationship between the variables themselves and the result is not found to be significant conclude that there is multi-collinearity because the variance inflation factor and tolerance values are comparatively beyond the established rule of thumb. Based on the evidence presented in Table 4, it can be concluded that there is no multi-collinearity problem for the model. This is because the VIF values for all the variables are less than 10 and the tolerance values for all the variables are greater than 0.10 (rule of thumb). Therefore, the study can rely on regression co-efficient to predict the level of impact of independent variables on dependent variables and the outcome of the findings can be considered valid.

Table 4: Tolerance and VIF Value

Variable	VIF	1/VIF
Corporate Social Responsibility		
CPD	1.24	0.805157
ESD	1.24	0.805616
Leverage	1.01	0.994075
HSD	1.01	0.994302
Mean VIF	1.12	

Source: Authors' Computation (2023)

Test for Heteroskedasticity and Auto-Correlation

The heteroskedasticity test was conducted to check the validity of homoscedasticity assumption that variance in the residuals are constant as the absence of homoscedasticity violate the assumption and may lead to wrong inference. Heteroscedasticity test was conducted using Breusch-Pagan / Cook-Weisberg test and data for the study was also tested for auto-correlation using Wooldridge test for autocorrelation in panel data. Based on the result in Table 5, The Breush-pagan test for heteroskedasticity for the model revealed the presence of heteroskedascity given the probability value of 0.0000 which is lesser than the expected 0.05 implying that error term is not constant across the residuals while the probability for auto correlation is also significant having p-value of 0.0000 implying that there is first order correlation.

Table 5 Test for Heteroscedasticity and Auto-Correlation

	Chi2 (1)	Prob> chi2	F(1, 13)
			-
Heteroscedasticity test			
Ho: Constant variance	1214.35	0.0000	-
Auto-correlation			
H0: no first-order autocorrelation	-	0.0000	86.381

Source: Researchers Computation (2023)

Unit root test for non-Stationary Series

In order to find a suitable model, the stationarity of the time series data was checked using Levin-Lin-Chu unit-root test for panel unit root and the results were presented in Table 6. The results indicated that the null hypothesis of unit root would not be rejected for all explanatory variables in the ADF test which imply all of explanatory variables are integrated of order (1) at 5 percent critical value.

Table 6: Levin-Lin-Chu unit-root test

Variables	T-Statistics	P-Value
ETV	-2.6544	0.0040
CPD	4.5270	0.0000
HSD	-4.0734	0.0023
ESD	-2.0876	0.0184
LEV	-3.3e+03	0.0000

Source: Authors Computation (2023)

The regression result shown how corporate social responsibility disclosure influence financial performance measured by Enterprise value (EPV) of listed multinational firms in Nigeria after meeting the basis for a Best Linear Un-Bias Estimate (BLUE) has revealed in Table 7b. The Hausman specification test conducted for produced p-value of 0.5565, which is significant at 5% implies that the variation across entities is assumed to be fixed with the independent variables included in the model. As a result of this, the fixed effect model was considered suitable for the analysis of model 1. More so, the result of heteroskedasticity tests and auto-correlation test in Table 5 revealed that there was no constant variance among the independent variables for the model and auto serial correlation was equally observed. Hence a panel –corrected linear regression is considered to correct the heteroskedastic and auto-correlation problems identified. The basis of judgment used is the Z-statistics and P-Value.

The result obtained shows a R-square of 0.3646 which implies that the model jointly explains 36.4 percent of the variation in the dependent variable (enterprise value) with other variables captured by the error term implying that there are other percentage the variables did not covered by this model. The P-value of the model 0.0000 shows that the model is statistically significant at 5%. The result further shows that community performance disclosure (CPD) has a Z-statistics of 0.77 as indicated from Table 7b. Which implies that, CPD have positive effect on enterprise value and insignificant as indicated by p-value of 0.442, which is higher than 5%. The implication is that the community performance disclosure of multinational firms is relatively insignificant to cause a significant positive improvement in the enterprise value of the companies.

The Z-statistics of health & safety disclosure (HSD) is 2.60, it means that, there is positive effect of health and safety disclosure on enterprise value which is significant at 5% as indicated by p-value of 0.009. This implies that the disclosure of health and safety of the multinational firms' employee shows a great improvement that can foster enterprise value due to goodwill attached to it. Likewise, the result also shows that educational sponsorship disclosure has positive and significant effect on enterprise value as indicated by the z-statistics of 4.65 and P-value of 0.000, which was significant at 5%. The implication is that, given educational support to the citizens, their CSR will be well noticed and this can bring about legitimate support for the multinational firms by their stakeholders which will result to a positive enterprise value. Lastly from Table 7b, it is shown that leverage which is a control variable has no significant control on the enterprise value having z-statistics of -0.38 and statistics of 0.706. Therefore, based on the findings, the study concludes that corporate social responsibility has positive and significant effect on the financial performance of the listed multinational firms in Nigeria.

Table 7a Random Effects and Fixed Effects Regression Results

Enterprise	**Random Effects**			**Fixed Effects**		
Value	**Coef.**	**Z**	**P>t**	**Coef.**	**Z**	**P>t**
CPD	4.415	0.36	0.721	5.827	0.44	0.663
HSD	209.128	8.34	0.000	230.574	8.18	0.000
ESD	65.753	2.42	0.016	66.204	2.32	0.022
LEV	-1.1282	-0.45	0.652	-.7703	-0.26	0.794
__cons	-133.524	-6.04	0.00	-150.24	-6.14	0.000
R-squared	=0.3646	Obs= 140		R-squared =	0.3827 Obs (140)	
Wald chi2(4)	=77.47	Groups =14		F(4,122)	= 18.51Groups (14)	
Prob> chi2	= 0.0000			Prob> chi2 =	0.0000	

Source: Authors' Computation (2023)

Table 7b Panels Corrected Standard Errors Regression Results

Enterprise			**Panel-corrected**	
Value	**Coef.**	**Std. Err.**	**z**	**P>|z|**
CPD	4.415773	5.740596	0.77	0.442
HSD	209.1289	80.39515	2.60	0.009
ESD	65.75309	14.1254	4.65	0.000
LEV	-1.128206	2.985628	-0.38	0.706
__cons	-133.5241	52.9161	-2.52	0.012
R-squared	= 0.3646	Obs = 140		
Wald chi2(4)	= 25.88	Groups = 14		
Prob> chi2	= 0.0000			
Hausman Test				
chi2(4) =	3.01	Prob>chi2 = 0.5565		

Source: Authors' Computation (2023)

The study examined the effect of corporate social responsibility disclosure on financial performance of listed multinational firms in Nigeria and specifically focused on health and safety disclosure and financial performance, the relationship between educational sponsorship disclosure and financial performance, and the relationship between community performance and financial performance of listed multinational firms in Nigeria.

A further analysis of the components of the study revealed that health and safety disclosure has a positive and significant effect on financial performance of listed multinational firms in Nigeria. This implies that the disclosure of information regarding the health and safety of multinational firms' employees demonstrates a significant improvement. This enhanced transparency can foster increased enterprise value due to the positive goodwill associated with it. Also, educational sponsorship disclosure has a positive and significant effect on financial performance of listed multinational firms in Nigeria. The implies that providing educational support to citizens cam enhance the visibility and recognition of multinational firms' corporate social responsibility disclosure. This, in turn, can garner legitimate support from the firms' stakeholders, ultimately resulting in a positive impact financial performance. Community performance has a positive and insignificant effect on financial performance of listed multinational firms in Nigeria. This implies that the disclosure of multinational firms' community performance appears to have a relatively insignificant impact on causing a significant positive improvement in the companies financial performance.

The study concluded that health and safety disclosure, educational sponsorship disclosure are highly significant factors that positively influence the financial performance, especially for multinational firms in Nigeria. Based on the findings of the study, the following recommendations are made to ensure that the management and regulators of multinational firms embrace appropriate CSR strategies to improve their financial performance.

i. Management should ensure that the practice of stakeholders' engagement is explore to make community performance of their firms to improve.
ii. Regulators should seek for and general guidelines for health and safety disclosure since it improves the performance of the companies.
iii. Management can dedicate a percentage of CSR cost to fund consistent educational sponsorship across the globe, because it will improve the knowledge economy of the country and overall performance through goodwill.

References

Adamkaite, J., Streimikiene, D., & Rudzioniene, K. (2023). The impact of social responsibility on corporate financial performance in the energy sector: Evidence from Lithuania. *Corporate social responsibility and environmental management*, *30*(1), 91-104.

Akinleye, G. T., & Adetayo, T. F. (2017). Impact on corporate social responsibility on the profitability of multinational companies in Nigeria. *Global Journal of Management and Business Research: Accounting and Auditing*. *17* (3), 2249-4588

Ama, T. G., Edward, K. N., Shafic, S., & Joseph, E. Y. (2021). Sustaining Oil and Gas multinational operations through corporate social responsibility practices. *Discover sustainability*. *https://doi.org/10.1007/543621-021-00042-x*

Bakti, I. T., & Nengzih, N. (2022). The effect of financial performance, company xteristics and corporate gov. on the quality of sustainability report disclosure in listed on the Indonesia stock exchange 2017-2020). *Saudi Journal of Economics and Finance. 4.* 2523-6563

Cheema, S., Afsar, B., & Javed, F. (2020). Employees' corporate social responsibility perceptions and organizational citizenship behaviors for the environment: the mediating roles of organizational identification and environmental orientation fit. *Corporate Social Responsibility. Environ. Management,* (27), 9-21.

Coelho, R., Jayantilal, S., & Ferreira, J. J. (2023). The impact of social responsibility on corporate financial performance: A systematic literature review. *Corporate Social Responsibility and Environmental Management*.

Diem, N. P. N. (2023). The impact of corporate social responsibilities on Earnings Management: Evidence from Vietnam. *International Journal of Professional Business Review*, *8*(2), e01065-e01065.

Ellie, C. (2018). *The importance of corporate social responsibility for your business.* https://www.highspeedtraining.co.uk/hub/importance-of-corporate-social-responsibility/

Eshna, V. (2022). Financial performance: understanding the concepts and its areas.

Eunyoung, L. (2021). A study for the effect of sponsorship on corporate reputation. *International Journal of Advance Culture Technology*, *9*(3), 373-378.

Evangelinos, K., Stephnos, F., Antonis, S., Nadeem, K., Foteini, K., Ioannis, N., & Shaun, L (2018). Occupational health and safety disclosures in sustainability reports: an overview of trends among corporate leaders. *Corporate Social Responsibility and Environmental Management, 9*(3), 373-378.

Faisal, M., Faisal, Q., Maria, S., Han, H., & Antonio, A. M. (2021). Corporate social responsibility and firm's financial performance; a multi-level serial analysis underpinning social identity theory. *Economic Research, 34*(1), 2447-2468.

Hamzel, A. A., & Saleh. E. A. (2021). Ownership structure and environmental, social and governance performance disclosure; the moderating role of the board independence. *Journal of Business and Socio-Economic Development. 2*(1), 49-66.

Haninun, H., Lundrianasari, L., & Angrita, D. (2018). The effect of environmental performance and disclosure on financial performance. *International Journal of Trade and Global markets, 11*(1,2), 50-65.

Ibrahim, E. E. (2022). Corporate governance mechanisms and CSRD: evidence from an emerging market. *Journal of Global Responsibility, 13*(4), 2041-2568.

Ibrahim, S. (2021). Impact of corporate social responsibility on organization's financial performance: evidence from Maldives public limited companies. *Future Business Journal*, *7*(1), 1-21.

Ighekoyi, O. E., Solanke, F. T., Adeusi, S. A., Alade, M. E., & Abgaje, W. H. (2021). Environmental accounting disclosure and financial performance of listed multinational firms in Nigeria. *Global Journal of Management and Business Research, Accounting and Auditing, 21*(2), 2249-4588.

Ika, P., & Novi, S. B. (2022). The effect of social responsibility disclosure on financial performance, in the COVID-19 pandemic era. *Prayanthi & Budiarso, Cogent Business & Management, 9*(3). *29-43.*

Javier, A. C., Jaime, G. V., & Encarnación, G. S. (2017). Reputation of multinational companies; corporate social responsibility and internationalization. *European Journal of Management and Business Economics*, *26*(3), 329-346.

Jill, M. (2021). The ratio and market valuation: December update. *Advisor perspective.*

Kajola, S. O., Anene, E. C., & Desu, A. A. (2020). Corporate social responsibility and financial performance of the Nigerian listed firms. *FUTA Journal of Management and Technology*, *2*(1), 18-26.

Kabir, M. A., & Chowdhury, S. S. (2023). Empirical analysis of the corporate social responsibility and financial performance causal nexus: Evidence from the banking sector of Bangladesh. *Asia Pacific Management Review*, *28*(1), 1-12.

Kuldeep, S., & Misra, M. (2020). Linking corporate social responsibility and organizational performance: the moderating effect of corporate reputation. *European Research on Management and Business Economics, 5*(3), 75-90

Li-Wen, L. (2020). Mandatory corporate social responsibility legislation around the world: emergent varieties and national experiences. *University of Pennsylvania, Journal of business Law, Forthcoming, 8*(5),45-60

Magdalena, K. A., & Malgorzata, C. (2021). Corporate social responsibility and financial performance among energy sector companies. *Energies, 14*(19), 1-16.

Mei, Z., & Jinghua, W. (2017). Profitability analysis of Kinglong nearly 5 years. *Journal of Physics Conference Series, 887*(1), 1742-6596.

Mohammed, I., & Kabir, T. H. (2019). Corporate social responsibility and financial performance of listed non-financial services companies in Nigeria. *American Journal of Business and Society, 4*(2), 56-71.

Mohammed, S. (2020). Components, theories and the business case for corporate social responsibility. *International Journal of Business and Management Review, 8*(2), 37-65.

NBB Group. (2022). Group health and safety policy disclosure. https;//www.nbbonline.com/about-nbb/group-health-safety-policy-disclosure

Imade, O.G. (2019). Board gender diversity, non-executive directorates composition and corporate performance. *African journal of business management, 13*(9), 283-290.

Rahmawati, M., Ahmad, R., & Desvian, B. (2019). The era of society 5.0 as the unification of humans and technology: A literature review on materialism and existentialism. *Jurnal Sosiologi Dialektika, 16*(2), 151-162.

Solanke, F.T., Olugbamiye, D.O., Olasehinde, S., Kolawole, I.B., Adeboboye, R.O., Efuntade, A.O., & Olaniyi, R.F. (2022). Corporate social responsibility and financial performance of Oil and Gas industry in Nigeria. *Duste International Journal of Social and Economic Research, 6*(4), 20-35

Thuy, C. M., Nguyen, V. K., Nguyen, T. C., & Nguyen, T. L. (2022). Corporate social responsibility disclosure and its effect on firm risk: empirical research on Vietnamese firms. *Sustainability.* https;//www.mdpi.com/2071-1050/13/22/12933

Tobias, O., & Jomo K. (2018). Effect of firm characteristics on financial performance of listed in Nairobi Securities Exchange. *International Journal of Business & Law Research, 6*(4), 22-37.

Ugo, C. O., & Daniel, M. I. (2020). Corporate social responsibility and performance of Nigerian quoted firms: an empirical study. *Trends Economics and Management, 35* (1), 79-94.

Wada, L. T., & Yasuda, Y. (2022). Value effect of Harud management an event study of HPM award in Japan. *National Library of Medicine, 64*(6), 465-469.

Wang, C., Deng, X., Susana, A. O., Muhammad, S.S., Ubaldo, C., Jacob, C., & Olah, J. (2021). Impact of women and independent directors on corporate social responsibility and financial performance: empirical evidence from an emerging economy. *Sustainability*, *13* (4), 60-53.

Will, K., Cierra, M., & Ariel, C. (2022). Financial performance: definition, how it works, and example. https://www.investopedia.com/terms/f/financialperformance.asp

Yushau, A., & Aliyu, S. (2020). Corporate social responsibility and financial performance: evidences from listed oil and gas firms in Nigeria. *Crawford Journal of Business & Social Sciences*, *10*(1), 2141-9094.

Zhang, N. (2017). Relationship between intangible assets and financial performance of listed telecommunication firms in China, based on empirical analysis. *African Journal of Business Management*, *11*(24), 751-75.

Zampone, G., Sannino, G., & García- Sánchez, I. M. (2023). Exploring the moderating effects of corporate social responsibility performance under mimetic pressures. An international analysis. *Corporate Social Responsibility and Environmental Management*, *30*(1), 53-65.