FIRM CHARACTERISTICS AND SOCIAL RESPONSIBILITY DISCLOSURE OF LISTED COMPANIES IN SUB SAHARA AFRICA: 2010-2019

Orah Charles Onyebuchi **Prof. E.I. Okoye Prof. M.S. Ifurueze**

****Department of Accountancy, Chukwuemeka Odumegwu Ojukwu University***
Charlesorah2016@gmail.com

*****Department of Accountancy Nnamdi Azikiwe University, Awka***

******Department of Accountancy Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus***

Abstract

The study examined the relationship between firm characteristics and social responsibility disclosure of listed companies in Sub Sahara African Countries. The specific objectives of the study are to: ascertain the relationship between leverage and social responsibility disclosure of listed companies; and determine the relationship between profitability and social responsibility disclosure of listed companies in Sub Sahara Africa. Fifty (50) firms were selected from the Nigeria Stock Exchange (NSE), Johannesburg Stock Exchange *(JSE) and Nairobi Securities Exchange (NSE). That is, 33 for Nigeria, 10 for South Africa and 7 for Kenya. The data used were secondary data and were drawn from 2010 to 2019. The data used were sourced from the firms' annual report, Stock Exchange fact book and Internet. The data collected were analysed using Pearson Correlation Matrix. The results show that profitability has a positive relationship with social responsibility disclosure of listed companies in Sub Sahara Africa; whereas leverage has negative relationship with social responsibility disclosure of listed companies in Sub Sahara Africa. The study, therefore among others recommends that the policy makers should consider introducing new laws that mandate CSR disclosures as regards to profitability, since it has many advantages for the companies and society in general.*

keywords: leverage, social responsibility, profitability

Background to the study

A multi-dimensional economic activity of entities has resulted to environmental challenges such as growing pollution, global warming, deforestation and desertification (Nnubia &Omaliko, 2016). This has led business reporting out of the usual and basic norm of reporting economic financial performance to the shareholders, to the extent of reporting in a broader context its operations to all the stakeholders concerned.

Normally, owners assess companies in relation to financial performance, government assess the companies in relation to compliance with relevant legislation and tax obligations and the community assesses companies in relation to how the companies engage on social responsibilities (Ali & Isa, 2018).In view of the above, Corporate Social Responsibility (CSR) according to Astuti (2015) emphasises not simply on the matter of economic activities which creates profit for the survival of the business but also social and environmental responsibilities.

In recent years, the trend of green business grows rapidly along with the paradigm shifts from single bottom line to the triple bottom line. The triple bottom line showed the responsibility of companies for considering three aspects of business namely profit, people and planet (Nnubia & Ezenwa, 2016). Indeed, stakeholders urge companies to be more responsible for their activities and consider their decisions to include environmental and sustainable development issues (such as greenhouse gases, emissions, and waste that have a negative impact on companies' business and environment as a whole) (Kassinis & Vafeas, 2006).

Theorists have argued that business units will be able to create wealth, employment and innovation and improve their competitiveness in business if companies work together to maintain their community, and society will also provide the right platform for the development of business units (Nnubia & Omaliko, 2016; Sandhu & Kapoor, 2010). Increasing sales and customer loyalty is the evidence of CSR advantage; hence, a number of studies have suggested that a large and growing market has been created by companies with high social responsibility (Sandhu & Kapoor, 2010).

Firm characteristics often used in empirical studies that investigate CSR determinants are financial characteristics such as leverage, profitability and investments in research and development (R&D) (Gamerschlag, Moller &Verbeeten, 2011; Padgett & Galan, 2010; Artiach et al., 2010). Ng and Koh (1994) stated that more profitable firms use more self-regulating mechanisms to ensure to the public that the organization is legitimate. Following this reasoning profitability is considered a determinant of CSR. Other studies such as Reverte (2009) and Purushothaman et al., (2000) suggest that leverage is a potential determinant of CSR. Following a stakeholder theoretical perspective, it is argued that the level of debt in the firm's capital structure influences the importance of this creditor stakeholder group, and as a result, management is more likely to address their financial claims than the claims of other stakeholder groups, for instance, stakeholder groups that want the firm to engage more in CSR activities. Therefore, leverage is seen as a possible determinant that affects a company's level of CSR engagement.

Statement of Problem

The rising pressure on environmental issues from shareholders, government regulators, consumers, employees, and the public have inspired companies to pay more attention to the environmental performance (EP) (Nnubia & Omaliko, 2016; Ilinitch, Soderstrom& Thomas, 1998). Corporations are required to increase their financial performance continuously without ignoring environmental impacts (Muhammad, Mohamad& Ahmad, 2016). Thus, it is no wonder if accounting scholars have been attracted to investigate the firm characteristics and consequences of environmental issues on business activities. Many studies of environmental disclosure in annual reports have focused on firms among developed markets such as the USA, the UK, Canada, Australia, New Zealand, Japan and the European Union (Kolk, Walhain& Van de Wateringen, 2001).

Growing number of environmental issues such as social and environmental disclosures, environmental investment, environmental performance, leadership style and environmental uncertainty have attracted scholars to study the relationship of such issues and business practice. Though, scholars (Akbas, 2014; Banasik, Barut&Kloot, 2010; Barbu, Dumontier, Feleaga&Feleaga, 2014; Carini&Chiaf, 2015; Nnubia&Ezenwa, 2016; Iatridis, 2013; Loh, Deegan&Inglis, 2015; Pagell, Wiengarten&Fynes, 2013) have investigated social and environmental disclosures. Moreover, previous studies are more concerned with environmental investment (Banasik et al., 2010; Nakamura, 2014; Power, Klassen, Kull & Simpson, 2015; Testa, Gusmerottia, Corsini, Passetti&Iraldo, 2016). Some studies have also been done to investigate the issues of environmental performance (EP) (Nnubia&Ezenwa, 2016; Rokhmawati, Sathye&Sathye, 2015; Sun, Hu, Yan, Liu & Shi, 2012; Wahba, 2010).

In developing countries such as the case of the Sub Sahara African markets, to the best of the researcher's knowledge, there are paucity of studies as regards to the relationship between firm characteristics and social responsibility disclosure of listed companies of Sub Sahara Africa. Therefore, this study investigates the relationship between firm characteristics and disclosures of social responsibility (environmental information) in the annual reports of listed companies in Sub Sahara Africa. In this study, we consider leverage and profitability as proxies for the independent variable and corporate social responsibility disclosure (CSRD) as dependent variable.

Objectives of the Study

The main objective of this study is to examine the relationship between firm characteristics and social responsibility disclosure of listed companies in Sub Sahara African Countries. The specific objectives are to:

1. ascertain whether there is any relationship between leverage and social responsibility disclosure of listed companies in Sub Sahara Africa.
2. determine whether there is any relationship between profitability and social responsibility disclosure of listed companies in Sub Sahara Africa.

Research Hypotheses

In order to address the issue raised above, the following hypotheses were formulated:

1. Leverage has no significant relationship with social responsibility disclosure of listed companies in Sub Sahara Africa.
2. Profitability has no significant relationship with social responsibility disclosure of listed companies in Sub Sahara Africa.

Review of Related Literature

Corporate Social Responsibility (CSR)

The conceptualization of CSR remains a grey area characterized by disputes over an agreed definition (Nyuur, Ofori&Debrah, 2014). Defining CSR is not as straightforward as it looks like beforehand that the socially responsible behaviour may mean different things in different places to different people and at different times (Campbell, 2007; Frynas& Stephens, 2015). And because of this, the increasing body of literature related to CSR is facing a problem of definition. However multiple definitions have been provided, finding one universal definition is considered difficult (Davis, 1973; Campbell, 2007; Matten& Moon, 2008; Aguinis & Glavas, 2012; Frynas& Stephens, 2015).

According to Davis (1973), CSR refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. Davis (1973) argues that it is the firm's obligation to evaluate its decision-making process in such a way that the effects of its decisions on the external social system will accomplish social benefits along with the traditional economic gains which the firm seeks. Furthermore, he argues that social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do. Carrol (1979) explains business practice as a pyramid of responsibilities with economic responsibilities at the bottom, followed by legal, then ethical, and with philanthropic responsibilities at the top. She argues that CSR is about taking responsibility for the pyramid's top parts, as well as the economic and legal responsibilities of the firm; and significantly points out that CSR includes philanthropic contributions, however is not limited to it.

Leverage

Leverage is the first predictor variable in this study. Rusdianto (2013) as cited in Nnubia, Ofoegbu and Nnubia (2020) defined leverage as a comparison between liabilities and equity that is used by a company to support company's activity from external parties. Information disclosure can increase cost to the company and reduce income. Based on agency theory and its relation to company's management, high disclosure of information will affect expenditure and reduce company's income. High leverage will reduce social responsibility disclosure because it will add cost to the company or reduce income and affect creditor opinion toward company (Sembiring 2005). Therefore, leverage can be measured with total liabilities divided by total equity (Nnubia, Ofoegbu&Nnubia, 2020).

Debt holders are likely to see their investments in the firm materialize in forms of repayments and future interests (Barnea& Rubin, 2010). Since the amount of debt limits the amount of free cash flows available for managers to invest (Barnea& Rubin, 2010) and since there is no undisputed evidence that investing in CSR will lead to more financial success (Brammer&Pavelin, 2008; Mellahi et al., 2016), it is proposed that debt holders want the firm to invest their resources in activities other than CSR to ensure their repayments and interests. Based on previous reasoning, one could say that leverage and CSR are negatively associated.

On the other hand, however, following agency theory, it is argued that more highly leveraged firms disclose more voluntary information in their annual reports in order to reduce agency costs and, as a result, cost of capital (Reverte, 2009). Following this reasoning one could say that leverage and CSR are positively associated. It seems that leverage can be associated with CSR in both ways.

Profitability

Profitability is the second predictor variable in this study. It is the measurement of excess revenue over expenses incurred (Nnubia&Ofoegbu, 2019). It is the ultimate output of a company (Pandey, Wu, Guru, &Buyya, 2010). It is defined as an indicator to the firms' performance in managing its assets (Nnubia&Ofoegbu, 2019). Profitability stems from the word 'profit' which many scholars have shown to be ambiguous. Profitability ratios are calculated to measure the operating efficiency of a firm. Not only management is interested in the profitability of a firm, but also stockholders. Companies with good news are more likely to engage in sustainability activities (Omar, 2014). Thus, it would be expected that managers of profitable firms would be motivated to disclose more information in order to distinguish themselves from the less profitable firms. Profitability could be measured in relation to sales or investment. It is mainly measured using ratios like the net profit margin, gross profit margin, operating margin and return on assets (ROA) (Nnubia et al, 2020) and so on. For the purpose of this study, profitability will be measured using net profit margin.

Though, it is argued that highly profitable firms are more exposed to public scrutiny and political pressure and thus are in need of more social approval (Ng &Koh, 1994; Reverte, 2009). Therefore, it is proposed that highly profitable firms engage more in CSR activities in order to make sure the public sees the organization as legitimate.

Profitable firms make more social disclosure to the audience to legitimize their existence (Haniffa& Cooke, 2005). A positive correlation between voluntary disclosure and profitability was hypothesized in prior research (Wang *et al*., 2008; Al-Janadi*et al*. 2013; Kansal*et al*., 2014; Giannarakis, 2014 and Alturki, 2014). Some studies did find no relationship (Reverte, 2009; Basuony, 2014; Barac*et al*., 2014). Belkaoui and Karpik (1989) justify that the underlying cause of a positive correlation between corporate social responsibility disclosure and profitability is management's knowledge. The managers have the knowledge to make their firms profitable also have the knowledge and understanding of social responsibility. This might clarify the higher levels of social information disclosure by profitable firms.

Previous research on the association between profitability and voluntary disclosure offers mixed results.

Theoretical Framework

Agency theory

The agency theory is directed at the agency relationship, in which one party (the principal) delegates work to another party (the agent) (Eisenhardt, 1989). In a business, the principals are considered to be the shareholders, which are the owners of the firm. The managers of the firm are considered to be the agents, which are supposed to act in accordance to the principals' goals. The agency theory is concerned with the fact that agents may behave and act in accordance with their own personal goals rather than with those of the principal (Hamidu et al., 2015). This theory is concerned with two problems that often occur in the agency relation. The first is the agency problem that arises when the desires or goals of the principal and agent conflict with each other. The second problem is that it can be difficult or expensive for the principal to verify of what the agent is actually doing (Eisenhardt, 1989).

With reference to CSR, Friedman (1970) was one of the first who argued that engaging in CSR activities is self-serving behaviour of managers (agents) whose pursuit of social and environmental objectives ultimately hurts shareholders (principals) by generating lower profits. He argued that firms should have just one responsibility, which is profit maximization. Firms should only use resources and engage in activities to increase profits, while operating within the boundaries of law and regulation (Friedman, 1970). While many studies have continued on this reasoning and investigated CSR as a threat that raises potential conflicts of interest (Barnea& Rubin, 2010; Faleye& Trahan, 2011), other agency studies viewed CSR as beneficial to financial and non-financial performance (Bear et al., 2010). Either way, agency theory seems to provide an explanation of why companies engage in CSR activities, while others do not.

Empirical Studies

Mahdi, Hossein and Malihe (2019) investigated the relationship between some characteristics of corporations including firm size, financial leverage, profitability, firm age and the type of industry with social responsibility disclosure of firms listed on Tehran Stock Exchange (TSE). The study population consists of 125 firms listed on the TSE during the years 2010–2015. Content analysis was used to measure the level of social responsibility disclosure, and hypotheses testing were performed using multiple regression analysis and R software. The results represented that there is a positive significant relationship between a firm size and a firm age with the level of CSRD.

Thomassen (2019) explored the relationship between firm characteristics and corporate social responsibility strategy specifically for the European dairy industry, due to the high percentages of cooperatives and lack of industry specific research. A multiple case study design was employed to investigate 11 European dairy firms. The relationship was explored firstly by constructing a theoretical background by reviewing literature. Afterwards a content analysis of the corporate reports was conducted to obtain firms' CSR strategies. The literature review revealed three firm characteristics which were related to CSR. These characteristics are firm size, corporate governance and ownership. By the use of different metrics, the relationship between these characteristics and CSR strategy was explored. Results suggest that firm size, corporate governance and ownership are related to the amount disclosed by the firms on CSR.

Elshabasy (2018) assessed the impact of several Corporate Characteristics on environmental information disclosure of the listed firms in a developing country. It selects the 50 most active firms in the Egyptian stock exchange and the analysis is done using the financial statements from the disclosure book for the period 2007-2011, prior the revolution, along with the firms' annual reports. The final count for the firms is 45, after excluding banks and insurance companies, for having different disclosure requirements and different corporate governance code. The tests for this research are done using the multiple regression model applied using the SPSS. Findings found that there is an insignificant relationship between two factors of firms' characteristics (Firm Size and Firm Financial Leverage) and EID, while Firm's age showed a negative significant relationship with EID and finally Firm's Profitability showed a positive significant relationship with EID.

Mukhtaruddin, Saftianaand Dwikatama (2018) investigated the effect of company characteristics (company size (SIZE), company age (AGE), and profitability (PRO)) on CSR disclosure (CSRD). Good Corporate Governance (GCG) are proxied by board of commissioner quality (BCQ) and audit committee quality (ACQ). The samples are 25 mining companies listed in Indonesia Stock Exchange (IDX) from the period of 2011 – 2013 that has reported their social responsibility in annual reports. The sample was selected by using of purposive sampling technique. Results indicate that BCQ has significant influence on CSRD. However, SIZE, AGE, PRO and ACQ found to have no effect on CSRD.

Ali and Isa (2018) reviewed the literature on the impact of firms attributes (board attributes, CEO attributes, ownership structure and financial attributes) on CSR disclosure. Using ordinary least square method, the study finds that these firms' attributes have been empirically found to have influence on firms CSR disclosure both positive and negative influence, while some studies documented no relationship. The study recommends that a further study may introduce a moderator in order to improve and modify the strength of the relation between some of the firms' attributes and CSR disclosure.

Gantyowati and Kendra (2018) examined the influence of firm's characteristics such as size, profitability, leverage, and liquidity on CSR disclosure. Purposive sampling is used to collect the data from manufacturing firms listed in Indonesia Stock Exchange (IDX) and Malaysian manufacturing firms listed in Bursa Malaysia in 2014. The total sample which met the criteria includes 172 Indonesian firms and 61 Malaysian firms. The data used in this study is secondary data obtained from firms' annual report. Hypothesis testing is done by using multiple regression analysis. The result shows that firms' size and profitability has a positive effect on CSR disclosure. On The other hand, leverage does not have effect on CSR disclosure. Meanwhile, liquidity in Indonesian firms show positive effect on CSR disclosure, while in Malaysia, it shows a negative effect on CSR disclosure.

Onyali and Okafor (2018) examined the effect of firm characteristics on corporate environmental performance of quoted industrial goods firms in Nigeria. Specifically, the study examined the effect of firm size, profitability and firm age on waste management cost of the industrial goods firms. The study adopted the ex-post facto research design. Population and sample size of the study is made up of eleven industrial goods firms quoted on the Nigerian stock exchange as at the year, 2017. This study utilized secondary data sourced from annual reports and accounts of the sampled firms for the study period, 2008-2017. Data analysis was done using Pearson correlation coefficient and Multivariate regression analysis. Findings of the study revealed that firm attributes (firm size, profitability and firm age) have a significant and positive effect on environmental performance (measured by waste management cost) at 5% significant level.

Mohammad and Alireza (2018) empirically examined the influence of firm characteristics on the level of corporate social responsibility (CSR) reporting on annual reports on Palestinian listed companies. Using a sample of nonfinancial listed companies for the period 2013–2016. Content analysis technique has been used to measure CSR information form annual reports of 33 companies listed on the Palestine Securities Exchange (PSE) using 32 items divided into four categories as a measure of the extent of CSR disclosure in firm's annual reports. A panel data and a multiple regression analysis are applied to test the association between firm characteristics and the extent of CSR disclosure. The results show that firm characteristics, namely, firm size, profitability, firm age, have a positive and statistically significant relationship with CSR disclosure.

Nega (2017) examined the relationships between financial performance, firm size, leverage, and corporate social responsibility. A random sample included 119 large companies located in the United States from the population of companies listed in the Russell 100 index. The data were collected via Bloomberg Terminal. Multiple linear regression analysis was used to predict Environmental, Social, and Governance (ESG) activity scores. The 3 predictor variables accounted for approximately 7% of the variance in ESG activity scores and the result was statistically significant, $F(3,115) = 2.83$, $p < .04$, $R2 = .07$. Although the p value was significant, the $R2$ was low representing a poor model fit. In the final analysis, total revenue was added to the model and was a significant predictor and negatively correlated with ESG activity scores; however, return on equity and leverage were not significant predictors of ESG activity scores suggesting the potential need to transfer some corporate social initiatives from business leaders to government policy makers.

Nnubia and Ezenwa (2016) examined the impact of environmental accounting on sustainable development in Nigeria. The study used content analysis research design. The extant literature reviewed that the efforts made by the Nigerian companies to make environmental disclosures deserve appreciation, but in most cases the quality and quantity of disclosures are not satisfactory as observed that environmental accounting has positive impact on sustainable development in Nigeria.

METHODOLOGY

Research Design

The study adopted *ex post facto* research design. The reason for this is because the data used were secondary data and cannot easily be manipulated.

Population of the Study

The population of this study consist of all the listed manufacturing firms in Nigeria, South Africa and Kenya. According to the Nigerian Stock Exchange, Johannesburg Stock Exchange and Nairobi *Securities Exchange*, and the internet, there are seventy-two (72) quoted manufacturing firms in Nigeria; fifty-two (52) quoted manufacturing firms in South African and thirty-six (36) manufacturing firms in Kenya, which maintained existence to 2019.

Sample Size and Sampling Techniques

Using Judgmental sampling method, sample of fifty (50) manufacturing firms were purposively selected based on availability and accessibility of the required data. Though these (33 for Nigeria, 10 for South Africa and 7 for Kenya) were derived and allocated to Nigeria, South Africa and Kenya based on the availability of the required data.

Method of data analysis

The study adopted a correlation matrix to investigate the relationship between firm characteristics and social responsibility disclosure of listed companies of Sub Sahara African Countries. Panel data were used for the fifty (50) quoted manufacturing firms over ten (10) year period on three (3) focus variables (two for independent and one for dependent) in the study. Data collected were analysed using Pearson Correlation Matrix with the help of E-view 8.1.

Model Specification

This study adopted a model used by Al-Gamrh and AL-Dhamari (2016) with modifications to suit this study.

The model of Al-Gamrh and AL-Dhamari (2016) is as follows:

$$CSR = CSR = \beta_0 + \beta_1 SIZE + \beta_2 \, INDY + \beta_3 \, GOV + \beta_4 \, AGE + \beta_5 \, CAPTL + \beta_6 AUDTR + e$$

Where:

CSR = CSR disclosure index

SIZE = log of total asset

INDY = Manufacturing companies assigned 1 and 0 otherwise

GOV = Government firms score 1 and 0 otherwise

AGE = Nature log of firms' age in years

CAPTL = A value of 1 is assigned if the firm issue new shares during the year

AUDTR = A firm scores 1 if audited by one of the big four auditing firms and 0 otherwise

Therefore, the model for this study is as follows:

CSRD = f(LEV, PRO, μ)…………………………...………….I

CSRD = $\beta_0 + \beta_1 LEV_{it} + \beta_2 PRO_{it} + ų$…………………………..…II

Where,

CSRD = corporate social responsibility disclosure

LEV = leverage

PRO = profitability

ų = Error term

β_0 = Intercept

β_1-β_2 = the independent variable co-efficient

Description/Measurement of Variables

Table 3.3: Variables measurement

Variable	Measure
	Dependent variable
CSRD	= Community social disclosure in dummy (1,0) is measured as "1" for companies that have a section in the Annual Reports for social responsibility or community activities and "0" otherwise.
	Independent variables
LEV	= Total Liabilities divided by Total Equity
PRO	= Profit after tax divided by Total Assets

Source: Kariuki et al, (2015)

Decision Rules

Accept null hypothesis if the probability value is greater than the desired level of significance of 5%, otherwise reject.

Data Analysis

The summary of the analysis result and its corresponding interpretations of the relationship between firm characteristics and social responsibility disclosure of listed companies in Sub Sahara African Countries are presented below.

Descriptive Statistics

Table 4.1: Descriptive Statistics of 33 quoted companies in Nigeria on firm's characteristics and corporate social responsibility disclosure over 10 years' period

VARIABLES	CSRD	LEV	PRO
Mean	0.675758	57.85542	5.410636
Median	1.000000	56.84000	5.055000
Maximum	1.000000	168.2000	53.96000
Minimum	0.000000	4.280000	-70.34000
Std. Dev.	0.468802	23.54458	13.08813
Skewness	-0.750955	0.935786	-0.732756
Kurtosis	1.563933	5.923018	8.781524
Jarque-Bera	59.37278	165.6437	489.1391
Probability	0.000000	0.000000	0.000000
Sum	223.0000	19092.29	1785.510
Sum Sq. Dev.	72.30606	182380.2	56357.45
Observations	330	330	330

Table 4.1 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled firms in Nigeria have positive average corporate social responsibility disclosure(CSRD) of 0.675758. The maximum and minimum value of corporate social responsibility disclosure(CSRD) is 1.000000 and 0.000000 respectively. The large difference between the maximum value and the minimum value shows that the sampled firms used for the study are not dominated by either firms with high corporate social responsibility disclosure(CSRD) or firm with low corporate social responsibility disclosure(CSRD). Secondly, it was observed that on the average over the period, the selected firms have leverage (LEV) mean value of 57.85542, maximum value of 168.2000 and minimum value of 4.280000. The mean value indicates that the firm's leverage ability is about 5786% of the selected firms. On the maximum and minimum, the leverage is about 16820% and 428% respectively. Profitability (PRO) also has a mean value of 5.410636, maximum value of 53.96000 and minimum value of -70.34000. The large difference between the maximum and the minimum profitability reveals the gyrating nature of the firm's profitability among the selected firms.

Table 4.2: Descriptive statistics of 7 quoted companies in Kenya on firm's characteristics and corporate social responsibility disclosure over 10 years' period

VARIABLES	CSRD	LEV	PRO
Mean	0.657143	47.15514	7.255286
Median	1.000000	42.07500	8.460000
Maximum	1.000000	245.3600	41.19000
Minimum	0.000000	9.700000	-96.22000
Std. Dev.	0.478091	33.61256	18.54511
Skewness	-0.662122	3.135008	-2.561596
Kurtosis	1.438406	18.52338	15.30605
Jarque-Bera	12.22725	817.5082	518.2508
Probability	0.002213	0.000000	0.000000
Sum	46.00000	3300.860	507.8700
Sum Sq. Dev.	15.77143	77956.50	23730.55
Observations	70	70	70

Table 4.2 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled firms in Kenya have positive average corporate social responsibility disclosure(CSRD) of 0.657143. The maximum and minimum value of corporate social responsibility disclosure(CSRD) is 1.000000 and 0.000000 respectively. The large difference between the maximum value and the minimum value shows that the sampled firms used for the study are not dominated by either firms with high corporate social responsibility disclosure(CSRD) or firm with low corporate social responsibility disclosure(CSRD). Secondly, it was observed that on the average over the period, the selected firms have leverage (LEV) mean value of 47.15514, maximum value of 245.3600 and minimum value of 9.700000. The mean value indicates that the firm's leverage ability is about 4716% of the selected firms.

On the maximum and minimum, the leverage is about 24536% and 970% respectively. Profitability (PRO) also has a mean value of 7.255286, maximum value of 41.19000 and minimum value of -96.22000. The large difference between the maximum and the minimum profitability reveals that gyrating nature of the firm's profitability among the selected firms.

Table 4.3: Descriptive Statistics of 10 quoted companies in South Africa on firm's characteristics and corporate social responsibility disclosure over 10 years' period

VARIABLES	CSRD	LEV	PRO
Mean	0.740000	24.01280	12.82720
Median	1.000000	19.38500	11.43000
Maximum	1.000000	62.00000	131.4400
Minimum	0.000000	2.450000	2.660000
Std. Dev.	0.440844	15.70651	12.77144
Skewness	-1.094306	0.669403	8.121850
Kurtosis	2.197505	2.299302	75.95739
Jarque-Bera	22.64174	9.514069	23277.66
Probability	0.000012	0.008591	0.000000
Sum	74.00000	2401.280	1282.720
Sum Sq. Dev.	19.24000	24422.76	16147.87
Observations	100	100	100

Table 4.3 above shows the mean (average) for each variable, their maximum values, minimum values, standard deviation. The result provides some insight into the nature of the selected firms' data used for the study. Firstly, it was observed that over the period under review, the sampled firms in South Africa have positive average corporate social responsibility disclosure(CSRD) of 0.740000. The maximum and minimum value of corporate social responsibility disclosure(CSRD) is 1.000000 and 0.000000 respectively. The large difference between the maximum value and the minimum value shows that the sampled firms used for the study are not dominated by either firms with high corporate social responsibility disclosure(CSRD) or firm with low corporate social responsibility disclosure(CSRD). Secondly, it was observed that on the average over the period, the selected firms have leverage (LEV) mean value of 24.01280, maximum value of 62.00000 and minimum value of 2.450000. The mean value indicates that the firm's leverage ability is about 2401% of the selected firms. On the maximum and minimum, the leverage is about 6200% and 245% respectively. Profitability (PRO) also has a mean value of 12.82720, maximum value of 131.4400 and minimum value of 2.660000. The large difference between the maximum and the minimum profitability reveals that gyrating nature of the firm's profitability among the selected firms.

4.2 Correlation Analysis

Table 4.4: Correlation matrix of 33 quoted companies in Nigeria over 10 years' period

VARIABLES	CSRD	LEV	PRO
CSRD	1.000000	-0.108296	0.188575
LEV	-0.108296	1.000000	-0.398141
PRO	0.188575	-0.398141	1.000000

The correlation matrix is to check for multi-collinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 4.4 above) show that corporate social responsibility disclosure(CSRD) has a positive association with PRO (0.188575); and negatively associated with LEV (-0.108296). Leverage (LEV) has a negative association with PRO (-0.398141). In checking for multi-collinearity, the study observed that no two explanatory variables were perfectly correlated.

Table 4.5: Correlation matrix of 7 quoted companies in Kenya over 10 years' period

VARIABLES	CSRD	LEV	PRO
CSRD	1.000000	0.162446	0.068583
LEV	0.162446	1.000000	-0.676144
PRO	0.068583	-0.676144	1.000000

The correlation matrix is to check for multi-collinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 4.5 above) show that corporate social responsibility disclosure(CSRD) has a positive association with LEV (0.162446) and PRO (0.068583) respectively. Leverage (LEV) has a negative association with PRO (-0.676144). In checking for multi-collinearity, the study observed that no two explanatory variables were perfectly correlated.

Table 4.6: Correlation matrix of 10 quoted companies in South Africa over 10 years' period

VARIABLES	CSRD	LEV	PRO
CSRD	1.000000	-0.199897	-0.043888
LEV	-0.199897	1.000000	0.046530
PRO	-0.043888	0.046530	1.000000

The correlation matrix is to check for multi-collinearity and to explore the association between each explanatory variable and the dependent variable. The findings from the correlation matrix table (table 4.6 above) show that corporate social responsibility disclosure(CSRD) has a negative association with LEV (-0.199897) and PRO (-0.043888) respectively. Leverage (LEV) has a negative association with PRO (0.046530). In checking for multi-collinearity, the study observed that no two explanatory variables were perfectly correlated.

Summary of Findings, Conclusion and Recommendations

Summary of Findings

The study examined the relationship between firm characteristics and social responsibility disclosure of listed companies in Sub Saharan African Countries such as Nigeria, Kenya and South Africa countries using their financial statement from 2010 to 2019; and the following were found:

1. Leverage has negative relationship with social responsibility disclosure of listed companies in Sub Sahara Africa.
2. Profitability has positive relationship with social responsibility disclosure of listed companies in Sub Sahara Africa.

Conclusion

In conclusion, leverage appears to have a negative influence on corporate social responsibility disclosure(CSRD) of our sampled quoted companies in both Nigeria and Kenya, while positively influenced corporate social responsibility disclosure in South Africa. Though, all these were statistically insignificant at 5% since its p-values were greater than 0.05. This result therefore, suggests that we should accept null hypothesis and reject the alternate, which stated that Leverage has no significant effect on social responsibility disclosure. This means that decrease in leverage of sampled quoted companies indicates lower social responsibility disclosure of the firms in both Nigeria and Kenya; whereas an increase in leverage of sampled quoted companies indicates higher social responsibility disclosure of the firms in South Africa.

Profitability appears to have a positive influence on corporate social responsibility disclosure(CSRD) of our sampled quoted companies in both Nigeria and South Africa, while negatively influenced corporate social responsibility disclosure in Kenya. Though, all these were statistically insignificant at 5% since its p-values were greater than 0.05. This result therefore, suggests that we should accept null hypothesis and reject the alternate, which stated that Profitability has no significant effect on social responsibility disclosure. This means that increase in profitability of sampled quoted companies indicates higher social responsibility disclosure of the firms in both Nigeria and South Africa; whereas a decrease in profitability of sampled quoted companies indicates lower social responsibility disclosure of the firms in Kenya.

Recommendations

The study, therefore recommends the following based on the findings of the study.

1. High leverage will reduce social responsibility disclosure because it will add cost to the company or reduce company and affect creditor opinion toward company. Therefore, leverage has negative relationship/effect on corporate social responsibility disclosure in this study, and companies may be reluctant in disclosing it, and hence, Regulatory authorities should come up with clearly defined regulation on how to go about social responsibility issues as regards to leverage of the companies and the government should ensure full implementations of the regulations.
2. It is observed that profitability has positive relationship/effect on corporate social responsibility disclosure of Nigeria, Kenya and South Africa; therefore, corporate environmental disclosure is considered a sign of transparency or credibility for firms,

which in turn helps in attracting new investors. Hence, a very minor change in a company's environmental disclosure level may affect the level of investments on the company's shares, and therefore, firms have to pay attention to their environmental disclosure level as regards to their profitability and give it some worthy considerations and concern. Thus, the study therefore recommends that companies should embark on more rendering of social responsibility as this could leads to more profitability improvement.

REFERENCES

Aquinas, H., &Galva's, A. (2012). What we know and don't know about corporate social responsibility a review and research agenda. *Journal of Management, 38*(4), 932-968.

Albas, H.E. (2014). Company characteristics and environmental disclosure: An empirical investigation on companies listed on borsaistanbul 100 index. *Journal of Accounting and Finance*, 62, 145-164.

Ali, S. M. & Isa, M. A. (2018). Firms Attributes and Corporate Social Responsibility Disclosure: A Literature Review. *International Journal of Academic Research in Business and Social Sciences, 8*(4), 312–325

Al-Gamrh, B. A. & AL-Dhamari, R. A. (2016). Firm Characteristics and Corporate Social Responsibility Disclosure. *International Business Management*, 10 (18): 4283-4291.

Al-Janadi, Y., Rahman, R. A. & Omar, N. H. (2013).Corporate governance mechanisms and voluntary disclosure in Saudi Arabia. *Research Journal of Finance and Accounting*, 4(4).

Alturki, K.H., (2014). Voluntary Disclosure by Saudi Companies. *Research Journal of Finance and Accounting*, 5(20): 77-95.

Artiach, T., Lee, D., Nelson, D., & Walker, J. (2010). The determinants of corporate sustainability performance. *Accounting & Finance*, *50*(1), 31-51.

Banasik, E., Barut, M., &Kloot, L. (2010). Socially responsible investment: Labour standards and environmental, social and ethical disclosures within the SRI industry. *Australian Accounting Review,* 20(4), 387-399.

Barac, Z.A., M. Granic&Vuko, T. (2014). The Determinants of Voluntary Disclosure in Croatia.World Academy of Science, Engineering and Technology. *International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering*, 8(4): 1057-1063.

Barbu, E.M., Dumontier, P., Feleagă, N., &Feleagă, L. (2014). Mandatory environmental disclosures by companies complying with IASs/ IFRSs: The cases of France, Germany, and the UK. *The International Journal of Accounting*, 49(2), 231-247.

Barnea, A., & Rubin, A. (2010). Corporate social responsibility as a conflict between shareholders. *Journal of Business Ethics, 97*(1), 71-86.

Basuony, M.A., & Mohamed, E. K. (2014). Determinants of internet financial disclosure in GCC countries. *Asian Journal of Finance and Accounting*, 6(1): 70.

Bear, S., Rahman, N., & Post, C. (2010). The impact of board diversity and gender composition on corporate social responsibility and firm reputation. *Journal of Business Ethics, 97*(2), 207-221.

Brammer, S., & Millington, A. (2008). Does it pay to be different? An analysis of the relationship between corporate social and financial performance. *Strategic Management Journal, 29*(12), 1325-1343.

Brammer, S. &Pavelin, S. (2008). Factors influencing the quality of corporate environmental disclosure. *Business Strategy and the Environment*, 17 (2), 120-136.

Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review, 32*(3), 946-967.

Carini, C., &Chiaf, E. (2015). The relationship between annual and sustainability, environmental and social reports. *Corporate Ownership and Control*, 13(1CONT9), 771-785.

Carroll, A. B. (1999). Corporate social responsibility: Evolution of a definitional construct. *Business and Society* .https://doi.org/10.1177/000765039903800303

Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal, 16*(2), 312-322.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, *14*(1), 57-74.

Elshabasy, Y. N. (2018). The impact of corporate characteristics on environmental information disclosure: an empirical study on the listed firms in Egypt. *Journal of Business and Retail Management Research (JBRMR),* 12 (2),232 – 241.

Faleye, O., & Trahan, E. A. (2011). Labor-friendly corporate practices: Is what is good for employees good for shareholders? *Journal of Business Ethics, 101*(1), 1-27.

Freeman, R. Edward. (1984). *Strategic Management: A Stakeholder Approach*, Boston: Pitman Publishing Inc.

Friedman, M. (1970). Social responsibility of business, *New York Times Magazine.*

Frynas, J. G., & Stephens, S. (2015). Political corporate social responsibility: Reviewing theories and setting new agendas. *International Journal of Management Reviews, 17*(4), 483-509.

Gamerschlag, R., Möller, K., &Verbeeten, F. (2011). Determinants of voluntary CSR disclosure: empirical evidence from Germany. *Review of Managerial Science*, *5*(2-3), 233-262.

Gantyowati, E. & Kendra, F. A. (2018).Firm's Characteristics and CSR Disclosure, Indonesia and Malaysia Cases. *Review of Integrative Business and Economics Research, 6(3), 131 – 145.*http://buscompress.com/journal-home.html

Giannarakis, G., (2014). Corporate governance and financial characteristic effects on the extent of corporate social responsibility disclosure. *Social Responsibility Journal*, 10(4): 569-590.

Haniffa, R.M., & T.E. Cooke, (2005). The impact of culture and governance on corporate social reporting. *Journal of Accounting and Public Policy*, 24(5): 391-430. http://doi.org/10.1016/j.jaccpubpol.2005.06.001

Hamidu, A. A., Haron, H. M., &Amran, A. (2015). Corporate Social Responsibility: A Review on Definitions, Core Characteristics and Theoretical Perspectives. *Mediterranean Journal of Social Sciences*, *6*(4), 83.

Iatridis, G.E. (2013), Environmental disclosure quality: Evidence on environmental performance, corporate governance and value relevance. *Emerging Markets Review*, 14, 55-75.

Ilinitch, A.Y., Soderstrom, N.S., & Thomas, T. (1998). Measuring corporate environmental performance. *Journal of Accounting and Public Policy*, 17(4-5), 383-408.

Kansal, M., Joshi, M. &Batra, G. S. (2014). Determinants of corporate social responsibility disclosures: Evidence from India. *Advances in Accounting*, 30(1), 217-229. http://doi.org/10.1016/j.adiac.2014.03.009

Kassinis, G., &Vafeas, N. (2006). Stakeholder pressures and environmental performance. *Academy of Management Journal*, *49*(1), 145-159.

Kolk, A., Walhain, S. & Van de Wateringen, S. (2001). Environmental reporting by the Fortune Global 250: exploring the influence of nationality and sector. *Business Strategy and the Environment*, 10 (1), 15-28.

Loh, C.M., Deegan, C., &Inglis, R. (2015). The changing trends of corporate social and environmental disclosure within the Australian gambling industry. *Accounting and Finance*, 55(3), 783-823.

Mahdi, S., Hossein T. &Malihe R. (2019). Empirical Study on the Effective Factors of Social Responsibility Disclosure of Iranian Companies. *Journal of Asian Business and Economic Studies.* 25 (1), 34 – 55.

Matten, D., & Moon, J. (2008). Implicit and Explicit CSR: A Conceptual Framework for a comparative understanding of corporate social responsibility. *Academy of Management Review*, *33*(2), 404-424.

Mellahi, K., Frynas, J. G., Sun, P., & Siegel, D. (2016). A Review of the Nonmarket Strategy Literature Toward a Multi-Theoretical Integration. *Journal of Management*, 0149206315617241.

Mohammad Z. &Alireza N. (2018). The Effects of Firm Characteristics on Corporate Social Responsibility Disclosure: Evidence from Palestine. *Research Journal of Finance and Accounting,* 9 (13), 46 -53.

Mohammad, A. G., Mohamad, N. R., & Ahmad, N. (2016). Board Characteristics and Corporate Social Responsibility Disclosure in the Jordanian Banks. *Corporate Board: Role, Duties & Composition, 12 (1), 84 – 100.*

Nakamura, E. (2014), Does environmental investment really contribute to firm performance? An empirical analysis using Japanese firms. *Eurasian Business Review*, 1(2), 91-111.

Nega, F. T (2017). The Relationship between Financial Performance, Firm Size, Leverage and Corporate Social Responsibility. Doctoral Study Submitted in Partial Fulfillment of the Requirements for the Degree of Doctor of Business Administration. Walden University .https://scholarworks.waldenu.edu/dissertations

Ng, E. J., &Koh, H. C. (1994). An agency theory and probit analytic approach to corporate non-mandatory disclosure compliance. *Asia-Pacific Journal of Accounting, 1*(1), 29-44.

Nnubia, I. C. and Ezenwa, E. A. (2016). Environmental Accounting for Sustainable Development in Nigeria. *Journal of Accounting, Business and Social Sciences*, 1(1), 323-333.

Nnubia, I. C. and Ofoegbu, G. N. (2019). Effect of Profitability on Cash Holdings of Quoted Consumer Goods Companies in Nigeria. *International Journal of Research and Innovation in Applied Science (IJRIAS),* 4(9), 78 – 85.

Nnubia, I. C., Ofoegbu, G. N. and Nnubia, J. C. (2020). Firm's Characteristics and Cash Holdings: Evidence from Nigeria, South Africa and Kenya. *International Journal of Research and Innovation in Applied Science (IJRIAS)*, 5(9), 101 – 118.

Nnubia, I. C. and Omaliko, E. L. (2016). The Role of Accounting in Supporting Adaptation to Climate Change in Nigeria. *DE academia international journal of Science and Contemporary Studies*, 2(1), 155-161

Nyuur, R. B., Ofori, D. F., &Debrah, Y. (2014). Corporate social responsibility in Sub-Saharan Africa: hindering and supporting factors. *African Journal of Economic and Management Studies*, 5(1), 93–113.

Onyali, C. I. &Okafor T. G. (2018). Firm Attributes and Corporate Environmental Performance: Evidence from Quoted Industrial Firms on Nigerian Stock Exchange. *Scholars Journal of Economics, Business and Management (SJEBM),* 854 – 863.Available online: http://saspjournals.com/sjebm

Padgett, R. C., & Galan, J. I. (2010). The effect of R&D intensity on corporate social responsibility. *Journal of Business Ethics*, *93*(3), 407-418.

Pagell, M., Wiengarten, F., &Fynes, B. (2013), Institutional effects and the decision to make environmental investments. *International Journal of Production Research*, 51(2), 427-446.

Pandey S, Wu L, Guru SM, &Buyya R. (2010). A particle swarm optimization-based heuristic for scheduling workflow applications in cloud computing environments. In Advanced information networking and applications (AINA), 2010 24th *IEEE international conference on 2010 Apr 20* (400-407). IEEE.

Power, D., Klassen, R., Kull, T.J., & Simpson, D. (2015). Competitive goals and plant investment in environment and safety practices: Moderating effect of national culture. *Decision Sciences*, 46(1), 63-100.

Purushothaman, M. A. Y. A., Tower, G., Hancock, R., &Taplin, R. (2000). Determinants of corporate social reporting practices of listed Singapore companies. *Pacific Accounting Review*, *12*(2), 101-133.

Reverte, C. (2009). Determinants of corporate social responsibility disclosure ratings by Spanish listed firms. *Journal of Business Ethics*, *88*(2), 351-366.

Rokhmawati, A., Sathye, M., &Sathye, S. (2015). The effect of GHG emission, environmental performance, and social performance on financial performance of listed manufacturing firms in Indonesia. *Procedia-Social and Behavioral Sciences*, 211, 461-470.

Rusdianto, U. (2013). *CSR Communications - A Framework for PR Practitioners.* Yogyakarta: GrahaIlmu.

Sandhu, H.S. &Kapoor, S. (2010). Corporate social responsibility initiatives: an analysis of voluntary corporate disclosure. *South Asian Journal of Management*, 17 (2), 47-80.

Sembiring, E. (2005). Karakteristik Perusahaan Dan Pengungkapan Tanggung Jawab Sosial: Study Empiris Pada Perusahaan Yang Tercatat Di Bursa Efek Jakarta. *Simposium Nasional Akuntansi*, 8(1), 379-395.

Sun, J.H., Hu, J., Yan, J.M., Liu, Z., & Shi, Y.R. (2012). Regional environmental performance evaluation: A case of western regions in China, *Part A. Energy Procedia*, 16, 377-382.

Thomassen, S. (2019). Exploring the Relationship between Firm Characteristics and Corporate Social Responsibility Strategy: A Case Study of the European Dairy.MST-80436 (MSc Thesis Management Studies) Business, Management and Organization Group (BMO). Wageningen University and Research.

Wahba, H. (2010). How do institutional shareholders manipulate corporate environmental strategy to protect their equity value? A study of the adoption of ISO 14001 by Egyptian fir s. *Business Strategy and the Environment*, 19(8), 495-511.

Wang, H., Tong, L., Takeuchi, R., & George, G. (2016). CSR: An overview and new research directions. *Academy of Management Journal*, *59*, 534-544. doi:10.5465/amj.2016.5001