

## **NIGERIAN BREWERY INDUSTRY'S DETERMINANTS OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE**

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### **ABSTRACT**

*The study examined the Nigerian Brewery Industry and Determinants of Corporate Social Responsibility Disclosure. To be specific, the study examined the influence of firms' Age, Leverage and Institutional Ownership on Corporate Social Responsibility Disclosure (CSR) of breweries in Nigeria. The study covered a period of 5 years i.e.2012 – 2015. The data for the study were sourced from the annual reports of listed breweries on Nigerian Stock Exchange (NSE). The application of Descriptive statistics and regression analysis were used for the study. The findings of the study revealed that firm's age and leverage have no significant influence on Corporate Social Responsibility Disclosure while Institutional Ownership has a negative and significant influence.*

**Key words: Breweries, firm age, leverage, Institutional Ownership and corporate social responsibility disclosure (CSR).**

**Introduction:** The concept of corporate social responsibility, its meaning and practices tend to vary in different countries depending on how it is perceived in a given cultural, political, economic, social and institutional framework (Matter & Moon 2008). According to Parsa, Tang, & Dia (2016), the overall economy and the level of competition companies face, plus institutional factors such as the forces companies encounter from regulators, non-government Organizations and activist groups as well as the pressures from globalization, play significant roles.

In developing countries, such as Nigeria, the governments most often produce explicit CSR guidelines/standards to encourage companies to take active roles in elevating the quality of life in society and as a means of taking pressure away from the government to alleviate poverty (Campbell, 2007). CSR comprises of mandatory and voluntary reporting while mandating reporting discloses information as required by law, voluntary reporting is not regulated but discloses information that is nonetheless useful to stakeholders. As noted by Hassan and Martson (2010), Companies make their own decisions as far as voluntary disclosure is concerned while accounting standards bodies and capital markets regulate mandatory disclosures.

Notwithstanding, there is no global standard definition of corporate social responsibility, nor a definitive list of issues it encompasses. Despite these different perspectives, there was broad recognition that corporate social responsibility often starts with charitable donations (Murya, 2016). The problems and opportunities for sustainable development however require a business contribution to solving social, environmental and governance issues that go beyond the bounds of charity’.

However, it appears that CSR disclosure practice in Nigeria is not regulated. With the introduction and adoption of IFRs in 2012 which is aimed at increasing the level of accounting information disclosure, it is noticed that CSR disclosure level is still low (Adeyemi and Ayanlola (2015). According to Uwaigbe and Olayinka(2011), CSR can be seen as a firm’s strategy to create value by building trust or managing their reputation among their stakeholders.

Business is often aware of and concerned about the impact of their activities on the environment, communities, employees and other relevant stakeholders. Brewery firms in Nigeria have realized the potential benefits of being involved in CSR activities and have adopted disclosure guidelines for their businesses in order to report their CSR activities. They engage in CSR activities for several reasons which range from Philanthropy to conformity with institutional pressures from the external environment and explicit return benefits such as financial gains and stronger reputation (Lee & Shin, 2010).

However, CSR role in Nigerian Brewing firms seems to be that it is used by companies to manage their reputation. It is this reputation management than accountability that drives them to engage in CSR. One driver for the increase in the pressure of business is the greed of firms in consuming scarce resources in order to realize profits, regardless of the negative implications for the society which have been apparent in several social and environmental disasters. This greed for profits and economic expansion has been accompanied with a number of social and economic problems, including environmental degradation, resource depletion, product quality and safety, social injustice, persistence of poverty and lack of labor protection.

CSR in Nigerian brewing sector needs studying as it will provide a way to understand CSR performance which has the potential to lead to positive social change by reducing poverty and increasing business practices in Nigeria.

The objectives of the study are to:

- i. Investigate the impact of firm Age on CSR of Nigerian Brewing firms.
- ii. Examine the impact of leverage on CSR of Breweries in Nigeria.
- iii. To determine the contribution of institutional ownership on CSR of Breweries in Nigeria.

This study is guided by the following questions:

- i. How does firm Age impact CSR of Brewing firms in Nigeria
- ii. To what extent does leverage influence CSR of Brewing firms in Nigeria?
- iii. How does institutional ownership contribute to CSR of Breweries in Nigeria?

### **Statement of Hypothesis**

In line with the specific objectives, the following hypotheses are formulated:

- i. Firm Age has no significant impact on CSR of Brewing firms in Nigeria.
- ii. Leverage (debt) has no significant on CSR of brewing firms in Nigeria.
- iii. Institutional ownership has no significant contribution to CSR of Breweries in Nigeria.

The study assessed the financials/Annual reports of listed breweries on Nigerian stock exchange with particular interest on their Corporate Social Responsibility disclosures from 2012 - 2016. 2012 was used as the take off year as that was the year of IFRS implementation in Nigeria.

### **Review of Related Literature**

#### **The Rationale for Corporate Social Responsibility Disclosure**

Corporate Social Responsibility Disclosure concepts have evolved over time due to the interaction between companies and their key stakeholders. The challenges in the social and business environment have brought increasing public demand for business leaders to include social issues as part of their strategies. Management, therefore are being pressured by different stakeholder groups to allocate financial resources to Corporate Social Responsibility activities and subsequently disclose them (Mohammed, Saheed, & Oladele 2016).

Stakeholders such as employees, consumers, communities, and environmental groups have exerted different forms of pressure on firms and disclosure of Corporate Social Responsibility activities by these firms is part of the strategy to manage such pressures. Employee pressures take the form of heightening public recognition of certain employee rights in the workplace, non discrimination in hiring, pricing and promotions (Musa 2008). It is widely believed that the potency of employees in pressurizing companies to engage in Corporate Social Responsibility initiatives indicates that the perception of Corporate Social Responsibility influences employee behavior towards companies.

Similarly, the community expects that the company will provide improved facilities for health, education, employment opportunities and charity/donations (Mansaray, Yuanyuan and Brima, 2017).

In the same vein, customers wield considerable influence because of competition among business organizations. Customer pressures include the expectation that companies will produce quality/safe products, and provide more reliable consumer information. A company runs the risk of losing its market share should it fail to consider its customers' needs.

Also the operational impact of brewing companies on the environment is largely about pollution. The need to reduce the harmful effect of pollution on the environment has placed considerable pressure on breweries to be socially responsible.

**Theoretical framework**

The theoretical framework adopted for this study is ‘The Stakeholder’s Theory’. The stakeholder theory is a theory or organizational management and business ethics that address morals and values in managing an organization. According to stakeholder theory, company leaders should consider Corporate Social Responsibility and the way it affects all persons of interest (Bird, Hall, Momente, and Reggiani, 2007). The stakeholder view of strategy integrates both a resource based view and a market-based view, and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company and then examine the conditions under which manages treat these parties as stakeholders.

**Research Methodology**

The research design adopted in this study is the Ex-post facto research design. This design is appropriate because it seeks to determine the extent of the association between the variables and to draw inferences. Such inferences concerning the relationship between the variables involved can then be used for purposes of prediction, in this case, the determinants of corporate social responsibility on Nigerian brewing industry. The population of the study therefore is the Consumer Goods sector of the Nigerian capital Market while the sample size of the study is the determinants of Corporate Social Responsibility Disclosure on Nigerian Brewing Industry. The sample used here was drawn from raw data extracted from the annual reports of the various breweries listed on Nigerian Stock Exchange.

**Data Presentation**

**Data presentation for International breweries**

Y E A R	D C S R	F A	l e v	Institutional Ownership%
2 0 1 2	1	3 4	0.889188	7 2 . 0 3
2 0 1 3	1	3 5	0.592817	7 2 . 0 3
2 0 1 4	1	3 6	0.53756	7 7 . 4 0
2 0 1 5	1	3 7	0.596698	7 2 . 1 7
2 0 1 6	1	3 8	0.581944	7 2 . 1 7

Source; Author’s Computation

Where:

- DCSR: Disclosure of corporate social responsibility
- FA: Firms Age
- Lev: leverage
- IO: Institutional Ownership

Table 1 illustrates the disclosure of corporate social responsibility, firms’ age, leverage and institutional ownership of International breweries from 2012 to 2016. The table shows that International Breweries performed their corporate social responsibilities within the period under study. The leverage column showed that International Breweries leverage stood

at 0.889 in 2012, decreased to 0.592 in 2013 and increased to 0.537 and 0.596 in 2014 and 2015 correspondingly. In 2016, it stood at 0.568 while the institutional ownership stood at 72% within the stated period.

**Data presentation for Nigeria breweries**

Y E A R	D C S R	F A	l e v	Institutional Ownership%
2 0 1 2	1	6 6	0.525084	6 8 . 2 6
2 0 1 3	1	6 7	0.458443	6 9 . 6 2
2 0 1 4	1	6 8	0.41286	7 0 . 3 6
2 0 1 5	1	6 9	0.424406	6 4 . 4 8
2 0 1 6	1	7 0	0.434269	6 5 . 6 2

Source; Author’s Computation

Where:

- DCSR: Disclosure of corporate social responsibility
- FA: Firms Age
- Lev: leverage
- IO: Institutional Ownership

Table 2 illustrated the disclosure of corporate social responsibility, firm’s age, leverage and institutional ownership of Nigeria breweries from 2012 to 2016. The table shows that Nigeria breweries discharged their corporate social responsibilities within the stated period (2012-2016). The table also illustrated that Nigerian breweries leverage was 0.525 in 2012, decreased to 0.458 in 2013 and 0.412 in 2014. It increased to 0.424 and 0.434 in 2015 and 2016 respectively. The institutional ownership of the firm stood at 68% in 2012, increased to 69% and 70% in 2013 and 2014 respectively and reduced to 65% in 2016.

**Descriptive Statistics**

**Descriptive statistics for International breweries.**

	D	C	S	R	F	SF	AR	O	AL	E	VI	O
M e a n	1.000000	10.38174	36.00000	0.106264	0.639641	73.16000						
M e d i a n	1.000000	10.38687	36.00000	0.109217	0.592817	72.17000						
Maximum	1.000000	10.52481	38.00000	0.161076	0.889188	77.40000						
Minimum	1.000000	10.15498	34.00000	0.013321	0.537560	72.03000						
Std. Dev.	0.000000	0.143061	1.581139	0.059445	0.141474	2.371265						
Skewness	N	A	-0.744655	0.000000	-0.703751	1.392061	1.496733					
Kurtosis	N	A	2.353603	1.700000	2.228261	3.124914	3.245645					
Jarque-Bera	N	A	0.549140	0.352083	0.536800	1.618113	1.879413					
Probability	N	A	0.759899	0.838583	0.764602	0.445278	0.390743					
S u m	5.000000	51.90868	180.0000	0.531318	3.198207	365.8000						
Sum Sq. Dev.	0.000000	0.081865	10.00000	0.014135	0.080060	22.49160						
Observations		5		5		5		5		5		5

Source: Author's Eviews 9.0 Result.

Table 3 illustrates vividly the descriptive statistics for International breweries showing the total number of observations, mean, median, maximum, minimum, standard deviation, skewness, kurtosis and Jarque-Bera of disclosure of corporate social responsibility, firms' age, leverage and institutional ownership. The statistics shows maximum values of 1.000000, 10.52481, 38.00000, 0.161076, 0.889188, and 77.40000 for disclosure of corporate social responsibility, firm's age, leverage and institutional ownership respectively. Table 3 also shows the minimum values of 1.000000, 10.15498, 34.00000, 0.013321, 0.537560 and 72.03000 for disclosure of corporate social responsibility, firm's age, leverage and institutional ownership respectively. The mean stood at 1.000000, 10.38174, 36.00000, 0.106264, 0.639641 and 73.16000 with standard deviation values of 0.000000, 0.143061, 1.581139, 0.059445, 0.141474 and 2.371265 for disclosure of corporate social responsibility, firm's age, leverage and institutional ownership respectively. The skewness showed that the variables are positively skewed and resulting in a sum sq. Dev. 0.000000, 0.081865, 10.00000, 0.014135, 0.080060 and 22.49160 for the variables respectively.

**Descriptive statistics for Nigeria Breweries Plc.**

	D	C	S	R	F	SF	AR	O	AL	E	VI	O
Mean	1.000000	11.40408	68.00000	0.188579	0.451012	67.66800						
Median	1.000000	11.46649	68.00000	0.209949	0.434269	68.26000						
Maximum	1.000000	11.47600	70.00000	0.299991	0.525084	70.36000						
Minimum	1.000000	11.29395	66.00000	0.015067	0.412860	64.48000						
Std. Dev.	0.000000	0.090476	1.581139	0.116922	0.044681	2.537976						
Skewness	N	A	-0.427469	-1.00E-16	-0.550768	1.026973	-0.236577					
Kurtosis	N	A	1.223197	1.700000	1.918329	2.572050	1.416315					
Jarque-Bera	N	A	0.809990	0.352083	0.496541	0.917048	0.569153					
Probability	N	A	0.666980	0.838583	0.780149	0.632216	0.752333					
Sum Sq. Dev.	5.000000	57.02039	340.00000	0.942893	2.255062	338.3400						
Observations	5	5	5	5	5	5	5					

Source: Author's Eviews 9.0 Result.

Table 4 illustrates vividly the descriptive statistics for Nigeria Breweries Plc showing the total number of observations, mean, median, maximum, minimum, standard deviation, skewness, kurtosis and Jarque-Bera of disclosure of corporate social responsibility, firms' age, leverage and institutional ownership. The statistics shows maximum values of 1.000000, 11.47600, 70.00000, 0.299991, 0.525084 and 70.36000 for disclosure of corporate social responsibility, firm's age, leverage and institutional ownership respectively. Table 4 also shows the minimum values of 1.000000, 11.29395, 66.00000,

0.015067, 0.412860 and 64.48000 for disclosure of corporate social responsibility, firm's age, leverage and institutional ownership respectively. The mean stood at 1.000000, 11.40408, 68.00000, 0.188579, 0.451012 and 67.66800 with standard deviation values of 0.000000, 0.090476, 1.581139, 0.116922, 0.044681 and 2.537976 for disclosure of corporate social responsibility, firms' age, leverage and institutional ownership respectively.

**Test of Hypothesis One**

Step 1: Restatement of the hypothesis in the null and alternate form.

H<sub>0</sub>: Firm age does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria

H<sub>1</sub>: Firm age has significant influence on the corporate social responsibility of brewery firms in Nigeria

**Step 2: Statement of Decision Criteria**

Accept H<sub>0</sub> if the t-statistics is <2 and the probability of the t-statistics is >0.05

**Step 3: Presentation of test result**

**Regression Analysis for Firm Age**

Dependent Variable: DCSR  
 Method: Panel Least Squares  
 Date: 12/13/17 Time: 13:50  
 Sample: 2012 2016  
 Periods included: 5  
 Cross-sections included: 4  
 Total panel (balanced) observations: 20

V a r i a b l e	Coefficient	t-Statistic	Prob .
C	40.00000	7.442084	0.0000
F i r m A g e	12.00000	1.933510	0.0691
R - s q u a r e d	0.171975	Mean dependent var	49.00000
Adjusted R-squared	0.125973	S.D. dependent var	12.85547
S.E. of regression	12.01850	Akaike info criterion	7.905412
Sum squared resid	2600.000	Schwarz criterion	8.004985
Log likelihood	-77.05412	Hannan-Quinn criter.	7.924849
F - s t a t i s t i c	3.738462	Durbin-Watson stat	0.007240
Prob(F-statistic)	0.049058		

**Source: Author's E-view 9.0 Output, 2017**

Where:

C = coefficient  
 DCSR = disclosure of corporate social responsibility

From the above regression analysis, the  $R^2$  is 0.171975 and shows that 17.19% changes in the dependent variable are explained by the independent variable. The probability of the F-statistics which is 0.049058 > 0.05 shows that the model is significant and fits.

**Decision**

Given the decision criteria to accept  $H_0$  if the t-statistics is < 2 and the probability of the t-statistics is > 0.05. Table 4.3.2 shows the sign of the coefficient to be positive at 12.00000, the t-statistics of 1.933510 is < 2 with a probability of the t-statistics of 0.0691 > 0.05, thus we conclude that firm age does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria

**Test of Hypothesis Two**

Step 1: Restatement of the hypothesis in the null and alternate form.

$H_0$ : Leverage does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria

$H_1$ : Leverage has a significant influence on the corporate social responsibility of brewery firms in Nigeria

**Step 2: Statement of Decision Criteria**

Accept  $H_0$  if the t-statistics is < 2 and the probability of the t-statistics is > 0.05

**Step 3: Presentation of test result**

**Table 4.3.4: Regression Analysis for Leverage**

Dependent Variable: DCSR	
Method: Panel Least Squares	
Date: 12/13/17 Time: 13:54	
Sample: 2012 2016	
Periods included: 5	
Cross-sections included: 4	
Total panel (balanced) observations: 20	
V a r i a b l e	
Coefficient	t-Statistic Prob.
C	0.708500 4.0884340 .0007
L e v e r a g e	-0.172726 -0.8631880 .3994
R - s q u a r e d	0.039749 Mean dependent var 0.578956
Adjusted R-squared	-0.013599 S.D. dependent var 0.384888
S.E. of regression	0.387497 Akaike info criterion 1.036420
Sum squared resid	2.702765 Schwarz criterion 1.135993
Log likelihood	-8.364201 Hannan-Quinn criter. 1.055858
F - s t a t i s t i c	0.745094 Durbin-Watson stat 0.801113
Prob(F-statistic)	0.399390

**Source: Author’s E-view 9.0 Output, 2017**

Where:



C = coefficient  
DCSR = disclosure of corporate social responsibility

From the above regression analysis, the  $R^2$  is 0.039749 and shows that changes 3.97% changes in the dependent variable is explained by the independent variables. The probability of F-statistics which is  $0.399390 > 0.05$  shows that the model is insignificant therefore the model is unfit.

#### **Step 4: Decision**

Given the decision criteria to accept  $H_0$  if the t-statistics is  $< 2$  and the probability of the t-statistics is  $> 0.05$ . Table 4.3.3 shows the sign of the coefficient of disclosure of corporate social responsibility is negative at  $-0.172726$ , the t-statistics of  $-0.863188$  is  $< 2$  with a probability of the t-statistics of  $0.3994 > 0.05$ . We accept the null hypothesis ( $H_0$ ) and conclude that Leverage does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria

#### **Test of Hypothesis Three**

Step 1: Restatement of the hypothesis in the null and alternate form.

$H_0$ : Institutional ownership does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria

$H_1$ : Institutional ownership has a significant influence on the corporate social responsibility of brewery firms in Nigeria

#### **Step 2: Statement of Decision Criteria**

Accept  $H_0$  if the t-statistics is  $< 2$  and the probability of the t-statistics is  $> 0.05$

**Step 3: Presentation of test result**  
**Regression Analysis for Institutional ownership**

Dependent Variable: DCSR  
Method: Panel Least Squares  
Date: 12/13/17 Time: 13:55  
Sample: 2012 2016  
Periods included: 5  
Cross-sections included: 4  
Total panel (balanced) observations: 20

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	83.000003	.31810425	.014290	.0000
	-17.961333	.831416	-4.687910	.0002
R-squared	0.549735	Mean dependent var	69.52900	
Adjusted R-squared	0.524721	S.D. dependent var	10.76219	
S.E. of regression	7.419506	Akaike info criterion	6.940741	
Sum squared resid	990.8832	Schwarz criterion	7.040315	
Log likelihood	-67.40741	Hannan-Quinn criter.	6.960179	
F-statistic	21.97650	Durbin-Watson stat	0.112782	
Prob(F-statistic)	0.000183			

**Source: Author's E-view 9.0 Output, 2017**

Where:

C = coefficient  
DCSR = disclosure of corporate social responsibility

From the above regression analysis, the  $R^2$  is 0.549735 and shows that 54.9% changes in the dependent variable is explained by the independent variable. The probability of F-statistics which is  $0.000183 < 0.05$  shows that the model is significant that the model fits.

**Step 4: Decision**

Given the decision criteria to accept  $H_0$  if the t-statistics is  $< 2$  and the probability of the t-statistics is  $> 0.05$ . Table 4.3.5 shows that the t-statistics of  $-4.687910$  is  $< 2$  with a probability of the t-statistics of  $0.0002 < 0.05$ . Given the positive sign of the coefficient, we conclude that institutional ownership has a negative and significant influence on the corporate social responsibility of brewery firms in Nigeria.

**Summary of Findings**

Findings arising from this research were summarized as follows:

1. Firm age does not have a significant influence on the corporate social responsibility of brewery firms in Nigeria.
2. Corporate social responsibility disclosure is not influenced by the level of leverage.

3. Institutional ownership has a negative and significant influence on corporate social responsibility disclosure of brewery firms in Nigeria.

### **CONCLUSION AND RECOMMENDATIONS**

This study identifies the determinants of corporate social responsibility disclosure by Nigerian brewing industry. The study portray that corporate social responsibility contributes greatly to a healthy economic and social life in the community. A company has to give back to the society in which it operates, clean up all forms of pollution it has caused in its course of operation and also provide infrastructural facilities to the society as a way of giving back and developing the society.

Based on the findings of the study, it is recommended that:

1. Brewery industries should endeavor to embark on corporate social responsibility within their environment irrespective of the age of their operations as it brings about development and long lasting relationship among the various stakeholders.
2. Relevant authorities in the aforementioned brewery industries should not make effort to increase their leverage level since it has no positive impact on the corporate social responsibility.
3. The promoters of the breweries must ensure that they do not unduly interfere with the management of the firms as this may lead to inaccurate disclosure of their corporate social responsibility.

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