

## OWNERSHIP STRUCTURE AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE OF LISTED FIRMS ON NIGERIAN EXCHANGE GROUP

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**Abstract:** The study investigated the relationship between Ownership structure and corporate social responsibility (CSR) disclosure of manufacturing firms in Nigeria. To achieve the objective, Ownership structure key proxy variables were used in the study, namely managerial ownership, ownership concentration, institutional ownership and government ownership while CSR disclosure which is the dependent variable on the other hand is measured using dummy. Using Judgmental sampling method, sample of thirty (30) listed manufacturing firms over ten (10) year period on five (5) focus variables were purposively selected from seventy-two (72) populated firms. Four hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using Pearson Correlation Method and Binary Logistic regression analysis. Ex-post facto research design was adopted and data for the study were obtained from the internet, annual financial reports of the selected firms, Nigerian Exchange Group with data spanning from 2010 - 2019. Analyses of data indicated that all the independence variables such as MAOW = 0.126069, COOW = 0.130235, INSO = 0.169261 and GOVO = 0.100122 were observed to have positive association with CSR disclosure of listed manufacturing companies in Nigeria. This means that an increase in these variables will lead to an increase in CSR disclosure. Though, only institutional ownership has significant influence on CSR disclosure in Nigeria at 5% level of significance. This finding reveals that an increase in Institutional ownership structure will tends to significantly increase CSR disclosure in Nigerian manufacturing firms The report draws the conclusion that Institutional ownership is a significant factor in determining CSR disclosure, and that its optimality is therefore necessary for a better outcome based on the study's findings. It is consequently stated that larger Institutional ownership structure should be encouraged because companies with high institutional ownership are strongly motivated to reveal more information to gain the support of institutional investors to justify their sustained stewardship.

**Key words:** managerial ownership, ownership concentration, institutional ownership, government ownership, CSR disclosure.

## 1. Introduction

There are variations in corporate's ownership worldwide. Firms are diffusely owned in some countries, with managers having complete control; whereas some countries have companies with more concentrated ownership (Nnubia, & Omaliko, 2016; Bebchuk & Roe, 1999). The UK and the USA, as well as other developed countries, tend to be characterized by dispersed ownership (for example mutual funds and pension funds) (Chau & Gray, 2002; Holderness, 2009). However, ownership is heavily concentrated in developing countries (Denis and McConnell, 2003). Eng & Mak (2003) stated that 'the structure of ownership determines the level of monitoring and thereby the level of disclosure'. Nigerian's ownership structure varies between government ownership, family ownership and institutional ownership, and individual ownership.

A recent study found that government ownership and institutional ownership are the dominant types of ownership in Jordan (Zeitun, 2009). It has been noticed that government holds a high percentage of shares in media, steel, mining, and energy, because they are considered to be strategic industries. However, institutional and individual ownership are more concentrated in the services sector, such as, textiles and clothing, medical, educational services and construction and engineering (Zeitun, 2009). These different types of ownership can result in variations in disclosure activities. Since each group of owners may have different motivations and aims behind their disclosure's actions.

Therefore, Makhija & Patton, (2004) analysed the effect of ownership structure on the degree of voluntary financial disclosure; finding that the disclosure extent has a positive correlation with investment fund ownership when the fund ownership is in the lowest level, yet but is correlated negatively with investment fund ownership when a high level of ownership exists. Moreover, Smith *et al*, (2005) propose that ownership structure might have an impact on the relationship among firms and stakeholders, as well as influencing the extent and quality level of CSRD.

In terms of CSRD, the ownership structure can lead to a legitimacy gap (Haniffa & Cooke, 2005; Nnubia, & Omaliko, 2016). Where a dispersed ownership structure is in place in a company, opportunistic behaviour from management and issues arising among agents and with regard to principles is more prone to happen (Okafor, Agbata, Nnubia & Okaro, 2023; Tagesson, *et al*, 2009). In contrast, concentration of ownership results in accountability is a less important issue and this leads to companies having little motivation to voluntary disclosure (Okafor, *et al.*, 2023; Naser, *et al*, 2006). In other words, ownership structure has an impact in relation with both dimensions.

Corporate governance looks at the agency problem and ownership diffusion make this issue worse (Chen, 2001). Consequently, there is a necessity for suitable governance practices that can have an effect on company's response to social pressure. In contrast, ownership structure can also act as a significant form of motivation for managers (Milgrom & Roberts, 1992), and further, can have an impact on the behaviour of managers (Grossman & Hart,

1988). Therefore, it may be said that, generally, the companies with higher diffused ownership may be more willing to respond to the society's view of them to retain decent relationships with different owners.

Recently, more studies have concentrated on company's ownership structure and its effect on CSR in the developing countries. By understanding the ownership nature, it will be easier to specify which type of ownership has a positive or negative effect with the amount or the quality of disclosures (Mohd Ghazali, 2007). The structure includes government ownership, family ownership, foreigner ownership and director's ownership. Commonly, voluntary disclosures are provided to fulfil the requirements of different stakeholders, hence, if the ownership is concentrated in one group of owners, this group might ask for less information since they get internal information instead (Okafor, *et al.*, 2023). The distinguishing of ownership and the percentage of shares owned by a group define the company's policy for disclosures (Zourarakis, 2009; Samaha *et al.*, 2012). In addition, the variety of shareholders in companies has resulted in different demands for disclosures. The previous literature has focused on the relationship between ownership structure and voluntary disclosure (financial and non-financial) (Eng & Mak, 2003; Juhmani, 2013). The effect of ownership structure on CSR remains disputed.

Ownership structure concerns the internal organization of a business entity and the rights and duties of the individuals holding a legal or equitable interest in that business. It is one of the factors that shape the nature of strategic decision making in companies (Oh, Chang & Martynov 2011), block holders owners, managerial owners, and institutional owners can propose and vote for or against any strategic decisions that could be a decision on CSR. Empirical evidence on the relationship between managerial, institutional and block holder ownership and CSR give inconclusive results. For example, some studies indicate managerial ownership influences CSR (Zheng, Balsara & Huang 2014; Jian & Lee 2015; Torea, Feijoo & González 2016 and Sadou *et al.*, 2017) while studies by Said *et al.*, (2009); McGuire *et al.*, (2012); Mcguinness *et al.*, (2016) and Said *et al.*, (2017) reported insignificant impact of managerial ownership on CSR. However, evidence from literature indicates that block shareholders in Nigeria account for as high as 59% in some listed companies (Hassan & Ahmed, 2012 and Miko & Kamardin, 2015). Some studies documented a significant impact of block holders ownership on CSR (Ali & Atan 2013; Li, Song & Wu 2015; Ducassy & Montandrou 2015; Li, Lin & Yang 2016 and García-Meca & Pucheta-Martínez 2017) while Mohd Ghazali (2007); Li & Zhang 2010; Haji 2013; Mcguinness *et al.*, (2016) and Welbeck (2017) documented an insignificant results. Similarly, the findings of Oh *et al.*, (2011); Jo & Harjoto (2012); Lahouel *et al.*, (2014); Jian & Lee (2015) and Nubia, Anaike, & Onyeka, 2024 showed a significant influence of institutional ownership on CSR while that of Li & Zhang (2010); Walls *et al.*, (2012) and DiGiuli & Kostovetsky (2014) showed institutional ownership does not have impact on CSR and it is disclosure.

## **2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

In this literature review, Ownership structure characteristics considered include Managerial Ownership, Ownership Concentration, Institutional Ownership and Government Ownership.

### ***2.1. Managerial Ownership and Corporate Social Responsibility Disclosure***

Managerial ownership has remained a matter of great interest to corporate finance researchers. Managerial ownership concentration is a fast result in dominated strategic decisions, and such firms do not recognize the need for accountability (Nnubia & Obiora, 2018). Since such companies are closely held, the public interest is relatively small. They do not invest in broader social activities, as they believe that these costs may outweigh the benefits associated with investing and disclosing such endeavours. The limited evidence available in this regard documents a negative association between the managerial ownership and CSR (Chau & Gray, 2010; Eng & Mak, 2003; Khan et al., 2013; Oh et al., 2011). The empirical agency literature focuses on the conflict of interest between owners and managers with relation to pursuing CSR objectives (Barnea & Rubin, 2010). Barnea & Rubin (2010) found support for agency theory as they argue that managers by themselves do have an interest in over-investing in CSR in order to obtain private benefits of building reputation as good citizens, possibly at a cost to shareholders. This idea is in line with the assumption of the agency theory that agents may behave and act in accordance with their own personal goals rather than with those of the principals. Therefore, based on the above mentioned discussion, the following hypothesis is developed:

**Hypothesis 1:** Managerial ownership and CSR have a negative association.

## ***2.2. Ownership Concentration and Corporate Social Responsibility Disclosure***

Ownership structure could be measured and defined in several ways. The most common way to measure this construct is through Ownership concentration. Ownership concentration is the degree a firm is held by one or multiple persons (Nnubia, & Maduabuchi, 2018; Tagesson *et al.*, 2009). If one person possesses a firm, it can be characterised as concentrated ownership, while firms become less concentrated when the number of owners increases.

Low ownership concentration could influence corporate decisions since, none of the owners will have an incentive to spend their time monitoring and evaluating the managerial decisions (Oh, Chang, & Martynov, 2011). Even if owners monitor and evaluate these decisions they lack the means and, therefore, the power to influence decisions (Oh *et al.*, 2011; Nnubia, & Maduabuchi, 2018). The opposite holds for high ownership concentration, in which large shareholders have the power to influence the corporate decisions (Boyd, 1994; Oh *et al.*, 2011). These shareholders influence firm's decisions indirectly via appointing directors and directly via shareholder activism (Boyd, 1994; Oh *et al.*, 2011). In support of this reasoning, Salvioni and Gennari (2016) found that if owners possess a significant percentage of shares, the decision-making process has a long-term sustainable focus compared to organizations with a more scattered group of shareholders. Prado-Lorenzo, Gallego-Alvarez and Garcia-Sanchez (2009) argued that dominant shareholders are interested in the long-term survival of the firm and maintaining their own reputation, which is strongly related to the firm. Therefore, dominant shareholders are more likely to adopt decisions which ensure maximization of benefits on economic, social and environmental dimensions (Prado-Lorenzo *et al.*, 2009).

On the contrary, research from other authors indicates that ownership concentration is negatively related to CSR (Brammer and Pavelin, 2008; Gamerschlag *et al.*, 2011; Reverte, 2009; Roberts, 1992; Nnubia, & Kornom-

Gbaraba, 2017; Lopatta, Jaeschke, Canitz, & Kaspereit, 2017). Lopatta *et al.* (2017) explained this phenomenon by the fact that similar shareholders may pursue the same goals at the expense of the diversified interests of the dispersed owners. Dam and Scholtens (2013) argued that larger shareholders prefer social initiatives less than smaller shareholders since, it might be the case that benefits do not outweigh the costs even in a social optimum. If those large shareholders do improve their CSR policies, other stakeholders may benefit at their expense and, therefore, privately provide a public good (Dam & Scholtens, 2013; Nnubia, & Kornom-Gbaraba, 2017).

Although the literature presented above does not give a clear view on the relationship between ownership structure and CSR, it indicates that larger shareholders feel pressured by stakeholders to act and invest in a responsible way. They indirectly indicate that both firms and shareholders are aiming to obtain legitimacy from society. Considering the view of Agency theory in this study, it is assumed that ownership concentration is positively related to CSR, since larger shareholders want to legitimize their behaviour. Therefore, based on the above mentioned discussion, the following hypothesis is developed:

**Hypothesis 2:** Ownership concentration and CSR disclosure have a positive association.

### **2.3. Institutional Ownership and Corporate Social Responsibility Disclosure**

Institutional ownership is also considered one of the important types of ownership in Nigeria. It includes mutual funds, private firms, insurance companies and bankers (Mahoney & Roberts, 2007). The importance of institutional directors has emerged from the significant percentage of shares held by their institutions. Thus, they have great voting power leading them to play significant roles in the boardrooms. Previous studies have highlighted the institutional directors as effective mechanism to monitor the management (Okafor, *et al.*, 2023) and improving the corporate governance system (). More importantly, institutional directors are considered as strategic directors (Nnubia, Anaïke, & Onyeka, 2024; Oh *et al.*, 2011) leading to engage in CSR activities (Bushee, Carter & Gerakos, 2013). Generally, the investment institutions own significant proportions of shares in different firms and thus, they are supposed to have some directors in their investee firms to represent them in the boards, monitor the management, enhance the decision making, protect their institutions' interests.

In the public pension funds, all stakeholders may be taken into the consideration in the board meetings. Institutional directors, more specifically, who represent public pension funds enhance corporate social performance and corporate accountability (Nnubia, Anaïke & Mmadubuobi, 2023). Further, public pension funds are found to be long-term oriented (Nnubia, *et al.*, 2023) and willing to hold shares in an investee firm up to a decade (Nnubia, *et al.*, 2024).

By contrast, mutual funds, investment banks and insurance companies tend to be short-oriented investors. In addition, their representative directors are rewarded based on the investee firm's financial performance (Nnubia, *et al.*, 2023). Therefore, pension funds are the most significant institutional investors to align the interests between the contracting parties (Nnubia & Obiora, 2018). Thus, institutional directors may be more aware about the disclosure of the social and environmental activities to mitigate the pressure of the public. The previous studies have found mixed results in terms of the relationship between institutional investors and CSR disclosures, positive

or neutral relationship (Saleh, Zulkifli, & Muhamad, 2010; Mahoney & Roberts, 2007; Cox *et al.*, 2004). According to stakeholder theory, investors see companies as citizens, and in order to be a good citizen, companies have to interact with the surrounding environment (Nnubia & Ezenwa, 2016; Saleh, Zulkifli, & Muhamad, 2010). Also, legitimacy theory suggests that companies with high institutional ownership are strongly motivated to reveal more information to gain the support of institutional investors to justify their sustained stewardship (Alnabsha *et al.*, 2017; Nnubia & Ezenwa, 2016). Therefore, based on the above mentioned discussion, the following hypothesis is developed:

**Hypothesis 3:** Institutional Ownership and CSR disclosure have a positive association.

#### **2.4. Government Ownership and Corporate Social Responsibility Disclosure**

Government bodies and the public give more attention to the activities of government companies. These companies are expected to be more social friendly and have society agenda first. Good CSR disclosure is one of the means government companies are likely to offer through following stricter rules and high transparency. Ghazali (2007) investigating the relationship between government ownership and CSR in Malaysia revealed a significant relationship between government ownership and CSR in annual reports. According to Ghazali (2007), high ownership by government results into high disclosures. Eng & Mak (2003) however, conducted another study and obtained similar results when utilising a sample of financial and non-financial companies listed on the Singapore stock exchange. Using the OLS regression on a sample of 158 firms listed at the end of 1995, the study identified that higher government ownership improved the voluntary disclosure level. Therefore, based on the above mentioned discussion, the following hypothesis is developed:

**Hypothesis 4:** Government ownership and CSR disclosure have a positive association.

### **3. METHODOLOGY**

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. The secondary data used for this study were secondarily sourced and obtained from the internet, annual financial reports of the selected firms, Nigerian Exchange Group over a period of 2010 to 2019. Panel data were used for the thirty (30) selected listed manufacturing firms over ten (10) year period on five (5) focus variables in the study.

The population of this study consist of all the listed manufacturing firms in Nigeria. According to the Nigerian Exchange Group, and the internet, there are seventy-two (72) listed manufacturing firms in Nigeria which maintained existence to 2019.

Using Judgmental sampling method, sample of thirty (30) manufacturing firms were purposively selected based on availability and accessibility of the required data. Data collected were analysed using Pearson Correlation Matrix with the help of E-view version 13.

#### **3.1. Model Specification**

The study adopted a correlation matrix to investigate the relationship between ownership structure and corporate social responsibility disclosure of listed manufacturing companies in Nigeria. Additional test using Binary

Logistic regression analysis technique was applied to ascertain the influence of the ownership structure proxies on the dependent variable.

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:

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

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:

$$CSR_{it} = f(BODS_{it}, BODI_{it}, BODD_{it}, \mu) \dots \dots \dots I$$

$$CSR_{it} = \beta_0 + \beta_1 BODS_{it} + \beta_2 BODI_{it} + \beta_3 BODD_{it} + \mu \dots \dots \dots II$$

Where,

CSR<sub>it</sub> = corporate social responsibility disclosure

BODS = board size

BODI = board composition

BODD = board diversity

$\mu$  = Error term

$\beta_0$  = Intercept

$\beta_1 - \beta_3$  = the independent variable co-efficient

**Table 1: Variable Description**

| Variable          | Measurements   |
|-------------------|--|
|                   | <b>Dependent variable</b>  |
| CSR <sub>it</sub> | = CSR 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.                                |
|                   | <b>Independent variables</b>   |
| MAOW              | = Managerial Ownership in percentage is computed as directors direct and indirect shares divided by outstanding shares. This may not be available for companies that do not disclose directors shares interest |

|      |  |
|------|--|
| COOW | = Ownership concentration in percentage is the shares ownership concentration of all the block shareholders with 5% and above controlling interest. This may not be available for companies that do not disclose Major shareholders in their annual reports.               |
| INSO | = Institutional ownership in percentage is the shares ownership concentration of all the block institutional shareholders with 5% and above controlling interest. This may not be available for companies that do not disclose Major shareholders in their annual reports. |
| GOVO | = Government ownership in percentage is the sum of all the shares ownership concentration of government and its related agencies that is 5% and above. This may not be available for companies that do not disclose Major shareholders in their annual reports.            |

**Source:**

### 3.2. Decision Rules

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

## 4. RESULTS AND DISCUSSION

The statistical software of E-view (version 13) was used to analyse the nexus between ownership structure and corporate social responsibility disclosure of listed manufacturing firms in Nigeria. Descriptive statistic merely represents the statistical attributes of the variables in the study model. Table 2 below provides such statistics.

**Table 2: Descriptive Statistics of the Variables for 30 listed manufacturing firms in Nigeria on ownership structure and CSR disclosure for 10 years period**

| VARIABLES    | CSR       | MAOW     | COOW      | INSO      | GOVO     |
|--------------|-----------|----------|-----------|-----------|----------|
| Mean         | 0.634228  | 15.45913 | 0.573188  | 0.497819  | 0.597315 |
| Median       | 1.000000  | 0.055350 | 0.625000  | 0.570000  | 0.000000 |
| Maximum      | 1.000000  | 606.5096 | 1.000000  | 1.000000  | 14.00000 |
| Minimum      | 0.000000  | 0.000000 | 0.000000  | 0.000000  | 0.000000 |
| Std. Dev.    | 0.482456  | 92.26778 | 0.225465  | 0.285003  | 2.307708 |
| Skewness     | -0.557373 | 5.871773 | -0.618700 | -0.305429 | 4.283905 |
| Kurtosis     | 1.310665  | 35.55048 | 2.480372  | 1.672283  | 22.00210 |
| Jarque-Bera  | 50.86503  | 14868.27 | 22.36453  | 26.52175  | 5394.883 |
| Probability  | 0.000000  | 0.000000 | 0.000014  | 0.000002  | 0.000000 |
| Sum          | 189.0000  | 4606.821 | 170.8100  | 148.3500  | 178.0000 |
| Sum Sq. Dev. | 69.13087  | 2528463. | 15.09787  | 24.12428  | 1581.678 |
| Observations | 300       | 300      | 300       | 300       | 300      |

Table 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 Nigeria have positive average corporate social responsibility disclosure (CSR) value of 0.634228. The maximum and minimum value of CSR disclosure 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 CSR disclosure or firm with low CSR disclosure. Secondly, it was observed that on the average over the period, the selected firms have managerial ownership (MAOW) value of 15.45913, its maximum and minimum values are 606.5096 and 0.000000 respectively, the large difference between the maximum and minimum managerial ownership (MAOW) value reveals that gyrating nature of the managerial ownership structure among the selected firms. Ownership concentration (COOW) has a mean value of 0.573188, maximum value of 1.000000 and minimum value of 0.000000. However, there is a high variation between the maximum and minimum values of COOW. This wide variation in COOW values among the sampled firms justifies the need for this study as we assume that firms with higher COOW will have higher CSR disclosure than those firms with low COOW in Nigeria. Institutional ownership (INSO) has a mean value of 0.497819, maximum value of 1.000000 and minimum value of 0.000000. The large difference between the maximum and the minimum Institutional ownership reveals that nature of the shares ownership concentration of all the block institutional shareholders among the selected firms in Nigeria. The wide variation between the maximum and minimum values of Institutional ownership values justifies the need for this study as we expect that those firms with higher Institutional ownership will have higher CSR disclosures than those with smaller board diversity in Nigeria. Government ownership (GOVO) has a mean value of 0.597315, maximum value of 14.000000 and minimum value of 0.000000. The large difference between the maximum and the minimum Government ownership reveals that nature of the sum of all the shares ownership concentration of government and its related agencies among the selected firms in Nigeria.

Lastly, the Jarque – Bera (JB) which test for normality or the existence of outlier or extreme value among the data from the variables used for the study, the result shows that all the variables are normally distributed at 5% level of significance. This result means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization.

#### **4.1 Diagnostic Tests**

The study in trying to diagnose for the presence of multi-collinearity in our data and evaluating the association among the variables adopted, employed the Pearson correlation coefficient (correlation matrix) analysis. The result obtained is presented in tables below.

**Table 3: Correlation Analysis of 30 listed manufacturing firms in Nigeria on ownership structure and CSR disclosure for 10 years period**

| VARIABLE |          |           |          |          |           |
|----------|----------|-----------|----------|----------|-----------|
| S        | CSRD     | MAOW      | COOW     | INSO     | GOVO      |
| CSRD     | 1.000000 | 0.126069  | 0.130235 | 0.169261 | 0.100122  |
| MAOW     | 0.126069 | 1.000000  | 0.055439 | 0.087068 | -0.043398 |
| COOW     | 0.130235 | 0.055439  | 1.000000 | 0.815102 | 0.235761  |
| INSO     | 0.169261 | 0.087068  | 0.815102 | 1.000000 | 0.255190  |
| GOVO     | 0.100122 | -0.043398 | 0.235761 | 0.255190 | 1.000000  |

Table 3 focused on the correlation between CSR disclosure and the proxy of independent variables (MAOW, COOW, INSO and GOVO) in Nigeria. The finding from the correlation matrix table above shows that all the independence variables such as MAOW = 0.126069, COOW = 0.130235, INSO = 0.169261 and GOVO = 0.100122 were observed to be positively associated with our dependent variable (CSRD) in Nigeria. Managerial ownership (MAOW) has positive association with both Ownership concentration (0.055439) and Institutional ownership (0.087068); and negatively related with Government ownership (-0.043398). Ownership concentration (COOW) has positive association with both Institutional ownership (0.815102) and Government ownership (0.235761) in Nigeria. Institutional ownership (INSO) also has positive association with Government ownership (0.255190) in Nigeria. In checking for multi-collinearity, we noticed that no two explanatory variables were perfectly correlated.

#### 4.2 Regression Analysis

$$\text{MODEL: CSRD} = \beta_0 + \beta_1\text{MAOW}_{it} + \beta_2\text{COOW}_{it} + \beta_3\text{INSO}_{it} + \beta_4\text{GOVO}_{it} + \eta \dots (i)$$

#### Testing of hypotheses formulated for listed manufacturing firms in Nigeria.

In order to examine the relationships between the dependent variable CSRD and the independent variables (MAOW, COOW, INSO and GOVO) and to also test the formulated hypotheses given using Nigerian environmental data, the study used a Binary Logistic regression analysis. The results of the Binary Logistic regression analysis are presented in tables below.

**Table 4: Binary Logistic Regression Result for listed manufacturing firms in Nigeria**

Dependent Variable: CSRD

Method: ML - Binary Probit (Quadratic hill climbing)

Date: 08/10/24 Time: 21:33

Sample: 2010 2019

Included observations: 300

Convergence achieved after 6 iterations

Covariance matrix computed using second derivatives

| Variable              | Coefficient | Std. Error            | z-Statistic | Prob.  |
|-----------------------|-------------|-----------------------|-------------|--------|
| C                     | -0.119491   | 0.218556              | -0.546727   | 0.5846 |
| MAOW                  | 0.823024    | 0.423592              | 1.942966    | 0.0520 |
| COOW                  | -0.637185   | 0.624374              | -1.020518   | 0.3075 |
| INSO                  | 1.290686    | 0.548671              | 2.352387    | 0.0187 |
| GOVO                  | 0.057284    | 0.040999              | 1.397205    | 0.1624 |
| McFadden squared      | 0.052403    | Mean dependent var    | 0.634228    |        |
| S.D. dependent var    | 0.482456    | S.E. of regression    | 0.471736    |        |
| Akaike info criterion | 1.278069    | Sum squared resid     | 65.20264    |        |
| Schwarz criterion     | 1.340100    | Log likelihood        | -185.4322   |        |
| Hannan-Quinn criter.  | 1.302899    | Deviance              | 370.8645    |        |
| Restr. deviance       | 391.3735    | Restr. log likelihood | -195.6868   |        |
| LR statistic          | 20.50906    | Avg. log likelihood   | -0.622256   |        |
| Prob(LR statistic)    | 0.000396    |                       |             |        |
| Obs with Dep=0        | 109         | Total obs             | 298         |        |
| Obs with Dep=1        | 189         |                       |             |        |

Table 4 above presents the Binary Logistic regression result obtained in investigating the relationships between the dependent variable CSR and the independent variables (MAOW, COOW, INSO and GOVO). Binary Logistic regression was used because the dependent variable is a dummy variable. The logistic distribution constrains the estimated probabilities to lie between 0 and 1. Maximum likelihood estimation (MLE) is a statistical method for estimating the coefficients of a model. The likelihood function (L) measures the probability of observing the particular set of dependent variable values that occur in the sample. Here, the higher the L, the higher the probability of observing the Ps in the sample.

In Nigeria, we observed from the analysis that the p-value for Managerial ownership (0.0520), Ownership concentration (0.3075) and Government ownership (0.1624) is > 0.05; this means that these variables do not significantly influence the CSR disclosure in Nigerian manufacturing firms. Though, these variables have positive sign which means that an increase in these variables of manufacturing firms in Nigeria will lead to an increase in CSR disclosure. The p-value for Institutional ownership (0.0187) is < 0.05; this means that Institutional ownership has significant influence on CSR disclosure in Nigerian manufacturing firms. This influence is positive since it

has a positive sign. This finding reveals that an increase in Institutional ownership structure will tends to significantly increase CSR disclosure in Nigerian manufacturing firms.

## **5. CONCLUSION AND RECOMMENDATIONS**

The need for good corporate governance arises because in corporations, the owners are usually separate from managers of such corporation even when the owners of corporation form part of the management, there is need to protect the interest of individual stakeholders. Ownership structure is seen to have a positive association with the level of corporate social responsibility disclosure in Nigeria.

The study finds that managerial ownership, Ownership concentration and Government ownership do not significantly influence the CSR disclosure in Nigerian manufacturing firms. Though, these variables have positive sign which means that an increase in these variables will lead to an increase in CSR disclosure. The implication of this findings are that it provides evidence to the society, investors and regulators that increase in managerial ownership, Ownership concentration and Government ownership will be associated with increase in the CSR disclosure in Nigerian manufacturing firms; also the study found out that Institutional ownership has significant influence on CSR disclosure in Nigerian manufacturing firms. This influence is positive since it has a positive sign. This finding reveals that an increase in Institutional ownership structure will tends to significantly increase CSR disclosure in Nigerian manufacturing firms.

The report draws the conclusion that Institutional ownership is a significant factor in determining CSR disclosure, and that its optimality is therefore necessary for a better outcome based on the study's findings. It is consequently stated that larger Institutional ownership structure should be encouraged because companies with high institutional ownership are strongly motivated to reveal more information to gain the support of institutional investors to justify their sustained stewardship. This is in support of legitimacy theory view. Additionally, having Institutional ownership structure in the Nigerian manufacturing companies helps improve CSR and corporate reputation scores, which is important for sending signals to stakeholders.

As a result, the study suggests, among other things, that it is important for manufacturing enterprises establish in Nigeria to have more of Institutional ownership structure with the significant percentage of shares held by their institutions to have great voting power leading them to play significant roles in the boardrooms. Larger percentage of shares held by Institutional ownership should be promoted since companies with high institutional ownership are strongly motivated to reveal more information to gain the support of institutional investors to justify their sustained stewardship.

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