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Influence of Firms Attributes on Environmental Disclosure in Listed Brewery Companies in Nigeria

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Abstract
The thrust of this study was in the influence of firm attributes on environmental disclosure of listed breweries companies in Nigeria. The population of the study consist of five breweries companies listed on the floor of Nigerian stock exchange. The sample size of the study is four companies. The sample was drawn based on data accessability. Data were collected from annual reports of the selected companies for the period of five years that is from 2012 to 2016. Multiple regression technique was employed to analyse the data. Profitability (PROF), firm size (FRMS), leverage (LEV) and board size (BDS) were used as proxies to measure the firm attributes. While contents analysis was maintained to measure environmental discloure.The study found board size has negative but significant influence on environmental disclosure wirth value 0.0089, leverage has negative and insignificant influence on environmental disclosure with value 0.8229. Where firm size has positive insignificant influence on environmental disclosure with value 0.1951, profitability has positive significant influence on environmental disclosure of listed breweries companies in Nigeria. The study recommended that breweries companies should disclose more environmental information as it lead to increase in profit.
Keywords: Environmental Disclosure, Firm Size, Leverage and Profitability.

INTRODUCTION

Some companies operations are harzardous to the host communities, in return, companies tend to do something to reduce the effects of its operation on the host communities. Some companies even though they operation do not harm their host communities, yet they tend to do something that will make them apppear good corporate citizens. Companies have used natural and environmental resources, in compension for the usage, firms should treats and manage the environment very well (Ong, Tho, Goh, Thai and Teh 2016). Suleiman, Abdullah and Fatima (2014) companies must have realized that environment is an assets therefore it should be well managed and environmental reporting is pertinent.

Annual reports are the means of communicating companies activities. It communicate both financial and non financial activities.It is good that a firm should disclose in its annual report the cost incured in managing and improving its immediate environment. Ohodoa, Omokhudu and Oserogho (2016) are of view that companies, especially those whose operations are said to have effect on environment should disclose their financial commitments towards environmental improvement more especially those companies that their operation has to do with pullution and other environmental harzard. To include the environmental management cost in company's annual report, it can possibly be influenced by some factors. Researchers into the determinants of environmental disclure such as Dibia and Onwuchekwu (2015), Suleiman, Abdullah and Fatima (2014), Ohodoa, Omokkhudu and Oserogho (2016),Jariya (2016), Burgwal and Vieira (2014) have looked at these factors as; profitability, company/firm size, board independence, audit committee and leverage

Nowadays the shareholders are not only interested in the companies profit or loss but also concerned about how their company is performing with social, environmental and human capital resources issues (Uddin & Safiuddin 2015). Akanno, Che, Radda and Uzodinma (2015), environmental impact disclosure is an important part of the strategy to communicate to the stakeholders, and is pivotal in greening of corporate accounting reports.

Researches had been carried out on environmental disclosure, some have use firm attributes to proxy the determinants of environmental disclosure in different sectors, where no consensus had been reached as to what really influences environmental disclosure. Previous researchers had used different companies,to determine what influences environmental disclosure, based on the articles consulted by the researchers, non have look at the influence of firms attributes on environmental disclosure of listed breweries companies.

REVIEW OF RELATED LITERATURES

Theoretical Framework

Legitimacy theory

Legitimacy theory relate to the extent and types of corporate social disclosure in the annual report to be directly related to management's perceptions about the concern of the community (Uwuigbe & Jimoh 2012). Legitimacy theory according Aghdam (2015), imply companies' consideration, concern and expectation of company to appear legitimate in stakeholders' point of view and pledge that their activities are in socially and acceptable and safe manner. As the organization continue to operate within the domain and norms of society and predicts a firm will use many disclosure strategies to preserve an image of a socially responsible corporate citizen to ensure continued access to resources needed for the success of the business.

Conceptual Framework

Environmental Disclosure

Ong, Tho,Goh, Thai and Teh (2016) viewed environmental disclosure as a planned statement that depicts company's environmental burden and environmental efforts including company's objectives, environmental policies, environmental activities and impacts, reported and published periodically to the public.

Environmental disclosure as defined by Alok, Nikhil and Bhagam 2008 (as cited in Olayinka and Oluwamayuwa 2014) is the umbrella term that depict different ways that companies disclose information about their environmental activities to various users of financial statement.

From the foregoing definitions, environmental disclosure entails where a company voluntarily or statutorily required by law to provide in annual reports environmental management and environmental development cost.

Dibia&Onwuchekwu (2015) claim that companies through environmental disclosure, may seek to capture public perception toward their operation. By disclosing the quantitatively measured results of its environmental conservation activities, it serves as an external function which allows a company to influence the decision-making of stakeholders, such as consumers, investors, and local residents (Ministry of environment Japan 2002).

Environmental information serves as a medium of communication between the company and its stakeholder. Disclosure is necessary because of the importance of environment and the devastating impact of company's activities on the environment**.**Disclosure could be fixed into company's annual reports; alternatively it could be presented separately (Akanet 2013).According to Nor et al (2015), the demand for company to apply environment disclosure nowadays is very high in order to save the world and it is proved that company with environmental disclosure can achieve good performance. Based on the reviewed literatures, improved disclosure by the companies reduces the gap between management and outsiders, allow company to gain competitive advantage, improve corporate image, enhance the value of stock in the capital market and reduce cost of capital (Kanda 2010; Dye 2001, Akanet 2013).

In the report of the environmental agency (2006) looked at factors that motivate companies to disclose environmental information to its stakeholders to include accounting and reporting standards, regulatory drivers, prospective directives, environmental liability directives and transparency directives.

Cormier and Magnan (1999) looked at the determinants of environmental disclosure from the angle of the benefits of reduction in information assymetry between managers and shareholders and cost of getting the information by shareholders. They also looked at it from the perspective of the costs from the use of environmental disclosure by stakeholders other than shareholders in the light of firm's financial condition. Studies have been carried out by various researchers on the determinant of environmental disclosure.

Suleiman, Abdullah and Fatima (2014) examined the detrminant of environmental reporting quality in Malaysian, regression was used to analyse data, the result indicated a significant positive relationship between firm size, and leverage with the quality of environmental reporting, share ownership distribution and profitability had no significant relationship with the quality of environmental reporting.

Suttipun and Stanton (2012) assessed the determinant of environmental disclosure in Thai corporate annual reports, multiple regression analysis was employed in order to assess the determinant of environmental disclosure. The results revealed 83% of companies disclosed environmental information in their annual reports. Companies in resource industry group made the most disclosure of environmental information, while the least disclosure made by companies in the Agricultural and food industries group.

Barako (2007) looked at the determinant of voluntary disclosure in Kenya companies annual reports pearson product movement correlation coefficient was maintained in analysing data. The result uncovers that company size, ownership structure influence corporate voluntary disclosure decision, that they are key variables in disclosure decision. Audit firm is significant preditor of financial disclosure but not a significant determinant of general and strategic information. While company size appeared to have significant preditor of disclosure of all forms of information. This is not only important in predicting aggregate corporate disclosure decision for various categories of information.

In a study conducted by Juhmani (2014) found a significant positive relationship between financial leverage and corporate disclosure, that the companies listed on Bahraini with high financial leverage disclose more of social and environmental information on their website than those with low financial leverage. There also exist positive association between audit firm size and social environmental information disclosure. Firms listed on Bahraini that are audited by large firms disclose more social and environmental information on their website than the companies audited by small audit firms.

In the work of Ohidoa, Omokhudu and Oserogho (2016) on the determinants of environmental disclosure indicated a positive association between industry type and firm size while leverage has no significance effect on the company's decision to disclose environmental information.

A similar work had been carried out by Dibia and Onwuchekwa (2015) examined the determinants of environmental disclosures in Nigeria, the results of the study uncovered a negative impact on firm size, leverage and audit firm to disclose environmental information by the Nigerian quoted companies. Though firm size is significant while that of leverage and audit firm is insignificant. Profit after tax pear to have positive impact on the decision of a firm to disclose environmental information which appear to have no significant.

Leverage and Environmental Disclosure

Studies had beeen carried out by various authors to know what determines environmental disclosure among companies, of which leverage is one of the variable often used. Based on the prevous studies, the result obtained were mixed. Ohidoa, Omokkhudu, and Oserogho (2016), Dibia andOnwuchekwu (2015), Prastiwi, Subroto and Murkholis (2016), Suleiman, Abdullah and Fatima (2014) they have documented that leverage do not influence the ability of a company to disclose environmental information. While in the work of Juhmani (2014) and Agbdan (2015) put that leverage of a company can positively influence the ability of a company to make available in their annual reports environmental information.

Firm Size and Environmental Disclosure

The size of a company has a significant role in decision making about the environment in which the company operate. Therefore, firm size may determine company's ability to disclose environmental information in their annual reports. Based on the researches conducted by previous authors, the following results have been obtained. Setyorini and Ishak (2012) in their study on corporate social and environmental disclosure find out that firm size has positive asssociation with disclosure. Cormier, Ledoux and Magnan (2009) revealed that firm size is one of the key drivers of environmental disclosure. Nawaiseh (2015) documented a positive significant relationship between firm size and environmental disclosure. Jariya studied the determinant of environmental disclosure in annual reports SRI Lankan listed manufacturing companies and found that firm size has positive influence with the level of corporate environmental disclosure. Burgwal and Vieira (2014) studied environmental disclosure determinants in Dutch listed companies and found a positive association between firm size and environmental disclosure. While Dibia and Onwuchekwu (2015) they have documented a negative relationship between firm size and environmental disclosure.Gatimbu and Wabwine (2016) also found a negative association between firm size and environmental disclosure.

Profitability and Environmental Disclosure

Out of profit that companies do corporate social responsibility and maintain its environment. It is also out of profit that dividend are paid to the shareholders. Without profit, the aforementioned are not made possible. Therefore profitability of a company is very crucial in determining company's strength to disclose environmental information. Research had been carried out the determinants of environmental disclosure where profitability is one of the proxies, in which the following results were made available.

Jariya (2015) maintained that profitability does affect environmental disclosure

Suleiman, Abdullah and Fatima (2014) they examined the detrminant of environmental reporting quality in Malaysian, regression was used to analyse data, the result indicated that profitability had no significant relationship with the quality of environmental reporting. Agbdam (2015) found a negative relationship with environmental disclosure.

Objective of the study

The general objective of the study is to investigate the influence of firm attributes on the environmental disclosure of listed breweries companies. However, the following specific objectives were made available;

i. To determine the influence of profitability on environmental disclosure
ii. To examine the influence of leverage on environmental disclosure
iii. To know the influence of firm size on environmental disclosure

METHODOLOGY

This study adopt historical research design as it dwelled on historical data i.e. annual reports and accounts of companies to collect data.The population of the study consist of five breweries companies listed on the Nigeria Stock Exchange (Champion breweries, Golden guinea breweries, Guiness Nigeria, International breweries and Nigerian breweries) out of which 4 have been sampled based on the data available and asseessability. The study covers the period of five years that is from 2012 to 2016 the choice of the window period was guided by the period from which IFRS was put into use in Nigeria and annual reports for the selected periods are available.

Profitability, firm size, leverage and board size were used as proxies to measure firms attributes. These variables have been used by previous researchers such as Dibia and Onwuchekwu (2015), Suleiman, Abdullah and Fatima (2014), Ohodoa, Omokkhudu and Oserogho (2016), Jariya (2016), Burgwal and Vieira (2014).

While contents analysis was maintained to measure environmental disclosure. Sentence count was used score the number of items disclosed under each themes and categories. Sentence count was adopted because sentence is a means of communication with complete meaning. Five themes were adopted and modified from Akanno, Radda and Uzodinma (2015). The themes are community development, human resources, energy, environment and health and safety.

For the purpose of this reseach the following regression model was developed

ENVD=β0it+β1itLEV+β2itPROF+β3itFRMS+β4itBDS+eit

Where

ENVD= environmental disclosure

B= beta

LEV.= leverage

PROF.= profitability

FRMS= Firm size

BDS= Board size

e=error term

PRESENTATION AND ANALYSIS OF RESULTS

Table 1 correlation matrix

	ENVD	BDS	FRMS	LEV	PROF
ENVD	1.000000				
BDS	-0.745985	1.000000			
FRMS	0.801262	-0.508617	1.000000		
LEV	-0.131853	0.096963	-0.116378	1.000000	
PROF	0.847257	-0.569648	0.843414	-0.100672	1.000000

source: authors computation using eviews version 8.0

the above table uncovered a negative relationship board size, leverage and environmental disclosure, while a positive association between firm size, profitabity and environmental disclosure.

Table 1 Multiple regression result

Dependent Variable: ENVD				
Method: Panel Least Squares				
Date: 05/02/17 Time: 12:17				
Sample: 2012 2016				
Periods included: 5				
Cross-sections included: 4				
Total panel (balanced) observations: 20				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	44.92806	9.886288	4.544482	0.0004
BDS	-2.183696	0.726688	-3.005000	0.0089
FRMS	3.31E-11	2.44E-11	1.356253	0.1951
LEV	-1.141280	5.011692	-0.227723	0.8229
PROF	4.32E-10	2.12E-10	2.036962	0.0597
R-squared	0.840990	Mean dependent var		28.00000
Adjusted R-squared	0.798587	S.D. dependent var		16.93641
S.E. of regression	7.600900	Akaike info criterion		7.106728
Sum squared resid	866.6053	Schwarz criterion		7.355661
Log likelihood	-66.06728	Hannan-Quinn criter.		7.155323
F-statistic	19.83340	Durbin-Watson stat		1.622060
Prob(F-statistic)	0.000007			

Source: Authors computation using eviews 8.0

The results of the regression show that board size has negative influence on environmental disclosure, however it is statistically significantt at 5% level of signficance. Firm size is found to have positive relationship with environmental disclosure but it is satistically insignificant at 5% this is consistent with the study of Setyorini and Ishak (2012), Cormier, Ledoux and Magnan (2009) , Nawaiseh (2015) and Burgwal and Vieira (2014) who also found a positive association between firm size and environmental disclosure. Leverage has negative influence on environmental disclosure also remain insignificant at 5% this is in agreement with the findings of Ohidoa, Omokkhudu, and Oserogho (2016), Dibia andOnwuchekwu (2015), Suleiman, Abdullah and Fatima (2014). Profitability is said to have positive significant influence on environmental disclosure this is in line with the finding of Jariya (2015).

CONCLUSION AND RECOMMENDATION

The extent of environmental disclosure has been measured using word count under five themes with 23 categories. Where the firms attributes were measured using profitabilty, board size, firm size and leverage. The results of the regression analysis revealed that board size, leverage have negative influence on environmental disclosure. The regression result show that board size is statistically signifant, board size also has a role to play in environmental disclosure. While firm size, profitabilty have positive influence on environmental disclosure. Based on what was discovered by this research, the size of the firm has a great role to play when making a decision about environmental information disclosure. Environmental disclosure calls the attention of it stakeholders that they are good corporate citizens which will make more stakeholders to invest more in their company. Is out of profit that companies can do social responsibility and maintain it host environment, companies are using natural resources, therefore, they should maintain this for future. Increased in environmental disclosure will lead to increased profitability because of the trust that company bestowed on the environment of being good corporate citizen. Therefoe, this study recommend that breweries companies should disclose their comitments toward environment because it has positive assocition with profitability, that is to say increase in environmental disclosure will increase profit.

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