Nexus Between Corporate Social Responsibility Disclosures and Market Value of Listed Non-Financial Firms in Nigeria

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Abstract: *Societal issues which most firms overlooked may have destructive effect on firms' bottom line in the long run. This paper provides empirical evidence on whether corporate social responsibility disclosures affect market value. Specific quantitative and qualitative social responsibility disclosures were used as explanatory variables while Tobins Q was used to proxy firm performance. Data was extracted through content analysis from annual report of 93 out of 122 non-financial firms listed on the Nigerian Stock Exchange from 2006 to 2015 base on availability of data. Data were analysed with pooled ordinary least square regression. Analysis revealed that social donation and investment in human capacity building positively and significantly affect firm performance. Employee health safety and welfare disclosures have positive but insignificant effect on firm performance. On the other hand, charitable/philanthropic gifts and job creation has negative and insignificant effect. Based on the findings the paper recommends that companies operating in Nigeria should make their investment attractive by addressing such issues as investment in human capacity building and strategic provision of social financial and in-kind donations.*

Key words: *Corporate social responsibility, Social sustainability, Sustainability disclosures, Firm Value. Stakeholders Theory.*

1. INTRODUCTION:

Firms most often engage in activities that might have economic growth in the short run but in the long run will be socially unsustainable (Bebbington, Unerman, & O'Dwyer, 2014). Current financial crises in Nigeria with the resultant social inequality, massive unemployment social tensions and insecurity (Ibenta, 2014), company's labour and community relations practices are issues of great concern for sustainable development. Yet most corporate bodies in developing countries are still concentrating only on maximizing shareholder's wealth and disregarding social issues that affect other stakeholder; forgetting that poverty level of a country's citizens and social inequality can have destructive effects on corporations. And no firm will continue to survive when the society eventually collapsed.

Meanwhile the concept of social responsibility disclosure is an issue of great concern not only to business organisations but has also received considerable attention from practitioners and international organisations in developed and developing nations. It is used to communicate to stakeholders pressing societal issues and corporate commitment towards addressing such issues. Social responsibility report is a multi-disciplinary concept covering a broad range of issues. Given the multiplicity of indicators used to describe social responsibility in economic and business literature -Corporate social responsibility report, Social performance information, social accounting, socio-economic accounting, social responsibility accounting, corporate social performance, social disclosure and social reporting, it becomes difficult to correctly define the concept (Alkababji,2014; Mahoney & Roberts, 2007; Crowther, 2000). Being socially responsible means considering the interest of the society in the actions of firms. This includes human rights, preservation of diversity, protection and promotion of health and safety, intra and intergenerational equity among many others (Widok, 2009).

Corporate social responsibility disclosures came about as a result of worldwide pressure to make corporate reports to be more informative, to meet information requirements of users by including issues which conventional reporting framework tend to overlook. Social disclosures include but not limited to labour practices (employment; labour/management relations; health and safety; training and education; diversity and opportunity), human rights - strategy and management; non-discrimination; freedom of association and collective bargaining; child labour; forced and compulsory labour; disciplinary practices; security practices; indigenous rights. Society - community; bribery and corruption; political contributions; competition and pricing. Product responsibility - customer health and safety; information and labelling products and services; advertising and marketing; respect for privacy (Hřebíček, Štencl, Trenz, & Soukopová 2012).

There are a lot of benefits attributable to corporate social responsibility disclosures. According to Gherghina, Vintilă, & Dobrescu (2015), compliance with social contract by ensuring that companies' activities and ethics are congruent with societal objectives will improve harmony and reduce the costs. Similarly a socially-responsible firm may encounter fewer labour problems and fewer complaints from the community. The ability of the firm to be involved in corporate social responsibilities may make the society to view the firm in terms of good reputation and good image, which can indirectly affect the reputation and performance (Adeneye & Ahmed, 2015; Stuebs & Sun, 2011).

Awareness and increase in potential gains of corporate social disclosures has led to an increase in the production of corporate social responsibility disclosures in many developed economies (Bebbington, Larrinaga, & Moneva, 2008). Equally the concept of corporate social responsibility has received considerable attention in literature both in the developed and undeveloped economies. However, Ebimobowei (2011) noted that Nigeria companies are not responding to increase need to disclose various activities that affect the society in annual reports like their counterpart in developed economies. Also Ekineh (2009) cited in Uzonwanne, Yekini, Yekini, & Otobo (2014) noted that Nigerian public companies tend to declare little corporate social disclosures. Thus global concern for CSR as a phenomenon has raised a fundamental issue of whether CSR enhance shareholder value, or is it another agency cost that can put a firm at an economic disadvantage.

Previous attempt produced conflicting evidence from extant literature and this created gap for more research and hence this study. This paper attempted to provide empirical evidence by extracting all quantitative and qualitative social disclosures by listed non-financial companies in Nigeria from which social disclosure index was derived. This approach has been overlooked by previous literature from Nigeria which has focused on developing set of measures and testing whether they affect firm value.

The assertions of the study in their null form is as follows: Social donation, disclosure of charitable/philanthropic gifts, disclosure of human resources and employee relations, job creation, investment in employee, disclosure of employee health, safety and welfare has no effect on firm value

The remainder of this paper is organized as follows. Section 2 presents a review of the literature. Section 3 describes sources and method of collecting data, how the dependent and independent variables are measured and the empirical methods used to test the hypotheses. Section 4 considers the results. Section 5 concludes the study.

2. LITERATURE REVIEW:

2.1 CONCEPTUAL FRAMEWORK:

Social Responsibility Disclosures

Social responsibility disclosure means reporting on company's practices designed to achieve respect for human beings. Social report is a multi-disciplinary concept covering a broad range of issues in operating business. Social reporting is the rational assessment of and disclosure on some meaningful domain of companies' activities that have social impact (Ebimobowei, 2011). Social reporting is 'an approach to reporting a firm's activities which stresses the need for the identification of socially relevant behaviour, the determination of those to whom the company is accountable for its social performance and the development of appropriate measures and reporting techniques' (Crowther, 2000 cited in Onyali, Okafor, & Onodi 2015). The understanding and practice of CSR in Nigeria is still voluntary as there exist no law mandating companies to embark on it. No wonder there are variation on the scope of activities included in companies CSR programs leading to multiplicity of CSR definitions. Subjective indicators are used by different firm and this may have contributed to diverse results on research involving corporate social responsibility and firm value.

Firm Market Value:

It is a set of financial and nonfinancial indicators which offer information on the degree of achievement of objectives and results. A firm's market value is influenced by investors' perceptions of its managers' ability to anticipate and respond to future changes in the firm's economic environment. For the purpose of this study firm market value was measured using Tobin's Q. Tobin Q is a market-based performance measure which reveal how investors evaluate the firm's capability to create future profits. It reflects the market's expectations of future earnings and thus a good proxy for firm value (Campbell & Mínguez-Vera, 2008). Tobin's Q is computed as (Market Value of Equity +Total Debt)/Total Asset (Khlif, Guidara, & Souissi, 2015).

2.2 THEORETICAL FRAMEWORK

Social responsibility disclosure which hinges on social issues that are of great concerns to a wide range of corporate stakeholders is anchored on stakeholders' theory. Stakeholder theory has been described as the dominant and most useful theory in explaining corporate reporting practice (Hahn & Kühnen, 2013). The basic proposition of the theory is that managers in organizations have a network of relationships with many groups that both affect and are affected by the actions of the firm, thus must shift from the conventional objective of maximizing shareholders interest only. Thus by being socially responsible, companies not only concern themselves with maximizing shareholders value but also meet the interest and expectations of entire stakeholders which will lead to improve performance of the firm.

2.3 EMPIRICAL REVIEW:

Social Responsibility Disclosures and Firm Value

In a more recent study, Nnamani, Onyekwelu, & Ugwu (2017) used social responsibility cost and total personal cost to turnover (TPCT) ratio to examine their effect on ROA and ROE measures of financial performance. The study revealed that Total equity to total asset (TETA) ratio has no significant effect on the return on asset (ROA). Also total personnel cost to turnover (TPCT) ratio has no positive relationship with the return on asset (ROA). Hasan, Kobeissi, Liu, & Wang (2016) shed light on the underlying mechanisms through which CSR leads to greater shareholder value creation, by investigating on the mediating role of total factor productivity (TFP) in the CSP-CFP relationship. Analysis reveals that the effect of CSR engagement to enhance firm productive efficiency is stronger for firms with higher levels of organizational risk.

Usman & Amran (2015), examine the relationship between the dimensions of CSR disclosures and corporate financial performance (CFP) among Nigerian listed companies. The results reveal a negative and significant relationship between environmental disclosures; products and customer disclosures and the two measures of CFP, which indicates that disclosure of environmental impact information is not value enhancing in Nigeria. Also community involvement disclosure has significant positive effect on ROA but an insignificant negative effect on share price. Human resource disclosures have significant negative effect on ROA and an insignificant negative effect on share price. Gherghina, et al (2015), provides analytical evidence using a sample of U.S. companies that CSR positively influences firm value. The study highlighted that firm size measured by the annual average number of employees has a negative effect on firm value. In a study to examine the relationship between CSR and company performance using 500 UK firms.

Adeneye & Ahmed (2015) document that there is a significant positive relationship between MBV and corporate social responsibility. There is positive insignificant relationship between size and corporate social responsibility. Also there is significant positive relationship between CSR, ROCE, SIZE and MBV. Xie (2015), examines the relationship between Corporate Social Responsibility and Firm Performance using KLD scores as a proxy for CSR. The study document that Firms' leverage levels, book-to-market ratio, tangibility, and ROA ratio have negative significant effect on CSR; Tobin's Q and firm size have positive significant effects on CSR. Another reasonable implication of the study is that a firm target on maxing profit will somehow neglect social responsibilities. In line with this, Vujicic (2015) provides evidence that firms with higher social responsibility scores tend to achieve lower stock returns, in both the case of an aggregate rating, and individually examined indicators. Therefore, the paper concludes that expenditure on corporate social responsibility in business strategies is in fact destructive to shareholder value.

Marfo, Chen, Xuhua, Antwi, & Yiranbon (2015) analyzes the relationship between corporate social responsibility (CSR) and Company's profitability. The study indicates that, negative relationship exists between companies' performance standards with profit after tax (PAT) and corporate social responsibility investments (CSRI) by the companies. Given a recent legislative mandate forcing corporations to spend at least 2% of their net income on CSR activities in India, Manchiraju & Rajgopal (2015) investigate whether corporate social responsibility (CSR) create shareholder value. The study shows that the law caused a significant drop in the stock price of firms forced to spend money on CSR, consistent with the idea that firms voluntarily choose CSR levels to maximize firm value. Overall, their evidence suggests that mandatory CSR activities can impose social burdens on business activities at the expense of shareholders. Okwemba, Chitiavi, Egessa, Douglas, & Musiega (2014) introduced customers retention as measure of organisation performance, two intervening variables among other independent variables. The study revealed that there is a significant positive relationship between organization performance and philanthropic activities. Folajin, Ibitoye, & Dunsin (2014) using ordinary least square (OLS) model of regression document that corporate social responsibility spending has short term inverse effect on Net Profit. Mujahid & Abdullah (2014) provided empirical evidence that there is significant positive relationship between Corporate Social Responsibility and firm's financial performance and shareholders wealth. Contrary to the above evidence and using the same Pakistan companies, Siddiq & Javed (2014) analysed the impact of CSR on organisational performance and document that CSR has no significant effect on financial performance of firms. Odetayo, Adeyemi, & Sajuyigbe (2014) found that there is a significant relationship between expenditure on corporate social responsibility and profitability. This study established that corporate organizations need support of society in order for them to grow and prosper. Bolton (2013), using data from (KLD) database revealed that there is a positive relationship between CSR and financial performance, measured with both operating performance and firm value. Decomposition of the results shows that the superior performance and firm value is being driven by the bank's CSR activities that are related to the core operating activities, and not to activities that could be liken to green-washing. According to a study by Abogun, Fagbemi, & Uwuigbe (2013), there is a positive relation between CSR and firm performance and firm value. Specifically the study show that there is also a positive significant relationship between CSR and DPS. Also there is a significant relationship between CSR and EPS. Study by Oti, Effiong, & Tapang (2012), revealed significant relationship between employee health and safely (EHS), waste management (WM) and community development (CD) and return on investment of the environmentally responsible firms. Similarly, Stuebs & Sun (2011) empirically examine the association between CSR and corporate reputation using sample of highly reputable firms from Fortune's 2006 America's Most Admired Companies. The study shows that there is a significant and positive relation between corporate social responsibility (KLD) and the reputation measures (Rep-Score and REPU).

3. METHODOLOGY:

This study adopted ex post facto research design. The existing data of corporate social responsibility disclosures (explanatory variables) were extracted from the annual reports of 93 out of 122 non-financial firms listed on the Nigerian Stock Exchange from 2006 to 2015 that has complete data on the variables through content analysis. On the other hand, data for the firm market value (dependent variables) and control variables were gathered from MachameRATIOS, a database maintained by TalkData Associates (www.machameRATIOS.com). The data was analysed using pooled ordinary least regression with the aid of STATA 13.0 statistical software. Before analysing the pooled data, some preliminary statistics such as descriptive statistics, normality, correlation and two post-regression diagnostic test (multicollinearity and heteroscedasticity) was also conducted to confirm assumptions of regression. Details are included in the Appendix.

Model Specification

To test the hypotheses of this study, the following econometric model was used.

$$TOBIN_{it} = \alpha_0 + \beta_1 SOCDON_{it} + \beta_2 DISCGFT_{it} + \beta_3 HREMPL_{it} + \beta_4 JOBCR_{it} + \beta_5 INVTEMP_{it} + \beta_6 EHSDIS_{it} + \beta_7 FSIZE_{it} + \beta_8 FAGE_{it} + \beta_9 TLBTA_{it} + \varepsilon_{it}$$

Where:

Tobin's Q = Firm Performance which is measured as Market Value of Equity + Book Value of Total Debt divided by Total Asset

β_0 = Intercept estimates

β_{1-10} = Coefficient of the independent variables

e = error term

Table 3.1 Variables and measurement

Variable	Code	Measurement
Dependent Variables		
Firm Value	TOBINS Q	(Market Value of Equity +Total Debt)/Total Asset (Bozec and Dia, 2015). It reflects the market's expectations of future earnings and thus a good proxy for firm value (Campbell & Mínguez-Vera, 2008)
Independent Variables		
SOCIAL SUSTAINABLITY VARIABLES:		
Social Donations	SOCDON	Measured as Total Financial Social Donation/ Total Assets
Disclosure of Charitable Gifts	DISCGFT	Measured as Dummy "1" for Reporting of Donation and Gifts and "0" otherwise.
Disclosure of Human Resources and Employee Relations Policies	HREMPR	Measured as dummy "1" for Reporting Human Resources and Employee Relations Policies and "0" otherwise
Job Creation	JOBCR	Measured as log of Number of Employee
Investment in Employees	INVEMP	Measured as long of Employee Cost
Disclosure of Employee Health, Safety and Welfare	EHSWDIS	Measured as dummy "1" for Reporting Health, Safety and Welfare and "0" otherwise.
CONTROL VARIABLES:		
Firm size	FSIZE	Measured as log of total Assets
Firm age	FAGE	Measured as Number of years listed on the Nigerian Stock Exchange
Leverage	TLBTA	Measured as Total Liabilities divided by total assets

4. EMPIRICAL ANALYSIS

Descriptive statistics on Table 1 in the Appendix shows the mean (average), maximum, minimum, standard deviation, and median for each of the social disclosure variables and the control variable. The result provided some insight into the nature of the selected companies' social disclosure. From the Normality Test in Table 2 of Appendix all the variables of interest are normally distributed and satisfies the test of significance at 1% level of significance except for the variables of firm size, which did not pass even at 10%. However, this situation may be overlooked since it is a control variable. This indicate that there is no outlier among the independent variables that could lead to bias. Table 3 in the Appendix, the correlation matrix table shows the relationship that exists between the variables used for the study. Table 5 and 6 from the appendix shows the result obtained from the variance inflation factor analysis and also the test for heteroscedasticity. Here the mean VIF value of 3.43 which is less than the benchmark value of 10 indicates the absence of multicolinearity. Breusch-Pagan/Cook-Weisberg test for heteroscedasticity with probability value of 0.52 resulting from the test is statistically insignificant which implies that the data is free from the presence of unequal variance.

Table 4.1: Tobin's q and Social Responsibility Disclosures Regression Model

Independent Variables	Coef.	t-Stat	P>/t/
socdon	.3425	0.93	0.051*
discgft	-.0614	-0.12	0.901
hrempr	.0554	0,01	0.989
jobcr	-.1822	-0.60	0.551
invemp	11.819	3.03	0.003*
ehswdis	.8269	0.22	0.827
fsize	.1621	0.71	0.478
fage	**-.0186**	-1.89	0.051*
tlbta	**.0235**	24.12	0.000***
F - Stat	**64.50**		0.000***
R-squared	**0.425**		
Adjusted R-squared	**0.418**		

Author Computation 2017
Where *, *, implies statistical significance at 05% and 1% levels respectively**

From table 4.1 above, we observed from the OLS pooled regression that the R-squared and adjusted R-squared values of 0.42 and 0.41 shows that about 41% of the systematic variations in market performance variable of tobins q of the pooled companies over the period of interest was jointly explained by the independent variables.

5. DISCUSSION OF FINDINGS:

Specifically, the result from table 4.1 above showed that: the variable of **Social Donation** (socdon) with a coefficient of .3425 have positive effect on firm financial performance and it is statistically significant at 5% level (P-value 0.051) during the period of study. This result, therefore, suggests that we should reject the null hypothesis which states that social donations does not significantly impact financial performance of listed companies in Nigeria. This signifies that more and more financial donations in social sustainability, guarantee significant improvement in firm financial performance of listed companies in Nigeria during the period under review by 34%. On the other hand, social disclosure variable **Charity/Philanthropic Gifts (discgft)** reveals an insignificant negative effect on firm financial performance measured by Tobin's q. This is confirmed by a coefficient of -.0614 and its probability value of 0.901 which is greater than 5% benchmark adopted in this study. This result suggest that as listed companies in Nigeria continue to engage in disclosing donations and charity gifts activities in its annual reports meant for users of its financial statement, there is reduction in financial performance of firms. This result supports the findings of Folajin et al(2014) and Okwemba et al (2014). Another result to note in this study is the variable ***Disclosure of Human Resources and Employee Relations*** (HREMPR = .0554) which have a positive influence on Tobin's q but statistically insignificant even at 10% confirmed by its P-value is 0.989. Similar to the findings of Usman & Amran (2015), that human resource disclosure has no relationship with share price ***Job Creation*** *(*-.1822*)* have negative and insignificant effect on firm performance. The coefficient value of -.1822 and P-value of 0.551 confirms that. Our finding further suggests that an additional man power to the services of the firm will reduce financial performance among listed companies for the period under consideration in Nigeria but at an insignificant level and hence may not be considered for policy action. Supports the findings of Vujicic (2015). ***Investment in Employee*** *(invemp* = 11.819*)* have a significant positive effect on corporate performance measured by Tobin's q as confirmed by P-value of 0.003 which is less than the bench mark of 5%. In other words, the alternative hypothesis concerning investment in employee provides a satisfactory basis for explaining market performance by Nigerian listed companies for the period under study. This result follows prior researchers' argument which suggests that investment in human capacity building can significantly increase firm financial performance. This did not support the findings of Nnamani et al (2017), that employee cost have no effect on firm performance. Furthermore, social sustainability indicator: **Disclosure of employee Health Safety and Welfare (ehswdis)** show a positive but insignificant effect on firm performance. (.8269). This result suggest that as listed companies in Nigeria continue to engage in disclosing items relating to health, safety, and its welfare packages in its annual reports meant for users of its financial statement, no meaningful improvement in relation to firm financial performance have been experienced. In this study, the variable of **Firm Size** (fsize .1621) have a positive effect on corporate performance measured by tobins q. In this case, much emphasis should be not assigned on it since it is statistically insignificant in influencing firm accounting performance with P-value of 0.478. **Firm Age** (fage) showed a negative (**-.0186**) and statistically significant (0.051) effect on accounting performance measure of tobins q. This implies that as the firm advances in its listing age, market performance reduce significantly. The variable of **Leverage** has a positive and statistically significant effect on marketing performance measures among listed companies in Nigeria. This is confirmed by coefficient of **.0235** and P-value of 0.000.

6. CONCLUSION AND RECOMMENDATIONS:

The findings of this study supported the propositions of stakeholders' theory that firms communicating effectively with all stakeholders of a firm is critical to its long term success, viability and growth. When firms concern themselves with maximizing shareholders value as well as meet the interest and expectations of other stakeholders, it will translate to the firms' bottom line.

Fostering greater social responsibility disclosure can have value enhancing or decreasing effect depending on the particular variable disclosed. Strategic provision of social donations guarantees significant improvement in performance. Investment in human capacity building is value enhancing. On the other hand, as companies in Nigeria continue to engage in disclosing donations of charity gifts activities in its annual reports meant for users of its financial statement, there is reduction in financial performance of firms. Also having many employees is leading to an increase in the labour cost and thus limit the usage of available resources for the achievement of an increase in firm value.

Cosidering that no firm will survive in a collapsed society, the paper recommends that companies operating in Nigeria should make their investment attractive by addressing such issues as investment in human capacity building, strategic provision of social financial and in-kind donations since they are not only important for long term survival but will reduce their vulnerability to societal crises. Firms should be cautious in their employment policies considering that additional man power to the services of the firm through job creation is value destructive.

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Appendix: Data Analyses

TABLE 1: DESCRIPTIVE STATISTICS (SOCIAL)

stats	socdon	disocr	discgft	hrempr	jobcr	invtemp	ehsdis	SOCI
mean	.053544	.4288939	.9232506	.9875847	2.536321	.0296479	.986456	-8.69e-10
p50	.0009	0	1	1	2.52	.022	1	.1977686
min	0	0	0	0	.66	-.02	0	-12.90239
max	9.7867	1	1	1	4.28	.288	1	.8771055
sd	.3452238	.4951976	.2663438	.1107929	.5724079	.0326933	.1156533	1.439911
N	886	886	886	886	886	886	886	886

TABLE 2: NORMALITY TEST

Skewness/Kurtosis tests for Normality

Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	------- joint ------ adj chi2(2)	Prob>chi2
socdon	886	0.0000	0.0000	.	.
disocr	886	0.0006	.	.	.
discgft	886	0.0000	0.0000	.	0.0000
hrempr	886	0.0000	0.0000	.	0.0000
jobcr	886	0.0504	0.1508	5.88	0.0530
invtemp	886	0.0000	0.0000	.	0.0000
ehsdis	886	0.0000	0.0000	.	0.0000
fsize	886	0.5810	0.1850	2.06	0.3565
fage	886	0.2637	0.0000	70.70	0.0000
tlbta	883	0.0000	0.0000	.	0.0000
SOCI	886	0.0000	0.0000	.	0.0000

TABLE 3: CORRELATION ANALYSIS

	tobin	socdon	disocr	discgft	hrempr	jobcr	invtemp	ehsdis	fsize	fage	tlbta
tobin	1.0000										
socdon	0.0132	1.0000									
disocr	0.0769	-0.0205	1.0000								
discgft	-0.0218	0.0362	0.0409	1.0000							
hrempr	0.0260	0.0138	0.0714	0.2116	1.0000						
jobcr	-0.1118	0.0147	0.1687	0.0004	-0.0518	1.0000					
invtemp	0.0771	-0.0058	-0.1050	0.0015	0.0006	-0.0251	1.0000				
ehsdis	0.0264	0.0143	0.0770	0.1989	0.9529	-0.0390	0.0093	1.0000			
fsize	-0.1474	-0.0153	0.1908	0.0852	-0.0103	0.6751	-0.0249	-0.0208	1.0000		
fage	-0.0478	-0.0566	0.1131	-0.0050	-0.1780	0.0589	0.0339	-0.1869	0.0486	1.0000	
tlbta	0.6440	-0.0208	0.1068	0.0267	-0.0042	-0.1644	0.0053	-0.0038	-0.2455	0.0165	1.0000

TABLE 4: MARKET PERFORMANCE (TOBIN'S Q) AND SOCIAL RESPONSIBILITY DISCLOSURES

regress tobin's Q socdon disocr discgft hrempr jobcr invtemp ehsdis fsize fage tlbta

Source	SS	df	MS
Model	9115.94822	10	911.594822
Residual	12309.826	871	14.1329805
Total	21425.7742	881	24.3198345

Number of obs	= 882
F(10, 871)	= 64.50
Prob > F	= 0.0000
R-squared	= 0.4255
Adj R-squared	= 0.4189
Root MSE	= 3.7594

tobin	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
socdon	.3425855	.3673631	0.93	0.051	-.378435	1.063606
disocr	.0246635	.2691506	0.09	0.927	-.5035961	.5529231
discgft	-.0614877	.4926516	-0.12	0.901	-1.028411	.9054354
hrempr	.0554244	3.957444	0.01	0.989	-7.711817	7.822666
jobcr	-.1822615	.3052661	-0.60	0.551	-.7814047	.4168817
invtemp	11.81903	3.898824	3.03	0.003	19.47122	4.166841
ehswdis	.8269366	3.787879	0.22	0.827	-6.607501	8.261374
fsize	.1621499	.2285812	0.71	0.478	-.2864844	.6107842
fage	-.0186527	.0098818	-1.89	0.059	-.0380476	.0007422
tlbta	.023564	.0009771	24.12	0.000	.0216463	.0254817
_cons	.0014247	1.736432	0.00	0.999	-3.406656	3.409506

TABLE 5: TEST FOR MULTICOLINEARITY

Variable	VIF	1/VIF
hrempr	12.04	0.083073
ehsdis	12.02	0.083217
fsize	1.96	0.509281
jobcr	1.86	0.537367
disocr	1.11	0.902619
tlbta	1.10	0.912384
discgft	1.08	0.927874
fage	1.07	0.934107
invtemp	1.02	0.984679
socdon	1.01	0.992978
Mean VIF	3.43	

TABLE 6: TEST FOR HETEROSCEDATICITY |

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         Ho: Constant variance
         Variables: fitted values of tobin

         chi2(1)      =   210.95
         Prob > chi2  =   0.5200
```