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Research Article

Environmental Cost Disclosure in the Financial Statements of Motor Vehicle Manufacturing Firms in South East Nigeria

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ABSTRACT: *Generally, this study is aimed at examining the responsiveness of organizational performance to environmental cost disclosure in the financial statements of motor vehicle manufacturing organizations in South East, Nigeria. Specifically, the study is aimed at ascertaining the degree of relationship between environmental cost disclosure and profitability of the concerned firms. Therefore, the researchers want to find out the extent that disclosure of environmental costs in the financial statements has affected profitability and vice versa. The survey design was used to carry out this research. Data were collected using questionnaires distributed to the respondents from the visible and viable motor vehicle manufacturing firms in South East, Nigeria. Personal interviews were conducted to check consistency in response. Data were analyzed using percentage frequency, while the Pearson's Product Moment Correlation Coefficient (PPMCC) statistic was used to test the hypothesis. The results of the analysis revealed that the degree of environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in the South East, Nigeria is dependent on firm profitability. The more successful firms tend to disclose their environmental costs than the retrogressive firms. The study therefore, recommended that the motor vehicle manufacturing firms in the industry should of necessity be encouraged to disclose their* environmental *costs in their financial statements.*

KEYWORDS: *Environmental Cost Disclosure, Motor Vehicle Manufacturing Organizations, Organizational Performance, PPMCC, Profitability.*

1. INTRODUCTION

This study was mainly an empirical research that sought to explore the relationship between environmental cost disclosure and firm profitability in the accounting processes of the motor vehicle manufacturing firms operating in the South East of Nigeria. Considering the nature and content of the issues raised above, research design for the study rested mainly on survey method which relied on primary data derived from an extensive field survey on the motor vehicle manufacturing firms established in the Anambra, Ebonyi and Enugu States of the South East Zone of Nigeria which are registered with Manufacturers Association of Nigeria (MAN).

The term environmental cost can be defined in two ways: firstly, it can be referred to as costs that have direct impact, in other words known as "private costs". Secondly, it can include the costs to individuals, society, and the environment for which an organization is not accountable. In such a situation, it can be known as "social costs" or Ecological Accounting**. [1]**.

Environmental Cost Accounting is the addition of environmental cost information into existing cost accounting

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procedures. (www.accountingweb.com/topic/education as in [1]).The environmental management is actually regarded as part of the administration's strategy to specify measures for dealing with environmental issues. It is also used internally for carrying out environmental conservation activities. According to the United States Environmental Protection Agency (2017), Environmental Management System (EMS) is a set of processes and practices that enable an organization to reduce its environmental impacts and increase its operating efficiency, in other words Sound environmental management reduces operating costs and improves profitability. (Caribbean Environmental Investment Study, PA Government Services, 2001)Environmental accounting is a veritable tool in the hands of management to carry out effectively and efficiently its managerial activities. Environmental accounting data is mainly used by the management of organizations to carry out their internal processes. They are also used externally through disclosure in environmental reports. The disclosure of environmental data is one of the key elements in an environmental report. The importance of this disclosure is that it enables the parties utilizing the information to get an understanding of the firm's stand on environmental conservation, and how to specifically deal with environmental issues [1].

1.2 Statement of Problem

It is like accountants have either intentionally or unintentionally ignored important environmental costs or activities impacting consequences on the environment which in one way or the other affect firms' performance. Consequently, there seems to be corporate neglect and avoidance of environmental costing which has left a gap of financial incompleteness and absence of fair view of financial information reporting to users of financial statements, environmental regulatory agencies, and the general public.[2]. Hence there seems to be lack of environmental cost disclosure in the financial statements of most, if not all the motor vehicle firms in the South East, Nigeria.

1.3 Objective of Study

The main objective of the study is to examine the responsiveness of organizational performance to environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in the South East, Nigeria. Specifically, the objective is to ascertain the degree of environmental cost disclosure in relation to profitability in the financial statements of the motor vehicle manufacturing firms in the South East, Nigeria.

1.4Research Question

To what extent is environmental cost disclosure related to firm profitability in the financial statements of motor vehicle manufacturing firms in the South East, Nigeria?

1.5 Research Hypothesis

$H_{0:}$ The degree of environmental cost disclosure is not dependent on firm profitability in the financial statements of the motor vehicle manufacturing firms in South East, Nigeria.

1.6 Scope of the Study

This study carried out research on the effect of environmental cost disclosure with respect to profitability, in the financial statements of motor vehicle manufacturing firms in the Anambra, Ebonyi and Enugu States of the South East, Nigeria. Investigations were done only on such firms that are in the motor vehicle manufacturing industry, which are registered with the Manufacturers Association of Nigeria (MAN). The investigation covers the period of six years from 2010 to 2015. The distribution of the manufacturing firms in the selected states of the South East Nigeria is as follows: Anambra State (112firms), Ebonyi State (3 firms) and Enugu State (34 firms), giving a total of 149 firms. In the same vein, the distribution of motor vehicle manufacturing firms are as follows: Anambra State (1 firm), Ebonyi State (0) and Enugu State (3 firms), giving a total of 4 firms.

II. Review of Related Literature

Environmental Cost Accounting deals with environmental costs in order to reach the full cost accounting. It is the identification, evaluation, and allocation of conventional costs, environmental costs, and social costs to processes, products, activities, or budgets. [3]. According to the polluter pays principle (PPP), each polluter has to pay for the

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costs for dealing with the pollution resulting from his operation. Failure to bear these costs by the polluter will mean that some other party (a third party) will have to shoulder them - external environmental costs. The term environmental cost has at least two major dimensions: (i) It can refer solely to costs that have direct impact, "private costs"; (ii) It can also include the costs to individuals, society, and the environment for which a company is not accountable "social costs".

Environmental costs are such costs of business in an enterprise aimed at fulfilling environmental protection responsibilities, the implementation of national environmental protection laws, regulations and policies, and operations in order to prevent adverse impact on the natural environment. It includes such costs that take appropriate measures to achieve environmental objectives. It also includes the reduction of pollutant emissions, waste material recycling and disposal, environmental management, environmental protection activities to support social and environmental damage compensation costs. [4].

Theoretical assumption always maintained that the disclosure on environmental and social issues has a potential impact on the companies' economic and financial, environmental and social performances. ([5]as in [6]). It is thought that sustainability reporting with the inclusion of environmental issues might improve corporate behavior.

2.1 The Legitimacy Theory

The most widely used theory to explain environmental disclosure is mostly considered to be the legitimacy theory. [7] as in[8]), in their work, made it known that the legitimacy theory implies that environmental disclosure is a function of the intensity of societal and political pressure faced by a company regarding the environmental performance. Firms try to provide more environmental information, as a reaction on this pressure. [8].That there is a relationship between a firm and the stakeholders of the firm is an indisputable fact. A theory evolved from this relationship. This theory states that there is a social contract between the firm and the stakeholders of the firm: that is those who are affected by the operations of the firm. Some authors have perceived a legitimacy gap existing in the relationship between the firm and the stakeholders to the firm. ([9] as in [1]). The extent that efforts have been made to achieve a closure of the gap remains unanswered until some researchers started delving into the problem. As a matter of fact, they made frantic efforts in their work to examine the extent that voluntary disclosure have tried to close this gap. Some other authors also worked hard to evaluate the situation and ended up observing two conflicting opinions of the legalistic and the social responsibility views. ([10] as in [[1]. Nevertheless, it is a common view that Legitimacy Theory presupposes a relationship of understanding between the different parties and reciprocal responsibilities.

2.2 The beneficiaries' theory

The importance of this theory in the explanation of voluntary disclosure cannot in any way be over-emphasized. In the first instance, this theory distinguishes between the beneficiaries and society issues. In the second place, this theory suggests an application framework to evaluate the social responsibility of the company using social and environmental information disclosure. [1]According to ethical directory of the beneficiary theory, the beneficiaries have the right to receive information about organization activities. Investors as the beneficiaries pay attention to annual reports; the companies disclosed social and environmental information in response to information request of stakeholders. [11].

The necessity of reporting environment costs: For natural resources owners and stakeholders (natural assets), the disclosure and reporting of environmental issues in critical situations can be effective. It is imperative to note that land owners do not have right of land destruction simply because of their ownership. This is simply because the land is a natural resource and they should respond to the public and the law. Accounting has a key role in preparing and forwarding this information to the affected parties. According to [12] progressive organizations are searching wide legitimacy by accepting their social responsibilities about commercial activities.([12], as in [13]). The right of representing and informing is identified as a significant aim in accounting. Both in the public and the private sectors,

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There is the view that companies do not have to simply care for the environment, but they should account for their environmental activities too. The accounting also should be reported in a formal way, either in annual statements or in separate environmental reports. In environmental accounting, the organization should report every activity which harms the environment, in addition to measuring and reporting natural resources. As a matter of fact, environmental activities have direct or indirect effects on company's assets and performance.[13]). In environmental accounting, the environment is considered as a source of capital and its costs are considered as some of acceptable tax expenses. The aim of this accounting is to present information to managers in such areas as performance evaluation, making decision, control and reporting. ([14]as in [13]).

2.3Cost estimation for Environmental Accounting

International Federation of Accountants (IFAC), (2005), International Guidance Document on Environmental Management Accounting is an appreciable work on Environmental Accounting. Although, it is not yet a regulatory standard, it is intended to be a guide document which may be translated into a future regulatory standard. This will be the case as accounting for the environment and related issues are taking on increasing global importance. Emerging benefits of Environmental accounting are valuable internal management initiatives with specific environmental focus towards cleaner production, supply chain management as well as environmentally preferable purchasing and Environmental Management System. EMA information is increasingly being used for external reporting purpose globally.

According to [15], gradient's expertise in environmental cost estimation covers estimating and evaluating costs for individual sites and on a site-portfolio basis in a wide variety of litigation and non-litigation contexts, including regulatory disclosure, settlement valuation, damages estimation, remedy negotiation, bankruptcy claims, insurance claims, and mergers & acquisition (M&A).[15] in his work has included developing future cost estimates including evaluating past expenditures. His technical and quantitative expertise, together with his relevant experience in environmental accounting and economics, allowed him to provide decision-makers with a clear understanding of contingent environmental liabilities and their proper valuation.[15].

[16] in his work, Environmental Disclosures in Annual Reports: the Nigerian Perspective, pointed out that the social, political and security implication of corporate environmental neglect has been a knowledge that is common in the Nigerian environment. The study researched on the degree of knowledge accumulated by organizations in Nigeria with respect to their attitude towards the environment. The annual report disclosures of environmental information of 20 companies from 10 sectors (out of the 27 listed in the Nigerian Stock Exchange was examined. It disclosed information that is more or less brief, mostly descriptive and narrative in nature. It neither provided environmental mitigating cost nor liability. Anything too different from earlier studies in environmental disclosure was not revealed by the study. [12], in their work, Environmental Costs and Environmental Information Disclosure in the Accounting Systems, clearly pointed out that the effects of the societies made up of human beings have increased on the environment due to the increased development of technology and industry. The importance of environmental costs as a relevant part of final cost of products or services in business units was pointed out by them. Consequently, failure to report these costs in financial statements could result to: firstly that environmental costs remain hidden and unknown to the management and necessary actions to control them would be a failure. Secondly, reliability, which is the most important qualitative characteristic of accounting information, would have been greatly undermined by the failure to report environmental costs as a relevant part of final cost. The framework of traditional financial reporting has been greatly criticized in recent research investigations. This is as a result of its inability to provide a complete list of organizational activities and its accountability. The study revealed that social and environmental

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reporting is an adequate tool to account for companies against their performance. It is the candid recommendation of the research report to provide impartial information so as to allow beneficiaries to disclose a reliable estimation of their social and environmental performance.

[17] in their work titled Environmental Disclosure in Nigerian Quoted Companies: made it clear that the main target of this Longitudinal Study is to provide a detailed description of the length Nigerian organizations disclose environmental information. The descriptive research design was adopted by the study. The study made use of an unbalanced panel data structure of 142 sampled companies for a five year period (2009-2013). A checklist of content analysis was used to identify the sentences related to environmental information from the annual reports. The findings revealed that the length of disclosure of environmental information is approximately three sentences per organization. This is very low, especially in comparison with what is revealed from other developed and developing countries. There was a steady increase in the quantity disclosed over time as found from the events that led to the revision of the code of corporate governance that occurred in 2011. By providing a vivid description of the quantity of environmental information disclosed by companies in Nigeria, revealing the trend over a time period that witnessed a revision in the code of corporate governance for companies, this paper extends the literature on environmental disclosure. By this therefore, this research has revealed its novelty in the history of time in the business world.

[18] In his work titled “An empirical examination of the risk associated with corporate social responsibility disclosures and firms size”, He basically examined the relationship between the size of firms and the level of corporate social responsibility disclosures made by 30 listed companies, across six industries in Nigeria. As a basis for eliciting data from the annual report/corporate websites of the selected companies, the content analysis technique was used. To investigate the relationship that exist between the size of firms' and the level of corporate social responsibility disclosures among selected listed firms in Nigeria, the linear regression method of data analysis was used. The research found that there is a significant positive relationship between the size of firms and the level of corporate social responsibility disclosures among selected firms in Nigeria. This agrees with the existing prior studies. It is of great interest to note that this is also in agreement with our own study here.

III. METHODOLOGY.

This study was mainly an empirical research that sought to explore how the environmental issues have been put into consideration in the accounting processes of the motor vehicle manufacturing firms operating in the South East of Nigeria. In consideration of the nature and content of the issues raised above, research design for the study rested mainly on survey method which relied on primary data derived from an extensive field survey on the motor vehicle manufacturing firms established in the Anambra, Ebonyi and Enugu States of the South East Zone of Nigeria which are registered with Manufacturers Association of Nigeria (MAN). The statistical tool, PPMCC was used to test the hypothesis.

3.1 Environmental Cost Disclosure in Relation to Firm Profitability

Table 3.1 shows responses from the respondents on the Relationship between the Degree of Environmental Disclosure and Firm Profitability Level.

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http://www.mdcjournals.org/ijsar-jamms...html

Table 3.1 Environmental Disclosure Dependent on Profitability Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	10.0	10.0	10.0
	Disagree	16	16.0	16.0	26.0
	Agree	33	33.0	33.0	59.0
	Strongly Agree	41	41.0	41.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The responses show that the number of the respondents (33%) do agree. Those that strongly agree are (41%). Nevertheless, those that disagree and strongly disagree are (16%) and (10%) respectively.
Table 3.2 shows responses from the respondents on the Firm Profitability Level being on the High Side.

Table 3.2The Profitability Level is on the High Side

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	10.0	10.0	10.0
	Disagree	16	16.0	16.0	26.0
	Agree	43	43.0	43.0	69.0
	Strongly Agree	31	31.0	31.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

Table 3.2. The responses show that the number of the respondents (43%) do agree. Those that strongly agree are (43%). Nevertheless, those that disagree and strongly disagree are (16%) and (10%) respectively.
Table3.3 shows responses from the respondent on the Profitability Level of the Firm being on the Average.

Table 3.3 The Profitability Level of the firm is on the Average

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	13.0	13.0	13.0
	Disagree	74	74.0	74.0	87.0
	Agree	13	13.0	13.0	100.0

IJSAR Journal of Advanced Management and Social Sciences (IJSAR-JAMSS)
ISSN: 2408-767X
Volume 5, Issues 3 (September, 2018), 286-299
http://www.mdcjournals.org/ijsar-jamms...html

	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table shows that the number of the respondents (13%) do agree. Those that strongly agree are (0). Nevertheless, those that disagree and strongly disagree are (74%) and (13%) respectively.

Table 3.4: The Profitability Level of the firm is on the Low Side

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	47	47.0	47.0	47.0
	Disagree	33	33.0	33.0	80.0
	Agree	16	16.0	16.0	96.0
	Strongly Agree	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table shows that the number of the respondents (16%) does agree. Those that strongly agree are (4%). Nevertheless, those that disagree and strongly disagree are (33%) and (47%) respectively.

Table 3.5 shows responses from the respondents on the Extent of Disclosure on Environmental Issues in the Financial Report is Significant.

Table 3.5 Disclosure on Environmental Issues in the Financial Report is Significant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.0	9.0	9.0
	Disagree	24	24.0	24.0	33.0
	Agree	34	34.0	34.0	67.0
	Strongly Agree	33	33.0	33.0	100.0

IJSAR Journal of Advanced Management and Social Sciences (IJSAR-JAMSS)
ISSN: 2408-767X
Volume 5, Issues 3 (September, 2018), 286-299
http://www.mdcjournals.org/ijsar-jamms...html

Table 3.5 Disclosure on Environmental Issues in the Financial Report is Significant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.0	9.0	9.0
	Disagree	24	24.0	24.0	33.0
	Agree	34	34.0	34.0	67.0
	Strongly Agree	33	33.0	33.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table reveals that the number of the respondents (34%) do agree. Those that strongly agree are (33%). Nevertheless, those that disagree and strongly disagree are (24%) and (9%) respect Table 4.6 shows responses from the respondents on the Revision of Firm's Estimates of Past Environmental Costs Disclosure Based on Anticipated Changes in Regulation being Significant.

Table 3.6 Firm's Estimates of Past Environmental Costs Disclosure is Significant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagoree	7	7.0	7.0	7.0
	Disagree	16	16.0	16.0	23.0
	Agree	40	40.0	40.0	63.0
	Strongly Agree	37	37.0	37.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table shows that the number of the respondents (40%) do agree. Those that strongly agree are (37%). Nevertheless, those that disagree and strongly disagree are (16%) and (7%) respectively.

Table 3.7 shows responses from the respondents on the Degree by Which the Firm Ensures that its Personnel and Customer do Maintain full Awareness and Disclosure of Relevant Elements, of the Operators Environmental Policy Documentation is Significant .

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International Journal of Scientific and Allied Research
[IJSAR]

IJSAR Journal of Advanced Management and Social Sciences (IJSAR-JAMSS)
ISSN: 2408-767X
Volume 5, Issues 3 (September, 2018), 286-299
http://www.mdcjournals.org/ijsar-jamms...html

Table 3.7 Firm's Disclosure of Environmental Policy is Significant

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	8.0	8.0	8.0
	Disagree	17	17.0	17.0	25.0
	Agree	39	39.0	39.0	64.0
	Strongly Agree	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table reveals that the number of the respondents (39%) does agree. Those that strongly agree are (36%). Nevertheless, those that disagree and strongly disagree are (17%) and (8%) respectively.
Table 3.8 shows responses from the respondents on Government Policies Affecting Firm Profitability Level in Spite of Environmental Factors.

Table 3.8 Government Policies Affect Firm Profitability Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	8.0	8.0	8.0
	Disagree	16	16.0	16.0	24.0
	Agree	40	40.0	40.0	64.0
	Strongly Agree	36	36.0	36.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)
The table 3.8 reveals that the number of the respondents (40%) do agree. Those that strongly agree are (36%). Nevertheless, those that disagree and strongly disagree are (16%) and (8%) respectively.
Table 3.9 shows responses from the respondents on the Firm Meets up with all Environmental and Legislation and Regulation that Apply to Firm Operations and Products.

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ISSN: 2408-767X
Volume 5, Issues 3 (September, 2018), 286-299
http://www.mdcjournals.org/ijsar-jamms...html

Table 3.9 Environmental Legislation and Regulation on Firm Operations and Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	7.0	7.0	7.0
	Disagree	16	16.0	16.0	23.0
	Agree	39	39.0	39.0	62.0
	Strongly Agree	38	38.0	38.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table 3.9 shows that the number of the respondents (39%) does agree. Those that strongly agree are (38%). Nevertheless, those that disagree and strongly disagree are (16%) and (7%) respectively.

Table 3.10 shows responses from the respondents on the Integration of Business Strategy and Environmental Policy being Dependent on the Profitability Level of the Firm.

Table 3.10 Business Strategy and Environmental Policy in relation to Firm Profitability Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	8.0	8.0	8.0
	Disagree	16	16.0	16.0	24.0
	Agree	37	37.0	37.0	61.0
	Strongly Agree	39	39.0	39.0	100.0
	Total	100	100.0	100.0	

Source: Field Survey (2014)

The table 3.10 reveals that the number of the respondents (37%) do agree. Those that strongly agree are (39%). Nevertheless, those that disagree and strongly disagree are (16%) and (8%).

Test of Hypothesis

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Volume 5, Issues 3 (September, 2018), 286-299
http://www.mdcjournals.org/ijsar-jamms...html

H_0: The degree of environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in the South East of Nigeria is not dependent on firm profitability.

H_a: The degree of environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in the South East of Nigeria is dependent on firm profitability.

Decision Rule
(Rule a): Accept H_a and Reject H_0 if critical value >0.05 and calculated value P<0.05, under the critical condition alpha α =0.05.
(Rule b): Reject H_a and Accept H_o if critical value <0.05 and calculated value P>0.05, under the critical condition alpha α =0.05.

IV. RESULTS AND ANALYSIS

We hereby present the Pearson's Product Moment Correlation Coefficient (PPMCC) method of data analysis using SPSS Version 17, from Table 4.1 as follows:
e.g. (1) Correlation (r) between environmental cost disclosure and firm profitability: critical value >0.05 = 1, while calculated value P<0.05 = -0.319 which implies that the critical value (1) >calculated value (-0.319).
e.g.(2)Correlation (r) between environmental cost disclosure and firm profitability: critical value>0.05 = (1), while calculated value P<0.05 = -0.535 which implies that the critical value (1) >calculated value (-0.535)
e.g. (3) Correlation (r) between environmental cost disclosure and firm profitability: critical value>0.05 = 1, while calculated value P<0.05 = -0.568 which implies that the critical value (1)>calculated value (-0.568)

Decision

Hence, the Null hypothesis (H_0) is rejected, while the Alternative hypothesis (H_a) is accepted, which states that the level of environmental cost disclosure among motor vehicle manufacturing firms in Nigeria is dependent on firm profitability.
Testing Hypothesis

Analysis, using Table 4.1: shows the presentation of data and analysis of Hypothesis with SPSS Version 17 Pearson's Product Moment Correlation Coefficient (PPMCC).

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Table 4.1 Environmental cost disclosure and firm profitability

Test Statistic {PEARSON'S PRODUCT MOMENT CORRELATION COEFFICIENT (PPMCC) }

Table4.1	The Degree of Environmental Disclosure of your Firm in its Financial Statement is Dependent on its Profitability Level	The Profitability Level of your Firm can be said to be on the High Side	The Profitability Level of your firm can be said to be on the Average	The Profitability level of your Firm can be said to be on the Low Side	The Extent of Disclosure on Environmental Issues in the Financial Report is Significant	The Revision of Firm's Estimates of Past Environmental Costs Disclosure Based on Anticipated Changes in Regulation is Significant	The Degree by Which your Firm Ensures that its Personnel and Customer do Maintain full Awareness and Disclosure of Relevant Elements, of the Operators Environmental Policy Documentation is Significant	Government Policies do Affect Firm Profitability Level in Spite of Environmental Factors	The Firm Meets up with all Environmental and Legislation and Regulation that Apply to Firm Operations and Products	Integration of Business Strategy and Environmental Policy is Dependent on the Profitability Level of the Firm
QUESTION 1	1	.810**	-.319**	-.661**	.799**	.846**	.892**	.753**	.784**	.849**
QUESTION 2	.810**	1	-.211*	-.602**	.621**	.722**	.736**	.671**	.648**	.685**
QUESTION 3	-.319**	-.211*	1	.297**	-.225*	-.262**	-.298**	-.343**	-.326**	-.358**
QUESTION 4	-.661**	-.602**	.297**	1	-.535**	-.537**	-.598**	-.446**	-.441**	-.568**
QUESTION 5	.799**	.621**	-.225*	-.535**	1	.634**	.772**	.618**	.632**	.701**
QUESTION 6	.846**	.722**	-.262**	-.537**	.634**	1	.772**	.812**	.784**	.797**
QUESTION 7	.892**	.736**	-.298**	-.598**	.772**	.772**	1	.674**	.827**	.791**
QUESTION 8	.753**	.671**	-.343**	-.446**	.618**	.812**	.674**	1	.626**	.807**

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http://www.mdcjournals.org/ijsar-jamms...html

QUESTION 9	.784**	.648**	-.326**	-.441**	.632**	.784**	.827**	.626**	1	.661**
QUESTION 10	.849**	.685**	-.358**	-.568**	.701**	.797**	.791**	.807**	.661**	1

Source: Field Survey (2014) with SPSS Version 17 Analysis, using Pearson's Product Moment Correlation Coefficient (PPMCC)
*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

The Null Hypothesis [H_o] states that the degree of environmental cost disclosure in the financial statements of manufacturing firms in Nigeria is not dependent on Firm profitability. The SPSS Table produced shows that comparing question to itself is a unity value (1), but when compared to other questions the result varies and is seen on the high side also. Table 4.1 shows the SPSS result of the comparison. It means that the relationship between the degree of environmental disclosure on ones firm in its financial statement and the profitability level is very high. Therefore, we reject the NULL Hypothesis and accept the Alternative Hypothesis which states that the degree of environmental cost disclosure in the financial statements of manufacturing firms in Nigeria is dependent on Firm profitability.

V. DISCUSSIONS

The result of PPMCC applied on the hypothesis indicates that the level of environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in the South East of Nigeria is dependent on firm profitability.
The findings revealed that the profitability level of the firm can be said to be on the high, average or low side. The study also revealed that the extent of disclosure of environmental issues in the financial reports of the firms in the motor vehicle manufacturing industry is significantly positive. The study also revealed that government policies do affect firm profitability in spite of environmental factors. Furthermore, the study revealed that the integration of business strategy and environmental policy significantly depends on the profitability level of the firm. The findings in this study are in line with the research of [19] in their work, "The Impact of Environmental Accounting and Reporting in Organizational Performance of Selected Oil and Gas Companies in Niger Delta Region of Nigeria" which revealed that environmental cost significantly influences firm's profitability. This is also in line with Ali (2002), which revealed that assertion that environmental cost may be obscured in overhead account or otherwise overlooked. He also ascertained that environmental cost can be offset of generating revenue through the sale of wastes and by products.

VI. SUMMARY OF FINDINGS

1. The degree of environmental cost disclosure in the financial statements of motor vehicle manufacturing firms in Nigeria is dependent on firm profitability.

2. A good number of the firms with high profitability tend to be more confident in disclosing their environmental costs in their financial reports than those with low profitability.

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VII. CONCLUSIONS

This study was mainly an empirical research that sought to explore how the environmental issues have been put into consideration in the accounting processes of the motor vehicle manufacturing firms operating in Nigeria. Taken the nature and content of the issues raised above, research design for the study rested mainly on survey method which relied on primary data derived from an extensive field survey on the motor vehicle manufacturing firms established in the Anambra, Ebonyi and Enugu States of the South East Zone of Nigeria which are registered with Manufacturers Association of Nigeria (MAN). Recent studies about environment, financial issues and management accounting show that accounting and accountants may achieve positive outcomes in this area. Environmental costs must be controlled in designing, producing and giving production services and their production processes.

VIII. RECOMMENDATIONS

Based on this study the following recommendations apply;

1. All viable motor vehicle manufacturing firms in the manufacturing industry should of necessity be encouraged to disclose their environmental costs in their financial statements.
2. All high profitability firms with high degree of environmental cost disclosure in their financial statements should be accorded national recognition by Federal Government recommendation in all the states of the Federation.

IX. CONTRIBUTIONS TO KNOWLEDGE

In contributing to the body of knowledge by this research, it is of great relevance not only to limit the impact of environmental cost to firm performance, but to emphasis on the mandatory inclusion of environmental costs in processing accounting information at all levels of firm operation. This definitely will lead to more appropriate accounting information and consequently more accurate accountability of the financial condition of the firm which will in turn lead to viability, sustainability and development. Secondly, in contributing to knowledge, this is the first time, to the best of my knowledge a research is done on the impact of environmental cost disclosure of motor vehicle manufacturing organizations in this part of the world. Therefore, this work is an addition to body of literature.

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