

EFFECTS OF ENVIRONMENTAL AUDIT AND ECONOMIC SUSTAINABILITY ON PROFIT MEASURES OF QUOTED CEMENT COMPANIES IN NIGERIA

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ABSTRACT: *The study aims to examine the effects of environmental audit and economic sustainability as facilitation on company profit measures. Two Samples are drawn from dominant cement companies out of three functional companies quoted on the Nigerian stock exchange. Data content were reviewed through qualitative and quantitative reports of the companies from 2009-2016 and values were assigned from 1-5 based on the level of disclosure. The analysis technique used is the multiple regression. Research results indicate that companies are negligent of adhering to environmental and regulatory laws, this contributed to decrease in employee life expectancy and profit. The study therefore recommended among others that Government through it relevant agencies, should incorporate environmental audit report as a statutory requirement for Cement Company's enlistment in the Nigeria stock exchange.*

KEYWORDS: Environmental Audit, Economic Sustainability, Profit Measures, Cement Companies in Nigeria

INTRODUCTION

Environmental consideration during production process is globally taking shape through proactive advocacy to stem the negative impact by different government institutions including local and International organisation such as Nigeria Erosion and water shed management Project (NEWMAP), Nigeria extractive Industry Transparency Initiative (NEITI), National Environmental Standards and Regulation Enforcement Agency (NESREA), UN RED+, the USA environmental protection agency, Council of the European Communities etc. The essence is to reduce remediation costs resulting from industrial activities and managing environmental liabilities. However, before project implementation phase, it is expected that ethical standards of the industry as it affect the environment and other relevant issues be resolved by the entity. This includes information on environmental social management plan (ESMP), the livelihood needs assessment, monitoring and evaluation base lining and resettlement action plan (RAP). Undermining these processes would killed the project on arrival as a good business program would enhance long term profit maximization. A better environmental practice eliminate future negative impact, improve sustainability and enhance profit maximisation as no corporate institution can afford to operate in isolation without a well-defined environmental program. Environmental programme differ significantly from industry to industry, and is design to suite the prevailing conditions under which the industry operate.

According to Madeleine (2012) Cement industry operate in ecological system and its activities account for about 5% global greenhouse gas emission after passing through intensive heating processes with the composite of a solid substance called clinker. Also Shradha and Nehal (2014) maintained that cement industry is likely to anthropogenic cause of air effluence. Marlowe and Mansfield (2002) posited that consume airs from a cement kiln has nitrogen

oxides (NO_x), carbon dioxide, water, oxygen and trivial amounts of dust, chlorides, fluorides sulphur dioxide, carbon monoxide and still slighter quantities of organic compounds and thick metal. Natesan, Steve & Kenneth (2003) submitted that potential climate change policies should declare cement industries high financial risk due to its high quotient of gas emission. According to Arimoro, Fagbeja and Eedy in Fan and Ujoh (2014) continuous exploitation of mineral resources over a long time is pathetic and could result to water, land and environmental problems. Natesan *et al* (2003) point out that third Assessment and documentation in the Special Report on Emissions Scenarios shows that if the industry does not advance its present exact emissions, its comparative contribution to anthropogenic CO₂ emissions would increase by the next century.

Brundtland Report of 1987 has fertilized window of discussion amongst scholars on the reporting mechanism of environmental related issue in corporate financial statement. However, environmental audit is not a statutory audit unlike financial audit but it is necessary as it assist management in carrying on business with less threat from external variables of the business. As reviewer of the entire process, environmental audit therefore reflect various types of evaluations intended to identify compliance and management implementation of environmental policy regulating the operational activity of an entity with the view of meeting stakeholders needs and sustaining the environment. Power (1997) observed that environmental audit is concern with independent external assessor whose responsibilities is to examine environmental practices and report to management for decision making. Dittenhofer (1995) opines that environmental auditors investigate how the organization environmental actions and non-compliance affect its financial statement. Outweighing the uncertainties accompany cement production across the globe, particularly in Nigeria. It is crucial to seek environmental examination into the production process, management system and social impact.

Statement of the Problem.

Many researches have addressed the need for corporate organisations to develop environmental costs and disclose same in their annual reports in spite the inadequacy eroding conventional accounting practices to track the process (Bassey, Effiok and Eton. 2013). Never the less, human activity on daily basis exposed the earth to heavy threat and further harm social-economic and bio-physical components in the long run if not urgently addressed. In Nigeria, the Environmental Impact Assessment (EIA) Act of 1992 and other environmental laws subjected manufacturing companies to comply with and ensure a healthy and secured environment while maximizing profit. The assumption behind the enactment of the EIA is to ensure a comprehensive inclusion of individuals and communities at risk of potential environmental damage in dialogue and for companies to ensure prevention of environmental damages as whereas potential harmful activities. Over time, extraction of limestone for cement production have far reaching visible and socio-economic impacts, activities that have resulted in altering environmental and biological make-up, emission, pollution and land scape destruction. Besides, there are other cost usually proposed by companies to resettle affected host community and carrying out remediation works after extraction of mineral resources as required in listing rules aimed at abating employee work related accident. However, in evaluating management performance through independent assessment and their compliance with relevant environmental laws, it is pertinent to evaluate companies activities on employee health, quality of air discharged and quality of material mixed as it affect economic, social and environmental variables. Extant literature have documented studies on environmental disclosure and environmental audit but there have been scanty research to provide linear

relationship between the dependent and independent variables, thereby creating a gap this research intend to fill. It is against this backdrop that this study considers the joint effect of environmental audit and economic sustainability on profit measures of quoted cement companies in Nigeria.

Objectives of the Study.

The broad objective of this study is to examine the effects of environmental audit and economic sustainability on profit measures of quoted cement companies in Nigeria.

The specific objectives of the study are:

1. To examine the effect of employee health status on company's performance.
2. To evaluate how quality of gas emission affect company's performance and profit.
3. To evaluate effect of material use on company's performance.

Research Question.

In response to the problem and the objective of this study, this research answers the following questions.

4. What relationship exists between employee health status and Cement Companies performance in Nigeria?
5. How do quality of gas emission affect Cement Companies performance and profit in Nigeria?
6. How do material use for production affect Cement Companies performance in Nigeria?

Research Hypothesis.

We developed the following hypotheses to guide the study and to ascertain it veracity through testing.

Ho: There is no significant relationship between employee health status and cement companies performance in Nigeria.

Ho: There is no relationship between gas emission and cement companies performance in Nigeria.

Ho: There is on significant relationship between quality of material use for production and cement companies performance in Nigeria.

EMPIRICAL REVIEW

The importance of social and environmental related issues on corporate performance over the decade has resulted to several studies on environmental auditing by scholars. Naila (2013) use regression analysis to investigate the relationship between environmental compliance and financial performance of listed firms in Tanzania. The study revealed a significant relationship between environmental compliance and financial performance. It was recommended that listed

firms in Tanzania should comply with environmental standards. In a study of environmental improvements on the financial performance of leading companies listed in Bursa Malaysia; Ong, Tech, and Ang (2014) found that materials, energy and water, other environmental aspect, local communities and social aspects have effect on both return on asset and return on equity. In their study, Arafat, Warokka and Dewi (2012) employed multi-variant regression model to examine whether stronger environmental performance lead to better financial performance. The result showed that environmental performance has significantly influenced financial performance in Indonesian manufacturing firm. Okwo and Ugwunta (2012) use ordinary least squares to study the impact of input cost on firm profitability of the Nigerian Brewery industry. The study found cost of sales positive and statistically significant in enhancing Nigerian brewer's profitability.

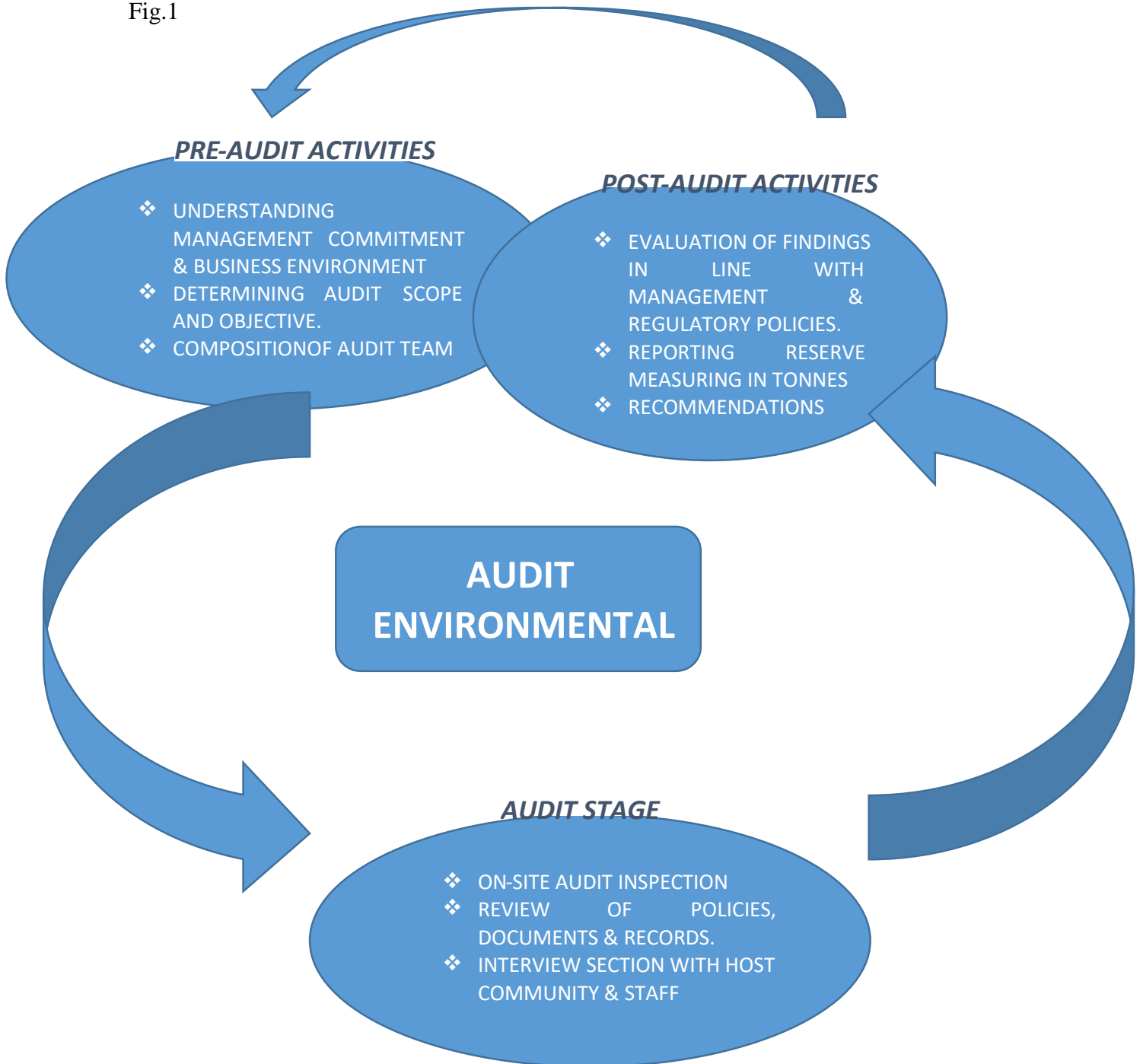
We also considered relatively environmental regulatory framework on corporate sustainability, we discovered that Hammeed, Hasbullah and Norani (2014) employed mail survey questionnaire to investigate the diminishing effect of environmental law on the relationship between sustainable environmental manufacturing companies and firm performance in Malaysia. Their result revealed that environmental regulation only moderates the relationship between sustainable environmental manufacturing practice and environmental performance. It was recommended in the study that policy makers should revisit environmental regulation framework to provide better support to companies. Owusu and Frimpong (2012) examine auditing specifically in the context of social and environmental disclosures by corporate entities. The study finds that environmental audit is carried out to show the relationship between the audit company's, society and stakeholders groups of interest. It was therefore, recommended that accounting profession should formulate and implement standard policy for environmental accounting disclosure.

As opposed to positive and negative relationship existing between cement industry and host community, Ujoh and Fana (2014) found a wide gap in environmental compliance status of Dangote cement Plc in attaining sustainable development. The study therefore recommend control measures to stem proliferation of vector-based diseases and adoption of cleaner production technology. Tajudeen, Okuzor and Fausat (2011) carried out a laboratory investigation to ascertain the effect of cement dust to substantiate the debate surrounding its toxicity in Nigeria. The result showed that cement dust is toxic to both man and animal thereby exposing employee and host community to different type of diseases. The study recommend that regulatory agency of government should enforce compliance on environmental remediation measures for health sustainability. Wei, Jinglan and Changqing (2015). Performed hybrid life-cycle assessment method to evaluate the impacts of pollutants generated by cement production in China. The result revealed that emissions of nitrogen oxides particulates and carbon dioxide during cement production contribute to overall environmental negativity. The study recommended optimization of industrial structure, use of industrial waste and by-product instead of lime stone in cement production. Al-dadi, Hassan, Sharshar and Badran (2014) study environmental impacts of cement industry using HPGe detector to measured raw material, end product and soil in the west of Saudi Arabia. The result revealed a clear radiological impact of the industry activity on the environment.

CONCEPTUAL AND THEORETICAL FRAMEWORK

Grayson (1992) observed that environmental audit improve performance and effectiveness through periodic documentation of business activities. Environmental Protection Act (1970) states that ‘an environmental audit assesses the nature and extent of harm, or risk of harm, to the environment posed by an industrial activity, waste, substance or noise’. In this context, the extent of harm created by cement production involve respiratory and genetic diseases among factory staff and host community, displacement of the people from their ancestral home, repudiation of livelihood and high hospital admission risk (Martina et al 2011, Mohamed et al 2008 and Fan 2014). According to Ogbonnaya, Ajisegiri, Kolawole and Onemayin (2007), environmental auditing include the organization and breakdown of environmental detecting data so as to create the record of modification related with a project. Environmental audit therefore involves assessment by an expert into the activities of an organisation with respect to compliance with regulatory guidelines, health and safety compliance and social impact. Seetharaman, Ismail and Sararanan (2007) observed that integration of environmental accounting into environmental management system will assist organisation to comply with legal and regulatory requirements, minimise audit cost, increase market and technical efficiency. Tajudeen, Okpuzor and Fausat (2011), in their work admitted that cement industry is among the industries that have not compiled with full disclosure of their activities and profess to be environmentally friendly. The negligence to disclose and comply with relevant laws affect the reporting system and create vacuum to ascertain concrete environmental data in comparing situations before, during and after production stages. Environmental audit engagement has three phases which include pre-audit, audit and post-audit. These stages have to flow together for successful project implementation, environmental sustainability and profit maximization

Fig.1



Environmental audit is an important component in project management and every stage requires quality assurance from team of audit expert. The composition and chain involvement in production of cement require auditors to focus on the most risky aspect (the non-financial) that could affect profit if not timely address by management. Though, financial audit focused on financial aspect of the entity economic transaction, but environmental audit look at

management and compliance with relevant regulatory framework of business. Moreover, since environmental audit encompasses regulatory and safety compliance, and social impact, it could be said that environmental auditor's opinion should be regarded as professional opinion. Environmental auditing requires technical knowledge from experts in different profession including geology, surveyor, environmental engineering, law, health professionals and of course accountant is require to investigate and convert qualitative information often reported in the financial statement to quantitative data for decision making. This is against the submission of Owusu *et al* (2012) who consider environmental auditing more relevant in accounting discipline than other fields of academic endeavours. Consequently, full disclosure of economic activities in the audited financial statement without any regard to material nature of environmental variables is tantamount to influence and fashion negatively investors decision because investor will consider environmental safety as going concern indices. Alege and Ogundipe (2013) maintained that economic with weak institution, success of growth of the organisation leads to its own demise and generates adverse effects. Conversely, environmental audit should encapsulate organisation activities that speak mightily in defence of it going concern through measurement of qualitative values assigned for environmental improvement.

Economic Sustainability and Firms Profit Measures.

Environmental sustainability is considered principally more of government responsibility even when activities leading to its damage are caused by private institutions especially in a private sector driven economic (Mazurkiewicz 2006). It could be reason that since companies pay tax to government therefore environmental sustainability and social security within the confine of their operations should principally be borne by government instead the polluter. Gunathilaka, Gunawadana & Pushpakumari (2015) suggested establishment of environmental standards to ensure harmonious relationship between business with community and customers as an antidotes to control impact through input and output indicator. Karagozolu and Lindell (2000), opined that environmental proactive strategies promote ecological improvement and can lead to competitive advantage. Tze, Boon and Yee (2014) maintained that effort to ensure environmental improvement and activities helps firm gain competitive advantage and enhanced firm value.

Cement production contribute about 3% to Nigeria GDP, the country has highest lime stone deposit in sub-Sahara Africa region (NBS 2015). This resources spread across many states with five (5) Cement companies carrying out production in full capacity in different locations of Nigeria state. Due to the increase in green gas emission and the danger it portray to human health, they arose from new legislation and government regulation through Nigeria extractive Industry Transparency Initiative (NEITI) and National Environmental Standards and Regulation Enforcement Agency (NESREA) a guidelines to ensure that industries operating within the shore of Nigeria comply with environmental laws and got licence through institutional authority for revenue generation and economy growth. However, market forces from the green consumers, the benefits of stakeholders such as investors, employees, general public awareness, couple with the activities of environmental community development groups and reports in the media has to an extent compel companies to reduce the discharge of harmful products. This has made it important for companies to intensify their obligation concerning all facets of environmental audit and to adapt prevailing best practices so as to abate damage to the society.

The sustainability literature has focused on the activities of larger organisation because small and medium firms are perceived to be lacking sufficient resources Paris & Raeendranath

(2013). Basiago (1999), define economic sustainability as a system of production that satisfies present consumption levels without compromising future needs. Sharama (2003) in his work posit that business sustainability involve the challenge to improve social and human welfare continuously while reducing environmental impact and ensuring the effective achievement of organisation objective. Investment and environment sustainability could be inform of human capacity development, improvement of ecological life through vegetation and remediation works to sustain the area affected. Therefore, concept of environmental sustainability play significance role in improving performance in that environment inhabit the business and its symbiotic nature is critical to business growth. Razeed (2009) maintained that economic performance of company is important in the decision to engage in environmental disclosure. Inversely, positive relationship between economic performance and the level of organisation decision is determine by environmental audit which further assist organisation to secure owners wealth, develop high confidence in terms of stability of performance and increase in size.

Expectation gap theory – Liggio 1974.

The theory considered the difference between the actual and the expected performance.

It was adapted by Cohen commission on auditor's responsibilities in 1978 to represent the gap between the public expectations and the auditor expectation about auditor's duties and responsibilities. Environmental audit is beyond reporting economic event carried out by companies, the essence is wider in nature and consider both financial and non-financial reports of the companies which constitute critical components of evaluating performance in terms of social, economic and environmental sustainability. However, when there is a gap between what the company is actually doing in relation to its adverse effect on the society and the society expectation from the company it results to hostility, threat and intimidation of factory workers which further plague performance. It could therefore be deduced that the shortfall in the industry despite abundant lime stone deposit in Nigeria is as a result of expectation gap between the companies and the environment which is expected to be symbiotic in nature.

Triple bottom line theory- Elkington 1994

The theory works on the assumption that the company is a member of the moral community, and this make it imperative to contribute to it development. Principally, the theory weight its decision on three independent scales which include social, economic and environmental sustainability. The theory suggests that organisation must account it contribution to reflect economic, social and environmental performance in its process while progressively reducing ecological impact and increase economic value of the firm. In a practical situation, no corporate institution will succeed in the advancement of her objectives without consideration given to this aforementioned elements. Therefore, efforts should be made by cement Companies to renew some of the environmental problems facing the industry as to enhance record keeping and reporting, and firm profit maximization.

METHODOLOGY

Cement companies are more involved in environmental pollution at different levels of production, to ascertain the pollution impact on performance appraisal necessitated the investigation. For the purpose of this research, secondary data were obtained from quoted cement companies on the Nigeria stock Exchange under building materials sector. Out of five cement companies quoted on the Nigeria stock exchange, two of the companies (Port land and Ashaka cement) were taken over by Lafarge Wapco Plc leaving three companies trading on the stock exchange. However, two companies (Lafarge Wapco and Dangote cement) out of the remaining three had their financial statement published and environmental issue disclosed accordingly while one (Cement Company of the Northern Nigeria) reported incomplete financial statement without environmental issues disclosed. Moreover, the variables used for this study were review from Lafarge Wapco and Dangote company's annual reports 2009-2016 and was influenced by previous studies on environmental disclosure. The environmental variables (DV) was measured by dichotomy procedure with score 0 if disclosure item is not applicable and score range from 1-5 based on full and partial disclosure applying global reporting index (GRI) where expenditure on pollution control and certificated to ISO 14001. The dependent variable is return on asset ROA as proxy of performance measurement. Thus, to determine the extent at which environmental audit and economic sustainability affect profit measures of cement companies in Nigeria, the functional relationship between the variables could be expressed as follows:

$$ROA = f \{ MAT.USE, AQTY, HST \}$$

The regression equation is expressed in explicit form as

$$ROA = a_0 + \beta_1 HST + e_2$$

$$ROA = a_0 + \beta_1 MATUSE + e_2$$

Where:

ROA = Return on asset (dependent variable)

MATUSE= Material quality Use for production

AQTY = Air quality

HST= Health status of employee and host community

β_0 = Regression constant e_2 = Error term

RESULT PRESENTATION AND INTERPRETATION.

Table 4.1: Regression result on the effect of environmental audit and economic sustainability on profit measures of quoted cement companies in Nigeria.

	HST	MATUSE	AQTY
C	.543	.656	1.57
Coeff	-.042	-.119	-.051
Std error	.022	.044	.016
T-Stat	3.16	3.99	3.75
Prob.	.079	.018	.006
R ²	.204	.340	.424
R ² Adj	.15	.293	.383
DW	.955	1.36	1.55

Dependent variable: Profit measure

- a. Predictors (constant): Employee health status, Materials use for production and Air quality.

The result obtained from the analysis of inner model in table 4.1 above shows the effect of carrying out environmental audit on employee health status, material use and air quality on Cement Company's performance. The result on employee health status indicates R² of 20% deviation in environmental and economic sustainability of employee health while 80% variation is unexplained by company's profit. The coefficient value of 0.543 in this result indicates that an increase in company profit is bound to occur with or without existing independent variables (employee health status) and this increase could be caused by factors exogenous to the model. However, this increase is significant (.54) but the negative and insignificant coefficient (-.042) of employee health status could reduce company's profit due largely that employee health status is an important factor towards corporate existence. The P-value of .079 indicate that the relationship between the company profits cannot be considered significant in the model. Cement as a product is essential product for civil construction, hence its material mixture is consider vital in performance measurement. From the result obtained to ascertain material use for production of cement and its impact on company's profit therefore, we had R² of 34% deviation in environmental and economic sustainability in material use while 66% variation is unexplained. The coefficient determining rate of profit returns to the company had a positive value of .656 but the increase is determine by the value and composition of material mix (input) for production which appears to be negative (-.119) thereby decreasing profit by the same margin in the long run if not appropriately control by management. The probability value of .018 also intensify existence of a relationship between variables but cannot be considered strong enough in the model due to others exogenous variables. When we regress the relationship between air quality and company's profit, we had a coefficient of 1.57 which signify increase in company's profit. This increase can be affected by decrease in quality of air emission (-.051) by the company which could result to a decrease in profit if not adequately control by management. The result also showed R² deviation of .42 in environmental and

economic sustainability while 58% variation is unexplained by the model which appear to be exogenous. The P-value of .006 implied the existence of a relationship classify not to be strong in the model.

Hypothesis Testing:

The hypotheses were tested at 0.05 per cent level of significance using t-statistics value from the result in table 1.

1. H₀: There is no significant relationship between employee health status and cement companies performance in Nigeria.

H₁: There is significant relationship between employee health status and cement companies performance in Nigeria.

The t-statistics value is 3.16 at 5% significant level, t-test cal 3.16 estimated value is > table value of 2.94. The null hypothesis is rejected and the alternate hypothesis accepted, it can therefore be concluded that employee health status affect profit measures of cement companies

2. H₀: There is no relationship between gas emission and cement companies performance in Nigeria.

H₁: There is relationship between gas emission and cement companies performance in Nigeria.

The t-statistics value is 3.75 at 5% significant level. This t-test cal 3.75 is > table value of 2.94 we rejected the null hypothesis and the alternate hypothesis accepted, it can therefore be concluded that air quality affect profit measures of cement companies in Nigeria

3. H₀: There is on significant relationship between qualities of materials use for production and cement companies performance in Nigeria.

H₁: There is significance relationship between quality of materials use for production and cement companies performance in Nigeria.

The t-statistics value is 3.99 at 5% significant level. Our t-test cal 3.99 is > table value of 2.83, the null hypothesis is rejected and the alternate hypothesis accepted. It can therefore be deduced that material use in terms of input affect profit measures of cement companies in Nigeria.

Discussion of Findings

The result from our hypotheses suggest that there exist a significant relationship between company's profit and the independent variables with the positive and negative coefficient as shown in the result of our analysis. When we considered personnel health on company's performance, we observed that employee health is an asset that control other assets and its integration with adequate facilities and being given maximum concern by management will improve performance. The result is in line with Sharama (2003) assumption that business sustainability involve the challenge to enhanced social and human well-being continuously while decreasing environmental impact and safeguarding the effective attainment of organisation objective. It also conceded with the findings of Tajudeen, Okuzor and Fausat (2011) that cement dust is toxic to both man and animal thereby exposing employee and host

community to different type of diseases. According to Arafat, Warokka and Dewi (2012), environmental performance has significantly influenced financial performance in Indonesian manufacturing firm. Material use for production is another focus area to evaluate company profit because factor input determine output as this connect with mixture in accordance with established production bench mark. The result shows existence of a wide gap in environmental sustainability by cement companies in Nigeria and this reveals while most of the companies negate disclosure of environmental accounting related expenses in their financial reports. The result is in consonance with Tajudeen, Okpuzor and Fausat (2011) findings that cement industry is among the industries that have not compiled with full disclosure of their activities and acknowledge to be environmentally friendly. Moreover, this also supported the research recommendation of Gunathilaka, Gunawadana & Pushpakumari (2015) on the establishment of environmental standards to ensure harmonious relationship between business with community and customers as an antidotes to control impact through input and output indicator.

Another dimension of environmental audit in Cement Company is assessing quality of gas emission since their production and processes involved environmental pollution at different levels. Stakeholders and prospective investor often consider necessary social impact as critical factor for investment decision with the assumption that the more they invest the more harm the company will cause the environment. This result is consistent with the result of Shraddha and Nehal (2014), Natesan *et al* (2003) that cement industry is potential anthropogenic source of air pollution which if not abated could result to extreme increase in the nearby future. It is also in agreement with the result of Tajudeen, Okuzor and Fausat (2011) that cement dust is toxic to both man and animal thereby exposing employee and host community to different type of diseases.

However, environmental audit is a good policy that will increase shareholders perception about companies. To them (shareholders) it is a mechanism employ to address environmental inaptitude exhibited by companies through production process with monitoring of environmental data as to provide means of modification. This research provides evidence that through environmental sustainability stakeholder's partnership will be improved thereby enhancing company profitability profile. Though, environmental audit has not been widely acknowledge by stakeholders due largely to low implementation strategy adopted by companies in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The study used content analysis to investigate effect of environmental audit and economic sustainability on profit measures of quoted cement companies in Nigeria. We have constraint in assessing required data of most companies, though the one used for these study reflect the reality in the industry and were obtained from dominate cement companies in Nigeria. Several review were made to compare the findings of past researchers on environmental cost accounting, environmental audit and economic sustainability so as to enable us ascertain how they affect the dependent variable. Although the result of this study provides conflicting view with previous researches while some contrast with our findings, we find evidence that cement companies are negligence of adhering to environmental laws leading to high crime rate and decrease in employee life expectancy. This is one of the most reason while despite abundance lime stone deposit located in many parts of the country only two companies exploring and as where taken over others minor once due largely to concession crisis. From triple bottom line

perspective, since companies operating under this industry has failed to account and contribute to reflect economic, social and environmental performance in its process, the environment is therefore render fragile, country growth rate affected and has increase government future cost on environmental sustainability. However, we conclude that environmental audit and economic sustainability significantly influence profit of cement companies in Nigeria. While we concentrated our research on this area, we suggest that future researchers should address the effect of cement material mixture on economic sustainability. From our findings, the paper recommends that:

1. Government through it relevant agencies should incorporate environmental audit report as a statutory requirement for cement companies enlistment in the Nigeria stock exchange.
2. To strengthen environmental audit report and provide reasonable assurance to stakeholders, government should institutionalize regulatory frame work to regulate environmental audit.
3. Specialization in the aspect of environmental audit engagement as specialty in accounting as obtainable in other fields of professional endeavour in Nigeria.

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