



BOARD CHARACTERISTICS, EARNINGS QUALITY AND CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE OF OIL AND GAS COMPANIES IN NIGERIA

**Ndalu, ThankGod Chukuemeka, Ph.D., Okene, Anthony Jovwo, ACA and
Osadume, Richard Chinye Ph.D. FCA**

*Department of Marine Economics and Finance, Nigeria Maritime University, Okerenkoko
Delta State, Nigeria*

E –Mail: ndathanks2ng@yahoo.com

Igwe, John Charly, Ph.D., FCA

Bursary Department, Nigeria Maritime University, Okerenkoko, Delta State, Nigeria

Keywords: Board characteristics, Board Size, Earnings Quality, Discretionary Accruals, Corporate Social Responsibility Disclosure

ABSTRACT: This study investigated the relationship between board characteristics, earnings quality and corporate social responsibility disclosure in quoted oil and gas companies in Nigeria with its specific objectives such as to determine the relationship between board size and discretionary accruals and ascertain the relationship between board size and social activities disclosure. The population and the sample size of the study is the 12 quoted oil and gas companies in the Nigerian Stock Exchange (NSE). Secondary data were used in this study and data were analyzed using both descriptive, inferential statistics and Pearson Correlation Coefficient Statistical tool complementarily with the aid of Statistical Package for Social Sciences version 23.0 to test the null hypotheses. The findings of the study reveal that board size has a significant relationship with discretionary accruals and with social activities disclosure. Based on the findings, the study recommends that board size should not be less than 9 members given the magnitude of higher number of board size to greater disclosure of corporate social responsibility activities and the reduction in discretionary accruals and subsequent improvement in the financial reporting quality of the sampled firm.

Introduction

Corporate Social Responsibility (CSR) has emerged as a crucial subject in business and academic writing. Several organizations and institutions around the world insist that businesses must consider the economic, social,

and environmental implications of their operations (World Business Council for Sustainable Development 2000; European Commission 2002; World Bank 2019). Corporate Social Responsibility Disclosure is a process of providing information about

Ndalu, T. C., Okene, A. J., Osadume, R. C., & Igwe, J. C.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



interactions between companies with regard to environment, employees, society and consumer issues (Gray, Javad, Power, & Sinclair, 2001). In the context of society and the environment, it also entails the provision of financial and non-financial information (Hackston & Milne 1996). Also, CSRD is a development of the financial disclosure system, which reflects broader societal expectations for the contribution of business to the economy. All information provided to stakeholders regarding the social and environmental effects of a company's actions is included in CSRD. As a result, it entails going beyond the company's conventional responsibility of giving capital owners a financial report. As a way of fulfilling the goals of the organization, this information may be qualitative, quantitative, or both, and it may be provided in annual reports, a special report, a media release, or another format (Adams & Shavit, 2011).

Maximum protection of shareholders' interests, effective risk monitoring and management, and the availability of an effective control mechanism are all ensured by effective board characteristics. Due to this, businesses are required to periodically update the proper stakeholders on their economic, social, and environmental performance. This is crucial because corporate boards are in charge of ensuring that effective control mechanisms are founded on accepted conventionally-guided principles, particularly those that are connected to monitoring and managing risk, including environmental and social liabilities. Haniffa and Cooke (2005) argue that considering board characteristic mechanisms or composition, such as board size, board independence, managerial ownership, and women on board, as essential pre-requisite or determinant factors of CSRD is appropriate

given that CSRD is influenced by many factors, choices, motives, and values of those involved in policy formulation and decision-making processes of formal organizations. This defense demonstrates the evident significance of board traits in the context of formal organizations.

Conversely, when managers opportunistically alter reported earnings, the quality of the earnings is negatively impacted (Schipper & Vincent 2003), although this type of manipulation is frequently challenging for the market to identify (Nelson et al., 2003). Concern over the reliability of earnings declared by companies has also grown in response to accounting scandals such those involving Enron, WorldCom, Tyco, and Global Crossing in the United States, HIH in Australia, Parmalat in Italy, and APP and Saytam in Asia (Gaio & Raposo 2011). The work of the IFRS Foundation, whose main goal is to "create a single set of high quality, intelligible, enforceable, and universally accepted financial reporting standards based upon clearly articulated principles," has further spurred the attention on quality issues (IFRS Foundation 2013). These concerns have increased pressure on directors to protect the interests of shareholders by taking care of reported earnings quality.

More board diversity (primarily in the form of gender diversity) within the board of directors resulted in more effective monitoring of the reported profits quality, according to more recent research conducted in the United States (Krishnan & Parsons 2008; Adams & Ferreira 2009; Srinidhi et al., 2011). Alternately, it's possible to connect managerial self-interest with practices of corporate social responsibility (McWilliams & Siegel, 2001). To minimize the negative effects of corporate wrongdoing, a manager could take part in CSR initiatives

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



(Hemingway & MacLagan 2004). The worth of the company and its financial performance are likely to be misrepresented to stakeholders if managers engage in CSR initiatives based on opportunistic motivations. We would see a favorable relationship between CSR and earnings management if these incentives were to prevail.

Due to the evidence of financial scandals that resulted in corporate failure, including those at Cadbury Nigeria Plc, Oceanic Bank International, Intercontinental Bank, and Afri Bank among others in the last decade (s), scholars have been very concerned about the issue of board characteristics as a subset of corporate governance in Nigeria. Such occurrences sparked the recent trend of holding management and boards more accountable to the duties that the shareholders have delegated to them. Therefore, it is presumed that businesses with effective board characteristics—such as board size, board independence, managerial ownership, and participation of women—are better corporate citizens and more socially and environmentally conscious than businesses with ineffective board characteristics. This indicates that there should be a strong positive association between board characteristics and CSR of companies (Ali & Attan 2013).

Umar and Alifiah (2020) claim that the idea of corporate social responsibility is a simple topic of discussion between businesses and stakeholders that keeps attracting the interest of the governance of the firms. This occurred as a result of community members' demands that corporations incorporate environmental and social issues in communities into their activity strategies since their interests go beyond simply earning a profit for their shareholders and

include stakeholders as well. Companies are anticipated to think more strategically and productively about how to address and satisfy the interests of various stakeholder groups. Stakeholders comprise employees, government, members of the community, consumers and the owners of businesses who have a stake in a company.

However, several studies found in literature attempted to address the numerous contradictions and debates surrounding CSR issues, yet there are lots of disagreement, controversy and conflict of interests amongst the business theorists, corporate managers, academics and the general public. Firm profitability, firm size, firm liquidity, independent directors and female directors of a firm, are often considered to be key firm attributes and board characteristics that influence firm corporate social responsibility investment, disclosure and practice in many previous studies. However, the studies revealed mixed results. Some studies such as Ponnu & Okoth (2009), Enny & Yulita (2010), Jurica & Lady (2012), and. Amole, Adebisi & Awolaja, (2012), have produced evidence in support of a positive impact between firm attributes, board characteristics and CSR, while other works such as that of Abu Sufian (2012) reported no evidence of a significant relationship at all. Investigating board qualities, profits quality, and corporate social responsibility disclosure in oil and gas businesses in Nigeria may be of critical significance given the volume of arguments, conflicts, debates, and diverse expectations in the literature. This is due to the fact that the majority of studies that looked into board qualities for CSR were carried out outside of Nigeria.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



Yet, the majority of research on CSR conducted in Nigeria either linked it to performance or neglected to account for the influence of governance processes to determine the part played by board members in management choices to pursue CSR concerns. Few studies, including those by Farouk and Shehu (2013) and Akano, Jamiu, Olaniran, and Timothy (2013), among others, studied the factors that influence CSR, but they suffered from the flaw of ignoring the influence of many significant board characteristics, such as board composition and board size, and they also did not combine three variables into one as was done in this study. This was a considerable yawning gap the present research work was able to discover in the literature alongside the period gap of the previous studies. However, to the best of the researcher's knowledge, no study with similar combination of variables have been conducted in the Nigerian oil and gas sector. Owing to their indispensable contributions to the economy, it is paramount to fill in this gap.

Purpose of the Study

The purpose of this study is to determine the relationship between board characteristics,

earnings quality and corporate social responsibility disclosure of quoted oil and gas companies in Nigeria with the following specific objectives:

- i. Determine the relationship between board size and discretionary accruals in the quoted oil and gas companies in Nigeria.
- ii. Investigate the relationship between board size and social activities disclosure in the quoted oil and gas companies in Nigeria.

Research Hypotheses

The following null hypotheses are formulated for the study.

Ho₁: There is no significant relationship between board size and discretionary accruals in the quoted oil and gas companies in Nigeria.

Ho₂: There is no significant relationship between board size and social activities disclosure in the quoted oil and gas companies in Nigeria.

Operational Framework

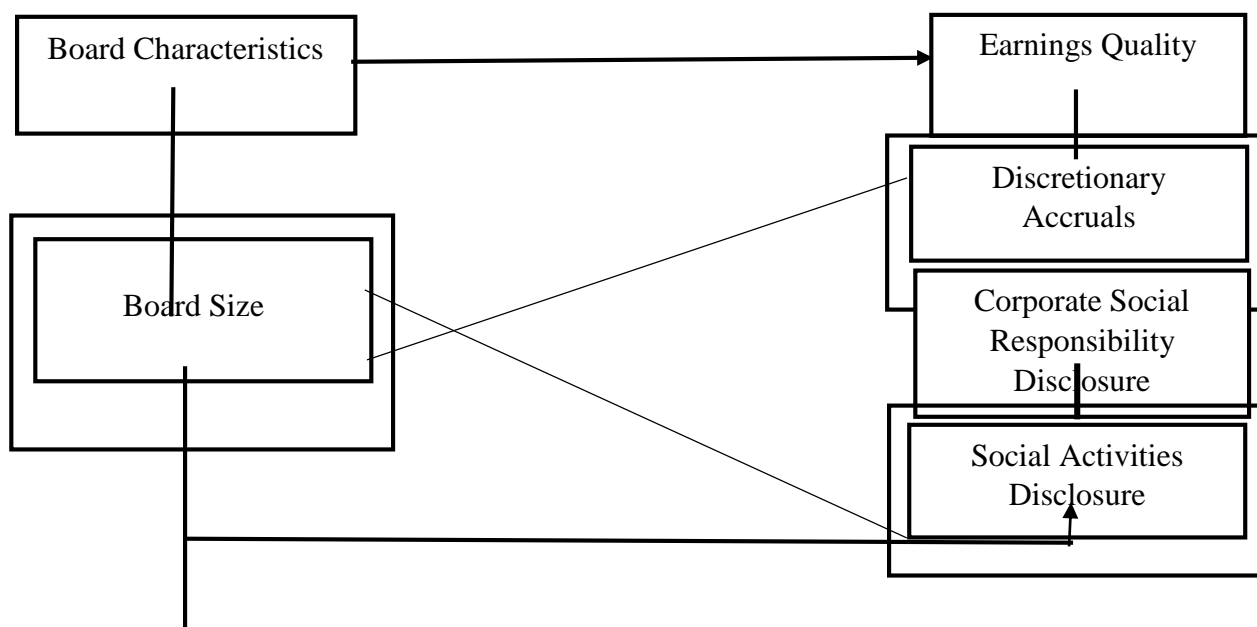


Figure 1.1: Operational framework of the relationship between board characteristics, earnings quality and corporate social responsibilities disclosure.

Theoretical Underpinning

This study is anchored on Legitimacy and Stakeholders' Theories propounded by Edward Freeman in 1984. This is because they underpin the objectives of the study.

Legitimacy Theory

In order for businesses to survive the business cycle as going concerns, legitimacy theory was created to modify corporate management ideas about firm community issues (Gray, Kouhy, & Lavers, 1995). According to legitimacy theory, a "social compact" exists between a company and the society in which it operates. Accordingly, the legitimacy theory's proponent believes that management of the company must make sure that all of its operations, decisions, and actions always adhere to social norms and limitations. They must also refrain from making any

decisions or taking any actions that are deemed undesirable, harmful, disastrous, or inappropriate for the health and safety of customers, employees, local residents, and the operating environment (Ugwuiwa & Jimoh, 2012). According to this view, corporations need to uphold the law, protect their natural environment, and refrain from disposing of needless garbage. For assessing business behavior in respect to a community-constructed system of widely acceptable values, norms, and beliefs, legitimacy theory has emerged as the most frequently quoted and effective theory (Gray, Kouhy & Lavers, 1995).

Stakeholders' Theory

The Stakeholders' Theory is an extension of legitimacy theory that forwarded the argument of taking the society into account in every firm action. The proponent of this theory suggested

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



the need for firms to consider not only community but multiple stakeholders' groups in their decisions and actions. These stakeholders are categorized into many types and require a range of information, to which businesses must prudently respond in a number of different ways. Indeed, one of the most significant and widely referenced theories in CSR research is the stakeholders' theory. According to this theory, managers can establish socially responsible conduct by paying attention to the interests of all stakeholders in a firm, and a socially responsible organization is one where managers' responsibilities to stakeholders play a significant role in decision-making (Clarkson 1995). The acceptance of the Legitimacy Theory and Stakeholders' Theory is supported by this study, nonetheless. The research therefore, is of the view that Legitimacy theory and Stakeholders' Theory better explain the variables of the study, hence, adopted them as the theories with the better nexus underpinning the variables of the study. Legitimacy theory on the one hand suggested the need for firms to respect community values and ensure overall corporate community concerns.

Conceptual Review

Board Characteristics

The board can be viewed from an organizational viewpoint as a group assembled to work toward accomplishing organizational goals (Langton & Robbins, 2007). The board has a strategic role in the company's decision-making because it is positioned above the chief executive and other managers in the hierarchy. Important organizational resources include the board's composition and its competencies (Ljungquist 2007). Such resources enable businesses achieve exceptional performance and become a source of competitive advantage (Hamel & Prahalad, 1994

and Hunt, 2000). As a result, team composition and characteristics are crucial building blocks for successful group decision-making and business performance. Researchers have examined the impact of board qualities on company performance from a wide range of theoretical vantage points. However a common goal of these ideas has been to prove a connection between particular board qualities and company performance (Kiel & Nicholson, 2003). Monks and Minnow (1995) emphasized the significance of boards in corporate governance studies by defining corporate governance as the relationship between shareholders, the board of directors, and senior management as well as the process by which key strategic decisions for a company's success are made. As a reference for practitioners, some corporate governance codes also paid close attention to boards.

The importance of an independent and capable board is the key concern of all corporate governance regulations, according to Carlsson (2001). In essence, corporate governance is the framework designed to ensure that the correct questions are raised and that checks and balances are in place to ensure that the responses represent what is optimal for the production of long-term, sustainable value, according to Monks and Minnow (2004). The board's composition and function, which have a big impact on business performance, are essential elements of this organization. Early researchers (Mace, 1971; Norburn & Grinyer, 1974; Rosenstein, 1987; Vance, 1983; Monks & Minnow, 1991) argued that boards made little contribution to strategy and the role of strategy making is performed mainly by the chief executive. A strong role was performed by the chief executive-led management, which frequently resulted in a power gap between

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



management and the board. As a result, the boards were referred to as "Creatures of the CEO" (Mace, 1971) since they might be used as rubber stamps (Herman, 1981). In their 1989 study, Lorsch and MacIver acknowledged that management played a more important role than boards in an organization and recommended that the boards serve as advisors to management rather than being the ones to develop strategy. The primary roles of boards have been seen as supervising management, evaluating performance, and ensuring that a firm's different actions are ethical and legal. Commenting on selection of board members, Monks and Minnow (1991) suggest that directors are nominated on the basis of the management's comfort in working with them. These studies, while recognizing the importance of boards, assumed relatively limited role for boards in strategy making.

Scholars like Boulton (1978) and Andrews (1980) have acknowledged that boards are playing a more active part in strategy. Bolton asserted that boards' strategic roles were changing, whereas Andrews (1980) suggested that directors collaborate with management to develop strategies based on experience. According to Rindova (1999), directors have valuable problem-solving skills that can be used in conjunction with management to make strategic decisions. While acknowledging the importance of boards in strategy, these research projected that they would play a far lower role than management. In fact, according to Andrews (1981), the board's responsibility is to assess and oversee the process that results in strategy rather than to actually develop it. Others scholars such as (Garrett, 1993 and Coulson-Thomas; 1993) have suggested a wider role for boards in the strategy formulation. Tricker (1984) described

the boards function in terms of establishing strategic direction, overseeing firm's strategy, assessing and monitoring performance, and also, becoming involved in action to ensure implementation. These experts contend that greatness on the part of boards requires more than merely following the law, and that boards should actively protect the interests of shareholders while simultaneously exercising independent control over top management. In order to secure a company's survival and long-term performance, Garrett (1993) claimed that a director should be concerned with creating and expressing the business vision, mission, strategy, and structure.

Earnings Quality

Within accounting research, the phrase "earnings quality" has been regularly utilized (Dechow, Ge, & Schrand, 2010). There is currently no agreement on what this term signifies or how to measure it because it has taken many various forms over time (Dichev, Graham, Harvey & Rajgopal, 2013). According to accounting research's decision usefulness approach, reported earnings are deemed to suggest greater quality when they closely match basic earnings (Schipper & Vincent 2003; Dechow & Schrand 2004). Basic earnings are thought to accurately represent a company's economic performance. The market's decreased uncertainty regarding the firm's eventual worth can then be defined as an indicator of the quality of the earnings report (Ewert & Wagenhofer 2005). According to Dechow and Schrand (2004), who are financial analysts, reported high quality earnings would accurately annuitize the underlying worth of the company and reflect current operating performance. They also serve as a good indicator of future operating performance. When experimentally assessed,

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



profits, for instance, would be deemed to be of higher quality when they are substantially correlated with returns since a high correlation with stock market data is interpreted as a sign that earnings are helpful in the context of decisions on equity valuation (Schipper & Vincent 2003).

Dechow et al. (2010) contend in their evaluation of more than 300 papers on earnings quality that the word earnings quality only has value when it is used to describe a particular decision model. The reason behind this is that various stakeholders may have varying opinions on what exactly qualifies as reported high quality revenues. Investors rely on the earnings that are disclosed, and in that context, earnings quality becomes a driver to more precisely analyze firm value and business performance so that they may make accurate economic decisions pertaining to the future (Gaio & Raposo 2011). Additionally, financial analysts who predict stock price can benefit from reported earnings (Siegel 1982). According to Lev (2003), institutional investors and company boards utilize earnings to assess the caliber of managerial performance, whereas shareholders use earnings as a foundation for giving top managers bonuses and executive stock options (Peasnell et al. 2000). In the past, research on earnings quality has mostly studied firm characteristics as their determinants (Demerjian, Lev, Lewis, & McVay, 2013), and the effects of various firm factors on earnings quality have been investigated. Innate drivers of earnings quality are the terms used to describe certain company characteristics that are systematically associated to earnings quality (Francis, Huang, Rajgopal, & Zang, 2008b; Demerjian et al. 2013). Innate factors are those that are influenced by the operating environment and business model of the

company, and as a result, they are difficult for management to modify in the near term (Francis et al. 2008b).

In order to manage these in a way that influences the ultimate decision of possible investors and borrowers, management uses earnings in the financial statements to entice them. This is in line with the signaling theory, which illustrates how information tends to flow between management and the outside world. In general, internal parties within the company are more knowledgeable than external parties about the true state of the company's present and future prospects. Thus, outsiders' primary concern will be the accuracy of the accounting earnings stated by management. Quality accounting results are those that may accurately depict a company's financial performance and have little to no perceptual distortion (Wijayanti 2006). According to Hayn (1995), the application of accrual accounting or transient events lead to a poor view of accounting earnings. Events that occur at specific moments and have no lasting effects are known as transitory events. In this context, high-quality earnings are defined as being reasonably stable or smooth.

There are numerous definitions of profits quality from the perspectives of collaboration and decision-making in the accounting research literature. Based on the time series qualities of earnings and the qualitative traits of the conceptual framework, Schipper and Vincent's (2003) classification of quality conceptions of earnings in Margani's (2009) work. The following statement sums up the links between earnings: I based on the relationships between accrual earnings and implementation choices, the qualitative traits of the conceptual framework, and the time series aspects of earnings.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



The persistence of earnings as an indicator of earnings quality is assessed from the standpoint of its applicability in decision-making, particularly in equity valuation, where it may be used to forecast future earnings. (ii) Earnings quality based on cash earnings accrual connections that can be assessed using a range of metrics, including operating cash to earnings ratios, changes in total accruals, anticipated abnormal/discretionary accruals (abnormal accruals/policy), and accruals-to-cash relation estimation. When determining the operating cash to earnings ratio, the resemblance between income and operating cash flow is used to determine the quality of the earnings. (iii) The conceptual framework's qualitative idea may be used to base the quality of earnings. Quality earnings are those that can be used to inform decisions and that exhibit the traits of applicability, dependability, and comparability. (iv) The choice implementation-based earnings quality uses two strategies.

Discretionary Accruals

Cash flows and accruals are the foundation of earnings. When there are timing and revenue matching issues, accruals result where cash flows are based on cash transactions (Dechow, 1994). Accruals, however, are dependent on some estimations and assumptions that might be incorrect, and if so, must be addressed in subsequent accruals and earnings (Dechow & Dichev, 2002). Also, managers have some freedom in how accruals are recognized. Due to accruals' informational nature (Dechow, 1994), managers can use them to communicate with the public, reducing information asymmetry. Yet, managers can also exploit accruals to achieve opportunistic goals (Healy & Wahlen, 1999), which will result in a rise in information

asymmetry. In other words, the quality of the earnings will be worse because the earnings number will be less indicative of the firms' performance. Discretionary accruals and non-discretionary accruals are the two categories into which accruals fall. Due to their flexibility, discretionary accruals, also known as aberrant accruals, give managers the ability to manipulate earnings (Dechow, 1994). Increased information asymmetry, or a decline in earnings quality, will result from a high degree of discretionary accruals.

There is a lot of discussion in the literature about the reliability of financial information provided by businesses and how it affects the choices made by various users. Accruals are a baseline for evaluating the profits quality and are defined as accounting adjustments that explain the variations between accrual accounting rules and cash accounting standards (Walker, 2013). They are produced by the use of both expert judgment and the precise execution of accounting regulations (options in choosing accounting treatments). The division of accruals into discretionary (DAC) and non-discretionary accruals (NDAC) starting from these sources of occurrence is frequently a challenging task (Dechow et al., 2012), but it is necessary in evaluating managers' behavior in using these elements that do not involve repayment (do not change cash flows), but influence the level of financial results (Tsipouridou & Spathis, 2012).

Due to the use of accounting choice, the DAC component is mostly linked to managers' opportunistic and manipulative behavior with the aim of sizing the results in accordance with their own aims (Kuo et al., 2014). (Abernathy et al., 2014). Nonetheless, DAC is a tool that, when used ethically, can aid in boosting the firm's worth (Omar et al., 2014). Managers can do this

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



by selecting the most advantageous accounting procedures and reporting methodologies, which will then affect how economic events are reflected in the performance metrics (Walker, 2013).

The influence on the indicators calculated based on the financial information presented by the firms, as well as on the corresponding judgments taken by investors, accruals and their components are a hotly debated topic in the literature. Signal theory states that managers can utilize accruals as a secret communication mechanism for future performance of the entity (Koerniadi & Tourani-Rad, 2011). Discretionary accruals are determined by accounting judgments, managerial decisions, and various estimates, while non-discretionary accruals are items resulting from the application of fundamental accounting rules that cannot be changed by managers (Francis et al., 2005). Two distinct interpretations have arisen in the existing literature, despite the fact that the function of discretionary accruals in the development and dissemination of financial information is still hotly contested. The presence of DAC, which has only been sparingly discussed in the literature, can be understood as a positive action tool that demonstrates managers' capacity to determine the most effective ways to use the resources they employ in operational activity, concurrent with their use of the best accounting practices to reflect financial performance.

Corporate Social Responsibility Disclosure

The idea of corporate social responsibility is a simple topic of conversation between businesses and stakeholders that keeps the attention of the corporate governance. This occurred as a result of community members' demands that corporations incorporate environmental and

social issues in communities into their activity strategies since their interests go beyond simply earning a profit for their shareholders and include stakeholders as well. Companies are anticipated to think more strategically and productively about how to address and satisfy the interests of various stakeholder groups. Employees, the government, community members, customers, and business owners with an interest in a company are examples of stakeholders. Also, to improve their reputation and image in a cutthroat business environment, organizations must take into account the interests of various stakeholder groups. Also, businesses must be transparent and accountable to their stakeholders. Owners therefore assess a company's financial success, and the government assesses its adherence to applicable laws, while communities assess a company's dedication to social and environmental initiatives (Thi and Pham, 2018). (Phiri, Mantzari, and Gleadle, 2018).

Generally speaking, corporate social responsibility (CSR) is a requirement for businesses to participate in initiatives that advance societal growth, stakeholder interests, and better societal conditions (Chelliah, Jaganathan, and Chelliah, 2017; Radka, 2019). The best way for a business to record social and environmental actions taken on behalf of the community is to disclose them in an annual accounting statement (Alnabsha et al., 2018; Umoren, Isiavwe, and Morenike, 2016). As a result, questions are raised to management about the disclosure of CSR operations in annual reports. The main goal is to fulfill the information requests from the host communities for the companies (Khasharmeh and Desoky, 2013). Also, the inclusion of information on a company's social and environmental initiatives

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



in its annual report has improved the financial reporting system's validity and dependability as well as the company's image and reputation. Also, the accounting industry and its members are in the position that corporate social responsibility and the disclosure that goes along with it will never, ever be separated. Communities typically expect businesses to report on how they are performing in terms of their provision of social and environmental activities, and this is typically done by evaluating the social programs, activities, and projects that businesses reveal in their annual reports. Also, corporate governance attributes are all about company appearances, decisions, and capabilities that will differentiate one company from another company. Corporate governance attributes are many, they frequently affect company decisions on information disclosure such as CSRD in an annual report.

Corporate social responsibility, according to Haslinda, Alia, and Faizah (2016), is the duty of businesses to include the economic, legal, ethical, and philanthropic demands of the community in their business strategy at a specific moment. This demonstrates the need for businesses to provide certain services to communities. However, if enterprises successfully complete their CSR operations, they may only have a means of surviving for a very long period. Likewise, communities should support businesses and help them reach their objectives by providing facilities for employee health care and ensuring that products are safe. Local communities expect businesses to uphold their ethical obligations by conducting business in a way that is consistent with cultural norms. Last but not least, voluntary obligations are those civic duties that societies deem more important than their legal, moral, and financial

obligations. Currently, social and environmental activities including philanthropy and community involvement are incorporated by Ali and Isa (2018), Enuoh and Eneh (2019), and Dima, Jamali, and Charlotte (2018). Companies, communities, and shareholders are not required to engage in these activities. Reliable corporate commitment in environmental and social responsibility is required to accomplish this. The stakeholder theory, which asserts that corporate goals should provide a balance between the interests of various stakeholder groups, including shareholders, employees, customers, the government, and the community at large, also appears to be one of the most popular theories of describing the influences of corporate governance attributes. An important relationship along this line is the capacity to control the conflicting demands of numerous firm stakeholders. Stakeholder theory also affects CSRD through financial decisions and public reporting of the environmental and social demands of the society at large.

Social Activities Disclosure

As asserted by Hackston and Milne, it is generally known that some businesses feel that, in addition to their economic responsibility in creating goods and/or services to meet consumers' demands, firms should also have a social role in society (1996). Nonetheless, the justifications for those beliefs may vary from business to business. According to Alnajjar, some businesses might voluntarily participate in carrying out social activities and reveal information about these actions in their annual reports to improve their reputation in society (2000). Earlier studies mention some reasons for this as: the motivation to compete, the need to legitimize their behaviour in society and to fulfil the requirements of the law {see for

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



instance Al-Khater and Naser (2003); Nafez and Naser (1999)}. Most social disclosure studies concentrate on a one-year study period. Hamid (2004) stated that “Research in specific industry will allow the researcher to see some specific pattern in disclosure theme for those industries because all social disclosure items were treated equally”.

Hamid's (2004) study on social disclosure by Malaysian banks focuses solely on the first year of the study period. This has the drawback that social information disclosure levels change over time, and one year is insufficient time to comprehend these changes and the factors that led to them. Only by undertaking a longterm research will this be possible. This study looked into social transparency in UK banks over a lengthy period of time. The banking industry has never been the subject of a longitudinal research. Moreover, previous studies on the factors affecting social disclosure levels neglected the impact of elements like market structure, investment in information technology, and risk. According to Friedman (2017), social disclosures are decisions made by a company that have a significant impact on the wellbeing of identifiable social stakeholders. A company that is committed to social responsibility should go above and beyond the bare minimum required by law and implement business practices that benefit its major stakeholders. Corporate social responsibility, also known as corporate conscience or corporate social performance, refers to the obligations that organizations have to the society in which they operate. These obligations include things like protecting the environment, providing social amenities, supporting health organizations, giving to charitable organizations that have been approved, and more (Odetayo and Adeyemi

2014). Social and environmental disclosures include information on a company's stance on issues like energy efficiency, environmental effect, and cleaning and planting practices. It is a disclosure that is produced by an environment accounting system and is included in the company's disclosure of all environmental information (Ngwakwe, 2018).

Empirical Review

Ndal, Ibanichuka & Ofurum (2021) studied Board Characteristics and Environmental Disclosure of Quoted Oil and Gas Firms in Nigeria: The Moderating Role of Firm Size. This study investigated the relationship between board characteristics and environmental disclosure of quoted oil and gas firms in Nigeria: The moderating role of firm size with its specific objectives such as to determine the relationship between board independence and environmental disclosure. The research design adopted was ex-post facto design while, the population and the sample size for the study is the 12 quoted oil and gas companies in the Nigerian Stock Exchange (NSE). Secondary data were used in this study and data were analyzed using both descriptive, inferential statistics and Pearson Correlation Coefficient Statistical tool complementarily with the aid of Statistical Package for Social Sciences version 23.0 to test the null hypotheses. The findings of the study reveal that board independence has a negative relationship with environmental disclosure. The findings of the study further indicate that firm size significantly moderates the relationship between board characteristics and environmental disclosure. Based on the findings, the study recommends that independence should be assessed by weighing all the relevant factors that may compromise independence while the classification of directors as

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



independent or otherwise in the integrated report should be done on the basis of assessment. Finally, increase in total asset is required as firm size was identified as a moderator variable between board characteristics and environmental disclosure.

Anton and Carp (2020) studied the effect of discretionary accruals on firm growth. Empirical evidence for SME's from emerging Europe. The aim of the paper is to assess the effect of discretionary accruals on firm growth while controlling for firm characteristics and macroeconomic environment. Employing a large sample of 1,105 young and high-growth firms (gazelles) from 15 emerging European countries over the period 2006–2014, it has been found that the discretionary accruals negatively influence firm growth. The empirical results suggest that discretionary accruals are used as earnings management tools and this practice is more used over the high-growth period (2006–2009), with negative effects on future performance. Furthermore, the results of the quartile regression employed in the whole period suggest that the earnings management practices have a negative effect on firm growth. The results prove to be robust for different estimation approaches and different sub-samples of gazelles. The findings provide empirical evidence for the need for more detailed information provided by firms on the origin of the accruals, as well as for the use in the performance analysis of some indicators that eliminate the influence of accruals, such as cash flow based ratios.

Omalike, Nweze and Nwadiolor (2020) studied the effect of social and environmental disclosures on performance of non-financial firms in Nigeria. In order to determine the relationship between social and environmental disclosures and firms performance, some key

proxy variables were used in the study, namely corporate social responsibility disclosure and environmental disclosure; firms' performance is however represented by NAPS. Two hypotheses were formulated to guide the investigation and the statistical test of parameter estimates was conducted using panel regression model. The research design used is Ex Post Facto design and data for the study were obtained from the NSE Fact book and published annual financial reports of the entire 112 non-financial firms quoted on NSE with data spanning from 2011–2018. The findings generally indicate that corporate social and environmental disclosures have significantly influenced firms' performance at 5% significant level. Based on this, the study concludes that social and environmental disclosures have positively improved firms performance over the years.

Hosam, Eko, Rockhudin and Wuryan (2019) studied the impact of board characteristics on earnings management in the International oil and gas corporations. This study examined whether the board characteristics have any impact on earnings management among the international Oil and Gas Corporation in the world. The Board Characteristics such as (board independence, board size, board diversity, and CEO duality). This study applied a quantitative research approach, secondary data, a sample of 71 corporations were selected from Top 250 corporations for one year (2016). The data was analyzed using structural equation modeling based smart Partial Least Squares (PLS) through the use of the econometric model. The findings of this study indicated that the board independence has a significant impact on the reduction of earnings management. In contrast, the board size does not have any impact on the reduction of earnings management, due the

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



larger the board size less efficient on monitoring of the board, when there are more members on the board it is more difficult for the board members to monitor the management, While gender diversity has a significant impact on the reduction of earnings management, Finally, The CEO Duality has a significant impact on the increase of earnings management, which means the separating the functions of CEO and Chair of the Board may enhance the Board of Directors' monitoring and control ability, and improve Directors' information processing capacities.

Yosr and Lamia (2019) studied governance characteristics and corporate social responsibility disclosure policy. This paper aims to determine the CSR disclosure policy based on the composition of the board of directors and the profile of Tunisian business managers. Our study is based on the annual reports of 74 companies listed on the Tunisian Stock Exchange from 2012 to 2016. The estimation of the relationship between CSR disclosure and governance characteristics is established using the squares method OLS on Panel data. The CSR disclosure policy is evaluated in terms of the amount and the quality of information divulged. The results show a positive relationship between CSR disclosure and the proportion of family administrators, independent directors and government administrators who positively impact organizational practices on CSR issues. The duality and the ownership of the manager have negative relations with the CSR disclosure policy and indicate that the problems of agency and conflicts of interest with the minority shareholders negatively influence the CSR policy in terms of quantity and quality.

Emmanuel, Elvis and Abiola (2019) studied environmental accounting disclosure and performance of listed Companies in Nigeria from

2007 –2016. Data were analyzed through the use of multiple regression. The result of the study shows that non-financial indicators of environmental disclosure have a positive significant effect on performance, while performance indicator of environmental accounting disclosure has no effect on performance of firms.

Polycarp (2019) conducted a research on environmental accounting and financial performance of oil and gas companies in Nigeria from 2016-2017. Data was collected from annual reports, performance was measured using Return on equity, earnings per share and net profit margin. Multiple regression was used to analyze the data, the study found out that environmental disclosure has no relationship with financial performance.

Yayaya (2018) examined the environmental disclosure and financial performance of Listed Environmentally –Sensitive Firms in Nigeria. Data were collected for fifty listed environmentally-sensitive firms. Data were analyzed using descriptive statistics, correlation analysis and multiple regression. The result indicated that environmental disclosure and financial performance have positive and significant relationship. The regression results shows that environmental disclosure has positive and significant effect on financial performance

Okafor (2018) studied the effect of environmental accounting reporting on firm financial performance. Data were obtained from published financial reports of quoted oil companies listed in the Nigerian Stock Exchange for a period of ten years from 2006-2015. Multiple regression was used to analyze the data. The study revealed that environmental

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



accounting reporting significantly positively affects performance of companies in Nigeria.

Naseem, Riaz, Rehman, Ikram and Malik (2017) studied the impact of board characteristics on corporate social responsibility disclosure. The purpose of this study is to explore the link between corporate governance characteristics and corporate social responsibility disclosure of listed companies in the Pakistan stock Exchange (PSX), Pakistan. A sample of 179 companies from financial and non-financial sectors are studied from 2009 to 2015. The data is collected from their annual reports and websites. Binary logistic regression analysis is employed to test the models. The results reveal that board size, number of meetings and board independence are significant corporate governance characteristics to establish the link with corporate social responsibility disclosure. This study also explore that the trend of CSR disclosure is increasing in financial as well as non-financial sector. Additionally, the companies disclose their CSR activities lead in financial performance as compare to their counterpart. This study adds in the literature to explore the influence of board characteristics on corporate social responsibility disclosure from a developing country's perspective.

Kurawa and Abdulrahman (2014), examine the effect of corporate governance on corporate social responsibility of the quoted firms in the Nigerian petroleum marketing industry. A sample of 5 companies were chosen for the period of 2002-2011. Panel Data Analysis was employed to test the hypotheses. Also, the study used board size, board composition, leadership structure, CEO duality and management equity holding as independent variables, while donation/contribution was used as dependent variable. Results revealed that corporate social

responsibility activities in the Nigerian petroleum industry were positively driven mainly by management equity holding and to some extent by other attributes of CG; board size, board composition and CEO duality.

Methodology

The study investigated board characteristics, earnings quality and corporate social responsibility disclosure of oil and gas companies in Nigeria. The research design adopted in this study was *ex-post facto* research design; hence the study is a descriptive research. The population of the study consists of twelve (12) quoted oil and gas companies in Nigeria. The study employed census sampling technique to adopt the twelve (12) quoted oil and gas companies in Nigeria as the sample size. This is because the population is less than thirty (30) hence, it is used as the sample for the study. Secondary data was obtained from the audited annual financial reports of the quoted oil and gas companies in Nigeria through the Nigerian Stock Exchange from 2012 - 2021. Hypotheses formulated were tested using Pearson Product Moment Correlation Coefficient analytical technique and facilitated by Statistical Package for Social Sciences (SPSS) version 23.0.

Results and Analysis

The data collected were presented and discussed in this section. The descriptive statistics, correlation matrix and inferential statistics are all presented in this section. The hypotheses formulated for the study were also tested to ascertain the relationship between board size and discretionary accrual and social activities disclosure containing mean, standard deviation, minimum, maximum and skewness. In order to test the normality of the variables, the skewness statistics were conducted. The values are within the tolerable range establishing the fact that the

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



data are normally distributed in each construct. The skewness values for the variables are within the threshold of +/- 1.96. The values of the

Table 1: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness
Board Size	120	2.00	13.00	8.4917	2.51047	5.158
Valid N (listwise)	120					

Source: SPSS Output, 2022

Table 1 showed that board size had the mean of 8.4917 and the standard deviation of 2.51047. The minimum and maximum values of 2.00 and 13.00 respectively. The skewness is at 5.158

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness
Discretionary Accruals	120	211.00	3518297.00	6.1250	1.99816	2.621
Valid N (listwise)	120					

Source: SPSS Output, 2022

Table 2 showed that discretionary accruals had the mean of 6.1250 and the standard deviation of 1.99816. The minimum and maximum values of 211.00 and 3518297.00 respectively. The

Table 3: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness
Social Activities Disclosure	120	8608.00	435000000.00	45320672.35	64084057.20	2.660
Valid N (listwise)	120					

Source: SPSS Output, 2022

Table 3 showed that social activities disclosure had the mean of 45320672.35 and the standard deviation of 64084057.20. The minimum and maximum values of 8608.00 and 435000000.00 respectively. The skewness is at 2.660 which shows the normality of the variable and is within the threshold of +/- 1.96. It signifies the absence of outliers in the data set.

skewness signify the absence of outliers in the data set.

which shows the normality of the variable and is within the threshold of +/- 1.96. It signifies the absence of outliers in the data set.

skewness is at 2.621 which shows the normality of the variable and is within the threshold of +/- 1.96. It signifies the absence of outliers in the data set.

Table 4: Range of Relationship and Descriptive Level of Association of Relationship

Range of values	r	Descriptive level of association of r
±0.80 – 1.00		Very strong
±0.60 – 0.79		Strong
±0.40 – 0.59		Moderate
±0.20 – 0.39		Weak
±0.00 – 0.19		Very weak

Decision Rule

If the significant/Probability Value (PV) < 0.05 (level of Significance) = reject the null and conclude Significant Relationship. If the

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



Significant Probability value (PV) > 0.05 (level of Significance) = Accept the null and Conclude Insignificant Relationship

Test of Hypotheses

Ho₁: There is no significant relationship between board size and discretionary accruals in oil and gas companies in Nigeria.

Test of Hypothesis 1

Table 5: Correlation Analysis on the Extent and Direction of the Relationship between Board Size and Discretionary Accruals

Correlations			
		Board Size	Discretionary Accruals
Board Size	Pearson Correlation	1	.306**
	Sig. (2-tailed)		.001
	N	120	120
Discretionary Accruals	Pearson Correlation	.306**	1
	Sig. (2-tailed)	.001	
	N	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

Table 5 shows the correlation analysis on the extent and direction of the relationship between board size and discretionary accruals. It showed the correlation coefficient of $r = 0.306^{**}$ with the significant/probability value = 0.01 less than 0.05 level of significant. From the classification in table 4, the value is weak indicating a weak relationship between board size and discretionary accruals. Based on the above result, the study rejects the null hypothesis of no significant relationship between board size and discretionary accruals and accept the alternate hypothesis of a significant relationship between board size and discretionary accruals.

Test of Hypothesis 11

Ho₂: There is no significant relationship between board size and social activities disclosure in oil and gas companies in Nigeria.

Table 6: Correlation Analysis on the Extent and Direction of the Relationship between Board Size and Social Activities Disclosure

		Board Size	Social Activities Disclosure
Board Size	Pearson Correlation	1	.405**
	Sig. (2-tailed)		.000
	N	120	120
Social Activities Disclosure	Pearson Correlation	.405**	1
	Sig. (2-tailed)	.000	
	N	120	120

** . Correlation is significant at the 0.01 level (2-tailed).

Table 6 shows the correlation analysis on the extent and direction of the relationship between board size and social activities disclosure. It showed the correlation coefficient of $r = 0.405^{**}$ with the significant/probability value = 0.00 less than 0.05 level of significant. From the classification in table 4, the value is moderate indicating a moderate relationship between board size and social activities disclosure. Based on the above result, the study rejects the null hypothesis of no significant relationship between board size and social activities disclosure and accept the alternate hypothesis of a significant relationship between board size and social activities disclosure.

Discussion of Findings

The test of hypotheses was carried out using secondary data collected from Nigerian Stock Exchange (NSE) and the extent and direction of the relationship between board characteristics dimension (board size) and the measure of corporate social responsibility disclosure (social activities disclosure) were determined. Thus it is important to discuss the findings and relate them to the conceptual review.

On the test of hypothesis one (Ho₁), it was found that there is a significant moderate relationship

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



between board size and discretionary accruals. The analysis in table 5 showed the correlation coefficient of $r = 0.306^{**}$ significant at $p_v = 0.000 < 0.05$. Hence the conclusion that there is a significant relationship between board size and discretionary accruals. The implication of this finding is that an increase in board size is associated with a reduction in the discretionary accruals and improvement in the financial reporting quality due to the higher degree of inspection and monitoring by the board of directors. This position is in line with the study of Anton and Carp 2020, Hosam, Eko, Rockhudin and Wuryan 2019 and Healy and Wahlen, 1999 who studied at different times board characteristics and earnings management and found that, board characteristics has a significant relationship with corporate earnings management.

On the test of hypothesis two (H_{02}), it was found that there is a significant moderate relationship between board size and social activities disclosure. The analysis in table 6 showed the correlation coefficient of $r = 0.405^{**}$ significant at $p_v = 0.000 < 0.05$. Hence the conclusion that there is a significant relationship between board size and social activities disclosure. The implication of this finding is that an increasing number of the board is associated with an increase in social activities disclosure of the sampled company. This position is in line with the study of Muktar, Mohammad, Jibril, and Sabo (2016), Kurawa and Abdulrahman (2014), Kengatharan and Sivakaran (2019), Guerrero-Villegas, Pérez-Calero, Hurtado-González and Giráldez- Puig (2018) and Haji (2013) who studied at different times board characteristics proxied by board size and corporate social responsibility disclosure measured by social activities disclosure and found that, board size

has a significant relationship with social activities disclosure.

Conclusion and Recommendations

The study empirically investigated board characteristics, earnings quality and corporate social responsibility disclosure in quoted oil and gas companies in Nigeria using cross – sectional data of 12 quoted oil and gas companies for a period of 10 years starting from 2012 to 2021. The dependent variables were measured by discretionary accruals and social activities disclosure, while the independent variable was proxied by board size. The theoretical framework of the study were legitimacy theory and stakeholder's theory, the study was anchored on both theories because it underpinned the objective of the study. Hence, the findings of the research study supports legitimacy theory which was developed to reshape corporate management perceptions about firm community concerns in order to enable their firms to survive long in the business cycle as going concern entity. According to legitimacy theory, there exists "social contract" between firm and the society within which the firm carry out its activities. This theory suggested the need for corporate organizations to respect the law of the land, prevent their physical environment from being damage and avoid unnecessary wastes dump.

The research study also agrees and supports the stakeholders' theory which is an extension of legitimacy theory. The theory forwarded the argument of taking the society into account in every firm action. The proponent of this theory suggested the need for firms to consider not only community but multiple stakeholders' groups in their decisions and actions. These stakeholders are classified into different classes and needs

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



diverse information which firms must cautiously respond to it in a more variety ways.

Two hypotheses therefore were postulated in this study. Based on the test of the hypotheses, the following conclusions are drawn: That there is a significant relationship between board characteristics, earnings quality and corporate social responsibility disclosure in the quoted oil and gas companies in Nigeria. In the light of the above, the study recommends that board size should not be less than 9 members given the magnitude of higher number of board size to greater disclosure of corporate social responsibility activities and the reduction in discretionary accruals and subsequent improvement in the financial reporting quality of the sampled firm.

Recommendations for Further Research

There is no doubt that this study has contributed to the frontier of knowledge, yet much needs to be done in future studies. First, this study on board characteristics, earnings quality and corporate social responsibility disclosure was operationalized as board size for board characteristics, discretionary accruals for earnings quality and social activities disclosure for corporate social responsibility disclosure. Bringing into focus other dimensions of the variables would further enrich our understanding of the relationship between board characteristics, earnings quality and corporate social responsibility disclosure of quoted indigenous oil and gas companies in Nigeria. Secondly, we suggest that future research should be conducted on a comparative study of the various dimensions of board characteristics to examine if there is a significant difference in their level of impact on CSRD of quoted oil and gas companies in Nigeria. Finally, since this study focused on indigenous oil and gas

companies in Nigeria, it is our suggestion that further studies should be carried out in other sectors such as construction industry, manufacturing and banking sector considering the rate of labour turnover in the sectors.

ACKNOWLEDGEMENTS

We give honor and glory to the Almighty God who provided us with the knowledge, wisdom and understanding for the accomplishment of this project. Without His inspiration and mercies, this study wouldn't have been completed today. We are sincerely grateful to Him beyond measures for His unquantifiable grace upon our life during the course of this study and always.

Special thanks to our Vice Chancellor – Engr. Prof. Emmanuel Munakurogha Adigio of Nigeria Maritime University, Okerenkoko, Delta State who believed in us and gave us this opportunity to be part of this Institution Based Research (IBR) via TETFund.

We also acknowledge with thanks the selfless efforts of the University Director of Academic Planning (DAP) – Engr. Prof. Tolumoye Johnnie Tuaweri and his TETFund Committee members for their unbiased judgment that midwived this project.

We also thank the Dean of Faculty of Marine Transport and Logistics management – Dr. Victor Omoke for his advice and fatherly role during this study.

We are also indebted to the University Ag. Bursar – Dr. Charly John Igwe FCA, who is also a member of this team for his effort in making sure this project is completed. In the same vein, we appreciate the effort of our former Director of Audit – Mr. Sylvester Kanayo Okoh whose advice assisted us greatly in making sure this study is completed on record time.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



A special appreciation goes to TETFund who provided funds in carrying out this project. To them, we are grateful. A very big thank you to our friends and colleagues who supported us in one way or the other in the course of this project.

We are greatly indebted to our beloved wives, children and family members for their support and encouragement and who also suffered some deprivations during the course of this study. We say a big thank you to you, we love you all.

References

- Abu S. (2012). Financial and non-financial determinants of corporate social responsibility, *Journal of Knowledge Management, Economics and Information Technology*, 5(2), 23-59.
- Ali, S. M., & Isa, M. A. (2018). Firms' attributes and corporate social responsibility disclosure: A literature review. *International Journal of Academic Research in Business and Social Sciences*, 8(4), 312-325.
- Al-Khater, K., & Naser, K. (2003). Users' perceptions of corporate social responsibility and accountability: Evidence from an emerging economy. *Managerial Auditing Journal*, 18/6/7, 538-548.
- Alnabsha, A., Abdou, H. A., Ntim, C. G., & Elamer, A. A. (2018). Corporate boards, ownership structures and corporate disclosures: Evidence from a developing country. *Journal of Applied Accounting Research*, 19(1), 20-41.
- Alnajjar, F. (2000). Determinants of social responsibility disclosures of US fortune firms: An application of content analysis. *Advances in environmental accounting & Management*, 1, 163-200.
- Amole, B.B., Adebisi, S. O. & Awolaja, A.M. (2012). Corporate social responsibility and profitability of Nigeria banks - A causal relationship: *Research journal of finance and accounting*, 3 (1), 12- 17
- Andrews, K. R. (1980). Directors' responsibility for corporate strategy. *Harvard Business Review*, 58(6). 28-42.
- Andrews, K. R. (1981). Corporate strategy as a vital function of the board. *Harvard Business Review*, 59(6), 174-184.
- Anton S.G., & Carp M. (2020). The effect of discretionary accruals on firm growth. Empirical evidence for SME's from emerging Europe. *Journal of Business Economics and Management*, 21(4), 1128-1148
- Akano, A. Y., Jamiu, O. O., Yaya, O. A., & Oluwalogbo, O.T. (2013). Corporate Social Responsibility Activities Disclosure by Commercial banking in Nigeria. *European journal of Business and Management*, 5(7), 173-185
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Boulton, W. R. (1978). The evolving board: A look at the board's changing roles and
- Ndalu, T. C., Okene, A. J., Osadume, R. C., & Igwe, J. C.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



- information needs. *Academy of Management Review*, 3(4). 827–836.
- Carlsson, R. H. (2001). *Ownership and value creation: strategic corporate governance in the new economy*. Chichester, England: John Wiley & Sons.
- Chelliah, T. D., Jaganathan, M., & Chelliah, M. K. (2017). Adoption of corporate social responsibility: Empirical Evidence from Malaysian SMEs. *Jurnal Komunikasi, Malaysian Journal of Communication*, 33(4), 174–189.
- Clarkson, M. E. (1995). A stakeholder framework for analysing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92–117.
- Dechow P, Ge W, & Schrand C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50, 344–401.
- Dechow, P. M., Hutton, A. P., Kim, J. H., & Sloan, R. G. (2012). Detecting earnings management: A new approach. *Journal of Accounting Research*, 50(2), 275–334.
- Dechow P. M. & Dichev I. D. (2002). The quality of accruals and earnings: The role of accruals estimation errors. *The Accounting Review*, 77(16). 35–59.
- Dechow P.W. & Schrand C. (2004). *Earnings quality*. The Research Foundation of CFA Institute. 13.
- Dechow, P. M. (1994). Accounting earnings and cash flows as measures of firm performance: The role of accounting accruals. *Journal of accounting and economics*, 18 (1), 3–42.
- Dechow, P. M. & Schrand, C. (2004). *Earnings quality*. Charlottesville, VA, Research Foundation of CFA Institute.
- Dechow, P. M., & Dichev, I. D. (2002). The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors. *The Accounting Review*, 35–59.
- Demerjian, P. R., Lev, B., Lewis, M. F. & McVay, S. E. (2013). Managerial ability and earnings quality. *The Accounting Review*, 88(2): 463–498.
- Dichev, I. D., Graham, J. R., Harvey, C. R. & Rajgopal, S. (2013). Earnings quality: Evidence from the field. *Journal of Accounting and Economics*, 56(2–3, Supplement 1): 1–33.
- Emmanuel, O. G., Elvis, E. & Abiola T. (2019). Environmental accounting disclosure and firm value of industrial goods companies in Nigeria. *Journal of Economics and Finance* 10(1), 7–21
- Enny, S.M. & Yulita, S. (2013). Participation in proper about environmental performance and firm size impact on corporate social responsibility. *A case study of Indonesian school of electronics and computer sciences, university of Southampton*.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



- Ewert, R. & Wagenhofer, A. (2005). Economic effects of tightening accounting standards to restrict earnings management. *The Accounting Review*, 80(4), 21-29.
- Francis, J., LaFond, R., Olsson, P., & Schipper, K. (2005). The market pricing of accruals quality. *Journal of Accounting and Economics*, 39(2), 295-327.
- Francis, J., Huang, A. H., Rajgopal, S. & Zang, A. Y. (2008b). CEO Reputation and Earnings Quality. *Contemporary Accounting Research*, 25(1), 109-147
- Freidman, M. (2017). *The social responsibility of business is to increase its profits*, New York Times Magazines
- Gaio, C. & Raposo, C. (2011). Earnings quality and firm valuation: International evidence. *Accounting & Finance*, 51(2), 467-499.
- Garrett, B. (1993). Directing and the learning board in corporate governance: In T. Clarke. (Ed.). *Executive Development*, 6(3), 21-27.
- Gray, R., Javad, M., Power, D. M., & Sinclair, C. (2001). Social and Environmental Disclosure and Corporate Governance. *Journal of Accounting* 7 (3) 251-266.
- Hackston, D., & Milne, M. J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing & Accountability Journal*, 9(1), 77-108
- Haniffa, R. M. & Cooke, T. E. (2005). The impact of culture and governance on corporate social reporting. *Journal of Accounting and Public Policy*, 24(5): 391-430.
- Hamid, F. (2004). Corporate social disclosure by banks and finance companies: Malaysian evidence. *Corporate Ownership & Control*, 1/4, 118-130.
- Haslinda, Y., Alia, J., & Faizah, D. (2016). Corporate governance and corporate social responsibility disclosures: An emphasis on the CSR Key dimensions. *Journal of Accounting and Auditing: Research & Practice*, 3(1), 1-14.
- Hayn, C. (1995). The information content of losses. *Journal of Accounting and Economics* (20), 125-153.
- Herman, E. S. (1981). *Corporate control, corporate power*. New York: Cambridge University Press
- Hosam, A. R. A., Eko, G.S., Rockhudin & Wuryan, A. (2019). The impact of board characteristics on earnings management in the International oil and gas corporations. *Academy of Accounting and Financial Studies Journal*, 23(1), 1 - 26
- Jurica L. & Lady G.P.S. (2012). The influence of company characteristics toward corporate social responsibility disclosure: *Journal of international*

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



*conference on business and
management, phuket- Tailand*

Khasharmeh, H.A., & Desoky, A.M. (2013). Online corporate social responsibility disclosures: The case of the gulf cooperation council (GCC) Countries. *Global Review of Accounting and Finance*, 4(2), 39–64.

Kiel, G., & Nicholson. G. (2003). Board composition and corporate performance: How the Australian experience informs contrasting theories of corporate governance. *An International Review*, 11(3), 189–205.

Koerniadi, H., & Tourani-Rad, A. (2011). The role of accruals as a signal in earnings and dividend announcements: New Zealand evidence. *Journal of Applied Accounting Research*, 12(2), 108–122.

Krishnan, G. V. & Parsons, L. M. (2008). Getting to the bottom line: An exploration of gender and earnings quality. *Journal of Business Ethics*, 78(1/2), 65–76.

Kuo, J. M., Ning, L., & Song, X. (2014). The real and accrual-based earnings management behaviors: Evidence from the split share structure reform in China. *The International Journal of Accounting*, 49(1), 101–136.

Lorsch, J. W., & MacIver, E. (1989). *Pawns or potentates: The reality of America's corporate boards*. Boston: Harvard University Press.

Langton, N., & Robbins, S. P. (2007). *Organizational behaviour: Concepts, controversies, applications*. Toronto: Prentice Hall.

Ljungquist, U. (2007). Core competency beyond identification: presentation of a Model. *Management Decision*, 45(3), 393–402.

Mace, M. (1971). *Directors: Myth and reality*. Boston: Harvard Business School Press.

Margani P. & Meinarni A, (2009). *Pengukuran konstruk kualitas laba dan isu pengukuran fair value dalam akuntansi*, Kolokium Program Doktor Fakultas Ekonomi & Bisnis, Univer-sitas Gajahmada, Yogyakarta

McWilliams, A. & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26 (1), 117–127.

Monks, R. A. G., & Minnow N. (1995). *Corporate governance for the 21st century: watching the watchers*. Cambridge, MA: Blackwell Publishers.

Monks, R. A. G., & Minnow N. (2004). *Corporate governance*. Malden, MA: Blackwell Publishers.

Monks, R. A. G., & Minnow, N. (1991). *Power and accountability*. New York: Harper-Business.

Ndal, T.C., Ibanichuka, E.A.L. & Ofurum C. O. (2021). Board characteristics and environmental disclosure of quoted oil

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



- and gas firms in Nigeria. The moderating role of firm size. *International Journal of Innovative Finance and Economics Research*, 9(4), 51 – 62
- Ngwakwe, C. (2018). Environmental responsibility and firm performance: Evidence from Nigeria. *World Academy of Science, Engineering and Technology* 46, 22-29.
- Norburn, D., & Grinyer, P. H. (1974). Directors without direction. *Journal of General Management*, 1(2), 37–48
- Odetayo, T., Adeyemi, A. & Sajuyigbe, A. (2014). Impacts of corporate social responsibility on profitability of banks. *International Journal of Academic Research in Business and Social Sciences*, 4(8), 252-263.
- Okafor, T.G. (2018). Environmental costs accounting and reporting on firm financial performance: A survey of Quoted Nigerian Oil Companies. *International Journal of Finance and Accounting*, 7(1), 1-6.
- Omali E.L, Nweke A.U & Nwadior E.O (2020). Effect of social and environmental disclosures on performance of non-financial firms in Nigeria. *Journal of Accounting and Financial Management*, 6(1), 40 – 58
- Omar, N., Rahman, R. A., Danbatta, B. L., & Sulaiman, S. (2014). Management disclosure and earnings management practices in reducing the implication risk. *Procedia – Social and Behavioral Sciences*, 145, 88–96.
- Phiri, O., Mantzari, E., & Gleadle, P. (2018). Stakeholder interactions and corporate social responsibility (CSR) practices: Evidence from the Zambian copper mining sector. *Accounting, Auditing and Accountability Journal*, 31(8), 2110–2129.
- Ponnu, H.C & Okoth M.O.A. (2009). Corporate social responsibility in Kenya: The Nairobi stock exchange, *African Journal of Business Management* 3 (10), 601-608
- Polycarp, S.U. (2019). Environmental accounting and financial performance of oil and gas companies in Nigeria. *Research Journal of Finance and Accounting*, 10(10), 192-202.
- Prahalad, C. K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, 68(3), 79–91.
- Rindova, V. P. (1999). What corporate boards have to do with strategy: A cognitive perspective. *Journal of Management Studies*, 36(7), 953–975.
- Rosenstein, D. (1987). Why don't US boards get more involved in strategy? *Long range planning*, 20(3), 30–34.
- Schipper K & Vincent L. (2003). Earnings quality. *Accounting Horizons*, 17(12), 97-110.

British International Journal of Applied Economics, Finance and Accounting

B. J. Int. J. A. Econ. Fin. & Acc.

Volume: 7; Issue: 2

March-April, 2023

ISSN 2234-2418

Impact Factor: 5.23

Advance Scholars Publication

Published by International Institute of Advance Scholars Development

<https://aspjournals.org/Journals/index.php/bijaefa>



- Srindhi, B., Gul, F.A., & Tsui, J. (2011). Female directors and earnings quality. *Contemporary Accounting Research*, 28(5), 1610-1644
- Thi, H., & Pham, S. (2018). Board and corporate social responsibility disclosure of multinational corporations. *Journal of Multinational Business Review*, 5(1), 1-23.
- Tsipouridou, M., & Spathis, C. (2012). Earnings management and the role of auditors in an unusual IFRS context: The case of Greece. *Journal of International Accounting, Auditing and Taxation*, 21(1), 62-78.
- Umoren, A., Isiaewe, E., & Morenike, T. (2016). *Corporate social responsibility and firm performance: A study of quoted firms in Nigeria: In paper presented at ICAN 2nd International Conference of Accounting and Finance, at Ikeja, Lagos on the 18th to 20th May*
- Uwuigbe, U., & Jimoh, J. (2012). Corporate environmental disclosures in the Nigerian manufacturing industry: A study of selected firms. *African Research Review*, 6(26), 71-83.
- Uwuigbe, U. & Egbide, B. (2012). Corporate social responsibility disclosure in Nigeria: A study of financial and non-financial firms. *Journal of management and sustainability*, 2(1)
- Vance, S. C. (1983). *Corporate leadership: Boards, directors, and strategy*. New York: McGraw-Hill.
- Walker, M. (2013). How far can we trust earnings numbers? What research tells us about earnings management. *Accounting and Business Research*, 43(4), 445-481.
- WBCSD (2000). *World business council for sustainable development: Corporate social responsibility*. WBCSD publications, Geneva.
- Wijayanti, H.T (2006). *Analisis pengaruh perbedaan antara laba akuntansi dan laba fiskal terhadap persistensi laba, akrual, dan arus kas', Simposium Nasional Akuntansi IX, Padang*.
- World Bank. (2019). *Global Gas Flaring Reduction Partnership*.
- Yahaya, O.A. (2018). Environmental reporting practices and financial performance of listed environmentally-sensitive firms in Nigeria. *A Journal of Environmental and Social Sciences*, 24(2), 403-412.