THE EFFECT OF CORPORATE GOVERNANCE ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE IN THE NIGERIAN PETROLEUM MARKETING INDUSTRY

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By

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ABSTRACT

The objective of this study is to assess the effect of corporate governance on corporate social responsibility disclosure in the Nigerian petroleum marketing industry from 2008 to 2012. The population of the study includes nine (9) oil-marketing companies quoted on the Nigerian Stock Exchange (NSE). However, the study utilized only seven (7) of the companies. The technique of data analysis adopted is the pooled OLS. The study made these findings among others; board composition, risk management committee composition, risk management committee meeting and blockholders ownership exhibit a significant positive relationship with corporate social responsibility disclosure of Nigerian petroleum marketing industry. While board meeting, risk management committee size and profitability reveal a significant negative relationship with corporate social responsibility disclosure in the Nigerian petroleum marketing industry. Consequently, the study recommends among others; that the board of directors of these petroleum-marketing companies should include corporate social responsibility disclosure programmes as part of their agenda to be discussed in the annual general meetings and also enlighten other stakeholders on the concept and its benefits when harmonized into the code of best practices. Findings of this study also support the importance of risk management committee in relation to corporate social responsibility in the oil marketing companies.

Keywords: Corporate social responsibility disclosure, Corporate governance, Petroleum marketing companies, Nigeria

ABSTRAK

Tujuan kajian ini adalah untuk menilai kesan tadbir urus korporat ke atas pendedahan tanggungjawab sosial korporat di dalam industri pemasaran petroleum Nigeria dari tahun 2008 sehingga 2012. Kajian ini melibatkan sembilan (9) syarikat yang tersenarai di Bursa Saham Nigeria (NSE). Walau bagaimanapun, kajian ini hanya menilai tujuh (7) syarikat sahaja. Teknik analisis data yang digunapakai adalah adaptasi dari Analisis Regresi Kuasa Dua Terkecil (OLS). Di antara hasil dapatan kajian ialah; komposisi lembaga, komposisi jawatankuasa pengurusan risiko, mesyuarat jawatankuasa pengurusan risiko dan pemilikan pemegang-pemegang saham besar menunjukkan hubungan positif yang signifikan dengan pendedahan tanggungjawab sosial korporat (CSRD) industri pemasaran petroleum Nigeria. Seterusnya, mesyuarat lembaga pengarah, saiz jawatankuasa pengurusan risiko dan keuntungan menunjukkan hubungan negatif yang signifikan dengan pendedahan tanggungjawab sosial korporat industri tersebut. Antara lain, kajian ini mencadangkan lembaga pengarah syarikat pemasaran petroleum haruslah melibatkan pendedahan tanggungjawab sosial korporat (CSRD) sebagai salah satu agenda yang akan dibincangkan di dalam mesyuarat tahunan syarikat. Ia juga bertujuan memberi pendedahan kepada pemegang kepentingan lain akan konsep dan faedah yang dapat di perolehi jika amalan ini digabungkan dalam polisi syarikat. Dapatan kajian ini juga menyokong kepentingan jawatankuasa risiko dalam pendedahan tanggungjawab sosial korporat di industri pemasaran petroleum Nigeria.

Kata kunci: Pendedahan tanggungjawab sosial korporat, Tadbir urus korporat, Syarikat pemasaran petroleum, Nigeria

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LIST OF ABBREVIATIONS

Abbreviation	Description of Abbreviation
ASB	Annual Statistical Bulletin
BC	Board Composition
BM	Board Meeting
BS	Board Size
CBN	Central Bank of Nigeria
CG	Corporate Governance
CITA	Company Income Tax Act
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Disclosure
CSRDI	Corporate Social Responsibility Disclosure Index
CSRDL	Corporate Social Responsibility Disclosure Length
ESG	Environmental Social Governance
FA	Firm Age
FEE	Fixed Effect Estimators
FEPA	Federal Environmental Protection Agency
FS	Firm Size
KLD	Kinder; Lindenberg and Domini
LM	Langrange Multiplier
LSDV	Least Square Dummy Variable
LV	Leverage
NNPC	Nigerian National Petroleum Corporation
PCSE	Panels Corrected Standard Errors
PPMC	Pipelines and Products Marketing Company
PT	Profitability
RC	Risk Management Committee Composition
RM	Risk Management Committee Meeting
RMC	Risk Management Committee
RS	Risk Management Committee Size
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Until the late twentieth century, businesses were considered as socially responsible where they obeyed the regulations or laws of the land and met the basic needs of their employees and the host community. Everything began in the United States of America in the twentieth century as it became a global phenomenon when corporate organizations in developed countries adopted it as marketing tool to win customers. How socially responsible corporation is, solely depends on the way and manner the principal actors go about its governance. Excellent corporate governance is the glue that holds an intelligent business practice and guarantees positive working environment management, natural stewardship, community engagements and strong financial performance, which help in restoring certainty and promoting economic growth (Branco & Rodrigues, 2006).

Today, corporate social responsibility (CSR) goes far past the old altruism of the past-giving cash to great purposes at the end of the budgetary year. Organizations acknowledge environment around them by participating in their nearby communities. Not only they concern on the quality and uniqueness of their brand names but also on how well they connect to the world (Clarke, 1998). Bowen (1953) notes that the objective of corporate social responsibility is to get knowledge regarding the organization's activity to stakeholders and support a positive effect through its activities, which push open interest, by empowering group development and improvement.

There is great attention on the petroleum marketing industry effects on the communities in Nigeria because petroleum-marketing companies are causing hazards emission and influence earth's climate, thereby causing global warming. Thus, many researchers and the general public are interested in knowing the exact contribution of petroleum marketing companies to host communities in the form of corporate social responsibility.

Understandably, investors in the company want clear governance rules around the sustainability of its projects. Numerous organizations have looked for the capacity to react to open responsibility requests exterior a coupling legal framework. A fundamental reshaping of companies core value and the ways in which they conduct business especially in areas outside the reach of the United States and European regulations has begun to transform political and social relationships among major international companies. The people whose resources they extract, the individuals whose area they work on and the civil society frequently remark on the exercises of these marketing organizations such as selling such product at an unreasonable price.

Since 1990's, many companies have engaged in corporate social responsibility, internalizing, externalities and social issues. This conduct appears to clash with the meaning of corporate governance (CG) as "the courses in which the suppliers of money to companies guarantee themselves of getting profit for their investment" (Shleifer & Vishny, 1997). Corporate governance and corporate social responsibility are collectively shaping the identity of petroleum marketing industry in Nigeria and thus increasingly integrated into the business strategy of successful companies (Faruq, 2011)

Consequently, the field of business system and practice is changing into a standout amongst the most dynamic and testing corporate pioneers are confronting conceivably a standout amongst the most paramount elements for forming the face of reality. Corporate governance covers all aspect of corporate social responsibility and is about the way business conducts itself in an ethical way. It also includes their consciousness of all stakeholders.

However, the whole question of corporate governance is dominated by the financial scandals of the early part of the twenty-first century which resulted in the collapse of high-profile companies. In particular, Enron and World Com in the United States of America, but not less shocking scandals involving Tyco, Wal-Mart Stores and some companies in Nigeria such as AP Oil. These companies, which had previously shown signs of spectacular success, were shown to be built on sand while some had poor corporate governance (Jo & Harjoto, 2012). Corporate governance is important to organization success due to the fact that investors and the general public to focus on investing in socially responsible and ethically behaved companies who in their business strategy, operations and culture had been a periphery of corporate governance and linked mainly to their corporate reputation (Hamid, 2008).

In addition, corporate governance has been identified to mean different things to different people. Michelon and Parbonetti (2010) stress that, the term connotes ensuring the business run well, and investors receive a fair return. In today's globalized world, financial analysts, organizations and various stakeholders perceive that corporate social responsibilities of the organization are vital to its prosperity and going concern.

Walls, Berrone and Phan (2012) indicate the purpose behind corporate governance is to be “fairness, transparency and accountability” to all stakeholders. Thus, companies must incorporate new dimensions into their core decision-making process, which encompasses human rights, environmental protection in order to ensure longer term sustainability as well as achieving those social and economic values of the society and ease the agency cost (Jensen & Meckling, 1976).

The Nigerian National Petroleum Corporation (NNPC) in 2006 came up with principles and practices that are expected to promote good corporate governance for oil companies in Nigeria. These policies and practices are expected to boost the corporate governance practice of oil and gas industry. First, there should be the establishment of strategic oil companies’ targets and a set of corporate qualities, clear line of obligation and responsibility. Second, there should be the establishment of a presented and consider board of directors to exercise its oversight functions with a high level of autonomy from government and individual shareholders. Third, there should be a proactive and submitted administration group. Fourth, there should be adequate techniques to sensibly oversee unchangeable inconsistencies between the board management and staff of the organization. Finally, the standards additionally indebted the board to meet at least four (4) meetings in every financial year and there ought to be sufficient early notification notice for all executive meetings as pointed out in the company’s document (NNPC-ASB, 2012).

The benchmarks and practices that publicize extraordinary corporate effect for Nigerian oil and gas industry also require:

(i) The board to have fully and compelling oversight on the association and monitor its official organization;

(ii) There should be for the most part made and agreeable group out of commitments among diverse schemas inside the structure of the affiliation;

(iii) There is equality of energy and power so that no individual or coalition of individual has freed strengths of decision-making;

(iv) The Article of Association should doubtlessly explain those things that are singularly the benefits of the board to backing divided from those for cautioning;

(v) The measure of non-executives managers should surpass that of executive manager;

(vi) All executives should be capable of carrying money related matters and moreover have the fundamental experience;

(vii) There should be a separate business movement plan;

(viii) Shareholders need to be able and lit up;

(ix) Culture of consistency with rules and regulations;

(x) Effective and viable audit committee of the board;

(xi) Firm should have internal and external auditors of high degree of honesty, objectivity, transparency, self-governance and proficiency;

(xii) Internal checking and approval of an adequately voiced set of standards for Directors, Management and Staff; and

(xiii) Regular company reporting and watching schema.

The level of these guidelines and codes should be extended to fuse a proper course of action of board execution assessment for a partner examination across over oil organizations (NNPC-ASB, 2012).

Faruq (2011) finds that the review of the implementation of corporate governance and the separation of the standard corporate management in Nigeria indicates that the foundations and the legal structure for viable corporate control have all the consigns of being in the presence. Notwithstanding, agreeability and/or authorization have all the assigns of being frail or not in the presence. For instance, the investigation of Hamid (2013) finds that between 1994 and 2006 Central Bank of Nigeria (CBN) rejected the working licenses of fifty-cash collection bank earlier know as business banks. As a result there is lack of presence and some powerless corporate governance in practice. In this way, for Nigeria to procure the profit of powerful corporate administration, the country has to reinforce the implementation instrument of the organizations. Barde (2009) exposes that in Nigeria, oil and gas companies are expected to go for voluntary and sincere compliance to NNPC code of corporate governance. He further contends that recognition of excellent corporate governance by Nigerian oil and gas commercial ventures will make them productive, responsive and responsible organizations that promote the welfare of public opinion by making feasible resources, business with morality, honor and transparency.

According to Adenikinju and Ayorind (2001), corporate governance mechanism in developing countries like Nigeria principally rely on substantial square holders, firm observing (contingent upon soundness of managing an accounting framework), notoriety and prerequisite toward oneself as opposed to market control and law implementation. Experimental confirmation means that it is not the vicinity of laws, but instead implementation of viable corporate influence strategies that clarify the advancement of securities business (Emenuga, 1998). Agrawal and Knoeber (1996) find that 70% of emerging markets have not sustained their insider exchanging laws. In developing countries like Nigeria, general enforcement environment is weak, governance mechanisms function poorly and concentrated ownership becomes predominant form of corporate governance. Akhtaruddin, Hossain, Hossain and Yao (2009) disclose that country characteristic that increase the cost of commitment to high corporate governance standards would lead to lower corporate governance practice. In third-world countries like Nigeria, the cost of companies' commitment to CG is high which include the depth of the financial markets or the level of economic development (Kurawa & Kabara, 2014).

Sunday (2008) also finds that regulators and government corporate sector reforms with confidence for two reasons. First, they did not expect a serious reaction from the corporate sector because the cost of improved corporate governance is justified given the prospects of sustainable macroeconomics stability and economic growth. Second, they had made the credibility to enforcement regulations by improving public governance. The finding of Dabor and Tijjani (2011) states that higher political accountability (i.e. a rule-based policy environment) is associated with more effective legal enforcement.

The effect of poor public governance standards and the resulting macroeconomic instability on corporate governance quality could be separated with the assistance of a model created in Agrawal and Knoeber (1996). In the model, firms value shareholder's loyalty whereas shareholders value corporate governance quality. However, complying with a given set of corporate governance standards involves cost for firms and maintaining loyalty to the firm (i.e. holding on the firm's shares) involves loss for shareholders.

Therefore, firms are motivated to minimize the cost of corporate governance standards and shareholders are motivated to switch loyalty from one firm to the next to boost quantifiable profits. According to Kabara (2013), the degree of governance in companies in the country goes hand-in-hand with the level of political governance. The identification and separation of power and responsibilities between three branches of government create the necessary framework for corporate governance at the oil company level to function. The degree of political governance will, to a great extent, be reflected in the ability of a market economy and companies into the development. In assessing the degree of corporate governance at a private oil company, it is important to analyze the checks and balances that exist and those still under development in the oil and gas industry. Oversight of risk management by oil company regulator is highly influential in the oil sector governance structure, for corporate governance to be effective. The oil industry requires first, a functioning legal system, second, independent regulators and lastly, meaningful fines or sanctions and/or market forces that challenge and punish oil companies that do not play by the rules.

In Nigeria, these issues could be seen from two angles. In the first place, as any other emerging market, the enforcement of the corporate governance code is seen to share the features of low management. Moreover, the level of political administration could be seen to have a backward association with the corporate governance of oil organizations even with the decaying political influence in the nation. The corporate governance of oil companies has been growing and has translated into the relative high rate of growth of the sector in the economy. Thus, this study is aimed to examine the effect of corporate governance mechanisms on corporate social responsibility disclosure in the Nigerian petroleum marketing industry.

1.2 Problem Statement

The overwhelming increase in petroleum marketing industry in Nigeria has caused a global stare at the country's downstream sector with a particular reference to the petroleum marketing business community. Nature is changing quickly, now heading towards disaster, and the responsibility of such destructive changes rest to a large extent on this petroleum marketing industry which leads to depletion of ozone layer and global warming (Faruq, 2011).

Furthermore, the problematic situation that necessitated this research is that, previous researches show that petroleum-marketing companies in Nigeria are causing damages to the environment and the society through their productive operations. For example, thousands of lives and materials worth millions of Naira are lost every year; as a result of oil tanker accident, oil theft, pipe vandalization and filling station firebreak. The NNPC-

ASB, 2012 report, shows that the Port Harcourt area, Warri area, Mosimi area, Kaduna area and Gombe area representing South-South, South-East, South-West, North-Central and North-East respectively recorded a total of 25, 4, 0, 25, and 34-fire out-break accidents in 2008, 2009, 2010, 2011 and 2012 respectively. As such, various stakeholders need to be correctly informed by these companies about the level of effort they are making to reduce these disturbances and damages.

Furthermore, on January 12th, 2008 fuel tanker exploded in Port Harcourt, South-South of Nigeria and recorded a death of more than 30 people, and more than 15 vehicles were destroyed. In the same area, the same year, youth militants kidnaped more than 200 foreign workers (Kurawa & Kabara, 2014). In March 15th of the same year, there was a blast of an oil pipeline in the outskirts of Lagos that confirmed the death of 100 lives. Kidnaping, oil theft and oil vandalization in Nigeria are common issues because according to youth militants group leader, government fail to provide them with basic amenities of food, clothes and shelter. In another dimension, foreign and national oil companies in operation are not responding to corporate social responsibility. On October 9th, 2009 fuel tanker truck exploded in Anambra state; the incidents recorded burned to death of 80 citizens. On April 2nd, 2011 in Plateau state about 50 lives were confirmed dead due to the fuel tanker explosion near an army checkpoint. In another incident that took place in July 13th, 2012 more than 100 people were burned to death and about 50 people suffered severe burns in Okogbe in the present River state (Kabara, 2013).

In line with the above scenarios, the stakeholders need to be properly informed about the companies' damages causing to the general public and the need of effective corporate governance, which will contribute, greatly to corporate social responsibility. In another vein, kidnapping, oil theft and vandalization of oil pipelines are mostly as a result of lack of good social amenities in place (Faruq, 2011).

In Nigeria, Government is responsible to provide citizens with social amenities but at the same time companies in operation are expected to contribute significantly through CSR. Faruq (2011) shows that good corporate governance in organization enhances good corporate social responsibility.

In another dimension, petroleum-marketing companies are suffering from oil theft, kidnapping and pipeline vandalization. For instance, study of Chukkwu and Sunday (2013) shows that youth militants embark on the said activities due to their believe that government fails to provide them with necessary amenities and at the same time petroleum companies are not responding to corporate social responsibilities.

Chukkwu and Sunday (2013) further state that between 2010 and 2012 youth militants destroyed a total of 2,787 pipelines owned by the NNPC. This has resulted to the loss of 157.81mt of petroleum products equivalent to N12.53 billion. In addition, in Gombe system a total of 850-vandalization cases were recorded, Kaduna depot attested 571 pipelines vandalization; Warri system recorded 548 cases; while Mosimi axis noticeable 463 and finally Port Harcourt with the least reported cases of 336 pipelines vandalization.

The study result of Alhaji (2014) shows that a total of 15,685 cases between 2002 and 2012 were recorded in pipeline vandalism in Nigeria. The study of Chukkwu and Sunday reveals that the managing director of Pipelines and Products Marketing Company (PPMC) in person of Prince Haruna Momoh states that, between 2009 and 2012 NNPC recorded a loss of about N165 billion to product theft and repairs of vandalized pipelines.

There are various studies on corporate governance and corporate social responsibility issues by various researchers in Nigeria among which include: Adenikinju and Ayorinde (2001); Hassan (2007); Kajola (2008); Hamid (2008 & 2013); Sunday (2008); Barde (2009); Sanda, Mika'ila and Garba (2010); Adegbite and Nakajima (2011); Dabor and Tijjani (2011); Faruq (2011) and Kabara (2013) as well as Chukkwu and Sunday (2013). However, the vast majority of the literature focuses on CG and CSR and relates it to financial institutions. Only few have been written on Petroleum industries that are found more hazardous than the studied institutions. Moreover, the reasons for the inconsistencies in the findings are not yet established.

1.3 Research Questions

The questions serve as a guide in shaping and directing the research to a logical conclusion. The research questions of the study are:

1. What is the relationship between board characteristics (board size, board composition and board meeting) and corporate social responsibility disclosure in Nigerian petroleum marketing industry?

2. What is the relationship between risk management committee RMC (RMC size, RMC composition and RMC meeting) and corporate social responsibility disclosure in Nigerian Petroleum Marketing Industry?
3. What is the relationship between (directors ownership and blockholders ownership) and corporate social responsibility disclosure by companies in the Nigerian petroleum marketing industry?

1.4 Objectives of the Study

The primary point of this study is to look at the effect of corporate governance on corporate social responsibility disclosure in Nigerian petroleum marketing industry from 2008 to 2012. Then again, the particular destinations of the study are:

1. To examine the relationship between board characteristics (board size, board composition and board meeting) and corporate social responsibility disclosure in Nigerian petroleum marketing industry.

2. To examine the relationship between risk management committee (RMC), i.e. (RMC size, RMC composition and RMC meeting) on corporate social responsibility disclosure in Nigerian petroleum marketing industry.

3. To examine the relationship between ownership structures (directors ownership and blockholders ownership) on discharging corporate social responsibility disclosure in Nigerian petroleum marketing industry.

1.5 Significance of the Study

1.5.1 Theoretical Significance

This study aims to enhance the current issues in the area of CG and CSR disclosure. It is required to help the stakeholders with the understanding of the genuine social difficulties confronting a large portion of Nigerian companies when all said is complete with a particular reference to the Nigerian petroleum marketing industry. Notwithstanding, previous studies on corporate governance in Nigeria focused on building a relationship between corporate governance mechanism and firm financial performance (particularly in Nigerian banking industry). Some studies examine board independence effect on firms' performance, corporate governance on quality of financial reporting, and some researchers' standout a research on corporate governance and corporate social responsibility in the upstream and downstream sector of Nigerian petroleum industry. Along these lines, this study broadens the understanding of the relationship between corporate governance and corporate social responsibility disclosure making reference to the downstream area of the Nigerian petroleum marketing industry. This would lead to understanding of corporate organizations' contribution in defining approaches that help, enhance and create such groups. In addition, this study would serve as a reference material to individuals who wish to further research in the same zone of study.

1.5.2 Practical Significance

From a practical perspective, organizations in the oil and gas industry are not an exemption among the beneficiaries of this research. This study would assist the organizations comprehend what is reasonable of them to offer to their stakeholders in their host communities, in the long run, without causing harm to them.

Likewise, government is among the beneficiaries of this study. It is trusted that the result of this work will help governmental body in exploring, reshaping and assuming the laws that will govern these petroleum showcasing organizations to be socially competent of releasing their commitments in the best conceivable path to their host communities. However, the host groups will additionally benefit from the findings of this research, as it will empower them extraordinarily to comprehend the speculation of oil organizations to corporate social responsibilities.

1.6 Scope of the Study

The extent of this study is constrained to how powerful corporate governance mechanisms are on corporate social responsibility disclosure in the Nigerian petroleum marketing companies, coating a time of five (5) years from 2008 to 2012. The period under study was utilized with an aspect of evaluating the level at which these organizations as of previous years discharge their commitment disclosure (i.e. corporate social responsibility) to their host groups.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents and synthesizes the relevant literature in the area of corporate governance mechanism and corporate social responsibility disclosure. The first segment of the chapter covered the concept of corporate social responsibility (CSR), historical development of corporate social responsibility, approaches to CSR, and reasons for companies undertake CSR. Corporate social responsibility as a business strategy in petroleum marketing industries and legal framework of CSR are also been discussed in the section. The second section covered the concept of corporate governance and CG mechanisms. The final section covered literature on the relationship between corporate governance mechanisms and corporate social responsibility.

2.2 Corporate Social Responsibility

2.2.1 The Concept of Corporate Social Responsibility

Corporate social responsibility is an interesting topic within the context of academic literature (Ganiga & Mele, 2004). Even though there is no single accepted definition of CSR, the notion of corporate social responsibility is related to such complex issues as environmental protection, health and safety at work, production of qualitative and safe products, corporate philanthropic activities and relation with suppliers.

In view of this, corporate social responsibility has been variously defined. Roberts (2004) sees from the present day dominant conception of corporate social responsibility to imply that companies voluntarily integrate social and environmental concern in their relations and interactions with stakeholders. In addition, businesses should act morally and help financial advancement as part of their work processes. Businesses are expected to enhance the personal satisfaction of the workforce, their families and neighborhood group and people on the loose (1992).

2.2.2 Historical Development of Social Responsibility

As discussed earlier, the idea of social responsibility or social responsiveness is for business to respect host community (Mays, 2003) and to attend various stakeholders needs (Arlow & Gannon, 1982). The idea has been in the presence since the start of humankind (Anderson, 1989). A comprehensive approach to contemporary society responsibility came in 1953 with the publication of Bowen (1953), in which he described the social responsibility of a businessman as "the responsibility of businessman to pursue policies make decisions, or follow the same line action that are desirable in terms of objectives and value in the society". Moreover, CSR is practiced by business down to the 21st century where corporate managers deemed it is not only necessary to donate generously to the society but also to produce a safe product to the customers.

2.2.3 Approaches to Corporate Social Responsibility

Corporate social responsibility is an approach for corporate social responsibility that is getting all the more broadly acknowledged is group based improvement approach where organizations work nearby groups to better themselves. For instance, the Shell Company established contribution in blossom valley, South Africa. In blossom valley, they set up early learning focus to help teach the group buys. Often, companies participate in the establishing of educational facilities for adult and HIV/Aid education programmes. The majority of these corporate social responsibility projects are established in Africa.

A more common approach of corporate social responsibility is philanthropy that includes monetary donations and aids given to a local organization. A few associations dislike this methodology because it does not help expand the abilities of the nearby individuals, provided the company based advancement lead to more sustainable development.

Another approach is a general increase in corporate responsibility interest called creating share values or CSV. The imparted worth model is focused around the thought that corporate achievement and social welfare are contingent (Mays, 2003). Businesses need a healthy, educated workforce, sustainable resources and good governance to compete and discharge it responsibilities effectively. For society to thrive, profitable and competitive business must be developed and supported by those that are saddle with such responsibilities, to create income, wealth pay tax and engage in programmes that put back to the society in which they carryout operations.

2.2.4 Reasons for Companies Undertake Corporate Social Responsibility

The reasons for companies undertaking corporate social responsibility have been considered from a number of viewpoints. Vyakaram (1992) categorized company’s activities as: Action with a direct bearing on the nature of business undertaking, that includes investment in the reduction of toxic emission by a heavy industrial equipment; magnanimous gifts and sponsorship which bear no immediate connection to the organization's business, and the apparent profits to the beneficiaries. However, adopting a different perspective leads to alternative reason. Gray, Kouhy, and Levers (1995) examined corporate social responsibility from the viewpoint of social and political studies. This viewpoint also leads to the possibility to examine corporate social responsibility, as earlier on attempt to legitimize corporate activity or as part of the corporate sector’s continuity exercise of power. In reality, various works have considered authenticity as a key explanation behind undertaking corporate social conduct, and likewise then utilizing that action as the manifestation of undertaking corporate social conduct or effect (Clarke, 1998). An opposite view to this is situated out by Wood (1991) about general public gift authenticity and force to business. In the long run, the individuals who do not utilize control as part of the way that public opinion consider dependable will have a tendency to lose it. From a reasonable perspective, Pava and Krausz (1996) watch that there is probably in some example, corporate social responsibility is simply publicizing toward oneself.

From a corporate perspective, Carroll (1996) finds that the main reasons for companies undertaking contribution activities were: corporate citizenship, business environment security and enhance environment's field in which they live and work together, representative profit or acknowledge profit for organization businesses, clearly shows that commitment and involvement of directors or the interest in supporting and enhancing corporate social responsibility help in deriving business benefits, customer loyalty, improve and boost staff morale, help in gaining the approval and support of stakeholders and to obtain social legitimacy and exercise power in such society.

Behind some of the above reasons is a belief that corporate social responsibility is in the interest of the business, and that is why businesses undertake corporate social responsibility to perform better, naturally CSR cut across moral and ethnic arguments.

2.2.5 Corporate Social Responsibility as a Business Strategy in Nigerian Petroleum Marketing Industry

Although proponent of ethical business argued that companies should be socially responsible without expecting to be rewarded, while supporters of profit maximization objective of companies argued that it would be unethical for companies to do anything without the intention of reaping benefits from those actions. The majority of these plans have their root in the organization principles, which states that managers are executors of the stakeholders and ought to serve them accordingly. Managers mostly seek to maximize shareholder returns, and they should not engage in any acts that may lead to its reduction. The proponents argue that managers should do whatever is legal in order to maximize shareholder's value. It is high time for these industry to understand the benefit which is derivable in one way or the other in involving into community services, especially the petroleum marketing industry that contribute in causing harm to the immediate host communities through operations.

Moreover, Lantos (2001) states that corporate social responsibility is divided into ethical, self-sacrificing, and strategic corporate social responsibility. Ethical corporate social responsibility is the demand for companies to be morally responsible for preventing injuries and harm as those caused by these petroleum-marketing companies as a result of daily operations. This type of corporate social responsibility is expected to be observed by all companies at a very minimum. However, companies in the petroleum marketing industry are expected to go beyond the minimum CSR by preventing emission and toxic waste reduction, health and safety of employees and employment of handicaps.

On the other hand, self-sacrificing corporate social responsibility is term as genuine optional caring and at possible personnel or organizational sacrifices. Lantos (2002) expresses that key corporate social responsibility is the point at which a firm embraces certain mining corporate set direction practices that perform key business objectives. That is to say, business takes part in different types of corporate social responsibility, for example, corporate altruistic exercises and beneficent blessing including grant and gifts.

Strategic corporate social responsibility is an approach to CSR where organizations can figure out what exercises they have the assets to dedicate to being socially responsible and can decide that which will fortify their competitive advantage. By arranging out CSR as a major aspect of an organization's over all arrangement, companies can guarantee that increasing shareholder value and profit don't overthrow the need to act morally to their stakeholders. Strategic CSR gives organizations answers for: adjusting the creating of economic value with that of societal value and deal with the stakeholder relationship (particularly those with competing standards), identifying and reacting to opportunities and dangers confronting their stakeholders, creating sustainable business practices and choosing the company's ability for philanthropic exercises

Additionally guaranteeing the generation of qualitative items noted by Healy (2002) will go far boosting their benefit and expanding the estimation of their market share because investors that are conscious of corporate socially responsible patronize companies that exist in their locality for investment. Thus, according to Lantos (2002) corporate social responsibility should be focused on two aspects: preventing injuries and harm that could result from business activities and accomplishment of strategic business goals.

However, more emphasis was placed on economic aims as a primary reason for companies' existence. Accordingly, petroleum marketing companies ought not to seek after the optional (philanthropic model) component of corporate social responsibility if the other three components are not satisfied, that includes, an all-encompassing understanding of corporate social responsibility by the petroleum making organizations will urge them to devise a tradition to upgrade general business performance.

Corporate social responsibility has additionally been depicted as an apparatus to manufacture great corporate notoriety. Lewis (2003) finds that open recognition on the part of organizations in the public eye has changed altogether. He reported that numerous individuals believed that the benefits produced by substantial organizations greatly improve the situation for their clients; that immense associations have a moral commitment to the overall population. The general population expects these petroleum-marketing companies to do and what they think the organizations are doing is vital to the essential arrangement options of the organizations.

Regardless of whatever, corporate social responsibility is seen as an ethical stance or as business strategy, the way stakeholders are treated centre stage. When corporate social responsibility is seen as an ethical stance, the company treats stakeholders ethically, due to the belief that it is the proper way to behave while when it is seen as a business strategy, stakeholders are treated ethically and for by doing so, the business will succeed.

2.2.6 Legal Framework of Corporate Social Responsibility in Nigeria

The concept of social responsibility has legal backing in Nigeria and different nations of the world. Legislations were introduced in order to ensure that business partake in social programme and activities. It was in recognition of these potential hazards that institutional activities pose on the environment and society as a whole Federal Government of Nigeria in 1992, setup the Federal Environmental Protection Agency (FEPA) and bestowed with the responsibility of monitoring industrial actions that contribute to environmental degradation. The agency is granted an authority for setting up minimum environmental protection standards or laws for corporate activities contributing to environmental pollution (Barde, 2013).

The Company Income Tax Act (CITA) Section 21 provides that a donation must not exceed 10% of the chargeable profit of the companies, but the agency (FEPA) does not specify any fixed percentage as charges for social responsibility services.

Chukkwu and Sunday (2013) called for corporations in Nigeria to be socially responsible to the communities and societies in which they operate, due to the fact that those operations provide in results in one problem or the other to the immediate community. They further state that if business continued to make excessive profit that should be enjoyed by some few individuals at the expense of others, forgetting their roles to contribute to eradicating the harm perpetrated, the immediate community should ask for government protection and settlement of managerial and corporate independence of action.

Currently in Nigeria there is no law that mandates organizations to incorporate environmental preservation into their organization standards (Ajide & Aderemi, 2011). In the event that there is no legitimate provision upon which organizations can be held accountable, then there is no offense known to law and a conviction cannot be possible. This position has been maintained in a Nigeria situation where the high court sitting on investigative locality held that there was no composed law upon the lower court indicted the litigant. The company and allied matters act (CAMA, 2004) states that court held the conviction of the appealing party was as opposed to the provision of section 21 (10) of the constitution of the federal republic of Nigeria 1960, which gives that an individual should not be sentenced a criminal offense unless the offense is characterized and the punishment subsequently is mentioned in a written law. The conviction of the appealing party was from that point quashed. From the above discuss, it is evident that the issue of corporate social responsibility is singularly a matter of circumspection and one inside the forces of the directors of the organization who may decline to so act.

Mordi, Opeyemi, Tonbara and Ojo (2012) express that a firm could possibly incorporate social responsibility into their business strategy through whichever way it liks, the failure of an organization to follow the environmental protection social responsibility will not justify any legitimate result in light of the fact that it would not have brought about the commission of any offense known to law (Mordi et al., 2012). Despite the above, there is a situation when an offense will emerge against an organization for not consenting to the environment standard of the spot of its operation. This can emerge under the precept of vicarious obligation, when the organization will be held at risk for the offense of its worker (CAMA, 2004).

In addition, a bill on corporate social responsibility is currently before the national assembly. The bill is for an act to make the corporate social responsibility commission, which will be accused of giving norms, combination of social responsibility, and worldwide exchange issues. The bill tries to create a supervisory organ that will command enterprises and organizations to use 3.5% of their profit before tax on CSR.

2.2.7 Level of Corporate Social Responsibility Disclosure in Nigeria

Business organizations spend huge expenditure on social responsibility because they view corporate social responsibility, as issue relations false utilized by extensive enterprises to look good before clients and different stakeholders. For example, it was accounted for that in year 2011 the Nigerian oil and gas sectors spent about N9.5 billion on CSR, emulated by telecoms with N6.4 billion. The banking sector came in 3rd position with the report that eight Nigerian banks incurred an aggregate of N1.869 billion in 2012 on different community-related activities on corporate social responsibility (Amaeshi, Adi, Ogbechie & Amao, 2006).

The great percentage of the Nigerian banks expenditure fall into philanthropy and donations, it was further reported that Nigerian organizations practice and perceive CSR as corporate charity established for achieving to economic-socio challenges due to the fact that CSR is still at an early stage in Nigeria (Amaeshi et al. , 2006).

The research of Akinpelu and Ogunbi (2013) demonstrate that most of banks in Nigeria disclosed community involvement and resources information while, only few banks reveal information on product quality, environment and customer satisfaction. The purposes behind these exposure patterns incorporate human resources and to some extend community participation information disclosure is mandatory under CAMA 2004.

The study of Ratanajongkol, Davey and Low (2006) explore the nature and extends of the corporate social reporting practice of the 40 biggest Thailand organizations for 5years period. The study measure (CSRD) utilizing number of words disclosed in the yearly report utilizing pattern analysis. CSRD was categorized according to five key themes. Their results suggest that there is an increasing amount of corporate social disclosure. They also discovered that CSRD among Thailand companies are focus on human resources.

The study of Hanid, Siriwardena and Koskela (2011) concentrate on level of CSR disclosure among finance Malaysian companies using the contents of annual reports. The study indicates that unlike in Nigeria and Thailand information related to products/services is more disclosed in comparison to environment and energy, human resource or community related disclosure.

Yao, Wang and Song (2011) investigate the determinants of corporate social responsibility disclosure among over 800 firms quoted on Shanghai Stock Exchange. The study uses content analysis measurement through the examination of the annual reports. They considered an information item as CSRD if it is associated to one or more of the following interest group; shareholders, employees, consumers and products, environment community and other interest.

2.2.8 Measurement of Corporate Social Responsibility

Previous studies utilized Kinder, Lindenberg and Domini (KLD) now called Environmental Social Governance (ESG) index, self-administered questionnaires, donations, dummy i.e. whether the company is in the list of ethical or responsible companies, number of sentences disclosing CSR in the firm financial statement, number of words disclosing CSR in the firm financial statement, reputation index of Fortune and announcement of CSR (e.g., Gray et al., 1995; Hackston & Milne, 1996; P. A. Stanwick & Stanwick, 1998; Aboody & Kasznik, 2000 and Jo & Harjoto, 2011, 2012). The most common measurement approaches are ESG (formerly KLD) and fortune index. The ESG record incorporates CSR data about group relations, worker, nature's domain, item, and training ladies and minorities, military contracts, atomic force involvement (Hackston & Milne). Stanwick and Stanwick considered this record as the best one accessible thinking of it as separated approach, despite the fact that they perceive few limitations.

The Fortune list measures the ten more prominent organizations in every movement part as per eight properties associated with notoriety, management quality, index quality, advancement, responsibilities with company environment's domain (Jo & Harjoto, 2011). Wood (1991) prosperity record is sketchy because it is focused around assumptions of senior executives, directors and money related investigators, being management class the most valorized trait rather than qualities more associated with social performance.

Sharfman (1996) finds difficulty to measure CSR in the Portuguese setting. The creators examined the execution of CSR in some Portuguese organizations, utilizing five criteria, from accreditation standards to appraisals and honors associated with social responsibility.

In this research, to develop a CSR list, the study adopts Haniffa and Cooke (2005) measure of corporate social responsibility disclosure using content analysis. Content analysis is a measurement of CSRD by codifying the content (or text) of a bit of writing into various categories depending on the criteria selected (Wood, 1991). An important component of content analysis is the determination and development of programs into which content units might be arranged. The items and categories were drawn from previous studies in the field (Haniffa & Cooke; Haniffa & Cooke, 2002; Hossain, Tan, & Adams, 1994; Gray et al., 1995; Hackston & Milne, 1996; Clarke, 1998; Frynas, 2010) and applied to Nigerian petroleum marketing environment.

Table 2.1

Corporate Social Responsibility Disclosure (CSRD) Checklist

Themes	No.	Company Name:	Items	Words
I		**COMMUNITY INVOLVEMENT**		
	1	Overall contribution		
	2	Involvement in government social awareness		
	3	Activities of community with regard to Education/health		
II		**ENVIRONMENT**		
	1	Environmental regulations		
	2	Preservation of raw materials and recycling		
	3	Programmes for safeguarding the environment		
	4	Achievements for environmental protection		
	5	Public/Private initiative activities designed to secure the environment		
III		**EMPLOYEE INFORMATION**		
	1	Employees/Staff appreciation		
	2	Employment hurdles		
	3	Negotiations of ways to overcome employment		
	4	Discussion on staff welfare		
	5	Profit sharing scheme system		
	6	Number of workers		
	7	Breakdown of workers by business line		
	8	Breakdown of staff by geographic area		
	9	Classification of workers by function		
	10	Classification of workers by race		
	11	Classification of workers by age		
	12	Number of workers for 2 years and above		
	13	Reasons for changes in staff number		
	14	Overall redundancy retrenchment information		
	15	Records on accidents		
	16	Cost of security measures		
	17	Security & health standard		
	18	Corporate policy on staff training & development		
	19	Type of training		
	20	Number of staff trained		
	21	Amount spend on training & development of staff		
	22	Classification of staff trained		
IV		**PRODUCTS OR SERVICE INFORMATION**		
	1	Discussion of main type of products		
	2	Pictures of main types of products		
	3	Improvement in products standard		
	4	Improvement in customers services		
	5	Distribution of marketing network for finished products-domestic market		
	6	Distribution in marketing channels for finished goods-international market		

Table 2.1 Continued

Theme	No	Company Name:	Items	Words
	7	Customer ratings/awards received		
V		**VALUE-ADDED INFORMATION**		
	1	Value-added statement		
	2	Qualitative value-added statement		
	3	Value-added ratios/data		
		TOATAL		
		INDEX SCORE		

Source: Adapted from Haniffa and Cooke (2005)

Table 2.1 composes of elements relating to five (5) issues (employees, environment, community, value-added and product). Two sorts of measures (number of corporate social responsibility disclosure items measured as index (CSRDI), and the length of corporate social responsibility disclosure items measured as a number of words (CSRDL) was utilized to capture the disclosure nature made in each of the five issues. CSRDI measurement accounts for disclosure varieties while, CSRDL accounts for the extent or degree of disclosure. One of the explanations behind using both measures is because CSRDI cannot capture graphics and pictures, which are essentially influential and highly efficient systems of communication (Bear, Rahman & Post, 2010; Paul, Dunn & Sainty, 2009) and discounting them may be viewed as a weakness or limitation. The research capture graphics and pictures through index disclosure i.e. an organization scores one (1) for disclosure of any number of graphics and pictures under every item on an issue, thus indicating diversity of disclosure relatively than extend. Since the research is centered on the nature of the disclosure instead of the strength of items revealed, the study analysis is considered sensible.

2.2.9 Theories of Corporate Social Responsibility

2.2.9.1 Stakeholder Theory

The Stakeholder theory recognizes those groups to which the firm/business ought to be capable. Freeman (1984) cited in Anderson (1989) describes the approach as an arrangement of links of stakeholders that the managers of the firm endeavor to oversee. Freeman's excellent definition of a stakeholder is "any group or person who can change or is influenced by the success of the relationship aims" .

In this manner, the meaning of stakeholders of the company has been stretched to include: shareholders, government, creditors, customers, employees, suppliers, general public and legislative bodies (Frynas, 2010). Stakeholders are commonly investigated into essential and optional stakeholders. Hassan (2007) characterizes a primary stakeholder group as "one who in the absence of their partnership support the business can no longer be going concern" with the crucial group including "shareholders and financial specialists, workers, clients and suppliers, in addition to general society stakeholder gather the organizations and groups that provide frameworks and markets, whose laws and regulations must be complied, and to whom expenses and commitments may be expected". The non-compulsory group is characterized as "the individuals who are affected or influenced by the enterprise, yet they are not working with industries and are not fundamental for its survival."

A crucial question is offered as to which community managers give careful consideration. Mortazavi, Nejad, and Pormosa (2013) build a model of a stakeholder recognizable proof, and striking nature focused around stakeholders having one or greater extent of the personalities of authority and legitimacy. Nuryaman (2013) supports that three credits do lead to remarkable quality. Subsequently one may forecast that companies would give careful consideration to those sincere stakeholders bunches who have force and criticalness. In practice, this may imply that organizations with issues over worker maintenance would go to representative issues and those in purchaser markets would have respect to matters that influence notoriety. Stakeholder groups might additionally get pretty much pressing so natural groups and issues got direr to oil firms after the Exxon Valdez oil slick (Paul et al. 2009).

As indicated by Roberts (2004) stakeholder theory addresses various issues connected with relationship with stakeholders, including considerations of the privileges of stakeholders, the force of stakeholders, and the successful management of fulfilling stakeholders' desires. A significant end of relations along these lines is to achieve the capability to adjust the clashing requests of various stakeholders in the firm. Performing and unveiling social responsibility exercises are a piece of the procedure for overseeing stakeholder connections.

2.2.9.2 Social Contracts Theory

Unerman (2000) explains a society as “a method of social contracts between parts of public opinion and public opinion itself”. In the setting of CSR, an option credibility is not that a company may act in a dependable way because it is in the business interest, but since it is a piece of how public opinion verifiably anticipates that business will work.

Siregar and Bachtiar (2010) create integrated social contracts theory as a path for supervisors to take choices in a moral setting. They separate between macro social contracts and micro social contracts. Hence a macro social contract in the setting of groups, for instance, would be a desire that business give some backing to its neighborhood group and the particular manifestation of contribution would be the micro social contract. Consequent organizations that embrace a perspective of social contracts would portray their connection as a significant aspect of 'social desire in any case, whilst this could clarify the starting inspiration, it may not clarify the totality of their contribution. One of the business profits that were recognized in the Australian study (McKinnon & Dalimunthe, 1993) was depicted as permit to work especially for characteristic asset firms. That may be viewed as a significant aspect of the business profit of upgraded dishonor, additional connections to picking up and keeping up legitimacy (Said, Yuserrie, Zainuddin & Haron, 2009).

2.2.9.3 Legitimacy Theory

Suchman (1995) as cited in Lantos (2002) characterizes legitimacy as a summed up recognition or supposition that the activities of an element are desirable, proper, or fitting inside some socially developed arrangement of norms, values, beliefs and definitions. Within legitimacy theory, the relationship is seen as “a major aspect of a more extensive social framework in which the association's proceeded operations and achievement are subordinate upon it conforming to the desires of the general public in which it works” (Nazli & Mohd, 2007). According to Khan, Muttakin, and Siddiqui (2012) legitimacy theory is the base upon the thought of “social contract” which speaks to the standards and desires of the general public in which the team works. Big organizations are for the most part focused by the society culture, as they are politically more unmistakable than their litter partners. Due to their size, organizations may feel their activities are under more critical scrutiny.

Legitimacy theory sets that corporate social disclosures may be considered as sensitive endeavors at legitimating associations' exercises. Along these lines, organizations need to publish enough social information for public opinion to survey whether it is a decent corporate resident (Ganiga & Mele, 2004). Subsequent legitimacy may be seen as an essential explanation behind undertaking corporate social conduct and additionally then utilizing that action as a type of exposure (Gray et al., 1996).

Company size is an essential determinant of CSR practice. Company influence is discovered to be a primary indicator of the relationship between higher commitments and esteem degree on CSR disclosure (Melo & Morgado, 2011). Hackston and Milne (1996) broke down 50 yearly reports for 1992 in New Zealand and revealed positive relationship exist in the focus of size and industry. To this end, benefit and state of reporting had no effect on the level of CSR disclosure.

2.3 Corporate Governance

2.3.1 The Concept of Corporate Governance

Corporate governance is concerned with routes in which all groups interested in the wellbeing of the firm (the stakeholders) endeavor to guarantee that directors and different insiders take measures or embrace mechanisms that can protect the enthusiasm of the stakeholders. Such measures are required by the partition of proprietorship from management. Corporate governance is characterized in Ford, Austin, and Ramsay (1999) as being about the management of business endeavors composed in corporate structure, and the mechanisms by which directors are regulated. In same vein, Larcker, Richardson, and Tuna (2007) view it as the set of tools that effect the choices made by supervisors when there is a partition of proprietorship and control. A typical subject in these definitions is that they concentrate on the activities of directors. A more extensive explanation is that corporate governance manages routes in which suppliers of fund to enterprises guarantee themselves of getting profit for their speculation (Shleifer & Vishny, 1997). Hamid (2008) saw corporate governance as the set of structures, procedures, societies and frameworks through which targets are situated, accomplishing these goals, observing execution are resolved, and companies are guided and controlled. The sort of corporate governance set up and polished by an association will focus the level to which such business will discharge its corporate social responsibility to the host group adequately. Since the board of directors is in charge of making key arrangement of the business as well as saddle with the responsibility, it is expected to see the development and advancement of the business.

Corporate governance could be categorized into two groups focusing on the origins of perceiving: first, inner origins of governance, for example, the board of directors, institutional financial analysts or substantial shareholders (Xiao & Yuan, 2007). Outside directors (Vafeas, 1999) and responsibility stakeholders (Gertler & Hubbard, 1991); and second, outer wellspring of governance, for example, external auditors, markets for it power and corporate control. These governance mechanisms, nonetheless, are reliant; for instance, inside governance mechanisms being actualized may be the capacity of regulations and business sector productivity. The essentialness of corporate governance to the proficient running of the organization is confirmed from various studies that demonstrate that corporate governance assumes a vital part in confining management prudence. For instance, Dechow, Sloan, and Hutton (1996) find that CEOs of organizations with weaker governance structures accepts higher compensation distinctly demonstrates how the abundance of shareholders are abused by these CEOs further encouraging their good fortune as opposed to releasing social capable activities to the individuals whose assets are taped and whose environment is devastated of such exercises.

In this way, it is not amazing that numerous studies additionally demonstrate that successful corporate governance improves esteem (Gompers, Ishii, & Metrick, 2003; Black & Jang, 2006 and Aggrawal & Williamson, 2006). Corporate disclosure (Beekes & Brown, 2006) and acquiring quality (Bathala & Rao, 1995; Muth & Donaldson, 1998). In this manner, this exploration work will give more accentuation on the effect of corporate governance and its mechanism on effecting the releasing of corporate social responsibility in the contemporary environment's sphere.

2.3.2 Agency Theory of Corporate Governance

A great part of the contemporary interest toward corporate governance is concerned with lessening of the clashes of interests between stakeholders. These clash interests might be reduced through great corporate structure that has an effect on the way the organization is managed and controlled. Agency theory admits that in the present day company, in which there is a separation between ownership and control, managerial activities might differ from those needed to boost shareholder returns (Eng & Mak, 2003; Fernandez, Romero, & Ruiz, 2012; Jensen & Meckling, 1976). As indicated by Jensen and Meckling, agency theory portrays the relationship between the principal (shareholders) and the agent to the organization (managers).

Jensen and Meckling (1976) argue that in agency theory, the principal are holders and the agents are managers hence there is an agency misfortune, which is the degree of earnings to the residual claimants. The managers, fall lower than what they would be if the principals practiced direct control of the company. Jensen and Meckling also states that agency theory accepts the presence of separation between management and ownership of the firm. The agency costs emerge due to clashes of interest between these contracting stakeholders. The agency issue between shareholders and managers emerges when the managers (agents) hold little value in the company which could make clash of interests among the stakeholders, because managers can make decisions that are not on the interest of shareholders (Bino & Tomar, 2006).

Dahya and McConnell (2005) state that there are two components which can affect the prominence of agency theory. First, the theory is thoughtfully and straightforward argument that diminishes the company to two members i.e. shareholders and managers. Second, managers or employees in the firm could act naturally intrigued.

Eng and Mak (2003) state that there are instruments which can lessen the agency problem. These incorporate motivation strategies for managers, which remunerate them financially for boosting interest of the shareholders. Such plans normally incorporate arrangements whereby senior executives purchase shares at a price less than the market value, therefore adjusting financial related interests of shareholders with those of managers (Jensen & Meckling, 1976).

Imam and Malik (2007) assert that there are other comparable plans to fasten compensation of executive and levels of profits to shareholder's returns and have a piece of executive remuneration conceded in the future to remunerate long-run maximization value of the organization and discourage short-run executive activity which might hurt corporate quality. Ho and Wong (2001) state that in agency theory, shareholders anticipate that the managers to act and make wise investment decisions on behalf of the shareholders. However, managers may be succumbed toward oneself interest, deft conduct, the opportunistic behavior and the mark regarding coincidence between the goals of the principal and the agent. Indeed, the understanding of risk concedes in its approach. Despite this, agency theory mainly established for separation of control and ownership (Beltratti, 2005). Jensen and Meckling (1976) discover a theory which endorses employees or people are responsible in their assignments or responsibilities. Employees of the firm must constitute a decent administration structure instead of simply giving the need of shareholders, which may perhaps challenge governance structure.

2.3.3 Corporate Governance Mechanisms

The ability to utilize the capital supplied by the shareholders rest with persons other than shareholders themselves. This group of proprietorship and control offer ascent to an organization whereby there is a partiality for the managers to manage the organization according to their interests instead of that of the shareholders' (Jensen & Meckling, 1976). It provides the need for the mechanisms, such as directors, to do checks and balances on the management activities. Different characteristics of governance mechanisms have been studied to cater for the issue (Jensnance mechanisms en & Meckling, 1976; Shleifer & Vishny, 1997; Xiao & Yuan, 2007; Villiers, Naiker & Staden, 2011; Lu, Wang & Dong, 2013) such as board of directors' characteristics, ownership structure and other company characteristics. On the fact that they are common mechanisms used by previous studies in developed and developing economy. Risk management committee is also important due to its relevance in the oil industry.

2.3.3.1 Board Characteristics:

The study focuses on three (3) board characteristics which are board size (BS), board composition (BC), and board meeting (BM).

1. Board Size

The number of directors is a vital element in deciding the viability of the board. There are conflicting plans regarding the proper or ideal size of the board of directors in an organization. At the point when the board is too enormous, singular directors may feel obliged about heartily partaking in board decisions with little feeling of particular responsibility. At the point when the board is excessively small, the directors will be unable to settle on compelling choices and may confront some level of troubles in working during crisis. Lincka, Nettera, and Yang (2008) find that the usual board size is eight persons. Li (1994) recommends that the cutoff of board size be around eight directors as having more directors is difficult to make decisions in meeting and restrain the board execution. Most analysts find that bigger firms have a tendency to have more directors. It could be clarified by the need of these bigger companies to keep up more contacts with the business environment. A bigger board would bring in more prominent directors and access to assets (Kent & Stewart, 2008). Eng and Mak (2003) set forward a contention that outside directors are more inclined to encourage watchful and unprejudiced choices throughout decision-making procedures. Dahya and McConnell (2005) contend that bigger boards would build directors' checking capacity. As board monitoring increases, the nature of management decisions will be upgraded (Villiers, Naiker & Staden, 2011).

Bigger firms have a tendency to have difficulty in relation to authority. Bigger firms are more complicated, thus a director might have difficulty to go through each critical part of the company operations. Thus, committees are established to monitor particular tasks of the board, such as committee in charge to review the compensation, designation, and risk management (Cheng & Courtenay, 2006).

The Nigerian code of corporate governance has not detailed the number of directors in an organization. The code prescribed that the size ought to reflect the board viability. The number of directors is not applicable in measuring the adequacy of the board. Hamid (2013) states that the quality and capacity of a board chairman are vital for guaranteeing a successful board.

Various studies have been conducted on the relationship between board size and firm performance as well as between board size and corporate social responsibility disclosure. Chourou, Bedard and Courteau (2001) established a positive relationship between board size and company performance. Utilizing 21 companies as unit of analysis, they demonstrate that successful organizations are more prone to have bigger boards contrasted with those failure organizations. Faruq (2011) also observed the same relationship in the Nigerian setting. Faruq demonstrates that as an organization develops, the size of the board has a tendency to be bigger. However, Joh (2003) and Maharaj (2008) show that bigger boards improve the monitoring role and lead to sound economic performance.

Eng and Mak (2003) state that the number of directors on the board has a negative association with group performance. They contend that organizations may select more directors on the board to enhance their poor profitability. Nazli and Mohd (2007) demonstrate that more modest boards help adequacy in decision-making as every director plays their role successfully. John and Senbet (1998) show that there is no relationship exists between board size and firm performance including corporate social performance. Their findings are consistent with the findings of Guest (2009) and Ho and Wong (2001).

2. Board Composition

Chen and Jaggi (2000) indicate that directors can be classified into non-executive directors and executive directors. Past studies have concentrated on the proportion of non-official directors to total members of the board (Bino & Tomar, 2006; Bathala & Rao, 1995 and Xiao & Yuan, 2007). In any case, this is not a decent estimation considering the high degree of non-official executives with high autonomy (Sunday, 2008) when such a meeting has huge shareholdings or close relationship with the management.

3. Board Meeting

As indicated by Companies and Allied Matters Act (CAMA, 1990), official meeting of the board of directors is held typically at distinct interims to consider strategy issues and significant issues, organized by directors (executives or non-executives) of companies or his or her representative. It must meet the majority necessities, and its considerations must be recorded in the minutes. Under the principle of the total responsibility, all directors (regardless of the fact of non-attendance) are bound by its resolutions. The board meeting is fundamental to examine the board capacity. This position is about making board meetings powerful and supportive for everybody.

A board is required to meet regularly. A few boards meet month to month. In any case for most organizations, a month-to-month board meeting will not be necessary. Therefore, the study adds to this line of investigation by proposing the power of board action by looking at the relationship between board meetings and corporate social responsibility disclosure. This relationship appears complicated. One perspective is that board meetings are advantageous to shareholders. Vafeas (1999) states that directors who absence from attending board meetings are not doing their obligations. Likewise, Said, Omar, and Abdullah (2012) propose that attending board meetings produces vital asset to directors in enhancing the adequacy of the board. However, excessive outside directorships lead to thin time available to directors, thus preventing directors to go to board meetings consistently and subsequently to monitor policy well (Vafeas, 1999).

A contradicting perspective is that board meetings are not so much valuable because the restricted time outside directors' use together is not utilized for the serious trade of thoughts among themselves or with management. This issue is a result of the way that CEOs regularly set the motivation for board meetings (Jensen & Meckling, 1976). Additionally, routine undertakings integrate a great part of the meetings restricting open doors for outside directors to practice significant control over policy. Jensen and Meckling recommends that boards ought to be moderately dormant and that boards are typically compelled to keep up higher movement levels in the vicinity of issues. In this view, board meetings serve as a re-battling gadget as opposed to a proactive measure for enhanced governance.

Accordingly, while the outcomes of higher board meeting are vague, higher board meeting is a possible corporate reaction to poor implementation. In the background of relationship perspectives on the way of board meeting, the significance of a board meeting recurrence seems to be an open inquiry. Confirmation with regards to the noteworthiness of the board meeting recurrence conveys conceivably primary governance suggestions. That is little doubt remains much less demanding and less expensive for organizations to modify the recurrence of its board meetings to achieve preferable governance over to change the synthesis of its board or its proprietorship structure or support contract changes.

2.3.3.2 Risk Management Committee (RMC):

1. Risk Management Committee Size

Management emergency appears to prompt an alternate obligation regarding managers and boards. Vast companies have established or about to establish risk management advisory committee. According to Adegbite and Nakajima (2011), RMC is sub-part of board of directors. Accordingly RMC size rely upon the total number of directors in company, yet the base number should not fall below three (3). The objective of the risk management committee (RMC) is to recognize and distinguish the majority of the risks confronting the company. Furthermore, RMC aids the board in regulating the company's risks and limit the function of audit committee related to corporation risk (Ford et al., 1999).

According to Ford et al. (1999) there are four credible opinions to a company risk:

1. **Keep away from the risk**. Surrender the proposed venture.
2. **Risk mitigation**. Make capital ventures or bring about continuous expenditures for

instance, by acquiring standby supplies, duplicating discriminating component, invest in staff training in addition to establishing risk approaches, for example, obliging directors to travel independently as a hedging strategy in an accident event.

3. **Risk transfer**. To spread the risk exposure to different parties, indemnify against the risk, though few risks may be indemnify. In oil marketing companies, risk can be hedged by arranging long-term contracts. Make subsidiary instruments, harmonies with financial establishments that exchange the risk to outsiders.

4. **Hold the risk**. As such, acknowledge the risk. It is frequently the main accessible answer for strategic risks.

Empirical investigations show that RMC assesses and prioritizes those risks and creates a composed system for dealing with the risks. This arrangement may include dodging risks by leaving items or administrations, changing exercises to diminish risks, tolerating risks and setting up the outcomes or offering threats to different substances. Despite whether a helpful structures risk management executors, hazard management is a key capacity of the board and management.

Corporate Governance rules as discharged by the NNPC similarly notes that a board panel particularly concentrating on risks matters. For example, a RMC might be a powerful mechanism in supporting the full board reaches its obligations of risks oversight, risks and inner control management. A RMC which is dedicated in risk management would be a better fit to backing corporate governance through undertaking an in-depth and good realistic analysis and survey of risks and internal controls. Further, authority boards, for example, a RMC will have the capacity to commit more of an opportunity and exertion towards coordinating different risks associated with control and assessing the related controls. Accordingly, the role of RMC in supporting corporate governance is conceivably a discriminating one.

2. Risk Management Committee Composition

The RMC in the Nigerian petroleum industry might be embodied by three or more directors selected by the Board suggested by the organization's nominating and CG Committee. The RMC without its chairman in a meeting may select one director of the committee to serve as chairman of the committee. Any composition of the committee may be evacuated by the board, with or without reason, at any time.

The risk committee is relied upon to examine, with the presence of the senior managers, the state of the association's risk administration, survey the sufficiency and management of the risk techniques, and report to the board on its discoveries. For instance, the yearly report of total oil showcasing organization states that its RMC "might survey and support the risk method of the organization, build and keep up strategies which reflect the risk system and monitor the management of credit risk, liquidity threat, business hazard and operational risk" (Lincka et al., 2008).

Successful companies frequently exhibit a reliable emphasis on risk management. The way to successful risk management is no doubt including majority of non-executive director in the committee. Prevention action is the best cure, and non-executive directors perceive and acknowledge how management is taking care of risks (Adegbite & Nakajima, 2011) since executive directors are part of the management (Herremans, Akathaporn & McInnes, 1993). Cheng and Courtenay (2006) state that to non-executive directors risk management is essentially a problem of acting expressly ahead of time to keep a risk occasion from happening or to reduce its results when it does.

For risk management committee to be active in discharging its responsibilities, an arrangement of risk governance ought to be set up. Risk governance alludes to the structural engineering in which risk is overseen by an organization. It characterizes what risks are, and who is in charge of. As expressed in the risk governance direction announced by the Singapore Corporate Governance Council, "a healthy risk governance takes into account the expression of how, in the connection of its risks, an organization can: Attain its business targets; Plan its esteem recommendation; Analyze its risk tolerance; and Configure its procedures concerning the sensible desires of stakeholders' alignment" (Ford et al., 1999).

The thought that risk management is a non-executive issue is acknowledged and reflected in corporate governance codes and practices in numerous studies. The benefits and risks of creating a different RMC as attired practice have been widely discussed. An organization ought to, in any case, analyzes it circumstances and needs when settling on the choice to secure an RMC. For more modest organizations or organizations with a substantial and experienced audit committee, the risk-management committee responsibilities may be performed by the audit committee. To undertake the extra risk management responsibility, the audit committee needs to extend its customary focus of authentic financial performance, agreeability and control, to incorporate future implementation and risk.

The enrollment of the risk management committee ought to contain both administration and outer parts with the essential mix of aptitudes, abilities and characteristics, including the accompanying basic angles: a cozy understanding of the institution; command and operations; the capacity to act autonomously and equitably in light of a legitimate concern for the institution; and a careful learning of risk management standards and their solicitation.

3. Risk Management Committee Meeting

The RMC should meet regularly to complete its duties and responsibilities. The committee may ask for any officer or representative of the company or the company's outside guidance or autonomous auditor to go to a meeting of the committee or to meet with any parts of, or advisors to, the committee. At all meetings of the committee, a larger part of the whole committee should be essential and sufficient to constitute a majority for the transaction of business. The vote of a larger part of the committee present at a meeting at which a majority is available might be the demonstration of the committee; notwithstanding, the committee may not make any move, and should suggest the choice on such act to the full Board if two or more members of the committee object to the choice. The committee might additionally act by unanimous composed assent as stated in the company's by-laws.

Responsibility regarding risk management ought to begin in the meeting room as the board is eventually in charge of the company's decision making, company's performance, as well as value creation, are connected with risk. The CEO, who is in charge of the board, has an obligation to guarantee good performance of the risk management procedure and policies set around the board. The management manages while the board governs. The risk management committee function ought to consequently be the governance of risk managing, controlling, and setting strategies and observing performance.

The committee may hold meetings at any level once in a quarter. Meetings of the committee may be called by any part of the committee or by the chairman of the board. Notice for a committee meeting might be given in the same way as notice for a board meeting. Meeting of the committee ought to be guided by the committee chairman, if any, or without a chairman by a director chosen to chair the meeting.

2.3.3.3 Ownership Structure

1. Directors Ownership (DO)

Managerial ownership is the proportion of shares claimed by CEOs and directors, and this incorporates their esteemed diversions. Likewise, ownership assumes a vital role in raising the organization issue. Along these lines, control may be relieved as a consequence of expanding the managerial proprietorship in place for their enthusiasm to be brought into the record with those of different stakeholders. Thus, when the managerial ownership falls, outside shareholders will develop observing the conduct of managers (Jensen & Meckling, 1976). In the expense of observing by outside shareholders, the director will provide voluntary disclosure.

Nazli and Mohd (2007) analyze the ownership structures of Malaysian firms to see whether these structures effect the CSR revelation. The research evaluated whether possession fixation, director ownership or government possession affect corporate social responsibility disclosure. The results of the study demonstrate that two ownership variables, i.e. director ownership and governmental ownership, affected the CSR disclosure of Malaysian firms.

In this way, voluntary disclosure is an option to observing management action. A study by Judge, Naoumova and Koutzevol (2003) observe a significant relationship between ownership structure in increased Russia organizations and the voluntary quantity disclosure.

An alternate interpretation is that the positions of management get fortified when they expand their ownership. Nonetheless, management could likewise use inside documents to further strengthening their prosperity keeping in mind the end goal is to avoid minority possessions, lessen the information transparency and to cover their performance (Walls, et al., 2012).

On the other hand, voluntary disclosures are expected to increase with the diminishing in managerial ownership. Xiao and Yuan (2007) find that the level of disclosure organizations is conversely identified with the number of shares held by the ten (10) most essential shareholders. Moreover, evidence shows that managerial ownership is contrarily identified with exposure (Nazli & Mohd, 2007). Eng and Mak (2003) and Xiao and Yuan (2007) examine the relationship between the extent of average shares held by CEOs and official executives with voluntary exposure. The result shows a significant relationship between the number of shares held by directors and voluntary disclosure. Baek, Johnson and Joung (2009) reveal that the relationship between the number of shares owned by management and voluntary disclosure is positive. The evidence, so far, demonstrates a mixture relationship between managerial ownership and level of information disclosure.

However, managerial ownership could change the level of information disclosure or change in procedure. Director's interest is a particular case that has a commanding effect on the estimation of the firm. Klein (2002) figured out that CEO ownership was compressed by the number of shares claimed by the CEO. The higher the shares, the more estimation of the organizations will decrease in view of the controlling effects. When the CEO were in full control or acquired control of the firm, he or she may get liberal, and this would prompt a decrease in firm value. Executive ownership may affect CSR disclosure since the CEO can settle on the choices on enormous numbers of the association's exercises.

2. Blockholders Ownership (BO)

By definition, blockholder is a shareholder owning many company shares, for the most part is institutional shares (Jensen & Meckling, 1976). There is no particular estimation or meaning of what number of shares equivalents a "block" in the Nigerian setting, yet ordinarily if a shareholder has more than 10,000 shares or claims shares esteemed at more than $200,000, they would be considered as a blockholder.

A blockholder is a risk-taker who has discriminated some part of the company's available stock or bonds. These shareholders own enough of the company's shares thus have more of voting power, for instance, picking support of the leading company of director. As a blockholder can hold as small as 5% of available shares, it is common for one organization to have a couple of blockholders.

The result of a blockholder on an organization relies on a few components. The individuals who hold the most shocking level of the company regularly has the most effect, fundamentally because of their voting force. Contingent upon the attributes of a blockholder, combined with a more modest offer may push the effect on blockholder with more discloses. The effect of blockholders on an organization relies on to what extent they claim that piece of stock. In case they do not hold it for long, they are not subjected to have much of an effect on the company (Shleifer & Vishny, 1997 and Agrawal & Mandelker, 1990).

Numerous auditors and other industry leaders are careful about the control advanced by blockholders. As the size of the company grows to the point where it can oblige this kind of ownership, control of the company might be moved far from it management. While the information of a blockholder might be advantageous, it is additionally accepted that it can put an organization at risk. A large number of the individuals with this view accept that more modest organizations have a tendency to be more compelling because they do not consider the noteworthy measure of intervention in blockholders (Klein, 2002).

A blockholder who is not a representative or manager of the business has an abnormal position in an organization. This shareholder has admittance to more information than those with fewer disclosures, yet they regularly do not have the extensive knowledge of the business (Edmans, 2008). In a few cases, having a noteworthy stake in the company can make the blockholder significant. Whether a blockholder's inclusion is negative or positive relies on the subject within reach, the knowledge of the financial specialist, and the manner of relationship with the organization.

Blockholders who are additionally executives, accomplices, or utilized by the organization can help to keep a business inside the control of people who know it personally. The responsibility of these shareholders is double in the sense that, working in the business and expanding its esteem for their own particular profit (Chourou et al. 2001). Subjected upon the measure of shares possessed and the acts of these inward blockholders, the circumstances might be useful or severe for a business.

2.3.3.4 Control Variables

Three control variables included in the study are profitability, leverage, firm size and firm age. These control variables were selected on the basis that these variables have been used in previous studies (corporate social responsibility disclosure).

1. Profitability (PT)

CSR is an organization's dedication to coordinating environmental, social issues into business operations in a maintainable way with a particular end goal to adjust the interests and welfare of stakeholders. Abdullah (2006) explored the extent of CSR in the annual report and found that CSR subjects incorporate the following elements: one (1) Community, three (3) Employment, two (2) Consumer Products and, four (4) Environment. There are three perspectives of the relationship in the middle of CSR and its monetary execution/ productivity. The principal view is based on the perspective of Friedman (1970) in Alsaeed (2006) who identified a negative relationship exists between CSR actions and profitability.

In an alternative measurement, Friedman (1970) in Alsaeed (2006) focus on the stockholder theory. The stakeholders' theory emerged in presumptions of CSR. The legitimacy theory assumes that the use of CSR is more extensive because it will lessen the stream of profits to firm stakeholders. Jensen and Meckling (1976) pushed the accommodate clash in these two perspectives; they expressed that in the long run no organization can expand the estimation of the organization. Therefore, firms overlook the interests of stakeholders. As per the perspectives of stakeholder theory, Imam and Malik (2007) find the organization's relationship with internal and external stakeholders in the long run will dictate the estimation of the organization.

2. Leverage (LV)

Debt level is characterized by the total of long and short-term capital related debt or the total of liabilities. It is contended that debt level has effect on firm activities. Faruq (2011) posits a positive effect from reducing the free money streams, expose the firm more to inspection by the business sector and inevitably prompt decline in CSR financing.

According to agency theory, Jensen and Meckling (1976) posits that more exceptionally leveraged organizations acquire higher observing expenses; consequently as higher commitments levels expand company value, director could offer expanded checking through more viable boards and its panels.

There is a negative effect of leverage on organization responsibility (Jensen & Meckling, 1976). Leverage was widely utilized as a control variable by various studies, which inspected the relationship between corporate governance issues and firm financial performance. Studies on corporate social responsibility disclosure, for example, by Judge et al. (2003), Joh (2003), Guest (2009), Bhagat and Black (1999), and Maharaj (2008) found that the influence has effect on firm monetary execution since higher firm execution lead to higher financing in CSR.

3. Firm Size (FS)

A few studies use firm size as the regular record of total holdings of the organization for every year. In connection to the application of corporate social responsibility, large organizations can have more noteworthy ability to produce benefits, and will require corporate social responsibility. Firm size variable has been utilized in past studies on corporate governance and also social responsibility studies (Boone, Field, Karpoff, & Raheja 2007; Cheng, 2008). The usual substance is utilizing a natural logarithm; this approach is used by Said et al. (2012), Shleifer and Vishny (1997), and Khanchel (2007) which show that organizations are supportive of long-term borrowings. Bigger company is more differentiated and more equipped to expand their money stream than smaller organizations (Michelon & Parbonetti, 2010). Therefore, organizations have the proficiency to manage their advances and in this way face lower risks (Fernandez et al., 2012). Cheng (2008) and Nazli and Mohd (2007) give confirm that the expensive company is more prone to have better organization CSR. Bigger organizations can without much of stretch access investments (Klein, 2002; Bear et al., 2010). Likewise, bigger organizations can expand entrepreneurs' certainty in protecting speculators' diversions (Villiers et al., 2011) and secure various enhancements good to go (Gompers et al., 2003). Besides, those organizations can pull in great hopefuls to sit on their board (Said et al., 2012) and keep up steady money stream (Joh, 2003). In addition, the vast companies are less inclined to be influenced by progressions in the business environment’s field (Beltratti, 2005).

4. Firm Age (FA)

Firm age which is measured in this study by number of years the firm has since listed in the Nigerian stock exchange, previous empirical result show that company age has positive and strong effect on the corporate social responsibility disclosure. This affirms that as a control variable, the older the company since listed in NSE, the more prominent the corporate social responsibility disclosure, development and survival. This may bring about greater support for shares of such organizations, which finally improves the earnings quality. Moreover, the older organizations sometime during their development embark on corporate social responsibility at less cost compared to younger organizations quoted in NSE. As a result, older organizations are more able to upgrade their compliance capability and financial report quality than younger organizations. This is because the older organizations are more likely to have secured proficient staff to manage technical parts of their disclosures (Barde, 2009; Hassan, 2007).

2.4 The Relationship between Corporate Governance and Corporate Social Responsibility

In the modern, globalized, interconnected and competitive world, the way social, environment and corporate governance issues are overseen is part of organizations' general administration quality which is required to be effective from a societal point of view. The duties and responsibilities placed on the Nigerian petroleum-marketing companies have increased drastically in the last couple of years.

The more these companies become economic forces prominently the more society expects the companies to be socially responsible. In essence, a responsible corporate entity, which is properly governed, takes into consideration all direct and indirect external effects of its operations. Companies that perform better have the better choice of increasing shareholder value by overseeing risks, suspecting administrative activity or getting to new markets while in the meantime helping the reasonable improvement of the social orders in which they work. "Which regards wins" which takes a glance at the environment social and governance issue that can have a material effect on corporate monetary performance is one of numerous reports examining the relationship between social, natural and governance practice (Godfrey & Hateh, 2007). .

Corporate Governance as a code of best practice by organizations may come up short where the stakeholders in the general public assault it along two lines. There is discrimination that the straightforward benefits augmentation may be awful for people, in view of some negative by-item on environment's grass, human rights, specialists' condition and different components. There is also acknowledgment that some of a piece of the corporate mechanisms has not been after essential controls and illicitly removed assets from stakeholders. This assault emerges because of the disappointment of both corporate governance and corporate social responsibility. A powerful corporate governance framework would reduce unlawful actions against stakeholders. A viable socially dependable corporate code would anticipate movements that are lawful however unseemly, due to their results on a percentage of the shareholders. Both corporate governance and corporate social responsibility fortify one another.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses the methodology employed by the researcher as part of directing the exploration work. It displays the theoretical framework of the study from which study theory are inferred. It later takes after by the discussion of investigation framework then arrangements of component constituting the number of population element of the study likewise considered as the sample size of the research. The chapter equally describes the appropriate technique used as part of sourcing data and how every variable is measured. Finally, the method of data analysis and model development constitute part of the chapter.

3.2 Theoretical Framework

With the end goal of this study, legitimacy theory and agency theory help in providing essential relationships between corporate governance mechanisms and corporate social responsibility disclosure. The theories assist to highlight different hypotheses as it identifies with both corporate governance mechanisms and corporate social responsibility disclosure.

3.2.1 Legitimacy Theory

Legitimacy theory is characterized as “a summed up recognition or assumption that the activities of any entity are attractive, fitting, or proper inside some socially developed system of values, norms, definitions and beliefs” (Stanwick & Stanwick, 1998). The company, through its top administration, looks for congruency between firms’ actions activities and the values relevant publics (Lehman, 1995; Dowling & Pfeffer, 1975) or to the firm stakeholders. Sethi (1979) states that if a genuine or potential difference exists in the firm and social values, then the firm legitimacy will be risked for offering gap to legitimacy. Fundamentally, looking for the firm legitimacy is esteemed essential in demonstrating social value (Oliver, 1991). Ensuring preceded capital inflow, customers and labour (Pfeffer & Salancik, 1978), and also showing that the company is tuned into societal concerns and values (Clarke & Gibson-Sweet, 1999) to help close any observed legitimacy gaps.

Activities by corporate administration to influence more extensive society that the company is socially responsible are portions of its legitimation procedure (Gray et al., 1995). Lindblom (1994) recognizes four wide legitimation methods that organizations may use to protect business legitimacy: educating stakeholders about planned enhancements in performance; looking to change stakeholder's view of the occasion; occupying consideration far from an issue, and changing outsiders' desires about its performance. Such legitimation methods incorporate maintaining, gaining or repairing legitimacy (Suchman, 1995). Dowling and Pfeffer (1975) propose three modes of actions that organizations can take to upgrade legitimacy. Adjust output, objectives and systems for operation to comply with predominating meanings of legitimacy; endeavor through communication to change the meaning of social legitimacy to adjust to present practices, values and output. Lastly, endeavor through communication to wind up related to values, symbols or institutions, which have a substantial center for social legitimacy.

Gray et al. (1995) join the strategies recommended by Lindblom (1994) and the activities proposed by Dowling and Pfeffer (1975) within the outline of legitimacy theory. The adoption of a proper system relies on upon how best administration feel they can close legitimacy gap.

Legitimacy theory is additionally the underpinning theory of this study because it is hard to separate the idea of legitimacy from the thought of the crisis. As this is frequently the central time that constituents in a power framework will intentionally declare where they accept authority should be focused, and how it should to be utilized (Sutton, 1993). The global economic crisis in 1997 brought up issues of corporate legitimacy and its governance and management structures as well the relationship between the organization and the social environment governing the operating of such entities.

Empirical literatures in social sciences have utilized various proxies to test measures of legitimacy theory; the most common measure is content analysis. Proxies, used in explaining corporate social responsibility disclosures include board size, directors' ownership, blockholders' ownership, (Chourou et al., 2001); Risk management (Aina, 2013); profitability (Guthrie & Parker, 1989; Patten, 1992); and the annual report users types (Deegan & Ranking, 2002). Substitutes, utilized to clarify disclosure of community involvement incorporate firms open profile i.e. closeness of an organization to individual buyers (Clarke & Gibson-Sweet, 1999). Recent literatures have concentrated to administrators to test their inspirations for CSRD. Case in point, the research by Donovan (2002) helps legitimacy theory and gives understanding into administration disclosure conduct focused around situations that have diverse effects. Where the apparent threat is insignificant, disclosure is esteemed unnecessary and in the event that it is threatening, the disclosure responses are considered essential and went for maintaining, gaining or legitimacy repairing. Deegan and Gordon (1996) recommends that the organizations aim in revealing corporate social responsibilities be to effect opinion: either in a preventive manner to repair legitimacy perceived loss or in a proactive manner to be seen as having social passion, and self-interest enlightened.

Where legitimacy gap lives and is perceived by senior management then the organization need to consider a reaction. One reaction is to overlook the gap, apparently on the basis that no unfriendly outcomes will emerge. On the other hand, senior administration reacts by information disclosing helpful in diminishing the legitimacy gap.

3.2.2 Agency Theory

Agency theory explains the relationship between managers and shareholders. Agency theory has been characterized as “an agreement under which the principal (s) appoint an agent(s) to perform some administration for their sake which includes decision-making roles” (Jensen & Meckling, 1976). As indicated by Jensen and Meckling, the agency theory gives a framework exposure conduct to corporate governance. Corporate governance instruments are acquainted with the control of the agency issues and guarantee that managers undertaking is shareholders expectations.

Theoretically, the effect of corporate governance instruments on corporate social responsibility disclosures may be substitutive or complementary. Agency theory expects that high degree of corporate social responsibility disclosures be expected due to the belief of more corporate systems will fortify the organizations internal control system. It is examined that in agency theory, where ownership and control separation exist, potential agency stressed that agency expenses related with maintaining the contractual relationship among agents and principals (Hossain et al., 1994).

However, the study tries to help in understanding whether board size, board composition, board meeting, risk management committee, risk management structure, risk management committee meeting, directors' ownership, blockholders' ownership, profitability, leverage firm size and firm age influence corporate social responsibility disclosures in the yearly reports.

Number of literatures that concentrates on the corporate voluntary disclosure including corporate social responsibility has increased. Agency theory gives a schema to examining financial reporting motivation in the middle of managers and owners of the business. Agency theory along these lines, assumes an imperative part of observing managerial advantage that is pushed by a circumstance where control and ownership is separated. It additionally clarifies why firms have the motivation to report voluntary disclosure including that of corporate social responsibility that enhance the firm reputation in the eyes of the general public, in effect increase profitability of firms. Using legitimacy and agency theory, Figure 3.1 gives a diagram of the theoretical framework of this research.

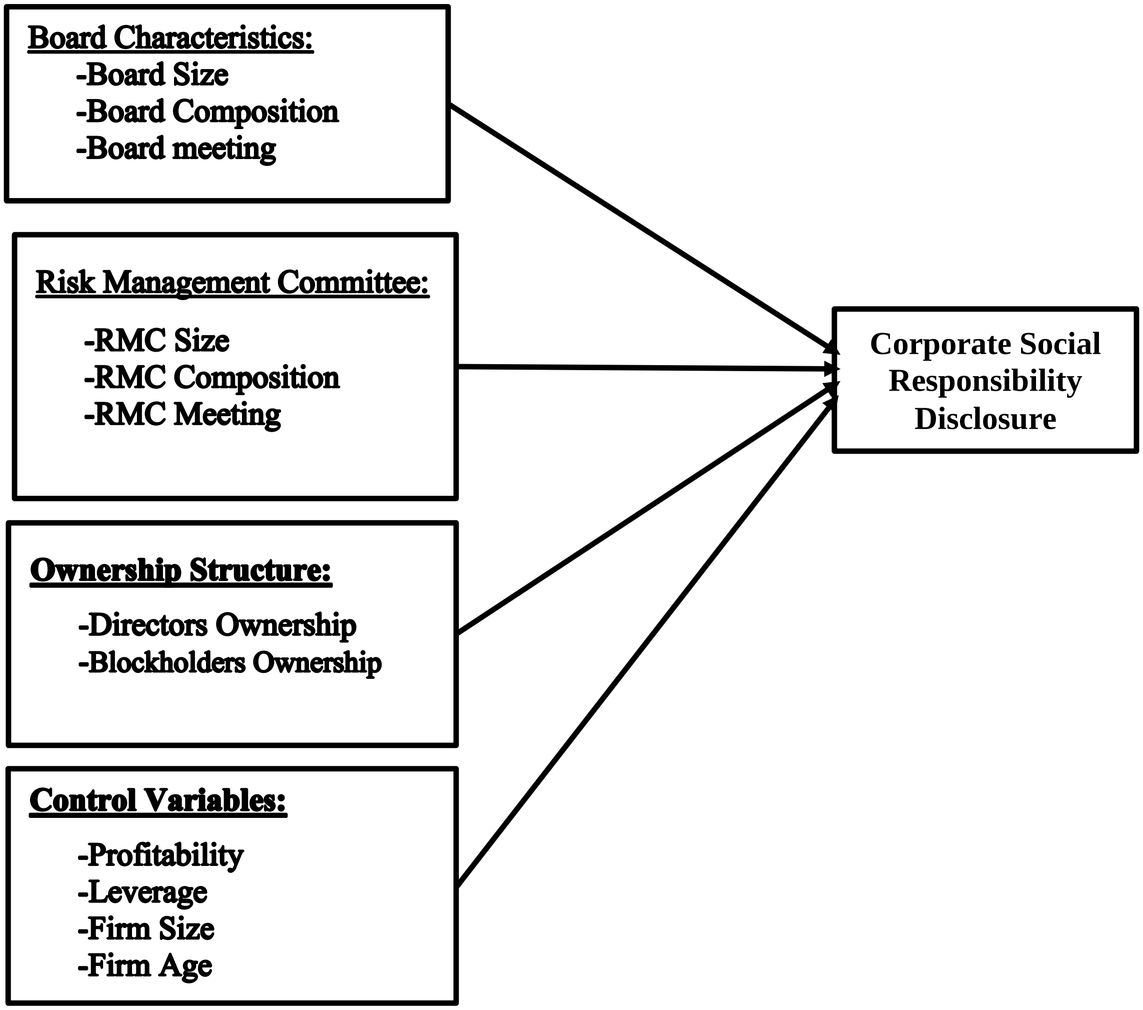
Board Characteristics:
-Board Size
-Board Composition
-Board meeting
Risk Management Committee:
-RMC Size
-RMC Composition
-RMC Meeting
Ownership Structure:
-Directors Ownership
-Blockholders Ownership
Control Variables:
-Profitability
-Leverage
-Firm Size
-Firm Age
Corporate Social Responsibility Disclosure

Figure 3.1

Research Framework

3.3 Research Hypothesis

The accompanying research hypotheses were created for the purpose of this study. These hypotheses serve as an aid in molding and controlling the research to a reasonable conclusion.

3.3.1 Board Characteristics

1. Board Size

From the agency theory, it could be argued that a bigger board is more disposed to vigilant for agency problems because the most prominent number of individuals will be surveying management movements. Nonetheless, agency theory perceives that there is an upper limit to boards. Jensen and Meckling (1976) recommends this utmost at around eight directors, as any more important number will meddle with company progress and hinder board performance. Then again, it might be argued that it is not the extent of the board, fundamentally, that is discriminating, but instead the number of outside members on the board (Davies, 1999). From a resource theory viewpoint, it could be likewise argued that a bigger board brings more prominent open door for more connections and subsequently get to resources. From a stewardship theory viewpoint, it is the degree of inside to outside directors that are of significance, since inside directors can bring better information to the board on decision.

Past studies argue that board size have effects on companies' correspondence and coordination issues. Therefore, reducing capacity of the board to control management and the spread among a bigger company leads to poor decision-making. There are many arguments whether the bigger board size will unveil the CSR more than the little size board of directors. As per Jensen and Meckling (1976), the large board and the insufficient board of directors brought about by much power on the CEO prompt the CEO makes all the choice. It implies that the size of the board did not affect the level of information that is disclosed in the yearly reports. However, Aina (2013) found a positive relationship between CSR disclosure and board size. In the same way, Gray et al. (1995) conclude that board size shows up as a critical variable which have reliable evidence of a relationship between disclosure of different kinds of corporate social responsibility and board size of organizations in Nigerian manufacturing companies. Hence;

H_1: There is a positive relationship between board size and CSR disclosure.

2. Board Composition

As discussed in Chapter 2, the effect of agency theory is mostly used on corporate governance research concerning board composition. Agency theory recommends that a more significant number of outside directors to monitor any self-interested activities by management along these lines will minimize the agency costs (Fernandez et al., 2012 and Bear et al., 2010). Board composition suggests to the number of non-executive directors to the total number of executive directors. Then again, supporters of the stewardship theory argue that better corporate performance will be interfaced than a dominant part of inside executives as they work to increase shareholder's benefit (Bathala & Rao, 1995).

Given these two differing theories, previous studies that investigate the relationship between board composition and corporate social responsibility in Nigerian context discovered mixed results. Jensen and Meckling (1976); Branco and Rodrigues (2006) and Beltratti (2005) find that there is no critical relationship between board composition and CSR. Then again, several studies show that firms dominated by non-executive directors tend to disclose more information on CSR (Alsaeed, 2006; Adegbite & Nakajima, 2011); Yongtao & Andersen, 2011; Turker, 2009).

In addition, Beltratti (2005) observes no relationship between the extent of outside executives and CSR performance of companies. In a comparative study, Adegbite and Nakajima (2011) discover a positive relationship between the extent of outside board members and corporate social responsibility using Nigerian banking sector. In this way, it might be said that a few studies support the agency theory (Klein, 2002; Adegbite & Nakajima; Yongtao & Andersen, 2011; Tucker, 2009 and Fernandez et al., 2012).

H_2: There is a positive relationship between board composition and CSR disclosure.

3. Board Meeting

To legitimacy theory, recurrence of the board meeting could help to keep any wrong doing by the directors, the agency problem in this way reflected better nature of financial information to all stakeholders (Xiao & Yuan, 2007). The meeting frequency is likewise found to help the companies in bringing down the investment charged by the financial organizations. In terms of literature, conflicting relationship was identified by Anderson (1989) and Barnett, (2007). From the Nigerian point of view, the predictable board meeting by the companies reflected their reality in meeting the commitment and hence brought down their monitoring risk. Hence, it explicitly intimated the significance of meetings recurrence in reinforcing the corporate governance practice. Therefore, companies could decrease their expense and subsequently enhance their commitment to corporate social responsibility.

The relationship between the board meeting frequency and CSR disclosure from the empirical perspective is not clear. Initially, there are overheads connected with board meetings including managerial time, travel costs, and directors' meeting charges. There are likewise profits, including more of a chance for executives to give, set system, and monitor management. In the event that organizations have less board meeting than are relevant, overemphasizing expenses, the board meeting recurrence will be thoroughly connected with CSR. Confirm in this direction would recommend that increasing meeting frequency is one reasonably modest route for firms to expand esteem. On the off chance that, by differentiation, profits are overemphasized, the board meeting recurrence will be contrarily related with firm productivity and thus CSR. To this end, if a firm is sensibly efficient setting the recurrence of its board meetings, depending on its environment, it will achieve economies in agency costs. In the total, the relationship between board meeting and CSR disclosure is an empirical question that needs investigation thus the study expect:

H_3: There is a positive relationship between board meeting and CSR disclosure.

3.3.2 Risk Management Committee

1. RMC Size.

The 2008 global financial, economic crisis and its undulating consequences for the more extensive corporate sector have incited organizations to reexamine how they manage and govern risk. Barde (2009) examined the role of board has in the risk governance and the benefits of building a separate risk management committee.

All business choices include risk. In other words, anything that can maximize benefits for a company can be risky. Therefore, it is a board's challenge to manage risk with satisfactory reward, to make the esteem without hazarding the company's undertaking. It implies understanding the companies' exposure to risk management, deciding how those risks are to be confronted and guaranteeing that they are appropriately handled.

As mentioned earlier by Ford et al. (1999) there are four credible opinions to a company risk:

1. Keep away from the risk. Surrender the proposed venture.

2. Risk mitigation. Make capital ventures or bring about continuous expenditures for instance, by acquiring standby supplies, duplicating discriminating component, invest in staff training in addition to establishing risk approaches, for example, obliging directors to travel independently as a hedging strategy in an accident event.

3. Risk transfer. To spread the risk exposure to different parties, indemnify against the risk, though few risks may be un-indemnify. In oil marketing companies, risk can be hedged by arranging long-term contracts. Make subsidiary instruments, harmonies with financial establishments that exchange the risk to outsiders.

4. Hold the risk. As such, acknowledge the risk. It is frequently the main accessible answer for strategic risks.

Risk is regularly taken care of well at the operation level, taking proper safety measures and protection against risk. For instance, theft, fire, equipment damage, and employees' accidents. Critically, it contends that profitable companies ought to concentrate on risk management at each level. The responsibility of risk management begins with the board committee. The previous researchers (Freedman & Jaggi, 1982) encourages that establishment risk management committee, separate from the audit committee, offers a sound premise for significant business-wide risk management.

Numerous corporate failures could be credited to the board's disappointment to perceive the underlying risks confronted by the organization and to take appropriate actions. Corporate governance and risk management are connected (Hassan, 2007). Risk management, in the same way as corporate governance, includes both conformance and implementation viewpoints: guaranteeing that historical and current issues are overall taken care of while forecasting future.

The functions of audit committees are different from those of risk management committee. The risk management committee has supervision role of creating, upgrading, upholding, and checking how risk management decision and policies are implemented. The 2008 global financial crisis and corporate disappointments as of late 2008 have put risk management in the issue of great concerns.

The existence of an RMC size might likewise be connected with the extent of the board. Earlier research proposes a positive relationship between the number of directors and the presence of risk management committee (Hassan, 2007). It might be argued that a larger board is liable to involve more assets for the board to apportion. For instance, the larger the size of the board, the more significant the chance to discover directors with the remarkable aptitudes to arrange and be included in a sub-committee of risk management. Accordingly, it gets to be simpler to secure a different RMC also. With the more significant levels of assets offered by bigger boards, there would be less weight to make risk management.

H_4: There is a positive relationship between RMC size and corporate social responsibility disclosure.

2. Risk Management Committee Composition

A RMC is characterized as a sub-trustees of the board of directors who give risk management instruction at board level, makes a purchase in at board level for risk craving and risk method, creates “possession” of risk management oversight by the board, and surveys risk reports of the company (Alhaji, 2014). Such a committee helps board to monitor their risk management responsibilities. Exact confirmation on the development and nature of RMCs stayed scant and constrained. There is minimal empirical evidence on the link between corporate governance and CSR using RMC variables. No doubt, such an understanding of the determinants of RMC is paramount to CSR disclosure in organizations yearly reports.

Successful companies frequently exhibit a reliable emphasis on risk management. One way to successful risk management is no doubt including majority of non-executive director part of the committee. Prevention action is the best cure, and non-executive directors perceive and acknowledge how management is taking care of risks (Barde, 2009) since executive directors are part of the management (Harte & Owen, 1991). Hassan (2007) states that, to non-executive directors risk management is essentially a problem of acting expressly ahead of time to keep a risk occasion from happening or to reduce its results when it does.

Corporate governance is a non-executive directors' responsibility because it is the leading group of board's to regulate and guarantee that controls are set up, for legitimizes value maximization (Hassan, 2007). The shareholders' wealth increase if, non-executive directors establish good risk management system and effective business decisions. Methodology and business choices convey risk and risk-reward system. The outside directors' role in risk management issues is reflected in the guidelines and rules in numerous districts. For instance, the UK Corporate Governance Code expresses, "The non-executive directors are in charge of deciding the nature and degree of the critical risks it is eager to take in accomplishing its business objectives. The non-executive directors usually ought to keep up sound risk management committee".

Like other corporate governance works, the non-executive's fundamental function in risk management is to give oversight. Therefore, the committee should: Reduce the firm risk to a tolerance level; Recognize and monitor managerial, operational, and key venture risks and know the level of how these risks are to be dealt with; Guarantee that a viable risk management framework is set up; and Manage director's activities, particularly as they identify with unnecessary risk-taking, and give information to management in regards to fundamental risk issues in an opportune way (Ford et al., 1999).

For risk management committee to be active in responsibilities discharge, an arrangement of risk governance ought to be set up. Risk governance alludes to the structural engineering inside which risk is overseen by an organization.

The thought that risk management is a non-executive issue is acknowledged and reflected in corporate governance codes and practices in numerous studies. There are benefits and risks of building a different RMC as attired practice. An organization ought to, in any case, analyze its circumstances and needs when settling on the choice to secure an RMC. For more modest organizations or organizations with a substantial and experienced audit committee, the risk-management committee responsibilities may be performed by the audit committee. To undertake the extra risk management responsibility, the audit committee needs to extend its customary focus of authentic financial performance, agreeability and control, to incorporate future implementation and risk. Thus;

H_5: There is a positive relationship between RMC composition and corporate social responsibility disclosure.

3. Risk Management Composition Meeting

Responsibility regarding risk management ought to begin in the meeting room as the board is eventually in charge of the company's decision making, company's performance, as well as value creation, are connected with risk. The CEO, who is in charge of the board, has an obligation to guarantee good performance of the risk management procedure and policies set around the board. The management manages while the board governs. The risk management committee functions ought to consequently be the governance of risk managing, controlling, and setting strategies and observing performance.

Legitimacy theory is an alternate regular point of view that has been embraced to comprehend hierarchical structures and structures focused around the theory that an enterprise need to keep up its faithfulness for its survival (Alhaji, 2014). Lately, there has been expanding concentrate on the structure and methods embraced by the board in meeting different stakeholder needs, and the meeting of RMC may be seen as one such methodology for keeping up corporate legitimacy. An observing board committee, for example, an RMC is prone to upgrade corporate responsibility by giving a component to a free oversight of corporate exercises, in this manner pushing corporate legitimacy (Barde, 2009). Besides, with expanding examination from management and utilization of more visible types of legitimization, for example, a risk management meeting has gotten more appealing and predominant to key stakeholders. For example, the outside director might additionally assume a vital part in empowering the company invests in corporate social responsibility taking into account damages caused to the society. As a result, of companies' activities, in this view;

H_6 : There is a positive relationship between RMC meeting and corporate social responsibility disclosure.

3.3.3 Ownership Structure

1. Directors' Ownership

The directors' ownership structure of the organization may offer ascent to legitimacy gaps. Distinctive shareholders may request diverse disclosures and the interest is more significant to outsiders, due to the detachment between of administration and holders geographically, hold a high extent of shares (Schipper, 1981; Bradbury, 1991; Craswell & Taylor, 1992).

Directors' ownership is the degree of shares claimed by CEO and executives, and this incorporates their deemed interest. Likewise, ownership plays an essential part in raising the agency issue thus control may be moderated as an after effect of expanding the managerial ownership in place for their enthusiasm to be brought into the record with those of different stakeholders. Thus, when the managerial proprietorship falls, outside shareholders will increase observing the conduct of directors (Jensen & Meckling, 1976).

To reduce the expense of monitoring by outside shareholders, the manager will give voluntary disclosure. In this way, voluntary disclosure is an option to monitoring. Also, a study by Agrawal and Mandelker (1990) reveal a significant relationship between managerial ownership structure and organizations voluntary disclosure. In addition, managerial ownership increase prompts diminish in agency cost. Subsequently, information discloses interest on manager's monitoring would be diminished.

Another clarification is that the positions of management become reinforced when they increase their ownership. However, management could also use inside information to their advantage in order to prevent minority wealth and reduce information transparency and to hide their enhancement behavior (Agrawal & Mandelker, 1987; Alsaeed, 2006).

Moreover, empirical results demonstrate that managerial ownership is adversely identified with disclosure (Dahya & McConnell, 2005). Eng and Mak (2003) as well as Xiao and Yuan (2007) analyze the relationship between the extents of regular shares held by CEOs and executive directors with voluntary disclosure. The results find that there is a noteworthy relationship between the rate of shares held by managers and voluntary disclosure. Additionally, Baek et al. (2009) find that there is the relationship between managerial ownership, and CSR disclosure is positive. Similarly, Baek et al. find the relationship between managerial ownership and voluntary disclosure to be positive. One can logically argue as shown from the explanations above that there exists mix association between managerial ownership and information disclosure level. CEO is the head who run the affairs of the company.

Managing directors is likewise called “CEO” in a few organizations in distinctive nations. However, their part and capacity are still the same. CEO ownership influence the level of information disclosure or any choice making process. CEO possession is the particular case that has an influence on the effect information disclosure.

Adenikinju and Ayorinde (2001) discover that CEO ownership was effected by the rate of shares claimed by the CEO. The higher the shares, the more value of the organizations will decay, as a result of the controlling effects. On the off chance that the CEO were in full control or got control of the firm, he or she may get liberal, and this would prompt a decrease in firm esteem. CEO ownership may influence CSR exposure since the CEO can settle on the choices on a significant number of the companies' activities.

H_7: There is a positive relationship between director's ownership and corporate social responsibility disclosure.

2. Blockholders Ownership

Blockholders ownership is the rate of shares held by significant shareholders (that is, shareholdings of 5 percent or more). Jensen and Meckling (1976) argue that generous shareholders are relied upon to have both more significant influence and motivators to monitor management as their resources are attached to the company's performance. Edmans (2008) recommends that dissemination in possession raise the possibilities of clashes between the principal and agent. Agency problems might be moderated by including considerable shareholders in observing or controlling activities that potential cause such issue (Shleifer & Vishny, 1997 and Agrawal & Mandelker, 1990). Finally, managers are anticipated to uncover more yearly reports on CSR with a particular end goal to diminish agency costs involved in observing exercises. Hackston and Milne (1996) and Chourou et al. (2001) give backing to this forecast in uncovering a relationship between the ownership structure and the reach out of information voluntary revealed by the recorded companies in their studies.

H_8: There is a positive relationship between blockholders' ownership and corporate social responsibility disclosure.

3.3.4 Control Variables:

1. Profitability

Unlike total size, the relationship between profitability and corporate social responsibility is uncertain (Patten, 1991; Roberts, 1992; Mangos & Lewis, 1995). A conceivable explanation for a positive relationship between corporate social responsibility disclosure and profitability is that administration has the flexibility and freedom to embrace and disclose more broad corporate social projects to shareholders. Profitable organizations reveal social information to show prosperity in their commitment to society (legitimize their presence).

As indicated by agency theory as well, managers of profoundly gainful companies are inclined to disperse more information on the CSR in order to attain particular good fortune, for example, continuation of their position and creation of support (Haniffa & Cooke, 2005). Profitable companies have a rationale to separate themselves from others less well performing organizations (Joh, 2003).

In literature, numerous studies conclude that profits have positive significant relationship with corporate social responsibility disclosure. For example (Ahmed et al., 2012; Bhagat & Black, 1999; Guest, 2009; and Haniffa & Cooke, 2005) indicate that firm profitability is a vital element that may influence disclosure level of CSR. Nuryaman (2013) states that the organizations that have solid financial condition are more concerned with CSR exposure by outside weights. In the Nigerian setting, the results obtained by Adegbite and Nakajima (2011) post a positive relationship between profitability and CSR. Hassan (2007) in his study finds evidence of a positive relationship between slacked profit and CSR disclosure.

Therefore, profitability is expected to have a positive relationship with CSRD.

2. Leverage

In a highly geared organization, management needs to legitimize its activities to creditors and shareholders. Leverage has been discovered to be an essential informative variable by Beltratti (2005), Malone, Fries, and Jones (1993) and Wallace, Naser, and Mora (1994). Exceedingly geared organizations reveal more information to guarantee creditors that shareholders and administrators are less inclined to sidestep their agreement claims (Myers, 1977; Schipper, 1981) and also to help creditors (Cooke, 1996).

It is argued that problem emerges between shareholders and stakeholders especially creditors when a firm is making an expansive utilization of debt, subsequently firm may take care of this issue by expanding the level of voluntary disclosure including CSR. Imam and Malik (2007) argue that profound leveraged companies are more prone to expand their disclosure to fulfill the needs of debenture holders, trustee and different stakeholders. Additionally, creditors, shareholders and the general society would ask more information to evaluate a company's financial capacity and their commitment to host communities.

Empirical literatures demonstrate that there exists a significant relationship between leverage and CSR revelation. Ho and Wong (2001) and Imam and Malik (2007) find that leverage has a positive relationship with CSR disclosure. Moreover, Shleifer and Vishny (1997) state that highly secured or geared organization eager to reveal more CSR information in the annual report. In addition, Haniffa and Cooke (2005) find that organizations have a tendency to disclose related CSR information to satisfy the necessity of borrowers in this manner.

Therefore, this study expects a positive relationship between leverage and CSRD.

3. Firm Size

Previous literature has shown a positive relationship between the extents of corporate social responsibility disclosure and firm size. One clarification for the affiliation is that big organizations undertake more exercises and have more prominent effect on social disclosure (Andrew, Gul, Guthrie, and Teoh, 1989; Trotman and Bradley, 1981; Teoh & Thong, 1984). Larger firms are likewise subjected to more prominent investigation by different group in the public eye and accordingly would be under more pressure to disclose corporate social responsibility (Cowen, Ferreri & Parker, 1987).

It is expected that bigger firms unveil more information on CSR than smaller companies. It is on account of the structures of vast firms are more unpredictable, complex and enormous amount of the transaction; along these lines more information disclosure is necessary to permit existing shareholders, potential investors and financial analyst to settle on productive investment decision. Agency theory proposes that bigger firms have higher agency cost in relation to a smaller firm (Haniffa & Cooke, 2005). These higher expenses might tend to decrease in voluntary disclosure. For this situation, the better-educated speculators need to utilize less monitoring measures to control the management, and subsequently expenses are diminished.

Total assets are exceptionally essential to either big companies or small organizations in this study, the total asset otherwise called total holding refers to the summation of fixed asset, current assets, investments and advances as well as intangible assets. The total assets have been utilized in previous studies of corporate governance as well as corporate social responsibility studies (Khan et al., 2012). The studies observe a positive relationship exist between firm size and the level of disclosure.

Therefore, this research predicts a positive relationship between firm size and CSRD.

4. Firm Age

Firm age has been utilized as an independent variable in previous studies because it has a particular effect on corporate social responsibility disclosure. Firm age is defined as the number of years since the first day of the business operates as quoted company (Alhaji, 2014). Faruq (2011) utilized firm age among the independent variables in their study. They computed firm age by natural logarithm of years for the organization in the enterprise. The study indicates a positive relationship between firm age and corporate social responsibility.

Faruq (2011) characterizes firm age as the actual years in operation from the establishing year of the organizations. The study finds that firm age had a negative relationship with corporate social responsibility and financial performance. At the point when the organizations got older, there would be more agency problem as studies by Adegbite and Nakajima (2011); Barde (2009) and Kurawa and Kabara (2010) utilize firm age as one of their variables by computing it from the year of the organizations since listed. Their study additionally demonstrated a positive relationship between firm age and corporate social responsibility. In addition, Khan (2012) finds that firm age is positively connected with corporate social responsibility disclosure. Mature organizations that have built themselves in the business think that it simple to acquire above budgeted profit where the company establishes excellent reputation in the general public eyes. In relation to financial reporting Alhaji (2014) reveals a positive relationship between firm age and organization disclosure. The justification behind the finding is that older firms tend to have more strategy of achieving higher profit, consequently increase corporate social responsibility disclosure.

In contrast to the above findings, Musa (2006) analyzing CG on bank’s performance also utilize firm age as independent variables. The study characterized firm age as the number of years the organization was quoted on NSE, the results reveal a negative relationship between firm age and the rate of executives' directors. Therefore, the present study predicts:

There is a positive relationship between firm age and corporate social responsibility disclosure.

3.4 Research Design

The researcher used annual reports and accounts of the petroleum marketing companies in the downstream sector of the Nigerian economy. The Nigerian petroleum marketing industry is selected in this study on the ground that it is the common industry that causes greater loss of lives and properties day in day out. In addition, lack of sufficient literature in the field motivates the study to utilize the industry. Therefore, the research design method is used with a view to realize the research objectives, which aim at assessing the effect of corporate governance on corporate social responsibility disclosure in Nigerian petroleum marketing industry. The variables to be measured are corporate governance mechanism as independent variable and corporate social responsibility as dependent variable in the Nigerian petroleum marketing industry.

3.5 Population of the Study

The population of the study is nine (9) oil-marketing companies quoted on the Nigerian stock exchange. Thus, the populations are presented in the following table:

Table 3.1

Listed Petroleum Marketing Companies as at August, 2014

S/n	Company Name	Quoted Year	Years of Operation after Quoted
1	African Petroleum Plc (AP) now Forte Plc	1978	36
2	Afro Plc	1990	24
3	Beco Petroleum Plc	2009	5
4	Conoil Plc	1989	25
5	Eterna Oil & Gas Co. Plc	1998	16
6	Mobil Oil Nig. Plc	1978	36
7	MRS Oil Nig. Plc	1978	36
8	Oando Plc	1992	22
9	Total Nig. Plc	1978	35

Source: Nigerian Stock Exchange (NSE), 2014

3.6 Sample Size of the Study

Following Krejcie and Morgan (1970) using statistical prove the whole populations will be taking as the sample size in this situation where the population elements are exactly 10 or below. Thus, this research supposes to consider the entire population as the sample size of the study. However, data availability leads the researcher to utilized seven (7) out of nine (9) listed companies. The primary criteria utilized for sampling the organizations were: Firstly, annual reports must be accessible at the Nigerian Stock Exchange and secondly, the company must have been quoted for the whole time of the study 2008-2012. Therefore, two firms were excluded in the study, Afroil Plc based on the fact that its yearly reports were not accessible, and Beco Petroleum Plc was only quoted in 2009. Consequently, seven (7) firms were chosen as the sample size for the study (see Table 3.2 below).

Table 3.2

Sample Size of the Study

S/n	Company Name	Quoted Year	Years of Operation after Quoted
1	African Petroleum Plc (AP) now Forte Plc	1978	36
2	Conoil Plc	1989	25
3	Eterna Oil & Gas Co. Plc	1998	16
4	Mobil Oil Nig. Plc	1978	36
5	MRS Oil Nig. Plc	1979	36
6	Oando Plc	1992	22
7	Total Nig. Plc	1979	35

3.7 Method of Data Collection

The researcher used secondary source of data for the purpose of this study. Five years (5) covering a period of 2008-2012 is utilized. Annual reports and accounts of the sampled companies were obtained from relevant sources, (Kano and Kaduna Branches of NSE) and Nigerian Stock Exchange as well as the all African financial statement domains. Data were extracted on corporate social responsibility from notes to corporate social responsibility and directors' reports available in the statement of financial position. Moreover, board size, board composition, board meeting, risk management committee size, risk management committee composition, risk management committee meeting, directors' ownership, blockholders' ownership, profitability, leverage, firm size and firm age were extracted from the minutes of meetings and attendance of board of directors and risk management committee, notes to the financial statement (e.g. analysis on shareholding), directors profile, income statement and statement of financial position of the firms over the five (5) years period of study.

3.8 Variables Measurement

The variables of this study are corporate social responsibility as dependent variable and corporate governance as the independent variable represented by its proxies, including board size, board composition, board meeting, risk management committee size, risk management committee composition, risk management committee meeting, directors ownership and blockholders ownership. In addition, profitability, leverage and firm size represent control variables of the study.

3.8.1 Dependent Variable

For the purpose of this study, corporate social responsibility disclosure is measured by content analysis following Haniffa and Cooke (2005). Content analysis is a measurement of CSRD by codifying the content (or text) of a bit of writing into different classes depending on the selected criteria (Weber, 1988). An essential component of content analysis is the determination and development of classes into which content units might be arranged. The items and categories were drawn from previous studies in the field (Haniffa & Cooke, 2005, 2002; Hossain et al., 1994; Gray et al., 1995; Guthrie & Parker, 1989, 1990; Cowen et al., 1987 and Eng & Mak, 2003) and applied to Nigerian petroleum marketing environment.

Moreover, Utilizing the same study instrument (content analysis), corporate social responsibility disclosure length is measured as the number of words in every sentence identified with every item in the checklist. Some items were excluded in the words counting checklist i.e. graphical presentation. However, numbers of words identified with every item under the five areas of concern were included to process the CSRDL (length).

Diverse instruments of measurement have been utilized in previous studies, and each has its disadvantages and advantages. Number of pages (Deegan & Rankin, 1996 and Patten, 1992) and extent of page (Gray et al., 1995) reflect the measure of total space given to the theme and by assumption, the significance of that subject (Krippendorff, 1980). Notwithstanding, such estimations may be influenced by text margin, font and treatment of blank pages. The utilization of the number of words (Zeghal & Ahmed, 1990; Deegan & Rankin, 1996; Deegan & Gordon, 1996) is more functional and effectively classified yet may be influenced by compact and verbose writing styles (Hackston & Milne, 1996). Number of sentences (Tsang, 1998; Hackston & Milne, 1996) has the favorable circumstances of being all the more effectively identifiable, less subjective to bury judge varieties. Moreover, stays away from issues of allotments focused around extent of the page and institutionalizing number of word yet is more suitable in gathering implications (Krippendorff, 1980). In this study, both word and sentence numbers were viewed as yet because of a high correspondence between the two. For the purpose of this study word measurement is used.

The study instrument (see Table 2.1) was composed of elements relating to five (5) issues namely: employees, environment, community, value-added and product (Haniffa & Cooke, 2005). CSRDL measured as a number of words identified in each item were utilized to capture the nature of disclosure made in each of the five issues. The method (CSRDL) accounts for the extent or degree of disclosure.

The modified instrument was pilot tested on two (2) firms selected at random for 2010 and 2012 samples to guarantee that items that were essential or unique to the petroleum marketing companies of Nigeria were included and those not important excluded. The final instrument comprised of 40 corporate social disclosure items as presented in the checklist (see Table 2.1).

3.8.2 Independent Variable Measurement

While there are various attributes of Corporate Governance, eight are chosen (BS, BC, BM, RS, RC, RM, DO and BO) (Jensen & Meckling, 1976; Zahra & Pearce, 1989; Shleifer & Vishny, 1997; Lu et al., 2013). Variables selected were due to the unique importance and limited studies found in the Nigeria petroleum marketing industry with the aim to see the effect of every variable attribute to the petroleum marketing companies. Each of these measures gives different information about the organizations.

3.8.2.1 Board Size

Board size is characterized as the number directors in the organization and is their executors constantly appropriately oversee a standout amongst the most important components of corporate governance system in administering the behavior of the organizations activities. The board headed by an executive (Chairman), then again, constraining the board size to a particular level believed to have a better effect in releasing their obligations and guarantees less conflict. In Nigerian, code of corporate governance states that the maximum size of board is 15 persons and would not be short of five persons in total (Hamid, 2013). The variable board size is measured as the total number of board members (Imam & Malik, 2007; Sunday, 2008; Sanda et al., 2010; Alhaji, 2011 and Kurawa & Kabara, 2014).

3.8.2.2 Board Composition

For this study, board composition speaks to the extent of non-executive directors. A mixture of non-executive and executive directors make it harder to turn down over the top pay bundle, challenge the basis behind a propose merger and push the board to been socially capable of their host groups. Board composition it is measured in this study as non-executive directors divided by total number of directors (Bathala & Rao, 1995; Bhagat & Black, 1999; Faruq, 2011; and Kurawa & Kabara, 2014).

3.8.2.3 Board Meeting

Board meeting is measured by the recurrence or frequency of time directors' seat for a specific meeting/issue during a particular accounting period (Boone et al., 2007; Alhaji, 2011 and Kurawa & Kabara, 2014).

3.8.2.4 Risk Management Committee Size

In this research, risk management committee is measured as the total number of directors and non-director if any included in the RMC during a particular accounting period (Michelon & Pabonitti, 2010).

3.8.2.5 Risk Management Committee Composition

RC considers the extent of non-executives directors on the board, measured in this study as a dichotomous variable given one (1) if there exist at least two non-executive on risk management committee otherwise zero (0) (Michelon & Pabonitti, 2010; Alhaji, 2011; Kurawa & Kabara, 2014).

3.8.2.6 Risk Management Committee Meeting

This is measured by the recurrence of time the committee members' seat for a meeting during a particular accounting period (Alhaji, 2011).

3.8.2.7 Directors' Ownership

DO is measured in this study as a ratio of of directors' ownership to total shares of the form stated in the statement of financial position (Abdullahi, 2006; Sunday, 2008; Muhammad, 2009; Baek et al., 2009; Alhaji, 2011; Faruq, 2011; Kurawa & Kabara, 2014).

3.8.2.8 Blockholders' Ownership

BO is measured by the part of nearly held shares (Edmans, 2008) including shares held by managers who hold more than 5% shares in trust, shares held by an alternate partnership (aside from in a fiduciary duty by bank) or shares held by benefits plans/pension (Baek et al., 2009).

3.8.2.9 Profitability

PT is calculated by earnings before interest and taxes (EBIT) divided by total assets (Abdullahi, 2006).

3.8.2.10 Leverage

LV is intended to assess an organization’s debt levels. This research measures the leverage as total liability of the firm divided by the total asset (Adenikinju & Ayorinde, 2001; Myers, 1977).

3.8.2.11 Firm Size

FS in this research, firm size is measured as the natural logarisms of total asset (Bhagat & Black, 1999; Sunday, 2008; Alhaji, 2011; Kurawa & Kabara, 2014).

3.8.2.12 Firm Age

FA in this study, firm age is measures as normal years in operation since listed in Nigerian stock exchange (Alhaji, 2014; Faruq, 2011).

3.9 Method of Data Analysis

The researcher analyses the data extracted from financial statements of selected petroleum marketing companies. The panel data analysis is employed in this study. The justification for using panel analysis is the combination of seven petroleum marketing companies over five years period (Balgati, 2008).

3.9.1 Panel Data Analysis

This means a multi-dimensional data frequencies involving measurements over the period. Panel data involves observations on a given variables over multiple periods of time for different/common firms or entities (Baltagi, 2008). It is mostly seen as an efficient method of analysis that handles econometrics data. According to Asteriou and Hall (2007) panel data analysis becomes widespread among researchers due to its ability to include a set of data for N number of cross-section of firms and T time period.

The advantage of panel data analysis over other techniques include reducing the collinearity among independent variables and increasing the number of observations and degree of freedom; improving the efficiency of econometrics estimation and also account for heterogeneity of the variables as well as its suitability of studying dynamics changes in a firm or industry (Baltagi, 2008).

3.9.1.1 Pooled OLS Model

The primary idea of panel data analysis is that individuals' relationships will all have similar parameters since all the entities are pooled together into one data set thereby having a standard set of parameters across the data set.

In panel analysis, when cross-sectional data are pooled into time series, it may result to differences among the different cross-sectional observation, which is captured using dummy variables. The use of dummy to account for the variations leads to estimation of either fixed or random effect models.

Under pooled OLS estimation, equation one (1) will be estimated based on the assumption that there is no difference among the data matrices of the cross section dimension, thereby estimating a standard constant.

$Y_{it} = \beta_0 + \beta_1 X_{it} + \mathcal{E}_{it}$………………………………………………………….….(1)

Where β_0 is constant for all entities in the time period, X_{it} assumed to be exogenous i.e. uncorrelated with ε_{it} and ε_{it} is a white noise process.

3.9.1.2 Fixed Effect Model

Fixed effect model is a model that shows the difference in intercepts for different entities with constant slope across entities and time. It can be one-way entity fixed effect, one-way time fixed effect or two ways fixed effects (entity and time). Two methods are often used; the Least Square Dummy Variable Estimator (LSDV) suitable for the small number of entities and Fixed Effect Estimators (FEE) suitable for the large number of entities (Greene, 2008). The fixed effect model is presented in equation (2) below:

$Y_{it} = \beta_0 + \beta_1 X_{it} + \beta_2 Z_{\imath} + \mathcal{E}_{it}$ … … … … … … … … … … … … … … … … … … … . … … … … . … (2)

Where Z_{i} is an unobserved variable that varies from one entitity to another.

$$\text{Let } \propto_{\imath} = \beta_0 + \beta_2 Z_{\imath}$$

$$Y_{it} = \propto_i + \beta_1 X_{it} + \mathcal{E}_{it}$$

Here, $\propto_i$, $\propto_2$--- $\propto_n$ represent individual specific intercept/entity fixed effects.

The test will be validated using standard F-test where

$$H_0\colon \propto_i = \propto_2 = , - - = \propto_n$$

$$H_1\colon \propto_i \neq \propto_2 \neq - - \neq \propto_n$$

If F-statistic is greater than F critical at 5% level of significance, then the null hypothesis would be rejected, meaning that $\propto$ is not constant.

For the purpose of this study, LSDV estimator will be more appropriate due to its suitability for the small number of entities. Therefore, the following equation (3) standard fixed effect model will be considered.

$Y_{it} = \propto_i + \beta_1 X_{it} + \lambda_2 DZ_i + \lambda_3 DZ_{2i} + \lambda_n DZ_{ni} + \mathcal{E}_{it}$……………………………..(3)

3.9.1.3 Random Effect Model

Random effect model, unlike fixed effect, the variation across entities is considered to be random and uncorrelated with the independent variables in the model. The model can absorb time-invariant variables. The model is depicted in equations 4 underneath.

$$Y_{it} = (\propto + V_i) + \beta_1 X_{it} + \mathcal{E}_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots (4)$$

$$Y_{it} = \propto + \beta_1 X_{it} + (V_i + \mathcal{E}_{it})$$

$$Y_{it} = \propto + \beta_1 X_{it} + \mu_{it}$$

Where $\mu_{it} = V_i + \mathcal{E}_{it}$

And V_i represent individual specific error component and $\mathcal{E}_{it}$ is the combined time series and cross section error term.

Testing the presence of heterogeneity using Langrange Multiplier (LM) test will validate the test

$$H_o: \delta v^2 = 0$$

$$H_1 : \delta v^2 \neq 0$$

If null hypothesis is rejected, then random effect exists and vice versa.

3.9.1.4 Hauseman Test

To decide between random effect and fixed effect, Hausman test will be conducted to test whether the regressors are correlated with the unique errors in the model.

H_0 : RE Are consistent and efficient

H_1: RE Are inconsistent and inefficient that is, FE is consistent and efficient

If the chi-square χ^2 probability value is significant, the null hypothesis will be rejected and fixed effect model will be more consistent and efficient.

3.9.1.5 Breusch and Pegan Langrangian Multiplier Test

If the random effect is considered most efficient and appropriate from the above Hauseman test, the analysis will proceed to decide between random effect model and pooled OLS model using Breusch and Pegan Lagrangian multiplier test.

H_o: There is no individual difference that is, no random effect

H_1: There is individual difference among the coefficients that is, random effect exist

If the $H_o$is rejected, random effect exist and if $H_o$fail to be rejected, random effect does not exist thus pooled OLS would be more appropriate.

3.10 Model of the Study

Equation 5 presents the general model guiding the research, the model is specified to answer the objective of the study.

$$CSRL_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BC_{it} + \beta_3 BM_{it} + \beta_4 RS_{it} + \beta_5 RC_{it} + \beta_6 RM_{it} + \beta_7 DO_{it} + \beta_8 BO_{it} + \beta_9 PT_{it} + \beta_{10} LV_{it} + \beta_{11} FS_{it} + \beta_{12} FA_{it} + \varepsilon_{it} \quad (5)$$

Where β_0 is constant for all entities over the time period

$CSRL_{it}$ = Corporate social responsibility disclosure length for every entities over the time period

BS_{it} = Board size for every entities over time

BC_{it} = Board composition for every entities over the time period

BM_{it} = Number of board meeting for every entity over the time period

RS_{it} = Risk management committee size for every entities over the time

RC_{it} = Risk management committee composition for every entities over

RM_{it} = Number of risk management committee meeting for every entity over time

DO_{it} = Directors’ ownership for every entities over the time period

BO_{it} = Blockholders’ ownership for every entities over the time period

PT_{it} = Profitability for every entities over the time period

LV_{it} = Leverage for every entities over the time period

FS_{it} = Firm size for every entity over the time period

FA_{it} = Firm age for every entity over the time period

$\mathcal{E}_{it}$ = Error term for all companies over time period

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter discusses the research findings from the estimated pooled ordinary least squares (Pooled OLS). The chapter is divided into sub-sections, which comprises of descriptive statistic, correlation analysis, and analysis of choice between random effect and pooled OLS and diagnostic checks. In the last section, the researcher reported pooled OLS result utilizing correlated panel corrected standard error, from that rejection/acceptance of hypothesis and summary of the chapter as well as hypothesis rejection/acceptance table is discussed. Stata software version 12 was used to analyze data collected from the annual reports of sampled Nigerian petroleum marketing companies.

4.2 Descriptive Statistics

Table 4.1 gives descriptive statistics of the corporate social responsibility disclosure and the independent variables. It is noticeable that the overall mean average of the corporate social responsibility disclosure length (CSRDL) was 196 words and ranged between 100 and 290 words for minimum and maximum respectively with a standard deviation of 53.99 for the overall firms in this study. More so, the minimum corporate social responsibility reporting between the companies accounts 137 words with a maximum of 267 words and standard deviation of 52.94. In addition, the standard deviation, minimum and maximum CSRDL within the same entity is 21.01, 159 words and 239 words respectively.

The descriptive statistics of the companies also shows that the overall average mean of the board size is 8.4, with a minimum and maximum of 5 and 12 directors respectively and a standard deviation of 2.24. The standard deviation remained the same between companies by the same figure (2.24) with a minimum of 6 and 12 members as maximum between the companies. In addition, the standard deviations within an entity depart by 0.77 with a minimum of 6 and maximum of 10. This shows that the board sizes for the companies is in line with the standard code of Nigerian corporate governance. As demonstrated by Jensen and Meckling (1976) and Lincka et al. (2008) studies, which revealed that the more, the number of directors in an organization, the less commitment it will be for corporate social responsibility disclosure.

Furthermore, the composition of independent directors' mean on the board is 0.62, the minimum; maximum and overall standard deviation is 0.4, 0.8 and 0.89 respectively. The standard deviation, minimum and maximum independent directors between the companies are 0.67, 0.52 and 0.70 respectively. While 0.62, 0.50 and 0.90 for standard deviation; minimum; and maximum composition of independent directors within firm respectively.

In addition, the average board meeting is 4.86 with the overall minimum of 2, maximum of 7 and standard deviation of 1.24. This implies that Nigerian petroleum marketing companies hold at least twice meeting in a year. The board meeting between the companies departs by 0.82 with a minimum and maximum of 4 and 6 meetings respectively, the standard deviation increase to 0.97 within the company with 3 and 7 for minimum and maximum meetings respectively.

Unlike board size, the risk management committee size mean is 4.86 and it depart by 1.26, the minimum members on the committee is 3 and maximum of 7 members in both the overall and between the firms though the standard deviation increase to 1.35 for between the firms. The within minimum and maximum is 4.86 each.

The risk management committee composition measured as a dummy variable, one (1) if there exist at least 2 non-executive directors in the committee otherwise zero (0) recorded a mean of 0.73 with a standard deviation of 0.13. Non-executive directors constitute a minimum of 60% in every company of the Nigerian petroleum marketing industry for overall and within. The between minimum and maximum is 73%.

In term of meeting, the risk management committee mean is 3.83 recorded a standard deviation of 0.98. Every sample company holds at least two (2) meeting and maximum of 7 in a year, the cross section (between) result shows a standard deviation of 0.84 and minimum and maximum of risk management committee meeting of 3 and 5 times respectively. The risk management committee meeting for single entity for five years (within) standard deviation, minimum and maximum are 0.58, 3 and 6 times respectively.

The directors' ownership, which is measured as the ratio of directors' ownership to total share of the company has a mean of 9.40 and standard deviation of 9.03 the overall minimum directors ownership is 1 unit of share and maximum of 35 thousand units of shares. Considering the sample companies of a single year period the standard deviation is 7.29 recorded a maximum and minimum shareholding by the directors of 2.4 and 19.8 respectively.

Blockholder’ ownership measured as the holders of at least five percent (5%) shares out of the total shares of the firm shows a mean of 61.34 with a dispersion of 6.83, minimum units held by the blockholders is 46.16 and maximum of 74.40 for the overall. Thus, blockholders shareholders of the Nigerian petroleum marketing companies owned significant portion of the companies’ total shares. Although the standard deviation of the between the entities result shows a value of 6.18 and minimum blockholders’ ownership between the companies of 54.44 but the maximum ownership remain 74.40 thousands units of shares while within a company standard dispersion decreases to 3.58 with a minimum and maximum of 53.06 and 79.34 respectively.

The control variable of the study such as profitability shows descriptive result of 14.83 mean, standard deviation of 5.75, minimum profit of 2.36 million and maximum of 27.19 million for the overall companies, the standard deviation decrease to 4.05 and later increased to 4.30 for between and within the company respectively. Minimum and maximum profitability is 8.08 and 20.60 while 6.88 and 23.55 for between and within entities respectively.

Leverage is measured as total debt to total asset of the company, and the descriptive result show a mean of 10.04 with a standard deviation of 1.82, 0.78 and 1.66 for the overall, between and within the entity respectively. The minimum leverage for the overall industries is represented to be 1 billion, while 8.77 billion for between and 2.28 billion for within and the maximum leverage for the overall is 11.71 billion, for between is described as 11.33 billion and 12.05 billion for within the entities.

Firm size in the other hand measured as natural logarithm of total asset has a mean value of 24.61 and dispersion value of 0.88, 0.70 and 0.60 for the overall, between and within the companies. The minimum and maximum values are 22.95 and 26.96 for overall, 23.96 and 25.98 for between as well as 23.40 and 25.80 for within the entity.

Finally, firm age mean average is 25.43, with the standard deviation of 7.95, 8.32, 1.43 for overall, between and within respectively. In adiition, minimum years of service of 10.00, 12.00 and 23.43 for overall, between and within companies respectively. However, 34.00, 32.00 and 27.43 represent the maximum years of operation for overall, between and within the companies respectively.

Table 4.1

Descriptive Statistics

Variables		Obs	Mean	Std. Dev.	Min	Max
CSRDL	Overall	35	195.9714	53.9861	100	290
	Between	7		52.93889	136.8	268.6
	Within	5		21.01624	159.1714	238.5714
BS	Overall	35	8.4	2.238697	5	12
	Between	7		2.236068	5.6	12
	Within	5		0.7745967	6	10.2
BC	Overall	35	0.6214286	0.0888536	0.4	0.8
	Between	7		0.67436	0.52	0.7
	Within	5		0.623085	0.5014286	0.9014286
BM	Overall	35	4.857143	1.240087	2	7
	Between	7		0.822308	3.8	6.4
	Within	5		0.9701425	3.057143	6.657143
RS	Overall	35	4.857143	1.263582	3	7
	Between	7		1.345185	3	7
	Within	5		0	4.857143	4.857143
RC	Overall	35	0.7257143	0.1279771	0.6	1
	Between	7		0.1362421	0.6	1
	Within	5		0	0.7257143	0.7257143
RM	Overall	35	3.828571	0.9847578	2	7
	Between	7		0.8440266	3	5
	Within	5		0.5841031	2.628571	5.828571
DO	Overall	35	9.4	9.030015	1	35
	Between	7		7.286517	2.4	19.8
	Within	5		5.890171	-7.4	24.6
BO	Overall	35	61.34486	6.829152	46.16	74.4
	Between	7		6.189367	54.444	74.4
	Within	5		3.582724	53.06086	79.34086
PT	Overall	35	14.82857	5.747197	2.36	27.19
	Between	7		4.051939	8.076	20.604
	Within	5		4.30623	6.878571	23.55257
LV	Overall	35	10.04314	1.818342	1	11.71
	Between	7		0.7813824	8.766	11.332
	Within	5		1.663623	2.277143	12.04714
FS	Overall	35	24.61089	0.8898754	22.95098	26.96306
	Between	7		0.6980817	23.96038	25.98097
	Within	5		0.6015744	23.40418	25.79843
FA	Overall	35	25.42857	7.94942	10	34
	Between	7		8.323804	12	32
	Within	5		1.43486	23.42857	27.43

4.3 Correlations Analysis

Correlations analysis is used to explain the level by which one variable is related to another (Asteriou & Hall, 2007). This study begins by measuring the relationship between independent variables to dependent. Consequently, correlation analysis was utilized to explore the independent variables' relationship as this would help in estimating numerous models, which will discover no relationship in circumstances where the correlation estimation is 0. On the other hand, the correlation of ± 1.0 means perfectly negative or positive relationship. Zero (0) for no relationship and one (1) means a perfect relationship. In addition, the relationship is seen as small where $r = \pm 0.30$ to ± 0.49 and where $r \geq 0.50$ the relationship strength is thought to be substantial. The Table 4.2 presents the correlation between the variables.

Table 4.2

Pearson Correlation Coefficients of the Variables

	BS	BC	BM	RS	RC	RM	DO	BO	PT	LV	FS	FA	CSRDL
BS	1												
BC	.473**	1											
BM	0.318	0.074	1										
RS	0.26	.395*	0.062	1									
RC	-0.291	-.394*	0.026	-.622**	1								
RM	0.205	-0.007	.533**	0.263	0.038	1							
DO	-0.263	0.096	-0.129	.384*	-.573**	-0.286	1						
BO	0.299	-0.175	.509**	-0.271	0.194	.442**	-.377*	1					
PT	0.219	.370*	0.205	0.041	-0.027	-0.027	0.03	0.039	1				
LV	0.172	-0.066	0.04	0.142	-0.055	-0.102	0.074	0.01	0.061	1			
FS	.546**	0.309	0.128	0.284	-0.206	-0.128	0.046	-0.048	0.178	0.28	1		
FA	-0.263	-0.035	-0.048	-0.167	.412*	0.038	-0.076	0.076	0.262	-0.189	-0.298	1	
CSRDL	-0.044	-0.177	0.23	-.686**	.572**	0.186	-.451**	.599**	-0.153	-0.129	-0.176	0.285	1

**. Correlation is significant at the 0.01 level

*. Correlation is significant at the 0.05 level

The above Table 4.2 shows that the correlation between board composition (BC) and board size (BS) is strongly positive with a correlation value of 0.4732 representing (47.32%) at 1% significant level. Meanwhile, board meeting (BM) with board size indicates a weak positive correlation of 0.3178 (31.78%) significant at only 10% level. While the correlation between board meeting and board composition is positive but not significant with a very weak correlation because the value is 0.0740 (7.40%).

The correlation between risk management committee size (RS) correlation and BS is a weak positive and not significant with a correlation of 0.269 (26.9%). RS and board composition is also positive and significantly correlated at 5% level of 0.3948 (39.48%). In the same vein, the correlation between RS and board meeting is positive but not significant with a very weak value of 0.0617 representing (6.17%). Besides, risk management committee composition (RC) level of correlation with board size is weak and negative relationship -0.2905 (29.05%) and the correlation is significant at 10% confidence level. In addition, the correlation between RS and BC is weak and in negative relationship -0.394 (39.4%) and significant at 5% level of confidence. Weak positive but not significant relationship of 0.026 (2.6%) and strong negative and not significant relationship of -0.6223 (62.23%) are observed between RC and BM, and RC and RS respectively.

Notwithstanding that, the risk management committee meeting (RM) correlation with board size is weak and positive but not significantly correlated of 0.2055 (20.55%). In contrast to this, the correlation of RM with board composition is very weak and negative but not significantly correlated of -0.0072 (0.72%). High significant and positive correlation of 0.5333 (53.33%) is established between the RM and board meeting at 1% level of confidence. Finally, not significant and weak positive and very weak positive correlation of 0.2634 (26.34%) and 0.0383 (3.83%) are the correlation between RM and RS as well as RM and RC respectively. Directors ownership (DO) is not significant with weak negative correlation with board size with a correlation value of -0.263 (26.3%). However the correlations are not significant with very weak positive and negative correlations between DO and BC as well as DO and BM are observed with the relationship value of 0.0960 (9.60%) and -0.1287 (12.87%) respectively. However, weak positive correlation between DO and RS of 0.3841 (38.41%) that is significant at 5% level is observed, negative correlation that is significant at 1% and not significant weak negative of -0.5734 (57.34%) and -0.2864 (28.64%) are observed between the DO and RS as well as DO and RM respectively.

Blockholders' ownership (BO) has weak positive correlation but not significant with board size, and the relationship value is 0.299 (29.9%). BO and BC have very weak negative also not significant relationship i.e. -0.175 (17.5%) and a strong positive relationship between BO and BM of 0.509 (50.9%) significant at 1% confidence level. Then a weak negative not significant correlation between BO and RS of -0.271 (27.1%) is shown in the correlation table, in addition, a positive very weak not significant and significant strong positive correlation at 1% confidence level of 0.194 and 0.442 respectively are observed between BO and RC, BO as well as RM. However, negative weak and significant at 5% confidence level with a correlation value of -0.377 (37.7%) is established between BO and DO.

From the control variables side, the correlation between profitability (PT) and BS, BC, BM as well as RS is shown by 21.9% very weak not significant, 37.0% weak significant at 5% confidence level, 20.5% very weak not significant and 4.1% very weak not significant respectively. PT has very weak negative and not significant with RC and RM and also not significant very weak and weak positive correlation with DO and BO respectively.

Leverage has very weak positive and not significantly correlated with board size designated at 0.172 (17.2%), board composition represented with -0.066 negative but not significant. The correlation between LV and BM is very weak and positive (0.04) and not significant. The correlation between LV and RS is positive and very weak and not significant (0.142). The correlation between leverage and RM (-0.102), and DO (0.074) are not significant with negative and positive correlation respectively. In addition, there is not significant and very weak positive correlation are observed between leverage and BO (0.01) as well as profitability (0.061).

On the other hand, firm size correlation is positively high with BS (0.546) significant at 1%, and not significant with positive direction with BC (0.309), BM (0.128), RS (0.284). However, not significant and weak negative correlation between firm size and RC of -0.206 (20.6%) and not significant with very weak negative and positive correlation are observed between firm size and RM (-0.128) as well as DO (0.046) respectively. The relationship between firm size and BO, PT as well as LV is not significant.

In addition, the correlation between firm age with board size, board composition, board meeting and risk management committee size is not significant with very weak relationship value of -0.263, -0.035, -0.048 and -0.167 respectively. Firm age correlation with RC stands to be statistically significant at 5% level of confidence with relationship value of (0.412) while RM, BO and PT are positively but not significantly related to firm age with the correlation values of 0.038, 0.076 and 0.262 respectively. Firm age is not significant with very weak negative correlation with DO (-0.076), LV (-0.189) and FS (-0.298) respectively.

The correlation between the dependent (CSRDL) and the independent variables shows that, there is not significant and very weak negative association between CSRDL and board size with correlations value of -0.044 (4.4%). Also, the correlation between CSRDL and board compositions is a very weak with negative direction of -0.177 representing (17.7%), also not significant. In addition, the correlation between CSRDL and board meeting is weak with positive direction but not significant with the value of 0.23 (23%), risk management committee size (RS) is significantly negative at 1% level correlated with CSRDL by -0.686 (68.6%). Risk management committee composition (RC) significantly positive at 1% level of confidence correlated with CSRDL by a strong value of 0.572 (57.0%), the risk management committee meeting (RM) has a very weak positive correlation relationship with CSRDL at 0.186 (18.6%) but not significant, Directors ownership (DO) reveals a high negative correlation with CSRDL of -0.451 at 1% level of significance while blockholders (BO) is positively significance at 1% level with the relationship value of 0.599. To this end, PT (-0.153), LV (-0.129) and FS (-0.176) are not significant. More so, the direction of the relationship between CSRDL and FA (0.285) is positive but statistically not significant.

Going by the above, it could be seen that the correlation for four (4) variables is significantly related to corporate social responsibility disclosure length at 1% level. These include risk management committee size, risk management committee composition, director's ownership and blockholder's ownership although RS and DO are in a negative direction. Therefore, the above analysis forecasts the absence of multicollinearity problem since there is no statistically strong relationship of greater than 80% among the variables (Pallant, 2010).

4.4 Random Effect and Pooled OLS Test

The research analysis carried out Breusch and Pegan Lagrangian multiplier (LM) test for the purpose of selecting the most fitting model between random effect and pooled OLS as presented in Table 4.3

Table 4.3
Breusch and Pagan Langrangian Multiplier Test for Random Effects Estimates Results

	Var	sd = sqrt(Var)
csrdl	2914.499	53.9861
e	312.9777	17.69118
u	0	0

Test: Var(u) = 0
Chibar2 (01) = 0.00
Prob > chibar2 = 1.0000

Table 4.3 above shows that, the probability value of Breusch and Pegan lagrangian multiplier test (1.0000) is not significant. This leads to non-rejection of the null hypothesis, which means that there is no entity effect in the model. Thus, the test perfectly suggests that pooled OLS is the most efficient and appropriate. Furthermore, treating the entities as the same might be as a result of employing a small sample of companies from the same sector (petroleum marketing companies), thereby assuming the intercept and the coefficients as the same for all the entities.

Pooled OLS regression is a measurable tool utilized with the objective of determining the causal relationship between dependent with independent variables (Balgati, 2008). The pooled OLS (see Table 4.8) shows that board size, board composition, board meeting, risk management committee size, risk management committee composition, risk management committee meeting, directors' ownership, blockholders' ownership, profitability, leverage, firm size and firm age are jointly significance in explaining 81% changes in corporate social responsibility disclosure at 1% level of significance. This indicates the adequacy of the estimated model. However, to further ensure the validity of this result and draw an inference from the estimated results, six (6) different diagnostic tests were conducted. These include normality test using Shapiro-Wilk, Breusch-pegan/cook-Weisberg test and Cameron & Trivedi's decomposition of IM-test for heteroskedasticity, Variance Inflation Factor (VIF) test for multicollinearity, functional form formulation (linearity) test, Ramsey reset test for omitted variables and Wooldridge test for serial correlation as presented below:

4.5 Test 1: Test for Normality

The null hypothesis for Shapiro-Wilk test of normality is that, the residuals of the data are normally distributed. In this instance, the following hypothesis is tested.

$\boldsymbol{H_0}$: The distribution of the residuals is normal.

Table 4.4

Shapiro-Wilk W Test for Normal Data

Variable	Observation	W	V	z	Prob>z
r	35	0.90733	3.308	2.497	0.00626

Residuals are assumed to be normally distributed where the p-value is ≥ 0.05. Numerous researchers believe that multiple regression estimation requires the normality of residuals to be fulfilled. However, this is not an issue when the objective of the estimation is to get unbiased regression coefficient estimates. Residuals normality is required for valid hypothesis testing that is, the normality theory guarantees that the p-values for the F-test and t-tests will be significant. OLS regression only shows that the errors (residuals) be independently and identically distributed. Besides, there is no requirement or assumption that the variable predictors be normally distributed (Greene, 2008).

4.6 Test 2: Test for Heteroskedasticity

The following hypothesis was tested to ascertain the variance consistency of the random error.

Breusch-pegan/Cook-Weisberg test for heteroskedasticity predicts that:

$\boldsymbol{H_0}$**:** Constant variance

The result of the test using Breusch-pegan/Cook-Weisberg test indicates that the probability value of the chi-square is 87.59% far above 5% rejection region. The chi-square and probability value of the test is shown below:

$$\text{Chi2 (1)} = 0.02$$

$$\text{Prob} > \text{chi2} = 0.8759$$

Going by the above result the study fails to reject the null hypothesis, therefore, concludes that, the residuals of the data is homogeneous in another word there is no heteroskedasticity problem. Therefore, the error term(s) of an individual entity does not influence the independent variables of another entity. Hence, there is a constant variance in the distribution. This result was supported by Cameron & Trivedi's composition of IM-test as presented in Table 4.5**.**

Table 4.5

Heteroskedasticity Test

Source	chi2	Df	p-value
Heteroskedasticity	35.00	34	0.4204
Skewness	11.08	12	0.5217
Kurtosis	0.35	1	0.5536
Total	46.44	47	0.4959

From the result of the above table, the study does not reject the null hypothesis, which states that the error term variance is constant and thereby concluding that there is no problem of heteroskedasticity in the in the residuals of the data.

4.7 Test 3: Test for Multicolinearity

Variance Inflation Factor (VIF) test was carried out to determine whether there exist high collinearity between the independent variables or not. In another words, whether two or more variables are measuring the same thing or variables are independent of one another. A VIF result of 10 and above means high collinearity, which require urgent solution. When the test of the multicollinearity discovers the presence of collinearity that is a strong relationship between the independent variables exist. Hair Jr, Anderson, Tatham, and William (1995) stated that one of the various methods to check for the existence of the correlation among independent variables is through multicollinearity test that explains the level by which one variable's effect could be managed by the other variable. A famous procedure for multicollinearity estimation and analysis is the use of the variance inflation factor for each independent variable (Healy 2002).

Table 4.6

Multicollinearity Test using Variance Inflation Factor

Variables	VIF	1/VIF
BS	3.69	0.270825
BC	2.01	0.498533
BM	1.98	0.505647
RS	3.06	0.326896
RC	3.72	0.268708
RM	3.1	0.322107
DO	2.78	0.359425
BO	2.34	0.427252
PT	1.44	0.696409
LV	1.25	0.798376
FS	3.14	0.318365
FA	1.69	0.591235
Mean VIF	2.52	

In a circumstance whereby the VIF is more than 10, it means that the variables are highly interrelated which incite a multicollinearity problem (Greene, 2008). Along these, the multicollinearity test using VIF as displayed in Table 4.6 above finds the non-existence of multicollinearity problem because VIF for every independent variable is less than the threshold value of 10, likewise the mean VIF value is reported as 2.52 far less than < 10. Accordingly, the study concludes that there is no issue of multicollinearity among the independent variables. Therefore, each variable is proved to be independent in explaining the dependent variable, which can be attested from the R^2 of the model where the variables jointly explain about 81% variation in the dependent variable of the model.

4.8 Test 4: Test for Model Specification

Functional form formulation test was conducted to ascertain whether the model is linear and functionally formulated or otherwise. This test is presented in Table 4.7

Table 4.7

Functional form

csrdl	Coef.	Std. Err.	t	p > /t/	95% Conf	Interval
_hat	0.4444355	0.9630041	0.46	0.648	-1.51714	2.406011
_hatsq	0.0013889	0.0023979	0.58	0.567	-0.0034955	0.0062733
cons	52.3587	92.04021	0.57	0.573	-135.1211	239.8385

The null hypothesis of the above test assumed that, the model is functionally formulated and going by the result this study do not reject the null hypothesis since the probability value is not significance. Therefore, the research concludes that the model is linear and functionally formulated. This is evident by the probability value of the _hatsq which is 56.7% > 5% significance level.

4.9 Test 5: Omitted Variables Test

The test for Ramsey reset using powers of the fitted values of corporate social responsibility disclosure length was carried out to ascertain whether the model has any omitted variable or not, the result obtain from the test is presented below:

$$F\ (3,\ 19) = 0.73$$

$$\text{Prob} > F = 0.5290$$

The null hypothesis (H_0) of the above test expressed that; the model has no omitted variables. Since the probability value is not significance, the researcher cannot reject the null hypothesis that there is no omitted variable in the model, and therefore concludes that, the model has no omitted variables.

4.10 Test 6: Test for Serial Correlation

The Wooldridge test for autocorrelation in panel data was conducted in order to ascertain whether there exist a serial correlation or otherwise, the result obtains is shows below:

$$F\ (1, 6) = 25.588$$

$$Prob > F = 0.0023$$

The null hypothesis (H_0) of the above test stated that, there is no autocorrelation problem. However, going by the probability value which is significant the study reject the null hypothesis and therefore concludes that there is a problem of first order correlation, meaning that error term of the first period influences the error term in the subsequent period(s). This problem is remedied later using the corrected panel correlated standard errors as shown in the subsequent sub section.

4.11 Correlated Panels Corrected Standard Errors (PCSEs)

The problem of serial correlation is not a big issue in panel data analysis especially with only five years sample period. However, the problem should be addressed in order to obtain the Best Linear Unbiased Estimators (BLUE) for the coefficients. In addressing the problem of serial correlation discovered in the underlying data. This study employed correlated panels corrected standard errors method of estimation.

Therefore, all the subsequent discussion of result is built on the pooled linear regression; correlated panels corrected standard errors (i.e. Table 4.8). Pooled OLS estimation using correlated panels corrected standard errors is free from serial correlation problem. This estimation is presented and analyzed Table 4.8.

Table 4.8

Result of the Estimated Regression

Variables	Pooled OLS Model CSRDL	Corrected P.S.E CSRDL
BS	-3.374	-3.374
	(4.334)	(3.216)
BC	210.1***	210.1***
	(80.49)	(59.26)
BM	-1.043	-1.043
	(5.726)	(3.873)
RS	-28.37***	-28.37***
	(6.99)	(6.065)
RC	93.14	93.14**
	(76.12)	(45.79)
RM	14.66	14.66**
	(9.035)	(7.441)
DO	0.523	0.523
	(0.933)	(0.563)
BO	3.051***	3.051***
	(1.131)	(0.859)
PT	-2.669**	-2.669***
	(1.053)	(0.98)
LV	0.863	0.863
	(3.108)	(2.755)
LFS	9.168	9.168
	(10.06)	(9.252)
FA	0.538	0.538
	(0.826)	(0.473)
Constant	-287.6	-287.6
	(218.5)	(201.7)
Observations	35	35
R-squared	0.808	0.808
Number of id	7	7

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 4.8 shows that board size, board composition, board meeting, risk management committee size, risk management committee composition, risk management committee meeting, directors' ownership, blockholders' ownership, profitability, leverage, firm size and firm age jointly explain 81% variations in corporate social responsibility disclosure length. The model used in this study is adequate and significance at 1% level of significance.

In addition, the independent variable in relation to corporate social responsibility disclosure shows that, board size is negative and not significantly related to corporate social responsibility disclosure. The board composition has significant positive relationship with corporate social responsibility disclosure at 1% level of significance. Therefore, 1 unit increases in the independent director on the board lead to an increase in corporate social responsibility disclosure by 210 words. While board meeting reveals a non-significant negative relationship with corporate social responsibility disclosure.

Risk management committee size has a significance negative relationship with corporate social responsibility disclosure at 1% level of significance this implies that any 1 unit increase in RS will lead decrease in CSRD by 28.3714 percentage point. Risk management composition is statistically significance in a positive direction with corporate social responsibility disclosure at 5% level of significance thus, 1 unit increase in the proportion of independent directors to risk management committee will lead to an increase in CSRD by 93.1430 length. In addition, risk management committee meeting also shows a significant positive relationship with corporate social responsibility disclosure at 5% level of significance meaning that, 1 unit increase in RM will lead to an increase in CSRD by 14.6628 lengths.

Directors' ownership is positive but not significantly related with corporate social responsibility disclosure while blockholder' ownership is statistically significance in a positive direction with corporate social responsibility disclosure at 1% level of significance. Therefore, any 1-unit increase in blockholders' ownership will lead to increase in CSRD length by 3.0515.

From the control variables aspect, profitability is statistically significant though negatively related with corporate social responsibility disclosure at 1% level of significance. The result implies that 1 unit increase in profitability of the companies will lead to decrease in CSRD length by 2.6689% while leverage, firm size and firm age are positively related to corporate social responsibility disclosure though statistically not significant.

4.12 Rejection/Acceptance of Hypothesis

The correlated panels corrected standard errors estimation result on the relationship between independent variables and corporate social responsibility disclosure as shown in Table 4.8 reveal a mixed result between the independent variables and corporate social responsibility disclosure variable. Board size showed an not significant negative relationship with corporate social responsibility disclosure. This finding is contrary to the first hypothesis that there is significant positive relationship between board size and corporate social responsibility disclosure. Eventually, the first hypothesis that board size has a significant positive relationship with the corporate social responsibility disclosure in the Nigerian petroleum marketing companies is not supported. This not significant negative relationship is not in-line with the underpinning theory and contrary to the research findings of Jensen and Meckling (1976); Gray et al., (1995) and Aina (2013) their studies discovered the relationship between board size and corporate social responsibility as significant positive.

As shown in Table 4.8, the board composition of this study has significant positive effect on corporate social responsibility disclosure. This finding is in line with the second hypothesis, which states that board composition, and corporate social responsibility disclosure has a significant positive relationship. Therefore, the second hypothesis that states board composition and CSRD has a significant positive relationship in Nigerians petroleum marketing companies is supported. In addition, the coefficient shows a positive statistically significance relationship. This result supports the legitimacy theory, which states that at whatever points the independent directors dominate the board, the firm performances and commitment increases. Independent directors of an organization are more interested in ensuring honesty, accountability, integrity and transparency in the organization (Walls et al., 2012). This result supports the previous studies findings such as the studies of Klein (2002); Adegbite and Nakajima (2011); Yongtao and Andersen (2011); Tucker (2009) and Ahmed et al. (2012) who analyzed board composition relationship with corporate social responsibility disclosure. They established that there exist a significant positive connection between board composition and corporate social responsibility disclosure.

The study reveals that board meeting in this study has non-significant negative effect on corporate social responsibility disclosure. This result did not support the third hypothesis, which states that there is a relationship between board meeting and corporate social responsibility disclosure. Thus, the third hypothesis is not supported in the context of Nigerian petroleum marketing companies. Similar to this result was found in the previous studies of Bear et al. (2010) and Jo and Harjoto (2012). Who analyzed the causal effect of corporate governance and corporate social responsibility.

However, risk management committee size in this research has significant but negatively related to corporate social responsibility disclosure. This result is not in line with the underpinning theory of the study but similar to previous empirical studies. However, since the result is significance then the fourth hypothesis, which states the existence of a significance positive relationship between RS and CSRD, is rejected. Negative result means that, if organization RS increases by 1 unit, the corporate social responsibility disclosure length will, fortunately, decrease by approximately 28.3714 point. This result supports the results reveal by the studies of Tsang (1998); Said (2009) and Barde (2009) that examined the relationship between risk management committee size and corporate social responsibility disclosure. They posted a negative relationship between board meeting and companies' corporate social responsibility disclosure. They argue that higher number of members in every board led to higher administrative cost, which decreases firm profitability, and commitment to corporate social responsibility since the corporate social responsibility is a financing programme from the companies' profit in a given accounting year.

From Table 4.8, the risk management committee composition in this study has significant positive influence on corporate social responsibility disclosure. This finding supports the forth hypothesis that risk management committee structure and corporate social responsibility disclosure has a significant positive relationship. Therefore, the fourth hypothesis that states, risk management committee composition and CSRD has significant positive relationship in Nigerians petroleum marketing companies is supported. This result is in line with the underpinning legitimacy theory, which states that at whatever points the independent directors dominate the board, the firm performances and commitment increases. It is argued that independent directors of the organization are more interested in ensuring honesty, accountability, integrity and transparency in the organization (Walls et al., 2012). This result supported the previous studies findings of Clarke and Gibson-Sweet (1999); Hassan (2007) and Barde (2009).

Risk management committee meeting from Table 4.8 shows a significant positive relationship with corporate social responsibility thus the study’s sixth hypothesis is accepted. Corporate social responsibility is concerned with firm responses to general public as a result of damages and harms the companies caused to the general public, which is the major concern of the risk management committee. Therefore, the higher the frequency of meetings in a year, the greater the corporate social responsibility disclosure. This result is in-line with empirical studies of Hamid (2008) and Barde (2009).

However, the coefficient of director ownership reveals a positive relationship that is in-line with the theory and previous empirical studies as well as the seventh hypothesis posted earlier but it is statically not significant. Therefore, the hypothesis is not supported in this study.

Blockholders' ownership is positively related to CSRDL and statistically significant. Thus, the hypothesis eight of the study, which states a positive relationship between blockholders' ownership and corporate social responsibility disclosure in Nigerian petroleum marketing industry, is also accepted. At 1% percent level of significance, thus any 1-unit increase in blockholders' ownership will lead to an increase in corporate social responsibility disclosure by 3.0514 lengths. The result is in-line with the previous studies of Agrawal and Mandelker (1990); Shleifer and Vishny (1997); Hackston and Milne (1996) and Chourou et al. (2001) who reported a similar relationship and argued that blockholder' owned more than 5% shares of the company as such they want the business to be carried out in an ethical way.

From the control variables of the study, profitability shows a significant but negative relationship with corporate social responsibility disclosure. The result is contrary to the theory and the findings of previous studies among which include Ahmed et al. (2012), Bhagat and Black (1999), Guest (2009), Haniffa and Cooke (2005), Hassan (2007) and Adegbite and Nakajima (2011). Considering the fact that Nigeria is still a developing economy this might be another reason for such contradicting result and nature of relationship. In addition, the positive relationships between profitability and corporate social responsibility disclosure are observed in the developed economies where there is adequate data, efficient organizational managers, with different economic structure and financial operating standards and hence, utilized more than seven (7) companies as samples.

In conclusion, leverage, firm size and firm age show a positive relationship with corporate social responsibility disclosure as provided in the theory and supported by empirical studies but non-found to be significant in this study.

4.13 Chapter Summary

The chapter discusses result from pooled OLS analyses and diagnostics test result in order to establish relationship effect between CG mechanisms on CSRD in Nigerian petroleum marketing industry. This is done in conjunction with relevant theories and literature review in order to arrive at a logical conclusion.

The research relies on secondary data collected from the sampled of seven (7) petroleum marketing companies' annual report and account. CSRD and CG mechanisms are the relevant variables of this study where CG mechanisms are proxies by board characteristic (BS, BC and BM), risk management committee (RMC size, RMC composition and RMC meeting) and ownership structure (DO and BO). Moreover, control variables are included in the analysis proxy and measured by profitability (PT) leverage (LV), firm size (FS) and firm age (FA).

Table 4.9

Hypothesis Summary

Hypothesis	Relationship	Findings
H1	Between BS with CSRD	(-) Not significant
H2	Between BC with CSRD	(+) Significant
H3	Between BM with CSRD	(-) Not significant
H4	Between RS with CSRD	(-) Significant
H5	Between RC with CSRD	(+) Significant
H6	Between RM with CSRD	(+) Significant
H7	Between DO with CSRD	(+) Not significant
H8	Between BO with CSRD	(+) Significant
Control Var. 1	Between PT with CSRD	(-) Significant
Control Var. 2	Between LV with CSRD	(+) Not significant
Control Var. 3	Between FS with CSRD	(+) Not significant
Control Var. 4	Between FA with CSRD	(+) Not significant

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

From the onset, this study was motivated by the academic curiosity to evaluate, from accounting point of view, those factors that explain the behavior of CSRD and CG mechanisms in the Nigerian petroleum marketing industry. The researcher relied on the available literature, relevant theories to the study (legitimacy and agency theories), and empirical evidence of the Nigerian situation to come up with eight (8) independent variables and four (4) control variables used to determine and explain the behavior of CSRD and CG of quoted petroleum marketing companies in Nigeria downstream sector.

Accordingly, eight (8) hypotheses were formulated for the study purpose. To carrying out this research work effectively, the researcher determines the research population, out of which seven (7) companies were sampled out. These companies are Forte Plc., Conoil Plc., Eterna Oil & Gas Co. Plc., Mobil Oil Nigeria Plc., MRS Oil Nig. Plc., Oando Nig. Plc as well as, Total Nigeria Plc. Five (5) years annual report and accounts were used for the analysis (2008 to 2012) to come up with a reasonable and logical conclusion. Data was collected from annual reports and accounts of the sampled companies. The study reports the correlated panel corrected standard error estimates of the pooled OLS result. The study data fulfilled the assumptions of the classical linear regression. The residual of the analyzed data is free from the problems of heteroscedasticity, multicollinearity, non-linearity, functional formulation and the problem of variable omission.

The results show that the relationship between board size and corporate social responsibility disclosure is negative and not significant. However, the results also show that, the relationship between board composition and corporate social responsibility disclosure is significantly positive while board meeting shows a not significant negative relationship with corporate social responsibility disclosure. In addition, this study finds that the relationship between risk management committee sizes with corporate social responsibility disclosure is negative and significant in the sampled companies in Nigeria. But risk management committee structure and risk management committee meeting shows a significant positive relationship. Nonetheless, the results show that the relationship between director ownership and corporate social responsibility disclosure to be positive and not significant while blockholders reveal a significant positive association with corporate social responsibility disclosure. Finally, with respect to the control variables, profitability is found to be significant and negatively related with corporate social responsibility disclosure while leverage, firm size and firm age are positive but not significant.

5.2 Conclusion

Based on the results, discussion and findings the researcher comes up with the following conclusions:

1. Corporate governance mechanism (board size, board composition, board meeting, risk management committee size, risk management committee composition, risk management committee meeting, directors ownership & blockholders ownership) and control variables including profitability, leverage, firm size and firm age have a very strong explanatory power of 80.8% on the variations in corporate social responsibility disclosure. While other variables not captured in this study explain about 19.2% of the variability in corporate social responsibility disclosure.

2. It can also be concluded that board size and board meeting, have a negative but not significant effect on corporate social responsibility disclosure. However, the director's ownership, leverage, firm size and firm age are found with a positive but not significant relationship with corporate social responsibility disclosure. Whereas, board composition, risk management committee composition, risk management committee meeting and blockholders' ownership exhibit a significant positive relationship with corporate social responsibility disclosure of Nigerian petroleum marketing industry. While, risk management committee size and profitability reveal a significant negative relationship with corporate social responsibility disclosure in the Nigerian petroleum marketing industry.

From the aforementioned conclusion, the findings have significant contribution to the policy implications are put forward as: Shareholders of companies in the Nigerian petroleum marketing industry should ensure that, board composition (BC) and risk management composition (RC) comprises both non-executive and executive directors, with experienced and qualified non-executive directors independent of managers forming the majority.

In addition, the implication of this study results suggest that, the shareholders of the various petroleum marketing companies should always try as much as possible to have frequent risk management committee meeting that that will minimize organizations risk while increasing profitability of the said organization.

Equally important, Nigerian government need to encourage applying CSR and CG codes by organizations and blockholders to deliver effective monitoring of CSRD in Nigerian listed petroleum marketing industry. Also, Investors should therefore, be caution in investing in businesses where the blockholders is high (above 25%) as that may increase corporate social responsibility disclosure and company's reputation in the general public eyes.

Moreover, the results of this study imply that for better CSR disclosure Nigerian petroleum marketing companies should reduce unnecessary board meeting (BM) since amount spend on such meeting reduce profitability of the firms and decreases amount to spend on corporate social responsibility. Risk management committee size (RS) should also be reduced to at least five comprises of at least 3 independent and 2 dependent directors. RS are in addition, recommended performing their job with efficiency and effectiveness and also adhere to corporate code of conduct toward improving firm disclosure on corporate social responsibility.

Finally, it is recommended for policy implication that, the companies in the petroleum marketing industry should ensure more adherences to Code of Corporate Governance (since it has an effect on CSRD).

3. The optimum independent director that occupies at least two-third (2/3) of the members of board size and risk management committee is necessary for effective functioning. This will ensure proper policy formulation in line with the codes of corporate social responsibility.

5.3 Recommendations

Based on the results and conclusions, the following recommendations were made:

1. Nigeria government should, draw up corporate governance policies that will require business organizations in general and petroleum marketing companies' in particular to correlate perfectly with that of corporate social responsibility disclosure. The government should also review their policies on corporate social responsibility commitment to sponsor more people-oriented projects.

2. Petroleum marketing companies in Nigeria should develop socially responsible programmes that will improve their societal image. This will in turn increase their wealth maximization motive.

3. The board of directors of these petroleum marketing companies should include corporate social responsibility disclosure programmes as part of their agenda to be discussed in the annual general meetings and also enlighten other stakeholders on the concept and its benefits when harmonized into the code of best practices.

5.4 Suggestion for Future Researchers

Future researchers should use different variable apart from the studied variables. Furthermore, there is need for similar study in the upstream sector of Nigerian petroleum industry or use different sector in the Nigerian economy which is not covered by the current study to see whether the results might be different. In addition, future researchers can look at the moderating effect or influence of regulation on the relationship with CSRD.

5.5 Contribution of the Study

The study is an addition to existing literature, which could be utilized in carrying out research on corporate social responsibility disclosure. There are various beneficiaries from this study among which include: companies, researchers, policy makers and so on. This study will enhance understanding on how corporate governance mechanism influence the degree of CSRD and will expand the frontier of knowledge in the area by means of providing additional literature on corporate governance and CSRD. Furthermore, the result of this research will transposed the statement about the high or low CSR disclosure in the Nigerian petroleum marketing companies which would help the advancement in the administration and making attributes of certainty and conviction to the information disclosed in the annual report and account related to corporate social responsibility.

5.6 Limitations of the study

The major limitation is the small size of the population, to overcome this problem, the study used the whole population of Nigerian listed petroleum marketing companies but at the same time, two (2) companies were removed because, one was listed in 2009 while the other company was delisted in the list of Nigerian Stock Exchange. Thus, the study utilized the remaining seven companies and the scope of five years, which is still enough for analysis.

The study as well, face with the problem of data availability, the sample companies' website does not provide documented financial statement for the entire period of study. However, the study overcomes the problem by visiting all African website, sample companies domains and hard copies of financial statement of the sampled companies from the Nigerian Stock Exchange.

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