

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

ABDURRAHMAN ADAMU PANTAMEE

**MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)
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MARKETING INDUSTRY**

By

ABDURRAHMAN ADAMU PANTAMEE

815272

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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 (CSR) 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 (CSR) 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

<u>Abbreviation</u>	<u>Description of Abbreviation</u>
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
CSRDL	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.

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