

SOCIAL ACCOUNTING AND FINANCIAL PERFORMANCE OF OIL AND GAS COMPANIES IN NIGERIA (2012-2017)

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ABSTRACT

The study investigated the relationship between social accounting and the performance of listed oil and gas companies selected in Nigeria during the years 2012-2017. In particular, it examined the relationship between the social accounting and the return on asset of listed oil and gas companies in Nigeria. The explanatory and correlative project was adopted for the study, while secondary data were used for the study. The data was obtained from the annual reports and company accounts available on their websites and from the Nigeria Stock Exchange (several years). The data collected dates back to the 2012-2017 period. Annual reports included annual budgets; Annual sustainability reports of the aforementioned oil companies, annual returns presented to the Nigeria Stock Exchange for the years of study. Regression was used for data analysis and hypothesis testing. The result of the study showed that there is no significant relationship between the social accounting and the performance of the activities of the oil and gas companies in Nigeria under study. Therefore, the study recommends, among other things, that the administration of oil and gas companies should channel efforts towards participation in adequate social spending and dissemination as a way to increase stakeholder's confidence and show more transparency in its operations. This in turn could lead to better financial performance.

Keywords: Financial Performance, Nigeria, Oil companies, Return on Assets, Social Accounting.

INTRODUCTION

It is argued that sustainability reporting could enhance Non oil revenue accruing to host nations (Global Reporting Initiative (GRI) Report, 2016), thus efforts should be made to encourage organizations to engage in it mandatorily. This is against the backdrop of failing oil prices that has resulted in falling performance of oil companies including those operating in Nigeria. In other words, there are situations of poor performance caused by unstable oil prices as well as unstable productions and sales as well as fluctuating exchange rates amongst others yet operators continue to live as if all is well. The causes of this fall in performance as they claimed included insecurity, disruptions in productions and militancy that has persistently affected the operations of the oil and gas companies. In other to curb this situation and increase performance, corporate social responsibility has been suggested as one of the solutions that could at least mitigate the situation, at least on the short term (Adewoye, Olaoye & Ogundipe, 2018).

It is argued that generally, sustainability reporting could enhance financial performance of the firms engaging in it (GRI Report, 2016), thus efforts should be made to encourage organizations to engage in it mandatorily. This is in the context that in the last 40 years the pressures of various sources have influenced the business community on its responsibility towards all its stakeholders, the environment and the society in which it operates (Sihotang& Effendi, 2010; Dilling, 2010) , therefore, the need for an interdisciplinary relationship that reflects a simultaneous integration of economic, environmental and social factors in corporate behavior with the aim of maintaining resources for future generations(Quick, 2008). By embracing sustainability accounting and reporting this can be achieved. Social accounting engagement enables them to achieve this. Social Accounting, which at times is used interchangeably for sustainability accounting on a broader sense, however is known as accounting for the social operations on the communities as well as on employees of organization. This takes the form of community investment; creating better working conditions, upholding Human rights and fair trade, public policy; cultural diversity and ensuring safety of workers and that of the stakeholders and encouraging anticorruption activities (Ordu, Nwanwu&Ahiakwo, 2018).

Conceptual Framework

In this framework, the dependent and independent variables are identified. They are the social accounting that constitutes the independent variable and the financial performance which is the dependent variable. The researcher used the diagram in Figure 1.1 to illustrate the interaction between independent variables (Social Accounting (SA)) and variable dependent on financial performance (FP).

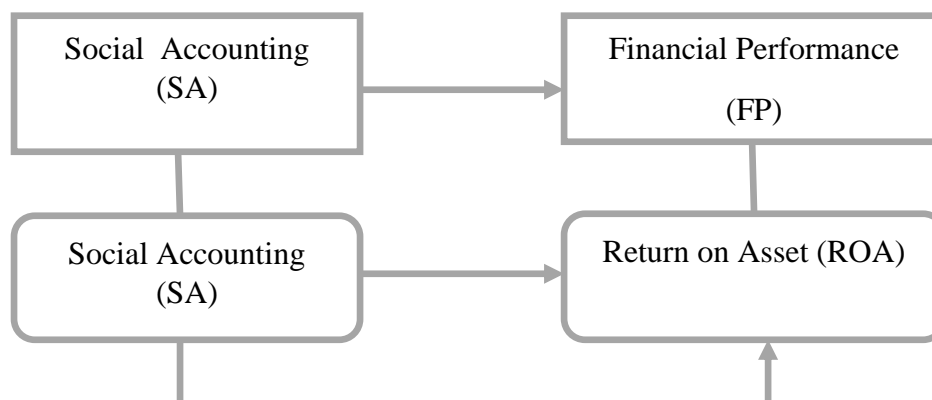


Figure 1. Conceptual Framework for the study

Aim and Objectives of the Study

The main aim of the study is to investigate whether social accounting by the quoted oil companies affects their financial performance. Other specific objective is as follows:

To ascertain the extent to which social accounting by Oil companies affects return on assets of the companies.

Research Questions

Based on the specific objective, the following Research question is raised to include the following:

What is the relationship between social accounting and return on assets of oil companies in Nigeria?

Hypotheses

HO₁: There is no significant relationship between social accounting by oil companies and their return on assets.

LITERATURE REVIEW

Conceptual Review

The concept of Social Accounting

Social accounting is that branch of accounting that helps a company to account for all interested parties in all its operations and activities. Social accounting practices are linked to the collection and communication of data: financial, quantitative and / or qualitative on the interactions of an organization with society (Gray, Collison & Bebbington, 1998). According to Daferighe, Akpanuko and Offiong, (2019) Social accounting practices include a wide range of activities such as: employment, training and promotion of people with disabilities, health, safety and well-being of employees at work. Others include the community development project, employee participation in decision-making, company policy and performance, etc. [Company records and related issues (CAMA, 2004). Similarly, although sustainability accounting is also known as social accounting in the broad sense, in this study social accounting is defined as accounting and reporting of the actions of oil companies towards community investments; create better working conditions, defense of human rights and fair trade, public policies; cultural diversity and guarantee the safety of workers and interested parties and promote anti-corruption activities. Furthermore, as indicated by building excellence (2014), according to common definitions, there are three key dimensions of sustainability- economic, social and environmental. Consequently, sustainable development can be measured on the basis of these three dimensions (1) The economic impact, apart from the financial position of the organization, could also include the effect on local employment and on the livelihoods of the operations of the organization ;(2) The social impact could include terms and conditions of staff or projects in the community. In other words, the corporate social responsibility activities of the organization; and (3) the environmental impact could include the quality of the discharged waste water or greenhouse gas emissions resulting from the operations. When organizations report their activities in these three areas, we can say that a three-result approach is followed; and, therefore, sustainable development can be achieved by the activities of the organizations in the area of intervention (Construction Excellence Report, 2014).

Social accounting (also known as accounting and social review, social responsibility, social and environmental accounting, corporate social relations, reports on corporate social responsibility, non-financial relations or accounting) is the process of communicating the social and environmental effects of economic actions of organizations to particular interest groups within society and to society in general (Gray, Owen & Maunders, 1987). Social accounting is different from public interest accounting and critical accounting. Social accounting is commonly used in the context of corporate social responsibility (CSR), although any organization, including NGOs, charities and government agencies, can participate in social accounting. Social accounting can also be used in conjunction with community-based monitoring (CBM).

Social accounting emphasizes the concept of corporate responsibility. Crowther (2000) defines social accounting in this sense as an approach to inform about the activities of a society that emphasizes the need to identify socially relevant behaviors, the determination of those to whom the company is responsible for its social performance and its development of appropriate measures and reporting techniques (Crowther, 2000) It is an important step to

help companies independently develop CSR programs that are much more effective than those required by the government

Social Accounting Practices

Accounting is a measurement and communication process used to inform the activities of non-profit and profit organizations (Hermanson, Edwards & Maher, 1992). As a process of measurement and communication for an organization, accounting provides information that allows informed judgments and decisions by data users. Social accounting is the process of communicating the social and environmental effects of the organization's economic actions to particular interest groups within a society and society in general (Oni & Kabir, 2010). In addition to the economic and legal obligation of companies, they also owe the company a certain responsibility. But from the classical point of view, companies act in a socially responsible way if they strive to use the resources available to them as efficiently as possible, providing the goods or services that the company wants and at the prices that consumers were willing to pay. (Aluko, Odugbesan, Gbadamosi & Osuagwu, 2004).

Once this was done, classical economic theory assumed that companies would maximize profits. The practice of social accounting is the provision of information on a company's performance in relation to its interaction with its physical and social environment (Gray, Collison & Bebbington, 1998). Social accounting practices include: interaction with the local community, level of support to developing countries, health and safety documentation, training, employment, educational programmes; and environmental performance. Therefore, the practice of social accounting is based on the framework of the Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO). However, Damagum (2010) has seen the practice of social accounting as the practice by which companies voluntarily provide users with information above the legal limit. The practice of social accounting in Nigeria is different from that which can be obtained in a country like India.

However, in a study conducted by Zaidi (2012) to highlight some important social accounting practices followed by Indian companies, it turned out that the 2011 corporate law bill claimed that those companies with a net worth of over 500 million rupees or an annual turnover of Rs. 1 billion Rs should allocate 2% of the average net profit of three years to the practice of social accounting. In Nigeria, social accounting refers to the decisions and actions taken by companies for reasons that go beyond the direct economic interest of companies. Therefore, social accounting reports are described as the process that involves measurement, disclosure and responsibility practices towards internal and external stakeholders for the organization's performance towards the goal of sustainable development (Uwuike, 2011).

THEORETICAL FRAMEWORK

Stakeholder Theory

In an organization there are basically two types of stakeholders (internal and external). Most internal stakeholders include management, employees and the board of directors, while external stakeholders include shareholders, communities, creditors, debtors / customers, government agencies and the environment (Johnson-Rokosu & Olanrewaju, 2016). Fundamentally, stakeholder theory is based on the proposition that the success of a company or other depends on successful management of all the relationships a company has with its stakeholders (Uwuike & Jimoh, 2012). Stakeholders theory was first developed and modeled by R Edward Freeman in 1984, in USA (Freeman, 1984; 2010) and since then has gained the attention of researchers and business owners – the need to act while taking into consideration all stakeholders in the business or operations of the company. Stakeholders

theory is one of the theories that seeks to explain the practice of presenting social information, centered on the role it can play in relations between organizations, governments, individuals, associations and society in general (Gray, Collison, & Bebbington, 1998; Magnaghi April, 2014) Gray et al (1998) informed that from an organizational point of view, the theory of interested parties is based on a model of responsibility for all actors, who have normative, descriptive or explanatory power in the context of CSR, and includes the responsibilities of the company and the transparent nature of its activities A crucial element that the company can use to manage relations with stakeholders is precisely the information (financial, sustainability or both) obtained to obtain the support and approval of the business strategy by the interested parties, without presenting an objection Voluntary disclosure is largely justified by the theory of the interested parties and, consequently, by the theory of legitimacy which is considered an appropriate means of maintaining and developing relationships between the various interest-generating groups and society. Furthermore, interested parties provide another theoretical framework to explain the relationship between the various stakeholders and the management; and potentially useful for reviewing or influencing corporate social communications or sustainability reports for organization in annual corporate reports.

In their separate studies, Watts and Zimmerman, 1978; Pfeffer and Salancik, 1978, state that the need to rely on stakeholders to provide support to resources and the pressure of these stakeholders contributes to some actions, inaction and social disclosure patterns of the organization. Similarly, as other academics point out, ethical managers do not expect to be informed to disclose this disclosure, however, they are only involved in it and, therefore, gain the trust of their stakeholders (Ordu & Okorafor, 2014). For example, the restless nature of militancy in the Niger Delta; frequent attacks on oil installations and kidnappings of foreign citizens to draw attention to environmental pollution and degradation, oblige major oil companies to rethink, become socially responsible and disseminate information on the environment, society and governance in their corporate relations. This example contributed to the presentation of Uwuigbe & Jimoh, (2012) that the more powerful the stakeholders, the more the company must adapt. This theory justifies the call that companies need to take the various stakeholders to account in their operations and hence the need to make provisions for their social, environmental and economic wellbeing.

Concept of Firm's Performance

Also known as profitability, company performance is the measurement of performance through which it is possible to measure the capacity and efficiency of the organization and management. According to Dwivedi, (2002), there are two types of performance, financial performance and non-financial performance; and financial performance emphasizes the variables directly related to the financial report. Dwivedi, (2002), also established that financial performance is a subjective measure of how a company can use the resources of its main way of doing business and generate income. The term is also used as a general measure of a company's general financial health for a certain period of time and can be used to compare similar companies in the same sector or to compare sectors or sectors in aggression (Dwivedi, 2002).

The performance of the company is very essential for the administration, since it is a result that has been achieved by an individual or a group of individuals in an organization linked to their authority and responsibility to achieve the objective legally and in compliance with morality and ethics. The company's performance is assessed in three dimensions. The first dimension is the productivity of the company or the efficient processing of input into the

outputs. The second is the size of the profitability, or the level of profits of the company that are higher than its costs. The third dimension is the market premium or the level of market value of the company that exceeds its book value (Wang, 2002).

Previous studies have used performance indicators such as Return on capital employed (ROCE), ROA, Net profit, Net profit margin, ROE and dividend per share, Earnings per share.

(Dwivedi, 2002; Uwigbe&Egbide; 2012, Zayol, Agaregh&Enerji, 2017; Adewoye et al, 2018) to measures performance of firms, especially in the oil and gas operations hence this study adopts ROCE and Net profit for performance. Similarly, the dimensions of CSR activities have been highlighted to include to the host communities, employees and government as a stakeholders (Bhattacharya, Korschun& Sen, 2009; Imran, Kashif, Syed, Jamal & Mario 2010) why costs such as environmental expenditure, human development costs, social expenditure and infrastructure contribution to government, environmental impact assessment costs amongst others have been reported in sustainability reports of oil companies and used for research purposes (Uwiaghbe&Egbide, 2012; Ironkwe& Success, 2017; Ordu&Ironwe, 2016; Adewoye et al, 2018) hence this study adopts environmental spending for sustainability accounting and return on assets for financial performance of companies its conceptual framework of analysis.

Return on Asset (ROA)

This is a measure of performance and is an important report for shareholder investment decisions. In general terms, if the return on assets is higher than what the company borrows for investments in new projects, then they could embark, otherwise they would not board. Moreover, the ROA provides a standard for assessing the efficiency with which the management uses the average amount invested in the company's activities, regardless of whether the amount comes from investors or creditors (Al Hassan, 2014). A low level of asset performance shows that profits are low for the amount of assets. The activity performance report calculates the efficiency with which benefits are obtained from the activities used. A low return on assets compared to the industry average indicates that there is inefficient use of company resources.

Empirical review

Daferighe, Akpanuko and Offiong (2019) studied social accounting practices and how they affect the profitability of the companies participating in Nigeria. Using secondary data from the financial statements of the companies studied, the study investigated the relationship between health-related costs (HRC) and return on capital (ROE) of Nigerian companies. The descriptive design of the research was adopted for the study. From 2009 to 2015, samples were taken from fifteen companies from a population of the oil and gas, manufacturing and construction sectors and the construction of the Nigerian economy. The data were analyzed using descriptive statistics and multiple regression. The variable Social Accounting Practices: HRC has been found to have an insignificant positive relationship with the ROE of companies in Nigeria. The study concluded that investments in social activities have an insignificant positive relationship with the ROE of Nigerian companies; and recommended, among other things, that companies be able to cautiously support health problems that will improve companies' long-term economic benefits.

Alhashi, Nobanee and Khare (2018), examined the impact of sustainability practices on corporate financial performance: literature trends and future research potential. The study

states that the relationship between sustainable business practices and financial results has received increasing attention in research, yet consensus remains difficult. This document identifies trends in development and problems that hinder final agreement on this relationship. The study adopted the use of content analysis methodology to examine relevant literatures. A total of 132 journal articles were selected. It was found out that 78% of publications reported a positive relationship between corporate sustainability and financial performance. Variations in research methodology and measurement of variables lead to divergent opinions on the relationship. Furthermore, literature is slowly replacing total sustainability with a closer social responsibility of companies (CSR), which is dominated by the social dimension of sustainability, while covering scarce or absent environmental or economic dimensions. Studies from developing countries remain scarce. More research is needed to facilitate convergence in understanding the relationship between sustainable business practices and financial results.

Nwaiwu and Oluka (2018) examined the disclosure of environmental costs and the financial performance of oil and gas in Nigeria. This study empirically examines the effect of the disclosure of environmental costs and the financial performance measures of oil and gas companies listed in Nigeria. The time series data were obtained from the annual financial reports and the economic review of the Central Bank of Nigeria; Pearson's Product Moment Correlation coefficient and multiple linear regression analysis were used for data analysis. The econometric results reviewed the appropriate disclosure on environmental costs, compliance with environmental regulations. Companies have a significant positive effect on financial performance measures. The study recommended that the application of regulations for the adequate disclosure of environmental costs and adequate information is needed. The administration of oil and gas companies in Nigeria must develop a well-articulated system of environmental costs to ensure a conflict-free corporate atmosphere for better company performance.

Nnamani, Onyekwelu and Ugwo (2017) evaluated the effect of sustainability accounting on the financial performance of the listed manufacturing companies in Nigeria. The companies used for the study were chosen by the Nigerian beer industry. The data were obtained from the financial statements of three companies included in the sample. Data were analyzed using ordinary linear regression. The study revealed that sustainability reports have a positive and significant effect on the financial performance of the companies studied. Following the results, the study recommends Nigerian companies to invest a reasonable part of their profits in sustainability activities, while professional accounting regulators will develop specific accounting models to guide the companies' relationship to sustainability activities. The Nigerian Financial Information Council (FRC) and others like it should make sustainability reporting mandatory, establishing and applying appropriate sanctions to non-compliant organizations as a deterrent.

Ironkwe and Ordu (2016), examined environmental reports in the oil and gas industry in Nigeria. Through a theoretical review and an analysis of analysis, the study analyzed the need for adequate environmental information, both financial and non-financial, and its importance in the sector to reach interested parties. It is anchored to the theory of the legitimacy of reports on corporate social responsibility, while critically assessing the reporting requirements, as well as what is generally reported in the statement of financial position of oil companies and gas companies regarding information requirements standard. It was found that this report format must be consistent and followed to ensure transparency in the company's operational report. Looking at the environmental performance indicator, as well as the

reporting formats and standardization factors, it turns out that the major challenges facing the sector regarding sustainability performance reports are determining how to measure, define and select the appropriate indicators.

Uzoma and Mgbemena (2015) evaluated some oil companies in the Niger Delta region of Nigeria: analyzing the environmental impact of their activities in the area. The study used data from past and present studies, governmental and non-governmental organizations and existing literature such as those of Twumasi and Merem, 2006; Uyigüe and Agbo, 2007; Uyigüe and Ogbeibu, 2007). The secondary data used were obtained from the National Petroleum Cooperation of Nigeria, the World Bank Report, the National Statistics Office, the United Nations Environmental Protection Programme, Amnesty International, the International Monetary Fund, published and unpublished materials, books, newspapers, conferences and seminar papers. Magazines and Internet. The data obtained were analyzed using a descriptive analysis method to obtain logical deductions and a sequential presentation of the facts from the data obtained to give a clear idea of the problem. The study revealed that the activities associated with oil exploration, development and production operations have harmful and significant local impacts on the atmosphere, soils and sediments, surface and underground waters, the marine environment and terrestrial ecosystems in the delta of Niger. In addition, the Niger Delta consists of several mangrove ecosystems, freshwater marshes, rainforest and is the largest wetland in Africa and one of the ten most important marine and marshy ecosystems in the world, but due to pollution from oil caused by exploration, the area is now characterized by contaminated waterways and rivers, destruction of forests and loss of biodiversity, in general the area is an ecological desolate land. Oil hydrocarbon discharges and oil-derived waste streams have caused environmental pollution, adverse effects on human health, socio-economic problems and degradation of host communities in oil-producing states in the Niger Delta region. Furthermore, the study acknowledged that the oil industry located in the region has contributed greatly to the country's growth and development, which is a fact that cannot be discussed, but unsustainable oil exploration activities have made the Niger delta region into one of the five most important ecosystems seriously damaged by oil in the world (Uzoma & Mgbeme 2015).

Najah and Jaboui (2013) in their study investigated the impact of voluntary disclosure on corporate social responsibility (CSR) in the company's financial performance. The study adopted secondary data obtained from the stock exchange of companies listed in Tunisia. Through the regression analysis, the impact of social information on the performance and return on equity over an 11-year period (2000-2010) for 201 large French companies was assessed. The results showed that there is no significant relationship between the disclosure of social responsibility and financial performance for French companies, but a positive effect of time in this relationship is perceived when there is a one-year delay for observations. The contribution of this work to the CSR literature is the clarification of the temporary impact of social and environmental disclosure on the value of the company.

METHODOLOGY

Research Design

The research design of this study is explanatory, historical and of a correlational nature. The focus of an explanatory research project is how to effectively explain the characteristics of a population or a social phenomenon (Saunders, Lewis and Thornhill, 2007). This is usually effective when a quantitative framework for the study is adopted, where it is possible to establish the relationship or influence in one variable over the other. Historical in the sense that historical data are used: environmental expenses (environmental expenses) by the oil and

gas companies and activity yields of approximately 6 years. Moreover, the correlational method adopted involved the use of regression analysis and helps to measure the relationship between two variables. Helps determine if one variable affects the other or not. Unlike experimentation, the relationship was observed in a more natural environment, therefore suitable for this study.

Population and sample of the Study

Sustainability accounting/reporting mandatory compliance by MNCs (especially in their originating countries) commenced within the early 2000s when the guidelines for its reporting was released at the World Summit on Sustainable Development in 2002 (Gray, 2005), however mandatory compliance in some developed nations began mid 2000s. However, in developing nations such as Nigeria, there has not been mandatory adoption as such much of data for this purpose were not available. Data available from Nigeria stock exchange for some of the indigenous companies were from 2009 upwards and were not composite until 2012 upwards. Therefore, 6 year period (2012- 2017) for which composite sustainability accounting data (where social accounting are incorporated) were available were chosen for the study, because it gives relatively acceptable time period of study for the research. The data for financial performance (ROA) for same period (2012- 2017) were also utilized

Sample and Sample Size Technique:

The sampling technique used is the convenience sampling technique. As the name suggests, it is a sample "chosen exclusively for convenience (Baridam, 2005). The variables in this example were chosen simply because they are accessible or easy to measure. Hence, purposively, data of the last six year period for both social accounting and financial performance dimensions were chosen for this study. The periods are from 2012- 2017.

Method of Data Collection

Secondary sources of data were used as the main data collection sources. The relevant data for this study were collected from the annual reports and accounts of the companies available on their websites and from Nigerian Stock Exchange (various years). The data collected were from the period 2012 – 2017. The Annual reports includes: Annual financial statements; annual sustainability reports by the quoted oil firms, annual returns submitted at Nigerian Stock Exchange for the years under study.

Method of Analysis

The data analysis techniques involved the mathematical and statistical formula used in analyzing the outcome of the research hypothesis and question. Regression was used in this study for analysis and testing of the hypothesis. This is because, ROA values are dependent on sustainability accounting activities carried out in the companies. Using these variables, the following hypothesis was tested

RESULTS AND ANALYSIS

Testing of Hypotheses

HO₁: There is no significant relationship between social accounting by oil companies and their return on assets.

The table 4.1 and 4.2 respectively showed that calculated F value of 0.005 was not significant at .957 level which is higher than 0.05 chosen level of probability, hence the null hypothesis is accepted which means there is no significant relationship between social accounting and return on assets of oil and gas companies in Nigeria within the period of the study.

Table 4.1: Summary of Regression Result

Model	R	“R Square”	“Adjusted R Square”	“Std. Error of the Estimate”	Change Statistics					“Durbin-Watson”
					“R Square Change”	“F Change”	df1	df2	“Sig. F Change”	
1	.068 ^a	.005	-.991	8.49682	.005	.005	1	1	.957	2.917

a. “Predictors (Constant), SOSPND”

b. “Dependent Variable ROA”

Table 4.2: Summary of ANOVA Result

Model	“Sum of Squares”	df	“Mean Square”	F	Sig.
1 Regression	.331	1	.331	.005	.957 ^b
Residual	72.196	1	72.196		
Total	72.527	2			

a. “Dependent Variable ROA”

b. “Predictors (Constant), SOSPND”

Source: SPSS Version 21.0 Output.

SUMMARY AND DISCUSSION OF FINDINGS

This study was carried out to assess the impact of social accounting on the performance of quoted oil and gas companies in Nigeria. It emphasized that social accounting practices alone are negatively related to company financial performance. However, improved social accounting and spending substantially reduces the negative impact of activities of the oil companies on the environment and on their host communities.

From the results above, as summarized on the tables, it is observed that there is no significant relationship on the variables tested. It implies also that the social spending are not related to the performance of the companies however social disclosures are essential to enable government and other authorities see how transparent the firms are in terms of their activities. Furthermore, it also implies that there have not been enough social spending engaged by the oil and gas firms, given the situation where there is always profits recorded yearly in their annual statements. From this result, it shows that better performance in terms of financial indicators used here such as ROA, and others do not depend on social accounting as pertains to environmental accounting disclosures. It implies that good financial performance of firms could be as a result of many factors such as efficient management of people and material, the asset turnovers and the capital injections into the firms amongst others. The result is in line with the works of Malarvizhi & Ranjanni (2016) and Raymond et al, (2016) whose works showed that there is no significant relationship between the level of sustainability disclosure in terms of environmental disclosure, environmental cost and firm performance in the oil and gas industry.

CONCLUSION AND RECOMMENDATION

As mentioned above, this study studied the relationship between social accounting and return (ROA) of oil and gas companies in Nigeria, given the background of the oil and gas companies. The financial performance of the companies does not depend on the social expenses incurred for the host community, the employees or the environment in which they

operate. However, when sufficient expenditures are made to protect the environment, stakeholders perceive trust and transparency, a favorable operating environment could be created and, therefore, companies could achieve better performance.

In light of the result of the study, the following was concluded: social accounting as a dimension of sustainability accounting does not have significant relationships with the performance of oil and gas companies in terms of performance of the activities.

In line with the result, the corresponding authorities present the following recommendations for consideration:

In light of the insignificant relationship between social accounting and financial results of companies, the business administration should channel efforts to participate in adequate social spending and its dissemination as a way to increase stakeholder confidence and show greater transparency in your operations. This could in turn lead to achieving better financial performance. Furthermore, functional and interactable social accounting units should be created by each oil company to ensure that the companies maintain their guidelines in engaging in sustainability reporting in their annual reports and accounts, this way stakeholders would access this information and even vouch for them as socially responsible and this could bring about more investors to the companies.

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