ISSN 2056-6018

MONITORING MECHANISM AND SOCIAL SUSTAINABILITY DISCLOSURE PRACTICES AMONG FIRMS IN NIGERIA: CROSS SECTIONAL ANALYSIS OF 2018 CORPORATE GOVERNANCE REFORM

[1]**EMEKA-NWOKEJI, N. A.** https://orcid.org/0000-0002-3673-0422,
[2]**NANGIH, Efeeloo,** [3]**CHIEDU, Christian O.,** [4] **Dr CHENDO, Nkoli Augustina,** [5] **EBOATU, Ikenna**
[1,5] Department of Accountancy Chukwuemeka Odumegwu Ojukwu University, Igbariam. Anambra State
[1]nk.emekanwokeji@coou.edu.edu.ng
[5]ikennaeboatu@yahoo.com
[2] Department of Accountancy, Kensarowiwa Polytechnic, Bori.
nangihlah@yahoo.co.uk
[3]Department of Accountancy, Delta State Polytechnic, Ogwashi-Uku Delta State, Nigeria.
chieduchristiandspg@gmail.com
[4]Department of Marketing, Chukwuemeka Odumegwu Ojukwu University, Igbariam. Anambra State Nigeria
chendonkoli@gmail.com

ABSTRACT

In recent times, interest in corporate governance in Nigeria has assumed the highest propositions. This is due to the high rate of corporate failures and the realization that institutionalizing high corporate governance mechanisms is a key driver of corporate accountability that will rebuild public trust and confidence in an economy. This led to the launching of new code of corporate governance by the Financial Reporting Council of Nigeria (FRC) in 2018, which is applied across all entities and sectors operating in Nigeria from the year 2020. This research is a cross sectional analysis aimed at providing empirical evidence on extent of social sustainability disclosure practice following the recommended monitoring mechanisms specified in the new code. *Ex post facto* research design was adopted and data were collected from cross section of sampled seventy-five firms resulting in 75 firm-specific observations. Descriptive and inferential statistics were used as tool of analysis. Results of the analysis revealed that the extent of social sustainability disclosure among sampled firms on the average is about 36%. This level is low relative to other emerging economies. Board shareholding and firm size has a significant positive effect on social sustainability disclosure practice, while board size, board independence, board gender diversity, board meeting and CEO nationality has no significant effect on social sustainability disclosure practice among firms in Nigeria. Consequently, the study recommends among other things that there is need for FRC and other regulators to develop detailed and specific social sustainability policies to supplement the already established recommended practice that merely encourage firms to establish policies and practices regarding its social responsibilities.

Keywords: Monitoring Mechanism, Sustainability, Social disclosure, Corporate Governance, CEO Nationality.

JEL Classification: G3, M41, Q56

1. Introduction

Corporate boards find it more necessary than ever before to monitor activities of their firms in the management of its resources given incessant corporate fraud and resultant corporate failures across the globe. This is probably due to the high rate of fraudulent financial reporting, corporate failures, and subsequent loss of investor confidence in reported figures which led to corporate governance issues (concerns) receiving increased attention in accounting and management literature around the world. Firms use reports prepared in line with various regulatory frameworks to communicate corporate information pertaining to their economic well-being to stakeholders. Traditional reporting models that provide information only on financial activities of firms have been criticised for its inability to portray a rounded picture of companies, not covering all significant information, unable to address the interests and concerns of a broader range of stakeholders in the modern economy (Emeka-Nwokeji, 2017).

Traditional reporting frameworks alone have failed to provide information on critical drivers of a company's value (Opanyi, 2019). Many value drivers are unaccounted for in traditional business reports. Little wonder there is growing concern that the current corporate reporting structure lacks transparency and no longer provides all information required by stakeholders to assess firm's performance and worth. Information that enables stakeholders make informed assessments of corporate activities and practices are most often not provided by firms (Mohamed, Allini, Ferri & Zampella, 2019; Emeka-Nwokeji, Ojimba & Okeke, 2017; Alsan & Hermansson, 2014). Meanwhile maintaining good relationships with the stakeholders through communication is a step in the right direction towards meeting the information needs of the diverse stakeholders (Rajhans, 2018). In order to satisfy the information needs of users in the 21st century through corporate disclosures, there is need to provide information on all indicators of firms' performance. Information on a wide range of performance indicators is useful because different measurements express diverse information about how well a business is functioning, giving investors more assurance and confidence in their immediate and long-term investment decisions.

Corporate scandals in major corporations such as Enron and WorldCom in the United States as well as Parmalat in Italy; reporting scandals in Cadbury Nigeria Plc have led to a greater focus on improving and enforcing financial reporting disclosures around the world in an attempt to change the global economy (Emeka-Nwokeji & Agubata, 2019; Okaro & Okafor, 2013). Simply put, there has been a growing awareness of the importance of a solid corporate reporting and governance structure in the corporate world and among the general public as an effective corporate governance system is likely to be concerned with disclosure and transparency in general, and disclosure of substantial activities that are harmful to society and environment in particular (Habbash, 2016). Supporting this view Aliyu (2018) noted that effective corporate governance mechanisms ensure transparent processes that facilitate more disclosures and quality reporting. As a result, directors and managers face a far more complex environment, where they are increasingly accountable to and affected by various stakeholders, and are under pressure from all sides to provide improved reporting on corporate health and behavior (Thiagarajan & Baul, 2014).

Recognition that the governance mechanism is a key driver of corporate accountability made the Financial Reporting Council (FRC) of Nigeria to introduce major corporate governance reforms through issuance of the Nigeria Code of Corporate Governance (NCCG) hereafter referred to as 'the 2018 Code'. The 2018 Code emphasises recommended minimum standards of practice under

'apply and explain' approach which requires entities to explain how the principles are applied. Prior to this, there existed several sectoral corporate governance codes such as the 2016 Code of Corporate Governance for the Telecommunication Industry, issued by the Nigerian Communications Commission (NCC) which replaced the 2014 NCC Code; the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 issued by the Central Bank of Nigeria (CBN) which replaced the 2006 CBN Code; the Code of Corporate Governance for Public Companies in Nigeria 2011 issued by the Securities and Exchange Commission (SEC) which replaced 2003 SEC Code etcetera. None of the previous codes, however, had a broad application across all sectors and types of entities. Thus the 2018 Code harmonised all these existing sectoral codes in Nigeria. It is to be emphasised here that the nature of corporate governance has an influence on firms' corporate governance mechanism and social sustainability disclosure practices. Thus, in Nigeria there were no recommended practices regarding various aspects of sustainability issues until the FRC launched the 2018 Code which adopts a principle-based approach in specifying minimum standards of practice that companies should adopt.

Section 26(1) of the 2018 code specifically recommended that corporate boards should establish policies and practices regarding its social, ethical, safety, working conditions, health, environmental and even corruption responsibilities as this ensures successful long term business performance and projects firm as responsible corporate citizens which will contribute to economic development. By adhering to the recommended practices, corporate boards and management act with integrity, align their interest with those of shareholders and other stakeholders and contribute positively to society. It is expected that the 2018 Code which became effective from January 2020 will rebuild public trust and confidence in the Nigerian economy, thus facilitating increased trade and investment.

The investing community wants to know which firms they can trust and, more importantly, which they should avoid based on disclosures (Emeka-Nwokeji & Osisioma, 2019). In this century of global financial and economic crunch, increased sharp business practices, global warming, ozone depletion, and water scarcity, reporting to provide users with broad data about all firms' activities and uncertainties that they need to make correct judgments about a company is in the public interest. Thus, apparent resurging pandemics, economic recession and corporate scandals have led to the call for firms to focus not only on long term relationships which deal with checks and balances, incentives for managers and communications between management and investors but also on the transactional relationship, which involves dealing with disclosure and authority (Khan, 2010). Emphasis is on providing a sustainable conducive environment for the human and corporate organisation to operate efficiently. The harsh economic situation in the country and uncertainty that followed the recent pandemic emphasized the need to regain the confidence of users of financial information.

Consequently, firms across the globe have been providing information on social performance. This is in response to the calls for firms to supplement regulatory efforts to lessen information asymmetry between company management and outside investors by disclosing relevant information in order to improve stakeholders' reporting (Bananuka, Tumwebaze & Orobia, 2019; Kaptein & Van Tulder, 2017). Thus, criticism of traditional reporting framework created opportunities for new reporting models and institutional innovations, causing growing numbers of organizations to disclose information on how their entities interact with local communities, employee and other stakeholders' (Emeka-Nwokeji, Ekwueme & Okeke, 2021). Most firms in

developed economies and in some developing economies like South Africa now integrate these nonfinancial disclosures fully, rather than just including a small section containing additional information.

Social disclosures are made in response to recommendations for a better business reporting paradigm which is hoped to lessen information asymmetry between management and investors. Majority of social sustainability disclosures are descriptive in character, with very little quantitative data. Disclosing social issues show linkages between firm's social and environmental dimensions of its activities, products and services. Social sustainability disclosure means reporting on company's practices designed to achieve respect for human beings. As most countries including Nigeria have not put specific regulations concerning social issues, social disclosures are currently provided voluntarily by firms in such countries.

The increase in number of firms disclosing on social sustainability issues attracted a great deal of researchers across the globe. As a result, several theoretical and empirical studies exist on value relevance of social disclosures, determinants of social disclosures, effects of social disclosures on different performance variables of firms, effect of internal and external corporate governance mechanisms on social disclosure, etc.

In addition, scientific studies have investigated one or more aspects of internal corporate governance mechanisms both from developed and developing economies. (Jahid, Rashid, Hossain, Haryono & Jatmiko, 2020; Chintrakarn, Jiraporn & Treepongkaruna, 2021; Marrone, 2020; Martínez-Ferrero, & García-Meca, 2020; Ballester, González-Urteaga & Martínez, 2020; Yahaya & Bilyaminu, 2020; Schäuble, 2019; Crifo, Escrig-Olmedo & Mottis, 2019; AlQadasi & Abidin, 2018; Boateng, Cai, Borgia, Bi & Ngwu, 2017; Hoffmann, 2014). However, cross sectional analysis on effect of internal corporate monitoring mechanism following implementation of the 2018 Code which became effective from January 2020 on different dimensions of social sustainability reporting is a relatively unexplored area in Nigeria. This study extends existing literature by evaluating whether internal monitoring mechanisms influence sustainability social disclosures among firms in Nigeria through a cross sectional approach. The study is an attempt to incorporate in the empirical model, some important internal corporate governance characteristics that possibly affect disclosure behaviour of firms but were ignored by previous studies. Specifically, the study examined effect of board size, board independence, board gender diversity, board meetings, board ownership and CEO Nationality on social sustainability disclosures of firms in Nigeria. The sample consists of non-financial firms listed on the Nigerian Stock Exchange at the end of 2020 from which a cross section of seventy-five (75) firms were purposively selected. The justification for using cross section data of 2020 is because the 2018 Code required entities in Nigeria to include in their annual reports for the financial years ending after 1st January 2020, a report on their compliance with the NCCG. Cross sectional data for social sustainability disclosure as well as data for corporate governance mechanism were retrieved from the annual reports of sampled firms by conducting content analysis.

This study contributes to extant literature in Nigeria in two ways. First by using post corporate governance reform data, the study contributes significantly to understanding of the effect of complying with the 2018 code recommended practices by firms listed on the Nigerian Stock Exchange on the extent of social sustainability disclosure. Secondly, this study contributed empirically by employing a cross sectional model approach. The findings of the study offer

existing and potential investors long term performance evaluation that can be integrated into investment analysis and decision making. Also the study developed a social sustainability disclosure index from seven different dimensions of social sustainability disclosures in the annual report of sampled firms. The study also conforms with recommendations of the 2018 code for annual evaluation to assess the performance of the collective corporate monitoring mechanism in executing their oversight role on companies.

In order to achieve the specified objectives, the remainder of the paper is organised as follows after this introduction:

Section 2 provides a review of concepts, recent studies on governance/monitoring mechanism and hypotheses development. Section 3 describes methodology adopted in sourcing and analysing data. Section 4 summarizes the main empirical results. Section 5 concludes with a summary of the findings. Section 6 proffer recommendations based on the outcome of the study.

2. Conceptual framework, Theoretical framework, Theoretical and Empirical Review

Various concepts employed in the study, previous theoretical and empirical studies on determinants of audit quality are discussed under this heading.

2.1 Conceptual framework

In this research, the signpost or map of the territory being investigated is to assess the effect of internal monitoring (governance) mechanisms on social sustainability disclosure. Independent variables are: board size, board independence, board gender diversity, board meeting, CEO nationality and CEO educational qualification. While social sustainability disclosure is the dependent variable. The conceptual framework of this study is illustrated in figure 2.1.

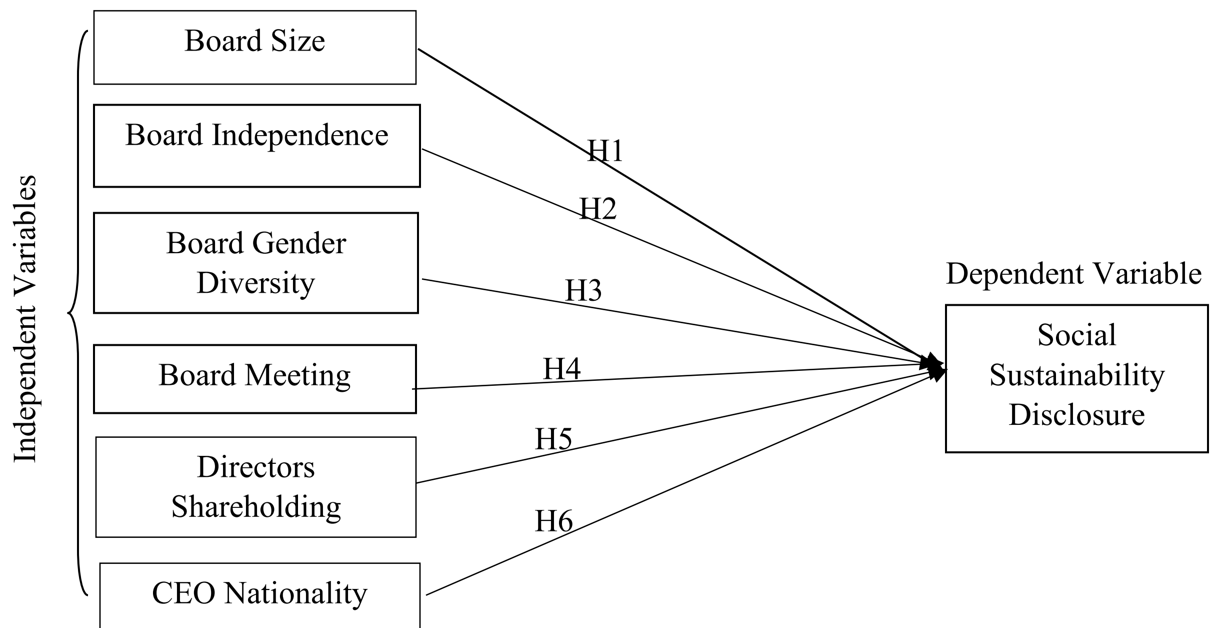

Figure 2.1: Conceptual Framework of the Study

2.1.1 Concept of Social Sustainability Disclosures and Measures

Social sustainability disclosure means reporting on company's practices designed to achieve respect for human beings. In the view of Mahmood, Kouser, Ali, Ahmad and Salman (2018), activities of firms have an impact on the external environment, and as such firms should be held accountable to a wider audience than simply its shareholders. Thus, business stakeholders such as suppliers, customers and investors are the main drivers for the communication of societal impact (Omoloso, Wise, Mortimer & Jraisat, 2020; Nobanee & Ellili, 2016). Social report is a multi-disciplinary concept covering a broad range of issues in operating business. Given the multiplicity of indicators used to describe social responsibility in economic literature, it becomes difficult to correctly define the concept. Supporting the argument about multiple dimensions of social disclosure, Servaes and Tamayo (2013) observed that a general consensus as to what activities are included under the CSR umbrella has not emerged. Effort is made in this section to bring out the meaning and as Carini, Comincioli Poddi and Vergallic (2017) observed, even if corporate social performance is difficult to measure, it can be transformed into measurable variables. According to Ibida and Emeka-Nwokeji (2019), social responsibility includes contributing to community development activities and initiating infrastructural social projects such as the building of schools, bridges, roads, hospitals, recreation centres, and training institutes among other projects. Social sustainability information (disclosure) includes everything from labor relations to product liability, including supply chain management, community investment, preservation of diversity, labor, human rights policies and the effectiveness of the health and safety regulations in preventing

accidents, intra- and inter-generational equity among many others (Alsayegh, Abdul Rahman & Homayoun, 2020; Widok, 2009).

Corporate social responsibility report, social performance information, social accounting, socio-economic accounting, social responsibility accounting, corporate social performance, social sustainability disclosure and social reporting, have been used interchangeably in the literature to describe information provided on various dimensions that relates to social engagement and social welfare strategy of firms (Jeroh, 2020; Alsayegh et al, 2020; Nguyen & Nguyen, 2020; Alkababji, 2014; Fifka & Meyer, 2013; Mahoney & Roberts, 2007; Crowther, 2000). Social reporting is the rational assessment of and disclosure on some meaningful domain of companies' activities that have social impacts (Ebimobowei, 2011). It is an approach to reporting where a firm publishes information on their socially relevant behaviour, product quality, equal opportunities and social benefits for their employees, contributions to the communities where they operate and development of appropriate measures and reporting techniques (Crowther, 2000 cited in Onyali, Okafor, & Onodi 2015; Fifka & Meyer, 2013).

Various dimensions of social disclosure have been measured by extant studies. The reason being that there are variations on the scope of activities included in a company's social sustainability programs. Subjective indicators are used by different firm and this may have contributed to diverse results on various categories of social responsibility research. Marfo, Chen, Xuhua, Antwi and Yiranbon (2015) strengthen this argument when they observed that lack of consensus of measurement methodology for corporate social responsibility brings about further complications.

Measures adopted by previous studies are based on indexing and weighting scale derived from the content analysis method. For instance, in a recent study, Rehman et al. (2020) developed a comprehensive social disclosure index by using the Global Reporting Initiative (GRI) and Accounting and Auditing Organization of Islamic Financial Institutions consisting of five dimensions of social disclosure: Ethical, Legal, Environmental, Economic, and Philanthropic and 105 sub dimensions. There are other several social sustainability indicators in the Thomson Reuters data set which include information on product responsibility, community, human rights, diversity, employment quality, health and safety, and training and development (Alsayegh et al, 2020). Emeka-Nwokeji (2019) used social donation, disclosure of charitable/philanthropic gifts, disclosure of human resources and employee relations, job creation, investment in employee, disclosure of employee health, safety and welfare to measure social sustainability disclosure. Hřebíček, Štencl, Trenz, & Soukopová (2012), measured social performance indicators using labour practices, human rights, society and product responsibility with their different sub indicators.

For the purpose of this study, social sustainability disclosure is conceptualised as firm's publication about its social behaviour as a way of achieving protection, promotion, and preservation of social values for future generations. Social sustainability is one of three components of corporate sustainability which enhances efficiency, sustainable growth, and shareholder value. Being socially responsible means considering the interest of the society in the actions of firms. It is measured as average of dichotomous values of one or zero for seven (7) items disclosed under Local Community Disclosure, Health and Safety Disclosure, Public Health

Sponsorship Disclosure, Sport Sponsorship Disclosure, Art and Culture Sponsorship Disclosure, Education Sponsorship Disclosure and Customer and Complaints Disclosure.

2.1.2 Concept of Corporate Governance (Monitoring) Mechanism

Monitoring mechanisms also known as governance mechanisms are structures and processes that firms put in place which are required to strengthen and promote a culture of regulatory compliance (Ja'afar, & Hassan, 2020). This includes but is not limited to establishing a compliance function, board and management committees, or designating existing structures that would be responsible for monitoring regulatory compliance. Thus, corporate board is one of the monitoring mechanisms in corporate governance as policy making and its implementation is carried out by corporate board of directors. They operate as the controlling body of the corporation with full oversight over business policies. They are also one of the bodies to be monitored to ensure their interests align with that of the firms' stakeholders. Monitoring mechanisms according to Arowolo and Che-Ahmad (2017) means different things to different people but the objective irrespective of how it is conceptualised, remains to resolve agency problems, to mitigate agency costs arising from the conflicts between the interests of the management and the shareholders and induce management to uphold the interests of the shareholders. Monitoring mechanisms can be defined as tools employed by firms to effectively reduce the proportion of privileges that management can extract at the detriment of shareholders' value.

In the view of Banerjee, Couzoff and Pawlina (2012), the quality of corporate governance determines how effectively managerial actions can be monitored. Corporate governance has been described as the system through which firms can be directed and managed. The concept of system as used here focuses on the interaction and responsibilities of the shareholders and managers, who are tasked with overseeing day-to-day operations. Following major corporate financial reporting scandals such as Enron and WorldCom in the United States, Parmalat in Italy, Cadbury Nigeria Plc, African Petroleum Plc, and AfriBank Plc, corporate governance has been a prominent topic in accounting, management and finance literature. Corporate governance arose from the desire to strengthen corporate control procedures. This is so not only developed countries. Emerging countries like Nigeria have launched numerous corporate governance initiatives by developing and implementing corporate governance codes.

AlQadasi and Abidin (2018) noted that national differences in structure could make companies' governance more flexible and responsive to local features. To this effect, the latest effort towards corporate governance initiatives in Nigeria is the launching of the 2018 Code by the Financial Reporting Council, to which all entities in Nigeria are expected to have complied by January 2020. Corporate monitoring mechanisms comprises all measures – such as optimal incentive or control structures – which assure that investors get an adequate return for their investments (AlQadasi & Abidin, 2018; Von Arx & Ziegler, 2008). It deals with the mechanism by which stakeholders of a company exercise control over corporate managers and provide overall direction to the firm, such that stakeholders' interests are protected (Osisioma, 2013). According to Uwuigbe, Peter and Oyeniyi (2014), corporate monitoring mechanism is a mechanism that is employed to reduce the agency cost that arises as a result of the conflict of interest between managers and shareholders. It is an internal system encompassing policies, processes, and people that serve the needs of shareholders and other stakeholders by directing and controlling management activities with good business practices, objectivity, and integrity (Man & Wong, 2013).

The quality of corporate governance and the nature of a company's culture and behaviors are recognized as having a significant impact on performance and long-term sustainability through information disclosed by the firm to its stakeholders (Emeka-Nwokeji, 2017; Roy, 2016). Apart from reducing chances of management acting in its self-interest as well as takes actions that deviate from maximizing the value of the firm, monitoring mechanisms also affect the information disclosed by the firm to its shareholders. The objectives include to develop the quality of companies' board governance and increase the accountability of companies to shareholders, while maximizing firm performance (Kanthapanit, 2013; Damagum & Chima, 2013). Commenting on the need for corporate governance, Kocmanova and Simberova (2012) opined that good governance is an essential ingredient of corporate success and sustainable economic growth. Good corporate governance also creates effective monitoring of the structure of a firm's board of directors and their accountability to shareholders.

In the view of Schäuble (2019) corporate governance consists of internal and external control mechanisms that are used in corporate governance to align the interests of management and shareholders. Thus, corporate governance mechanisms can be broadly classified into two types: internal and external. Internal mechanisms are decided by internal factors, including insider shareholding as well as board structures and characteristics. Internal governance mechanism includes the proportion of independent directors, director backgrounds, audit committees, compensation committee, remuneration committees, and ownership structures. On the other hand, external mechanisms are determined by outside factors, aim to govern firms in favor of the interests of stakeholders. It includes such items as legal/regulatory systems and takeover rules. (Man & Wong, 2013).

Boateng et al. (2017) noted that internal corporate governance are within-firm governance mechanisms. Similarly, Florackis (2005) describes it as internal firm-specific corporate governance characteristics and included managerial ownership, managerial compensation and board size as measures of internal corporate governance mechanism. Internal monitoring mechanisms are strongly tied to management, which is why they are being focused on in this study. External corporate governance mechanisms are obtained from the capital markets, according to Dharmastuti and Wahyudi (2013), and enterprises cannot influence external processes. According to them, board of directors (roles, structures, and incentives), management incentives, capital structure, constitutions and corporate regulations, and internal control system are the five major categories of the internal monitoring mechanism.

Based on the above paragraph, Internal corporate monitoring mechanism is defined in this study as a set of incentives used by a company's board of directors and its numerous committees to align management and shareholder interests. They are incentives, sets of controls and procedures by way of ownership concentration, board of directors with its various committee, and executive compensation all of which are designed to encourage executives to act in the best interests of shareholders. For the purpose of this study, internal corporate monitoring mechanism is measured with board size, board independence, board gender diversity, board meetings, board ownership and CEO nationality.

2.2 Theoretical Framework

Theoretical issues are not detached from empirical study and one of the first steps in research is to explore theory that provides support for the study. This is especially true in the case of accounting and management research, which is by its very nature practical and applied. The relationship between theory and research is symbiotic since theory should inform research, and research findings should inform theory (Laughlin, 1995). This study is therefore based on agency theory, the theory which provides important theoretical frameworks for internal corporate monitoring mechanism research and is generally used to explain the motivation for social sustainability reporting practices.

Agency theory provides explanation of the relationship between the managers of the firm (agent) and its owners (principal) especially with regards to the provision of financial and non-financial information. Agency theory is the main theory used to predict the relationship between sustainability practices and firm performance. One of the underlying assumptions of agency theory is that due to information asymmetry, the agent may not necessarily make decisions in the best interests of the principal, leading to agency problem. An increase in information through social sustainability disclosures will reduce the information asymmetry and the consequential agency problem (agency cost). Simply put, strong internal corporate monitoring mechanisms reduce information asymmetry by encouraging more disclosure on societal issues, thereby mitigating agency problems.

2.3 Theoretical and Empirical Review

Below are studies that show how successful internal monitoring mechanism is at monitoring managerial actions related to a firm's disclosure policy:

2.3.1 Board Size and Social Sustainability disclosure

Board size represent the total number of directors on a company' board. The size of a company's board of directors is an important corporate governance mechanism that can influence the level of corporate disclosure as larger boards provide more experience and capacity for monitoring management (Rouf, 2017). In the same reasoning, Dienes, Sassen and Fischer (2016) opined that a large board is more effective because it is less likely to be influenced by management or outside influences.

In a most recent study on the relationship between corporate governance and sustainability reporting quality using firms from Nigeria, Erin, Adegboye and Bamigboye (2021) employed the ordered logistic regression technique and discovered that board size which is one of the corporate governance mechanisms employed in the study is positively and significantly associated with sustainability reporting quality. Jahid et al. (2020) evaluated the impact of corporate governance mechanisms, such as board size on corporate social responsibility disclosure (CSRD) using selected publicly-listed banks in Bangladesh for a period of six years. The study revealed that board size has a significant positive impact on CSRD. Rouf and Hossan (2020) used annual report of listed banking firms in Bangladesh to examine the effect of board size on social disclosure. The result disclosed, that board size has no significant relationship with the CSR disclosure. Alabdullah, Ahmed and Muneerali (2019) examined the link between board size and corporate social responsibility (CSR) using public listed companies from the Bursa Malaysia. Partial Least

Squares (PLS) analyses was employed and the findings showed that board size has a significant and positive relationship with CSR disclosure. In a study on how corporate governance is related to corporate social responsibility disclosure, Cucari, Esposito de Falco and Orlando (2018) found that board size is not associated with ESG as a measure of corporate social responsibility disclosure. Similarly, Kılıc, Kuzey and Uyar (2015), investigated the extent of corporate social responsibility (csr) reporting and the effect of board structure on the extent of the csr reporting. The result indicates among other things that board size has no statistically significant relationship with corporate social responsibility reporting. Giannarakis (2014) investigated the effect of corporate governance and financial characteristics on social responsibility disclosure using total number of directors on boards as a measure of corporate governance. The result showed that board size has negative and insignificant effect on social disclosure. This finding revealed that the board's size does not affect the extent of social disclosure.

2.3.2 Board independence (Proportion of non-executive Directors) and Social Sustainability disclosure

Board independence represents the percentage of non-executive directors on a company's board. Companies with a larger number of non-executive directors on their boards are more likely to provide quality information about social issues because they are better able to fulfill the needs of all stakeholders (Erin et al., 2021; Jahid et al., 2020). This view is supported by an empirical finding by Al Fadli, Sands, Jones, Beattie and Pensiero (2020) in their study on the influence of board independence on the level of social responsibility reporting in Jordan. Analyses revealed that board independence has a positive and significant effect on the level of CSR reporting. Similarly, Velte (2019) found that board independence is positively linked with CSR reporting. Onuorah et al (2018), examined the influence of corporate board attributes on voluntary corporate social disclosure of selected quoted manufacturing firms in Nigeria. Proportion of non-executive directors was employed as one of the measures of corporate board attributes. Result of the study showed a significant positive influence of proportion of non-executive directors on voluntary corporate social disclosure. Ahmad, Rashid and Gow (2017) in their study on influence of board independence on corporate social responsibility (CSR) reporting by publicly listed companies in Malaysia utilized social reporting index based on six themes and 51 items was developed based on content analysis. Analysis revealed that independent directors have a positive and significant effect on extent of social responsibility reporting. Chintrakarn et al (2021) examined whether board independence influenced social responsibility disclosure investments during the great recession. The study showed that boards with more independent directors, lead to a significant reduction in social responsibility investments during the crisis. This indicates that independent directors viewed social responsibility disclosure investments unfavorably during the financial crisis. Abu Qa'dan and Suwaidan (2019) empirically examined the impact of board composition variables using proportion of independent directors on social responsibility disclosure. The study document that the percentage of independent directors on the board has a significant negative impact on CSR disclosure level. Bansal, Lopez-Perez, Rodriguez-Ariza (2018) examined the impact of board independence on corporate social disclosure using an international sample from 29 countries from 2006 to 2014, analyses revealed that board independence is negatively associated with CSR disclosure practices. Using dataset consisting of Malaysian government-linked companies for 2005 and 2007, Esa and Ghazali (2012), employed proportion of independent directors as one of the measures of corporate governance mechanism to assess its influence on

level of social disclosure. Multiple regression analyses revealed that board independence has a significant negative impact on social disclosure of sampled firms.

2.3.3 Board Gender Diversity and Social Sustainability Disclosure

Board Gender Diversity is used to describe the proportion of board members that are female. Tapver, Laidroo and Gurvitš-Suits (2020) opined that the presence of women on the board contribute to greater orientation towards transparency as women tend to cater for the concern of all stakeholders. Monica, Daromes and Ng (2021) explored the role of women on boards as a mechanism to improve carbon emissions disclosure which is an aspect of sustainability disclosure. Data was sourced from 122 nonfinancial firms listed on the Indonesia Stock Exchange from 2015 to 2019. Results of analyses showed that women on boards have a positive and significant effect on carbon emission disclosure. In a study on the link between female representation on boards and social responsibility reporting of listed banks, Tapver, Laidroo and Gurvitš-Suits (2020) document a positive association between the proportion of women on board and social disclosure of selected firms. Jahid et al (2020) used data from annual reports of publicly-listed banks in Bangladesh for six years in investigating the impact of corporate governance mechanisms on corporate social responsibility disclosure. Results revealed that female board members used as one of the corporate governance variables has a significant positive impact on social disclosure. Olthuis and van den Oever (2019) investigated the influence of board ideological diversity on CSR performance. Composition of the strategic decision-making team which means proportion of women on board was employed to measure ideological diversity. According to the study, board diversity has a negative relationship with corporate social responsibility performance of firms. This result supports the idea that homogeneous boards outperform heterogeneous boards. Which means that women's presence on the board of directors will not provide better communication between the directors and investors. Cucari et al (2018) directly investigated how board diversity variables of corporate governance affect the ESG disclosure of Italian listed firms. Coefficient of women on the board is significantly negative, indicating that the higher the gender diversity on the board (equivalent to more women on the board), the lower the ESG disclosure. The proportion of women on the board was used as a corporate board attribute to examine influence of corporate board attributes on voluntary corporate social disclosure of selected quoted manufacturing firms in Nigeria by Onuorah et al (2018). A significant positive influence of proportion of women on the board on voluntary corporate social disclosure was discovered in the study. Al-Shaer and Zaman (2016) assessed the link between board gender diversity and sustainability reporting quality based on the UK perspective. The result provided evidence that independent female directors, have a significant positive association with sustainability reporting quality. Giannarakis (2014) conducted a study on corporate governance and financial characteristic effects on the extent of corporate social responsibility disclosure using proportion of women on board as a measure of corporate governance. The result showed that increased presence of women in the board has an insignificant effect on the level of social disclosure which means that gender diversity of a board is not a determinant factor for the extent of social disclosure. In another related study by Giannarakis, Konteos and Sariannidis (2014) on determinants of corporate social responsible disclosure, presence of women on company's board has positive and significant effect on the extent of social responsible disclosure. This showed greater presence of women on boards seems to influence the reach of social disclosure positively.

2.3.4 Board Meetings and Social Sustainability Disclosure

Board meeting also described as board diligence or advising tendency means number of meetings of the board in the year. Board of directors of firms should meet frequently in order to take decisions based on thorough discussion and analysis. Board meeting provides platforms for the Board to understand the Company's business, governance and performance through sharing of ideas. The Nigerian 2018 Code recommended that the Board should meet at least once every quarter in order to effectively perform its oversight function and monitor management's performance. When boards meet on a regular basis, it provides evidence of their commitment to the firm as key player in monitoring and decision-making (Min & Chizema, 2018). Furthermore, more board meetings represent better director oversight including meeting their social responsibilities towards stakeholders (Ahmad, Rashid & Gow, 2017). However, it has been argued that an increased frequency of meetings inevitably raises coordination costs and could lead to negative assessment effects (Ahmad et al., 2017; Dienes & Velte, 2016). In line with the reasoning of frequent meeting increasing agency cost and not addressing disclosure issues, Harymawan, Agustia, Dwi and Ratri (2020) assessed the extent to which meetings of the board of directors influences the level of social responsibility disclosure of companies listed on the Indonesia Stock Exchange. The study documents a significant negative effect of the board of directors meeting on social disclosure. Nour, Sharabati and Hammad (2020) provides empirical evidence that board meetings are insignificant to social responsibility disclosure using data of public industrial companies in Jordan from 2010 to 2014. Yusoff, Ahman and Darus (2019) used public listed companies in Malaysia for 2015 and 2016 in assessing the influence of the corporate governance on corporate social responsibility disclosure practices. The study provided empirical evidence that board meeting has insignificant relationship with the accountability-related corporate social responsibility disclosure. Fauzyyah and Rachmawati (2018) investigated effects of corporate governance characteristics on the level of corporate social responsibility disclosure in the firms that operates in the manufacturing sector in Indonesia. CSR disclosure was measured using company's social disclosure index while number of board meetings was used as one of the corporate governance mechanisms. Analyses using multiple regression showed that number of board meeting has positive and significant effect on social disclosure index. Ahmad et al (2017) examined effectiveness of board meeting frequency on social responsibility reporting of public listed companies in Malaysia. Ordinary Least Square (OLS) regression was employed in the analyses and finding revealed that frequency of board meetings has a negative but insignificant relationship with level of CSR. This indicates that the number of board meetings is not associated with CSR reporting. Haji (2013) documents an insignificant effect of board meetings on the extent of social disclosure of companies listed on Bursa Malaysia for 2006 and 2009 which represent before and after significant changes in the Malaysian business environment.

2.3.5 Board Ownership and Social Sustainability Disclosure

This can also be described as board shareholding. It represents the percentage of ordinary and preference shares that the board members own in a firm. Board ownership concentration is thought to have a favorable impact on corporations' disclosure policies by encouraging social responsibility practices as a way of improving company reputation and increasing profitability. On the other hand, it may have a negative impact on social disclosure policies since information asymmetry is reduced and there is less pressure for more transparency when board members are also shareholders. Firms in which board members own substantial shares of the company are said to be closely held and thus reduce pressures on the insiders to provide additional corporate disclosures

(Haji, 2013). Qa'dan and Suwaidan (2019) conducted an empirical study on the extent and nature of corporate social responsibility (CSR) disclosure in the context of Jordanian listed manufacturing firms and the effect of governance attributes on the social disclosure level. Results revealed that board ownership has a significant negative impact on social disclosure level of sampled firms. Board ownership was used to examine the influence of corporate board attributes on voluntary corporate social disclosure of selected quoted manufacturing firms in Nigeria by Onuorah et al (2018). The study documents a significant negative influence of board ownership on voluntary corporate social disclosure of sampled firms. Empirical study by Nurleni, Bandang, Darmawati, and Amiruddin (2018) showed that there is a negative and significant correlation between managerial ownership and corporate social responsibility disclosure of manufacturing companies listed on the Indonesia Stock Exchange. Godos-Díez, Fernández-Gago, Cabeza-García and Martínez-Campillo (2014) assessed the relevance of ownership and top management characteristics in implementing corporate social responsibility (CSR) activities in non-listed companies in Spain. The results of analysis showed that indicate that firm ownership concentration has a positive and statistically significant effect on the implementation of social responsibility practices. Paek, Xiao, Lee and Song (2013) evaluated the link between managerial ownership and different dimensions of corporate social responsibility (CSR) in the hospitality industry in the United States. The results of the study indicate that managerial ownership has a significant negative relationship with employee relations which is one of the dimensions of social responsibility. Using data of public listed companies in Malaysia for the year 2003, Akhtaruddin and Haron (2010) found that board ownership has a significant negative effect on corporate voluntary disclosures. MohdGhazali (2007) examined the influence of ownership structure on corporate social responsibility (CSR) disclosure of firms included in the Bursa Malaysia Composite Index. Multiple regression analysis showed that directors' ownership has a significant negative effect on social disclosure. The negative association indicates that firms in which the executive and non-independent directors held a proportion of shares disclose significantly less CSR information in their annual reports. Eng and Mak (2003) found managerial ownership to be negatively associated with the extent of voluntary disclosure of firms listed on the Stock Exchange of Singapore (SES). The above findings were in contrast with result of a most recent study by Ongsakul, Jiraporn and Treepongkaruna (2021) on the effect of managerial ownership on corporate social responsibility and how this effect may be altered by economic policy uncertainty. Analyses of the study document a significant positive relationship between managerial ownership and corporate social responsibility when firms are facing more economic policy uncertainty (EPU). This study indicates that as EPU intensifies, larger managerial ownership leads significantly to more CSR investments. Also, Kolsi and Muqattash (2020) provided evidence that managerial ownership, positively impacts the level of corporate social responsibility disclosures in their study on the link between social disclosures and corporate governance mechanisms using firms listed on ADX from 2010 to 2014. Agustia, Dianawati and Ariani (2018) found that managerial ownership has a positive and significant effect on corporate social responsibility disclosure of firms listed on the Indonesia Stock Exchange from 2013 to 2015. Similarly, a study by Jia and Zhang (2013) on the link between managerial ownership and corporate social performance using privately owned Chinese firms, provided evidence that there is a significant positive relationship between managerial ownership and corporate social performance of firms. Johnson and Greening (1999) investigated the influence of corporate governance and investor types on two dimensions of corporate social performance (CSP) using firms drawn from the Kinder, Lydenberg, Domini, and Company corporate social performance database. Results revealed that management equity level

has a positive and significant effect on product quality dimension of corporate social performance of sampled firms. Similarly, Said, Hj Zainuddin and Haron (2009) provided empirical evidence that managerial ownership has an insignificant effect on Malaysian listed companies for the year ended 2006.

2.3.6 CEO Nationality and Social Sustainability Disclosure

CEO Nationality is a corporate governance mechanism use to show whether a firms' CEO is local or expatriate. It shows whether the CEO hails from countries or nationalities different from the firm. The issue of CEO nationality developed as a result of the fact that some CEOs were born in countries other than those of the companies they oversee. In the view of Al-Duais et al. (2021), characteristics of the CEO can explain the differences in the reporting of CSR activities across firms. To influence corporate reporting strategies, the CEO's identity is very crucial. Supporting this line of reasoning, Ren, Wang, Hu and Yan (2021) noted that CEO are more inclined to greater responsibility for social activities based on their nationality. Using CSR scores from Bloomberg database from 2010 to 2019, Al-Duais et al. (2021) provided empirical evidence that CEO nationality has an insignificant effect on corporate social responsibility reporting. Bertrand, Betschinger and Moschieri (2021) use corporate social performance (CSP) information from the Thomson Reuters ESG Scores to examine whether firms' corporate social performance (CSP) varies when local firms have foreign CEOs. Empirical result of the study showed that foreign CEOs have a positive and significant influence on corporate social performance. This indicates that firms with a foreign CEO have a higher corporate social performance than firms with a local CEO. Empirical study by Setiawan, Brahmana, Asrihapsari and Maisaroh (2021) on the effect of foreign boards on corporate social responsibility using manufacturing firms listed on the Indonesia Stock Exchange reveals a positive relationship between foreign CEOs and corporate social responsibility. Similarly, Thambugala & Rathwatta (2021) using data from Sri Lankan firms provided empirical evidence that foreign directors have more exposure on CSR. In a similar study on CEO characteristics and sustainable business model in Fintech firms by Sannino, Di Carlo and Lucchese (2020), other nationality has significant negative effect in implementing sustainable business model. Similar study by Kaur & Singh (2018) confirmed a significant negative relationship between CEO nationality and corporate performance. Which indicates that demographic differences impede social closeness among classes and groups, and that these social barriers reduce minority perspectives' ability to influence group decisions thereby leading to poor performance. Musa, Gold and Aifuwa (2020) investigated the influence of a diverse board using nationality, age and educational level of CEO on sustainability reporting of listed industrial goods firms on the Nigerian Stock Exchange from 2014 to 2018. The study found that nationality diversity in the boardroom has a positive but insignificant effect on sustainability reporting. Faisal, Djakman and Adhariani (2019) used sample of listed firms in the manufacturing industry of the Indonesia Stock Exchange in 2016 to examine whether CEOs' international characteristics influence social responsibility disclosure. Analyses provided empirical evidence that foreign citizenship of CEOs did not affect CSR disclosure in Indonesia. Huang (2013) evaluated the connection between corporate social responsibility performance of firms and CEO characteristics using data from firms listed under Newsweek's Green Ranking between 2008 and 2010. Results did not find significant relation between CEO nationality and corporate social responsibility performance of firms.

2.4 Hypotheses Development

Above empirical and theoretical review demonstrate that there is a growing literature from both developed and developing economies on different corporate governance mechanisms that affect social disclosure policies of firms. These studies as can be seen from above reviewed empirical literature provided conflicting evidence on the link between different governance mechanisms and social disclosure practices. There is need to confirm the studies using cross sectional data from firms in Nigeria particularly following recent adoption of 2018 Nigeria Code of Corporate Governance which became effective from January 2020. The following hypotheses stated in the null form a guide to the study.

Ho_1: Board size has no significant effect on social sustainability disclosure of selected firms in Nigeria.

Ho_2: Board independence has no significant effect on social sustainability disclosure of selected firms in Nigeria.

Ho_3: Board gender diversity has no significant effect on social sustainability disclosure of selected firms in Nigeria.

Ho_4: Board meetings have no significant effect on social sustainability disclosure of selected firms in Nigeria.

Ho_5: Board ownership has no significant effect on social sustainability disclosure of selected firms in Nigeria.

Ho_6: CEO nationality has no significant effect on social sustainability disclosure of selected firms in Nigeria.

3. Methodology

The effect of internal corporate governance mechanism on social sustainability disclosure was investigated through *ex-post facto* design. Sample consists of 75 selected non-financial firms listed on the Nigerian Stock Exchange as at 31st December 2020. Thus the study has 75 observations from different variables for a single time period which is the year 2020. These companies were purposely selected based on the criteria that they have complete data for the variables of interest and there is ease of access to annual report and CSR/Social Sustainability report or statements in the company's website.

Table 3.1 Sample Distribution (Sector classification)

Sector	Number of Companies in the Nonfinancial Sector
Services	17
Oil and Gas	7
Natural Resources	4
Industrial Goods	10
Consumer Goods	16
ICT	4
Conglomerate	5
Healthcare	6
Agriculture	4
Construction and Real Estate	2
TOTAL	**75**

3.1 Model Specification

In order to achieve the objective of the study and to test the formulated hypotheses, Cross sectional regression model is constructed as follows:

Social Disclosure = f (Internal Governance Mechanism, Controls)

$$SOCDi=\beta 0+\beta 1BSZi+\beta 2BINDi+\beta 3BGENi+\beta 4BMi+\beta 5BOWNi+\beta 6CEONi+\beta 7FSZi+\beta 8FAGEi+\varepsilon i$$

where:

$\beta 0$ represents the intercept
$\beta 1$-$\beta 8$ represent coefficients of regression model
ε represents the error term
i is the cross-sections
SOCD= Social Sustainability Disclosure Index
BSZ=Board's Size
BIND=Board's Independence (Proportion of non-executive Directors)
BGEN=Board's Gender Diversity
BM= Board Meetings
BOWN=Board's Ownership
CEON=CEO Nationality
FSZ=Firm Size
FAGE=Firm Age

SOCD is the dependent variable which is calculated as average of the dichotomous values of one or zero for seven (7) items disclosed under Local Community Disclosure, Health and Safety Disclosure, Public Health Sponsorship Disclosure, Sport Sponsorship Disclosure, Art and Culture Sponsorship Disclosure, Education Sponsorship Disclosure and Customer and Complaints Disclosure extracted from company annual reports and company websites using content analysis. To calculate Social Sustainability Disclosure score for each firm, the sum of item(s) disclosed is

divided by the total number of possible items which is seven. The monitoring/governance mechanism used in the model are defined as follows: Board Size (BSZ) measured as number of board members; Board Independence (BIND) measured as percentage of Non-Executive or independent directors to total board size; Board Gender Diversity (BGEN) measured as percentage of female directors to total board size; Board Meeting (BM) measured as number of board meetings per year; Board Shareholding/Ownership (BOWN) measured as percentage of shares owned by board members to total average outstanding shares; CEO Nationality (CEON) measured as dummy where 1 is assigned to foreign nationality CEO and 0 otherwise. The control variables used in the analysis are defined as follows: Firm Size (FSZ) which is the natural logarithm of total assets and Firm Age (FAGE) is calculated in years since the year the firm was incorporated.

4. Analysis and Results

The study used both descriptive and inferential analyses. Results of the empirical analysis consisted of the following steps: Descriptive statistics was used to describe the characteristics of the data. Correlation matrix was also used to evaluate the relationship between the variables and also used for checking for the presence of multi-collinearity. Before proceeding with the tests, the data normality is examined and found to be normally distributed. Next step is to test the hypotheses of the study using cross sectional ordinary least squares regression analysis. A collinearity diagnostic test was conducted to check whether multicollinearity problem exists among the variables using Variance Inflation Factor (VIF). To avoid heteroscedasticity, the variables are tested using Breusch-Pagan/Cook-Weisberg test to ensure that there is no variability in the range of values used in the analysis. These analyses and their interpretations are presented and discussed under this sub heading.

4.1 Descriptive Statistics

Table 4.1 provides information regarding the characteristics of the variables used in the study in terms of mean, standard deviation, minimum and maximum. The extent of social sustainability disclosure varies from 0 to 1 with an average of 0.36 and standard deviation of 0.23. The value of standard deviation indicates a low level of the dispersion of the respective firm-level data from the mean. The indication of minimum and maximum value is that whereas some firms provided information on all the seven (7) social sustainability items disclosed under local community, health and safety, public health sponsorship, sport sponsorship, art and culture sponsorship, education sponsorship and customer and complaints, there are firms that did not disclose on any of the social sustainability items during the period of the study. The average value of social sustainability score indicates that social sustainability disclosure is not high in Nigeria relative to other emerging economies such as Kazakhstan and Bangladesh which Orazalin (2019) and Rouf and Hossan (2020) found to have a mean value of 46% and 44% respectively. The mean values of the social sustainability disclosure index show improvement in that the overall SOCD disclosure of Nigeria firms from 2.87%, 3.81% and 17% found in a study by Alhassan and Islam (2019), Okoye and Adeniyi (2018) and AdeizaFarouk and Hassan (2013). prior to adoption of the 2018 code of corporate governance.

Table 4.1 Descriptive Statistics

stats	socd	bsz	bind	bgen	bm	bown	ceon	fsz	fage
mean	.3584	8.306667	73.41627	17.1356	4.8	19.80333	.2266667	7.007165	31.08
min	0	4	7.69	0	2	0	0	3.738	7
max	1	16	100	66.67	9	88.24	1	9.2409	56
sd	.2319369	2.594033	14.91938	14.19939	1.423737	25.74675	.4214946	1.025344	13.5325
skewness	.7942626	.5804341	-1.346691	.9747661	.8654987	1.122448	1.305706	-.489288	-.237816
kurtosis	2.955534	3.105201	6.639299	4.503575	3.5992	2.978688	2.704868	3.438945	1.583399
N	75	75	75	75	75	75	75	75	75

Source: Extract from STATA Output

Table 4.1 also shows the summary statistics on independent variables. Board size (BSZ) has a mean value of 8.30, and ranges from 4 to 16 board members. Standard deviation revealed a low level of dispersion from the mean. The mean value of BSZ shows that most of the firms have eight board members which is in line with the recommendation of the 2018 Code that firm's board should be of a sufficient size to effectively undertake and fulfil its business; to oversee, monitor, direct and control the Company's activities. The mean value of Board independence (BIND) is about 73.58 with a wide range from 8 to 100 per cent. This reveals that 74 percent of the sampled firms had more independent directors in their board. This mean that most listed firms in Nigeria are meeting up with the 2018 code recommended practice that it is desirable that majority of the Non-Executive Directors are independent and consequently benefit from the inherent advantages. Minimum value of BIND shows that independent board members of some firms is only eight percent. This shows that some firms are yet to comply with best practices of the 2018 code. Average value of female directors to the overall board size is 17 percent with a standard deviation of 10.19. Board gender diversity has minimum value of zero and maximum value or 66.67. The zero minimum value for board gender diversity shows that some companies do not have any female representation in its board. Maximum value shows that some firms have female directors are up to sixty-six percent of total board members. Thus, during the period under study, there are firms in Nigeria that have not complied with the 2018 Code that firms should promote diversity in their membership across a variety of traits that are important for improved decision-making and governance. The variable board meeting (BM) shows a minimum and maximum value of 2 and 9 respectively. The average value of board meeting is 4.5 which indicates that sampled firms meet about five time yearly. Thus, most of the sampled firms comply with the 2018 code recommendation of meeting at least once every quarter in order to effectively perform its oversight function and monitor management's performance. The maximum board shareholding (bown) stood at 88 percent of outstanding shares, while its minimum holding is zero (0) percent connoting that among the sampled companies and during the period following the 2018 code some independent directors do not own shares of the companies they are directing. Also, the statistics showed that on the average most of the board members had its company's share up to 20 percent (19.80). This result indicates that sampled firms contradict independence criteria recommendation of code 2018 which specified that independent directors cannot have shareholding in excess of 0.01% of the company's paid-up capital. The minimum value of CEO nationality showed that CEO

of some of the sampled firms are foreign nationals precisely the mean value revealed that about 22 per cent CEOs of the sampled firms are foreign nationals. While CEO of about 78 percent of sampled firms were Nigerians. Average age of sampled firms is 31 years and ranges between 7 years and 56 years. Average size of sampled firms is 7.00 and ranges between 3.73 and 9.24. The standard deviation of 1.02 indicate a low level of dispersion from the mean value of firm size. The skewness result indicates that most of the variables employed in the model are positively skewed. Also the skewness values for all variables employed the study were between '-1 and +1' thus all the variables were within the acceptable range indicating that the data is considered to be tolerably mild and normally distributed. The result of the kurtosis shows that the data used in the study is leptokurtic since it has positive kurtosis and six out of the nine variables (dependent, independent and control) having value three (3) for a normal distribution. Therefore, based on the above descriptive values it is clear that the distribution can be considered as normal and the data set satisfies the requirement for normal distribution. This is also confirmed by normality test presented in table 4.2.

4.2 Normality Test

Normality of data is often tested in order to ensure that the normality assumption of regression is satisfied. The data collected is also checked for normality using Shapiro-Wilks W normality test.

Table 4.2 Normality Test

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	z	Prob>z
socd	75	0.95167	3.146	2.502	0.00617
bsz	75	0.97036	1.930	1.435	0.07561
bind	75	0.90767	6.011	3.916	0.00005
bgen	75	0.92835	4.665	3.362	0.00039
bm	75	0.96115	2.529	2.026	0.02140
bown	75	0.76887	15.048	5.919	0.00000
ceon	75	0.94201	3.776	2.901	0.00186
fsz	75	0.97964	1.326	0.615	0.26917
fage	75	0.89957	6.539	4.099	0.00002

Source: Extract from STATA Output

Shapiro-Walk test on Table 4.2 checks the normal assumption using W statistic. W is positive and less than or equal to one. W being close to 1 indicate normality of the data (Henderson, 2006; Peng, 2004). With W values of 0.95, 0.97, 0.90, 0.92, 0.96, 0.76, 0.94, 0.97 and 0.86b respectively for social sustainability disclosure, board size, board independence, board gender diversity, board meeting, board ownership CEO nationality, firm size and firm age respectively employed in the study being close to 1, it indicates normality of the data. With this result, the study concludes that the data used are normally distributed, that there is no outlier in the data and thus analyses and conclusion therefrom are reliable for drawing conclusion.

4.3 Correlation Results

In order to examine the possible degree of multicollinearity among the independent variables correlation matrixes of the variables is presented in table 4.3.

Table 4.3 Correlation Matrix for the study variables

	socd	bsz	bind	bgen	bm	bown	ceon	fsz	fage
socd	1.0000								
bsz	0.3193	1.0000							
bind	0.0471	0.0565	1.0000						
bgen	0.2501	0.1191	0.1932	1.0000					
bm	0.1267	0.3352	0.0676	0.2510	1.0000				
bown	0.0725	-0.0018	-0.0850	0.1006	-0.1137	1.0000			
ceon	0.2470	0.3064	-0.0534	-0.0346	0.0540	-0.1591	1.0000		
fsz	0.4837	0.6439	0.0444	0.2930	0.2431	0.0101	0.2704	1.0000	
fage	0.1469	0.0778	0.0026	0.0365	0.1264	-0.3714	0.2882	0.0870	1.0000

Source: Extract from STATA Output

The result of the correlation analysis is also used to show the direction of the relationship among the variables and describe the degree to which variables employed are linearly related to another. The correlation analysis on Table 4.3 above among other things showed that all the independent and control variables of interest showed a positive correlation with social sustainability disclosures. The correlation result reveal that the variable CEO nationality has a negative relation with board independence, board gender diversity and board shareholding which indicates that the more the CEO is a non-Nigeria, the less independent the board will be; the less women will be represented on the board and less board members will have shares in the company they are directing. Also, the control variable firm size measured by log of total assets has a strong positive correlation with board size which indicate that larger firms have more board members. Firm age has negative relationship with board shareholding which shows that the older the firm the lesser the percentage of board shareholding. The results also indicate the absence of multicollinearity among the explanatory variables because the correlation coefficients obtained were less than the threshold value of 0.80.

4.4 Regression Diagnostics Results

To further confirm that regression results is not distorted, regression diagnostics was conducted using the Variance Inflation Factor (VIF) and the Breusch Pagan Cooke/Weisberg for heteroscedasticity tests. VIF result revealed mean value of 1.38 which indicates the absence of multicollinearity. Variance Inflation Factor (VIF) for each independent is 1.93, 1.89, 1.25, 1.24, 1.24, 1.23, 1.22, 1.06 for board size, firm size, firm age, board gender diversity, CEO Nationality, board meeting, board shareholding, board independence respectively. None of the explanatory variables have a VIF value in excess of 10 which indicate that multicollinearity is not influencing the least square estimates.

Table 4.4 Regression Diagnostics Results

```
    Variable |       VIF       1/VIF
-------------+----------------------
         bsz |      1.93    0.517951
         fsz |      1.89    0.528113
        fage |      1.25    0.797195
        bgen |      1.24    0.804764
        ceon |      1.24    0.806432
          bm |      1.23    0.816310
        bown |      1.22    0.820454
        bind |      1.06    0.942083
-------------+----------------------
    Mean VIF |      1.38

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
         chi2(1)      =     4.14
         Prob > chi2  =   0.0420
```

The result of the Breusch Pagan Cooke/Weisberg test further produced a chi2(1) value of 4.14 with a p-value of 0.0420. This probability value of 0.04 resulting from the test for heteroscedasticity implies that the dataset is not from the presence of unequal variance. The implication is that there is significant difference in the sampled companies. The differences in the sampled companies supposed to be insignificant but based on the P-value of less than 5% we reject null hypothesis and accept alternative hypothesis and conclude that there is heteroscedasticity and so the required regression analysis for this study could not be carried out without the results being distorted. To correct for the heteroscadasticity, a robust regression analysis is conducted and interpreted for the study.

4.5 Robust Regression for Social Sustainability Disclosure Model

The regression results examine how the variables of board size, board independence, board gender diversity, board meeting, board shareholding, CEO Nationality with the control variables of firm size and firm age influences companies' social sustainability disclosure practices. The overall hypotheses of the model are that: board size, board independence, board gender diversity, board meeting, board shareholding, CEO Nationality have no effect on social sustainability disclosure of nonfinancial firms in Nigeria. The results obtained are presented in the table 4.5.

Table 4.5 Summary of Robust Regression for Social Sustainability Disclosure Model

Independent Variable	Coef	t-Stat	P-value
bsz	.0036165	0.27	0.786
bind	-.0004191	-0.24	0.807
bgen	.0007712	0.40	0.693
bm	.0066206	0.34	0.732
bown	.0017678	1.66	0.101*
ceon	.063109	0.96	0.339
fsz	.0787153	2.37	0.021**
fage	.00299	1.46	0.150
cons	-.3906394	-1.65	0.104
F-Stat	2.90		0.0078***
R-Squared	0.287		
Adj R-Squared	0.195		

Where *, **, *** implies statistical significance at 10%, 5% and 1% respectively

4.6 Result and Discussion

The R-squared and Adjusted R-squared of the model or the multiple coefficient of determination are 0.29 and 0.20 which indicate that about 29% of the systematic variations in social sustainability disclosure practice measured by average of seven (7) items disclosed under Local Community Disclosure, Health and Safety Disclosure, Public Health Sponsorship Disclosure, Sport Sponsorship Disclosure, Art and Culture Sponsorship Disclosure, Education Sponsorship Disclosure and Customer and Complaints Disclosure in 2020 was jointly explained by the explanatory variables employed in the study. This implies that for any changes in internal governance mechanisms of listed non-financial firms in Nigeria, social sustainability disclosure will be directly affected. Thus about 69% causes of variations in social sustainability disclosure are attributed to some other variables. Also the F-statistic value of 2.90 and its associated P-value of 0.0078 shows that the regression model on the overall are statistically significant at 1% level, which connote that the coefficients of the independent variables are statistically different from zero and may be adopted for policy purposes.

Table 4.5 also present coefficients (p-value) results for specific internal governance mechanism and control variables which are: board size 0.0361(0.78), board independence -0.0004(0.80), board gender diversity 0.007(0.69), board meeting 0.0066(0.73), board shareholding 0.0017(0.10), ceo nationality 0.063(0.33), firm size 0.078(0.02), firm age 0.0022(0.15).

As can be seen from the regression results, the estimated coefficient of board size (*bsz*) shows no supporting evidence between board size and social sustainability disclosure practice of sampled firms. Therefore, Ho_1 which states that board size has no significant effect on social sustainability disclosure of selected firms in Nigeria is confirmed. This shows that large boards as specified in the 2018 code contributed to social sustainability disclosures of firms in Nigeria but the contribution is not strong enough to drive the level and extent of social sustainability disclosures. This finding is consistent with prior studies in emerging markets (Cucari, et al., 2018; Kılıc¸ et al., 2015; Giannarakis, 2014) which found that board size did not affect ESG and other measures of social disclosures.

Also, the coefficient value of Board independence (bind) indicates that board independence is negative but statistically insignificant in explaining social sustainability disclosure. The result of the study showed that boards with more independent directors, lead to an insignificant reduction in social sustainability disclosure of sampled firms in Nigeria. Existence of independent board members did not provide an effective monitoring tool to the board that improved the extent of social sustainability. Thus, independent board members negatively influence the extent of social disclosure. The result supported the null hypothesis two that board independence has no significant effect on social sustainability disclosure of selected firms in Nigeria. The outcome of this study supports the findings of previous studies from emerging markets that board independence does not affect different measures of social disclosures (Chintrakarn et al., 2021; Dissanayake & Nimalathasan, 2019; Erabie & Odia, 2016). However, this result contradicts the results of Al Fadli, et al, (2020), Velte (2019), Onuorah et al (2018), Ahmad, et al (2017) which found that board independence is positively linked with CSR reporting.

In addition, board gender diversity (bgen) which measured the percentage of female directors in the board are positively related with social sustainability disclosure. Women tend to be more sensitive and can influence decisions about certain organizational practices, such as social reporting policies. The presence of women on the board enhances and improves firms' transparency and extent of disclosure. However, the result revealed that as the proportion of female directors increases on the board, social sustainability disclosure of sampled firms increases but the increase is not significant. Based on the result, the study accepts the null hypothesis and concludes that board gender diversity has no significant effect on social sustainability disclosure of selected firms in Nigeria. Results of this study is in line with the results of previous studies by Giannarakis (2014) which showed that increased presence of women in the board has insignificant effect on the level of social disclosure which means that gender diversity of a board is not a determinant factor for the extent of social disclosure. Nevertheless, findings of this study is in contrast with finding of Tapver, et al., (2020), Jahid et al (2020), Onuorah et al (2018) and Al-Shaer and Zaman (2016) that document a significant positive association between the proportion of women on the board and social disclosure of firms. The study also contradicts previous studies that document significant negative link between female representation on boards and social responsibility reporting (Olthuis &van den Oever, 2019; Cucari, et al., 2018)

With regard to board meeting (*bm*) measured by board number of meetings, the result reported in Table 4.5 shows that bm with a coefficient of 0.0066 and p-value of 0.73 has positive but insignificant effect on social sustainability disclosure of sampled firms. This indicates that more meetings of the board provide opportunities for thorough discussion and strategizing on their social responsibilities towards stakeholders which increase the extent of social disclosure. Frequent board meetings allow directors to share more information and viewpoints, improving the decision-making process and ensuring the legitimacy of all stakeholder expectations in a fast-paced business environment. Based on the p-value of the coefficient and t-stat the effect is not significant. Thus, the null hypothesis that board diligence has no significant effect on social sustainability disclosure of selected firms in Nigeria is supported. This finding is consistent with prior studies on the emerging markets that that board meetings are insignificant to social responsibility disclosure (Nour, et al., 2020; Yusoff, et al., 2019; Haji, 2013).

Again, the regression result reveals that board Shareholding/Ownership (*bown*) measured as percentage of shares owned by board members to total average outstanding shares are positively related and statistically significant at 10% level of significant with social sustainability disclosure practice. This result therefore implies that for every one percent increase in number of shares held by board members, the social sustainability disclosure will increase by 0.0017. The result of this study rejects Ho_5 and concludes that board ownership has a significant effect on social sustainability disclosure of selected firms in Nigeria. This finding is compatible with earlier studies that documents a positive and significant link between board shareholding and social disclosures (Ongsakul, et al., 2021; Kolsi & Muqattash, 2020; Agustia, 2018; Godos-Díez, et al.,2014). However, the result negates the works of Qa'dan and Suwaidan (2019), Onuorah et al (2018) and Nurleni (2018) et al., which discovered that board ownership has a significant negative impact on social disclosure level of sampled firms in emerging economies

The coefficient and p-value of CEO nationality as portrayed from Tables 4.5 shows that CEO nationality has positive but insignificant effect on social sustainability disclosure. The result supports null hypothesis and conclude that CEO nationality has no significant effect on social sustainability disclosure of selected firms in Nigeria. This result is at par with the studies conducted by Al-Duais et al., (2021), Musa et al., (2020) and Huang (2013) that CEO nationality has insignificant effect on social reporting. It however contradicts results of studies that document a significant negative association between CEO nationality and social responsibility reporting (Sannino et al., 2020; Kaur & Singh, 2018).

The control variable of firm size measured by log of total assets of firms has positive effect on social disclosure and the effect is statistically significant at 5%. The coefficient and p-value of firm size is 0.078 and 0.02. It therefore implies that for every one Naira increase in total asset of sampled firms, social sustainability disclosure will increase by 0.078.

Another control variable employed in this study is firm age. The coefficient for firm age is 0.0022. This is positive and insignificant with p-value of 0.15. This indicates that older firms are more transparent and disclose more information on social sustainability issues though the effect is not significant.

5. Conclusion

Internal corporate governance is a vital organ that is responsible not only for a company's management but also for its disclosure procedures. Managers are more likely to behave in the best interests of all stakeholders when efficient board mechanisms are in place, including addressing the interests of society in their firms' actions and operations. In 2018, the Financial Reporting Council of Nigeria which has the powers to ensure good corporate governance practices in the public and private sectors of the economy issued a new corporate governance code. The 2018 Code is to be applied across all entities and sectors by 2020. This study therefore provides empirical evidence on the extent of social sustainability disclosure practice among firms in Nigeria and also investigates the effects of specific internal governance mechanisms including board size, board independence, board gender diversity, board meeting, board shareholding (ownership), CEO nationality on social sustainability disclosure practices. The study employed a cross section of seventy-five firms for the period ending 2020 which was the year that new corporate governance code (the 2018 code) is applied across all entities and sectors operating in Nigeria.

The descriptive statistics show an improvement on the extent of social sustainability disclosure measured from seven dimensions disclosed under Local Community, Health and Safety, Public Health Sponsorship, Sport Sponsorship, Art and Culture Sponsorship, Education Sponsorship and Customer and Complaints Disclosure during the period of 2020. However, the level of social sustainability disclosure is not high in Nigeria compared to other emerging economies such as Kazakhstan and Bangladesh which Orazalin (2019) and Rouf and Hossan (2020) found to have a mean value of 46% and 44% respectively. The following are the specific findings from cross sectional ordinary least squares regression analyses: only board shareholding is a significant internal governance variable at 10%. Percentage of shares owned by board members increases significantly firm's commitment to social sustainability behaviour. Also firm size is a significant control variable. However, board size, board independence, board gender diversity, board meeting, CEO nationality and firm age has no effect on social sustainability disclosure practice during 2020.

Thus according to the findings of this study, board members having ownership interest assist firms to be socially responsible. Board ownership work as strong internal mechanisms in mitigating agency problems and, therefore, reduces information asymmetry by encouraging more and transparent disclosure on societal issues. Managerial ownership aligns the interests of managers with those of outside shareholders; promote firms transparent and responsible business practices. Owner managers have the opportunity to directly participate in entrepreneurial gains and, therefore, have the same incentive to increase the firm value through transparent disclosure as the other owners or shareholders. In other words, the higher the management ownership, the more closely aligned are the interests of the two parties, which should result in reduced agency costs through improved disclosure.

6. Recommendations

The findings of the study have implications for policy makers, regulators and other stakeholders including the Financial Reporting Council of Nigeria. The findings revealed that firms in Nigeria have improved their social sustainability disclosure practices in seven dimensions during the period of 2020. Also, the extent of social sustainability disclosure among Nigeria firms is low relative to firms in other emerging economies. This low level of social sustainability disclosure among firms in Nigeria compared to other emerging economies is an indication that policy makers still have to do more to improve social sustainability disclosure practices among firms in Nigeria. There is need to develop detailed and specific social sustainability disclosure policy to supplement the already established recommended practice that merely encourage firms to establish policies and practices regarding its social, ethical, safety, working conditions, health and environmental responsibilities.

The study also indicates that board shareholding has a significant positive effect on social sustainability disclosure thus highlighting the role of board ownership interest in emerging economies. This outcome is suitable for formulating policies regarding number/percentage of shares. Thus, there should be effective regulations on adequate board ownership interest in both public and private sectors of the economy. Based on the result of the study, investors are also encouraged to invest in firms where directors and other board members have shares of the companies they are directing as board shareholding lead to more social sustainable behaviour and disclosure.

The findings indicate that board size, board independence, board gender diversity, board meeting, CEO nationality has no significant effect on social sustainability as a result, specific corporate

governance practices that promote corporate accountability through transparent social disclosures should be stipulated by policymakers, as this will help to rebuild public trust and confidence in the Nigerian economy, allowing for increased trade and investment. The current recommended practice that requires firms board to assume responsibility for its composition for it to attain appropriate balance of knowledge, skills, experience, diversity and independence lack specificity and may be responsible for arbitrary sizes, skills, diversity, independence etcetera considered appropriate by different firms in Nigeria.

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