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# BOARD CHARACTERISTICS AND CORPORATE SOCIAL DISCLOSURE OF LISTED FIRMS IN NIGERIA

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**Abstract**

*This study examined board characteristics and corporate social disclosure of listed firms in Nigeria. Five (5) years' time series and cross sectional data from 2016-2020 was sourced from the annual financial reports of the firms in the study. Diagnostic test was done on the data and panel least squares regression method of data analysis was employed. The results indicated that board size and frequency of board meetings have no significant effect on corporate social disclosure while board independence was positive and significant for corporate social disclosure of listed firms in Nigeria. On the basis of these findings, the study recommended that independence of the board should be sustained in order to achieve a higher degree of corporate social disclosure that will promote better environmental well- being for all.*

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**Keywords:** *corporate disclosure; board meeting frequency; board independence; social disclosure; normality.*

**JEL Classification:** M4

## Introduction

Corporate social responsibility is normally carried out and reported by organizations or firms within the environment or society in which such firm is located. It constitutes the commitment shown by firms to contribute to the economic and social development of that society where they exist. Firms embark on social responsibility and disclose same not only for the purpose of making profit but rather to give back to the society as a result of the fact that such businesses have benefited from the society either through the use of its resources or patronage of its citizens (Reverte, 2016). As observed by Cho *et al.* (2015), company(s) are able to provide evidence to interested stakeholders of its commitment to helping society through corporate social responsibility disclosures in its annual reports or dedicated corporate social responsibility reports. These Corporate social responsibility disclosures tends to boost the reputation of the company because when its annual report reveals that it is socially responsible, stakeholders hold the company with high esteem (Beck et al., 2018). Also stakeholders use corporate social responsibility information to ascertain whether a company is a good corporate citizen (Bhatia & Chander, 2014).

The Commission of the European Communities (2001) and Dibia (2015) defined corporate social responsibility as the integration of social and environmental concerns by corporations in their business operations and in their interaction with their stakeholders on a voluntary basis. Appah (2011) relates it to complex issues such as environmental protection, human resources management, health and safety at work, relations with local communities, relations with suppliers and consumers. While, Branco and Rodrigues (2006) noted that corporate social responsibility is now seen as a source of competitive advantage and not as an end in itself. Consequently, corporate social disclosure is an obligation an organization has to protect and enhance the society in which it functions. It demands that corporate entities behave in a manner that preserves and protects our social foundations, values and institutions (Singh, 2006). Nwachukwu (2008), assert that social responsibility is seen as the intelligent and objective concern for the welfare

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of society which restrains individual and corporate behavior from ultimately destructive activities, no matter how immediately profitable and which leads in the direction of positive contributions to human betterment. Therefore, organizations that neglect a clear CSR strategy can soon be cut off from important resources that might contribute to its expansion.

For any firm or organization to be socially responsible and disclose same, the firms' board of directors remains a potent channel through which such governance obligation can be exercised. Companies act through two organs, the shareholders and the board of directors. The principal objective of the board of directors is to ensure that the company is properly managed. It is also the responsibility of the board to oversee the effective performance of the management in order to protect and enhance shareholder value and to meet the company's obligations to its employees and other stakeholders. The directors have a statutory duty to act at all times in what they believe to be the best interests of the company as a whole so as to preserve its assets, further its business and promote the purposes for which the company is formed. The call to this duty has been heightened in the wake of the several accounting, leadership and governance scandals that hit major corporations around the world. These scandals birthed a turnaround from the usual traditional function of firms to a much more focused and more accountable firm where all parties interested in the well-being of the firm (stakeholders) ensure that managers take measures to safeguard the interests of the stakeholders. So, whether board characteristics and corporate social disclosure have any relationship on listed firms in Nigeria is still a mixed reaction. This study therefore seeks to empirically investigate the effect of board characteristic on corporate social disclosure of listed firms in Nigeria. In line with the above the following objective is sought and hypothesized:

**Research Objective**

1. To determine the effect of Board Characteristics (Board size, Board Independence and Board meeting Frequency) on corporate social disclosure of listed firms in Nigeria.

**Research Hypothesis**

The following null hypothesis is stated:

1. Board Characteristics (Board size, Board Independence and Board Meeting Frequency) has no significant effect on corporate social disclosure of listed firms in Nigeria.

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## Literature Review

### Corporate Social Disclosure

The continuous interactions of businesses with the environment and the exchange between them confer some responsibilities on business to the society in which they operate, and vice versa. Corporate Social disclosure as a subject has received increased academic attention in the time past. People's expectation of the business about its responsible role in society is mounting and the research in this area shows that there has been expansion in a range of instruments that plan to develop, evaluate and communicate socially responsible practices says Golob and Bartlett (2007). Communicating information on social responsibility is now a must for businesses socially engaged (Toukabri, Ben and Jilani, 2014). Thus, accountability is now considered as inherent in the principle of responsibility, one not existing without the other. Omran and Ramdhony (2015) agree that the call for disclosure of non-financial information has grown in response to the awareness that financial statement omits salient information about the firm. Furthermore, they observed that the need for non-financial information has increased significantly over the years since financial statement only portrays a limited picture of the firm mainly of financial metrics. Huang and Watson (2015) on their part also acknowledged that disclosing non-financial information is essential to reduce information asymmetry existing between management and key stakeholders. Thus helping investors to better assess the firms' key performance areas which lend support to a broader view of corporate performance that encompasses the society at large. In the words of Uwuigbe (2012), corporate social disclosure has become one of the requirements for firms' usefulness to the society in which they operate. It has emerged as an important issue in today's corporate reporting. According to him, these disclosures have increased globally in both size and complexity over the past two decades, despite some variations among countries in different regions. Corporate disclosure of social and environmental impacts constitutes what some advocates consider to be a critical pillar of the CSR movement. Corporate disclosures provide the firm the opportunity to spread value information mainly to financial stakeholders such as stock analysts, capital markets and institutional investors and thereby get evaluated on its financial measures. Despite the necessity for disclosures on social and environmental issues, variety of factors relating to characteristics of the board have been pinpointed as capable of having effect either positively or negatively on firms motives in providing these reports which is the focus of this study. According to many studies, firm's size and the characteristics of

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industry seem to play the most important role in the disclosure of social and environmental issues, (Da Silva Monteiro and Aibar-Guzmán, 2010; Brammer and Pavelin, 2008; Magness, 2006). This study therefore explores the effect of board characteristics on corporate social disclosure of listed firms in Nigeria.

**Corporate Governance and Board Characteristics**

In the wake of accounting, leadership and governance scandals at major corporations worldwide, corporate governance has emphasized issues that go beyond the traditional focus to touch on corporate ethics, accountability, disclosure, and reporting (Gill, 2008; Honggowati et al., 2017). More focus is given to long term relationship that deals with checks and balances, incentives for managers and communications between management and investors and also on the transactional relationship, which involves dealing with disclosure and authority (Khan, 2010). The split in control and ownership of modern corporations were cited as the problem whereby managers act in their own self-interest, which is but inverse with that of other stakeholders (Rusmanto et al., 2014). Presently, corporate governance is concerned with ways in which all parties interested in the well-being of the firm (stakeholders) ensure that managers take measures to safeguard the interests of the stakeholders (Sanda et al., 2010).

Corporate governance traditionally specify the rules of business decision making that apply to the internal mechanisms of companies (Gill, 2008).This set of norms and laws, first and foremost, served to shape the relations among boards of directors, shareholders, and managers as well as to resolve agency conflicts (Gill, 2008). It further defines how organizations are controlled and how managers are accountable to the stakeholders of these companies. In this regard, board characteristics play a significant role in driving the idea of corporate governance in firms. Board characteristics are definite attributes of the board of directors of a firm that has a direct bearing on their role as mangers of the firm. The board characteristics brought under review in this study will include board size, board independence, board meeting frequency etc.

**Board Size**

The board of directors of a company play a significant role in deciding the strategies and policies that drive the firm either to success or failure, hence it constitution is of paramount importance to the overall performance of the firm. A larger board may bring a greater number of experienced directors (Xie et al. 2001)

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who can organize and divide various functions (control, monitor, advice and the establishment of strategies), including the tracking of social responsibility. Various studies have shown a strong link between the size of the board of directors and the preparation of reports (Buniamin, Alrazi, Johari and Abdul-Rahman; 2008). Some studies revealed a positive relationship between board size and corporate disclosure (Gandía 2008; Kent and Steward 2008), that is voluntary disclosure. Conversely, several studies found no empirical association between board size and a company's level of information disclosure (Cheng and Courtenay 2006; Donnelly and Mulcahy 2008). It is assumed that a larger board size could increase experience and the generation of new ideas around the adoption of responsible strategies and the disclosure of same. Hence the variable is brought into this study proxied by the number of persons on the board of each listed firm in Nigeria.

**Board Independence**

The strength of corporate governance is measured as the proportion of independent directors on the board. Arguably, an independent board serves as an important check and balance mechanism in enhancing boards' effectiveness. The board of directors is responsible for running the company, and takes responsibility for forming and monitoring plans and strategies (Weir and Lauing 2001). Goodwin and Seow (2002) argue that sound governance by board of directors influence the quality of reporting. Some members of this board can be independent, and could affect the content of social reports, since they are usually assumed to represent the stakeholders (Haniffa and Cooke 2005). The independent directors usually possess great experience and, at the same time, are independent from management (Patelli and Prencipe 2007). They have an important role in creating or achieving balance, and in enhancing board effectiveness (Haniffa and Cooke 2002). In developing countries, there are several studies which found a positive relationship between the proportion of independent directors and high levels of voluntary disclosure (Cheng and Courtenay 2006; Akhtaruddin *et al*., 2009; Jo and Harjoto, 2011; Rouf 2011). Higher proportion of independent directors enhances financial reporting (Barako *et al*., 2006) and much more corporate social reporting. It is expected that the existence of independent directors on corporate boards would result in more effective monitoring of the board and limit managerial opportunism (Fama and Jensen, 1983; Mohd-Ghazali and Weetman, 2006). Board independence may be perceived as a tool for monitoring the board resulting in more voluntary disclosure of corporate information. This variable was proxied by the ratio of non-executive director to total number of directors on the board (i.e. number of outside directors).

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**Frequency of board meetings**

Board meetings are often held at a definite time period and interval. These meetings are held to consider policy issues and problems faced by an entity. Literature holds that board meeting frequency often suffices for board diligence. Board meetings are held to improve on the effectiveness of the board and the level of monitoring. Osei (2011) measures the frequency of board meeting as the natural logarithm of a number of the board meeting held throughout the financial year.

The literature on accounting disclosure is vast and investigates a broad array of issues (Hassan & Marston, 2010). Accounting disclosure is very important to all stakeholders; it provides them with the necessary information to reduce uncertainty and helps them to make suitable economic and financial decisions (Alhazaimeh et al., 2014). Prominent among them includes disclosure quality practices considering either mandatory or voluntary items or both (Bonaimé, 2015; Hermawan et al., 2018), determinants of environmental accounting and disclosure (Omnamasivaya & Prasad, 2016), effect of real-time reporting on disclosure (Tian, 2015), economic consequences of disclosure (Elbannan & Elbannan, 2015); use of voluntary disclosure in determining the quality of financial statement (Oluwagbemiga, 2014), and earnings non-synchronicity and voluntary disclosure (Gong et al., 2013). However, there is a dearth of literature on the area of board characteristics and corporate social disclosure. It is on this bases that this study intend to look into this area of board characteristics and corporate social disclosure of listed firms in Nigeria

**Theoretical Review**

There are several theories attempting to explain why and how companies disclose their corporate social responsibility activities. The study is anchored on the following theories.

**Legitimacy Theory**

The development of legitimacy theory can be traced to Prabhu (1998). Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995). Omran et al, (2015) assert that legitimacy theory relies upon the fact that a "social contract" exists between an organization and the society in which it operates. Consequently, corporations try to legitimize their actions (through the board) by engaging in corporate social reporting to obtain approval from society (societal approach) and thus, guarantee

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their continued existence. Coffie et al. (2018) argued that corporate social disclosure attempts to legitimize the behavior of a firm through the provision of information to stimulate the perception of stakeholders as well as the society at large about the firm. Invariably, Legitimacy theory allows firms to carry out their activities within the society they exist as they meet the changing demand of that society as well. Hence firms ought to be flexible such that they will respond appropriately as the society changes its demand. Consistent with this fact is that corporate social disclosure is closely related to social pressure; responding to this pressure will largely depend on the firm's specific features and its corporate governance. Hence, a positive relationship between these factors is expected. Based on this argument, this study, therefore, expects board size, board independence, and frequency of board meetings which are some of the components of board characteristics to have a positive relationship with corporate social disclosure.

**Agency Theory**

This theory was birthed by Jensen and Meckling (1976) when they posited that an agency relationship applies where individual(s), the principal, enters into a contract with another individual(s), the agent, to carry out some functions that includes decision making. In company setup, managers act as the agents of the company owned by shareholders who are the principal delegating duties or discharging their responsibility to a third party. Due to the different interests of the parties that make up a company, agency costs may arise. The shareholders often employ monitoring tools to stem down the tides of deterioration while the managers try to convince and reassure the principals of a safe haven with respect to their activities and decisions. The theory is appropriate in the current study because the board members are assigned the responsibility of day to day running of an organization. Since they are agents of the shareholders they ought to continuously disseminate the relevant information to the shareholders for optimal decision making. Information sharing is not free from conflict especially if the shareholders perceive that board members may induce the firm management depending on the level of information access because they have even the confidential information which if misused may lead to insider trading.

**Empirical Review**

A major fall-out from the scandals that had befallen major corporations around the world and Nigeria inclusive is that the eyes of the investors have been focused

on the board and how they see to the interest of the stakeholders. A review of prior studies that evaluated the corporate social disclosures of companies revealed that a majority of these studies focused primarily on the quantity of disclosures provided in company annual reports (e.g., Bhatia & Chander, 2014; Cahan et al., 2016; Ali, Frynas, & Mahmood, Z. (2017); Nurleni & Bandang, 2018; Wasiuzzaman & Wan Mohammad, 2020). Other studies focused on the quality of CSR disclosures provided by companies (e.g., Chauvey et al., 2015; Noronha et al., 2015; Muttakin & Subramaniam, 2015). Only a small minority of studies reviewed combined both quantity and quality of disclosures when investigating the CSR disclosure of companies (e.g., Alotaibi & Hussainey, 2016; Appuhami &Tashakor, 2017), which have yielded inconsistent findings.

Garcia et al. (2020) investigated and analyzed the determinants of voluntary disclosure of corporate social performance (CSP) through a literature review of articles in EBSCO, ISI, and JSTOR databases published from 1987 to 2015, to discover the theoretical perspectives and the variables used in measuring the determinants of CSP disclosure (the independent variables). They confirmed that there was no single explanation for what determined CSP disclosure, and the theories that support a relationship between CSP disclosure and its determinants are legitimacy, institutional, stakeholder, agency, and voluntary disclosure.

Coffie et al., (2018) in their study found that board size and CSR disclosure have positive and statistically significant relationship. Suggesting that firms with a large board in Ghana will disclose more activities on CSR and at the same time ensure the quality of the disclosure. While Onuorah et al. (2018) from the Nigerian perspective also indicated that voluntary social disclosure is higher as the board increases. Miras-Rodríguez et al. (2018) also found that board size correlated positively to CSR reporting practices using data from five (Brazil, China, India, Russia, and South Africa) emerging economies.

Bansal, Lopez-Penez and Lazaro (2018) investigated the effect of board independence on corporate social responsibility disclosure examining the moderating role of family ownership. Panel research design was adopted and a sample of 29 companies was drawn from 29 countries for a period 2006 to 2014. Data was analyzed using Tobit regression analysis. Results of the study revealed inverse and significant influence of board independence on corporate social responsibility disclosure. Moreover, family ownership had significant moderating effect as reported. It was concluded that family ownership reduces the level of information asymmetry between independent director and management.

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Muhammad et al (2017) investigated the impact of board characteristics on corporate social disclosure. The study sought to explore the link between corporate governance characteristics and corporate social responsibility disclosure of listed companies in the Pakistan stock Exchange (PSX). 179 companies from financial and non-financial sectors are studied from 2009 to 2015. The data is collected from their annual reports and websites. Binary logistic regression analysis was employed to test the models. The results reveal that board size, number of meetings and board independence were significant corporate governance characteristics that establish the link with corporate social responsibility disclosure. This study also found that the trend of CSR disclosure is increasing in financial as well as non-financial sector. Additionally, as the companies disclose their CSR activities, it led to better financial performance as compare to their counterpart.

Akbas (2016) finds that only board size has a positive and statistically significant relationship with environmental disclosure while board independence, board gender diversity, and audit committee independence are unrelated with environmental disclosure. Wonsuk and Abebe (2016) using the resource dependence and stakeholder theories suggest that the extent to which firms build relationship with certain stakeholders is closely tied to the personal and social background of board members. This in turn influences the allocation of resources to corporate philanthropy. Therefore, organizations with good board structure are considered to be stronger corporate leaders, more financially and environmentally conscious relative to companies with weak board composition. This indicates that a close correlation may occur between board characteristics and company CSR. Opusunju & Ajayi (2016) showed a positive association between foreign directors, board size, and ownership structure and corporate social responsibility disclosure for Dangote group of companies. Das et al. (2015); Khan (2010) find a positive correlation between board size, ownership structure, and independent non-executive directors and corporate social responsibility disclosure.

Muhammad & Sabo (2015) examines the impact of Board Characteristics on Corporate Social Responsibility Disclosure of listed food product firms in Nigeria over the period 2005-2014. A sample of six firms out of eleven food product firms listed on the floor of Nigerian Stock Exchange was studied. The study made use of secondary data generated from Annual Reports and Accounts of the sampled firms and the Nigerian Stock Exchange Fact book. The data was analyzed by means of descriptive statistics, correlation and regression analysis using STATA 12. The study reveals that board size and women on board show a significant positive

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association with corporate social responsibility disclosure of the sample firms. While managerial ownership shows a significant negative effect on corporate social responsibility disclosure. However, board independence indicates an insignificant association with corporate social responsibility disclosure. While the control variable (Size) shows an insignificant negative relationship with corporate social responsibility disclosure. Based on the findings, the study recommends among others, that firms in the food product should have a competent size of 9 to 15 of board members, so as to encourage corporate social responsibility disclosure. Also, the proportion of non-executive directors on the board should be maintained and the appointment should be strictly based on experience and expertise as this will also ensure more corporate social responsibility disclosure. Also, women participation on the board should be encouraged as much as possible since women may have different skills compared to their men counterpart as this will help in ensuring full disclosure of all CSR related information.

**Methodology**

Both historical and descriptive research design was adopted for this paper. This design gives accurate information of how things occur. Owing to the fact that this paper combines cross sectional and times series data, a panel data analysis was carried out. The population of this study comprised all the companies quoted in Nigeria Stock Exchange. Purposive sampling technique was used to select sample size of ten (10) companies. Secondary Data covering a period of five (5) years (2016-2020) was used for this study and the data sourced from the audited annual report of the sampled companies.

**Model Specification and Measurement of Variables**

The general expression of the model is stated thus as:

Corporate social disclosure = f (BSZ, BIND, BMF)

Expressing the model in its econometric form:

$$CSD_{it} = \beta_{0_{it}} + \beta_1 BSZ_{it} + \beta_2 BI_{it} + \beta_3 BMF_{it} + e_{it}$$

Where:

$\beta_0$ = Intercept;

$\beta_{1\text{-}3}$ = Unknown Coefficients

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BSZ (Board Size) = measured by the total number of directors on the board of the company.

BIND (Board Independence) = measured using the percentage of independent board directors i.e total number of non-executive board directors over total number of directors in the firm.

BMF (Frequency of Board Meeting) = measured by using total numbers of the meeting held in a year.

CSD (Cooperate Social Disclosure) = measured using 1 and 0, where there is a financial disclosure one (1) is giving and where there are no financial disclosure then zero (0) is being used.

E = Error term

The *apriori* expectations are predicted as: $\beta_1 > 0$; $\beta_2 < 0$; and $\beta_3 > 0$

**Pre-Estimation Tests**

**Stationarity/ Unit Root Tests**

To avoid running a spurious regression, a unit root test was carried out to ensure that the variables employed in this study are mean reverting i.e stationary. For this purpose the Augmented Dickey Fuller (ADF) test was utilized and the result of the test is presented in the table below.

**Table 1: Augmented Dickey Fuller (ADF) Test**

| Variable | | | P-value | Level Form |
|---|---|---|---|---|
| | ADF Stat | 5% Critical Value | | |
| Board Size | -10.01125 | -2.923780 | 0.0000 | 1st difference |
| Board Independence | -5.679397 | -2.923780 | 0.0000 | 1st difference |
| Board Meeting Frequency | -11.76634 | -2.923780 | 0.0000 | 1st difference |
| Corporate Social Disclosure | -7.405577 | -3.508508 | 0.0000 | 1st difference |

Source: Researcher’s Output, 2021

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Table 1shows the result of the first test required to know the individual stationarity of the variables. The Augmented Dickey-Fuller (ADF) unit root test result can be interpreted using either the t-statistic or the p-value. A variable is stationary if the ADF t-statistic in absolute term is greater than the ADF 5% critical value or the p-value is less than or equal to 0.05 level of significance. The result shows that all the variables are stationary at 1st difference. According to Gujarati and Porter (2007), a non-stationary time series can be made stationary through integrated series by differencing. Hence, since all the variables are stationary, we proceed to carrying out regression analysis in panel structure by using fixed effect model test and random effect model test, after which, Hausman test was done to know which effect is preferred.

**Table 2: Hausman test**

Correlated Random Effects - Hausman Test
Equation: Untitled
Test period random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Period random | 0.546492 | 3 | 0.9086 |

** WARNING: estimated period random effects variance is zero.

Period random effects test comparisons:

| Variable | Fixed | Random | Var(Diff.) | Prob. |
|---|---|---|---|---|
| BZ | 0.003057 | 0.003192 | 0.000001 | 0.8843 |
| BM | 0.022050 | 0.026161 | 0.000044 | 0.5367 |
| BI | 0.693993 | 0.675780 | 0.001236 | 0.6045 |

Source: Research Output 2021

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Table 2 shows the result of the Hausman test carried out to determine the preferred effect specification considering the panel nature of the variable. The Hausman test is used to differentiate between fixed effects model and random effects model in panel data. The null hypothesis is that the random effect is preferred while the alternate hypothesis is the fixed effect is preferred. In this case, random effect is preferred that is the null hypothesis due to higher efficiency with a probability of chi-square of 0.908 greater than 0.05 level of significance.

**Table 3: Panel regression result summary**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.288360 | 0.141994 | 2.030788 | 0.0481 |
| BZ | 0.003192 | 0.010257 | 0.311251 | 0.7570 |
| BM | 0.026161 | 0.019295 | 1.355859 | 0.1818 |
| BI | 0.675780 | 0.218131 | 3.098045 | 0.0033 |
| R-squared | 0.334287 | | | |
| Adj. R-squared | 0.290871 | | | |
| F-statistic | 7.699619 | | | |
| Prob(f-statistic) | 0.000285 | | | |
| Durbin Watson Stat | 1.996621 | | | |

Source: Researcher's Output 2021

Table 3 gives a summary of the regression result from the random effect specification as determined by the Hausman test carried out. From the result, it was observed that the coefficient of all the explanatory variables were positive (0.003192,0.026161 and 0.675780). This implies that all variables of board characteristics investigated in this study has a positive relationship with corporate social disclosure of firms listed in Nigeria. However, only board independence shows a significant effect (p-value 0.0033) at 5% level of significance. The R-squared was 0.334 while the adjusted was 0.291. This simply mean that the level of variations in corporate social disclosures of listed firms can be moderately explained by board characteristics especially board independence.

The f-statistic of 7.6996 was significant at p-value of 0.000285 implying that the model was well fit to predict the extent of the relationship subsisting between the dependent and the independent variables. The value of Durbin Watson stat of

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1.996 which is close to 2 gives an evidence of the absence of auto-correlation among the variables as such can be relied upon for predictions.

**Test of hypothesis**

The study earlier hypothesized that board characteristics (board size, board independence and frequency of board meetings) does not have significant effect on the corporate social disclosure among listed firms in Nigeria. From the table 3, board size, board meetings frequency and board independence has a positive effect on corporate social disclosure with only board independence being significant. Furthermore, the F-statistic of 7.69961 with p-value of 0.000285% level of significance is less than 5% level of significance hence the null hypothesis cannot be sustained and the alternate hypothesis is upheld . The study concludes that board characteristics have a significant effect on corporate social disclosure of listed firms in Nigeria.

**Discussion on findings**

The findings of this current study corroborate some empirical studies (Khan, 2010;Opusunju and Ajayi, 2016; Das et al (2015); Muhammad et al (2017) but are inconsistent with Muhammad et al (2017). The important role board of directors' play in the structural formation of any corporate entity which brings about efficiency and success cannot be overemphasized. Akhrtaruddin et al (2009) argue that board size has an influence on the level of voluntary disclosure since it is a strategic decision made by the board of directors. This is evidence from the findings in this study depicting a positive relationship. The board size is also very likely to affect its ability to monitor and evaluate management. It may also reduce the likelihood of information asymmetry as a result of the pool of expertise and collective experience. The significance of board independence as reported by the results, confirms that the independent directors act as the check and balance mechanism. They act as a tool in constraining managers' attitude and behavior thereby enhancing boards' effectiveness. Board of directors meets for the purpose of deliberating on issues of pertinent importance towards the success of the firm and to safeguard all stakeholders' interest. Having determined that board meeting frequency could affect corporate social disclosure of firms positively; members of the board need to ensure that every meeting is effective with all issues thoroughly and carefully x-rayed bearing in mind the overall interest of all stakeholders. With regular and effective meetings, board members are more likely to be well informed

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and knowledgeable about the firm and be able to make meaningful impact that will generate both social and economic benefits. Other board characteristics other than those considered in this study could also be x-rayed as an area for further study to understand their effect on corporate social disclosure.

## Conclusions and Recommendation

Board of directors no doubt remains a potent mechanism for implementing corporate governance in any organization. This study using legitimacy and agency theories background, explores the effect of board characteristics on corporate social disclosure. In testing the hypothesis of this study, a sample of 10 firms listed on the Nigerian stock exchange from various sectors were examined from 2016-2020. The findings of the study based on random effect specification regression analysis showed that board size, board meetings and board independence all have a positive link to corporate social disclosure with significance in board independence. From the findings of this study and practical implications, it is evident that large boards, number of meetings and board independence are likely predictors of CSR disclosure. Management of organisations must ensure the sustenance of the independence of the board which serve as the check and balance for inside directors to promote a higher level of corporate social disclosure which will in turn create an environment where all stakeholders' needs are met. However, management must harness the largeness of the board size and the frequency of board meetings to create the effectiveness that is expected from the board of directors.

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## Appendix 1

| Company | Crossed ID | Year | BZ | BI | BM | CSD |
|---|---|---|---|---|---|---|
| Beta Glass | 1 | 2016 | 11 | 0.9 | 4 | 1 |
| Beta Glass | 1 | 2017 | 10 | 0.9 | 0 | 1 |
| Beta Glass | 1 | 2018 | 10 | 0.9 | 4 | 1 |
| Beta Glass | 1 | 2019 | 8 | 0.9 | 4 | 0 |
| Beta Glass | 1 | 2020 | 8 | 0.9 | 0 | 1 |
| Cadbury | 2 | 2016 | 9 | 0.7 | 9 | 1 |
| Cadbury | 2 | 2017 | 9 | 0.7 | 5 | 1 |
| Cadbury | 2 | 2018 | 7 | 0.7 | 4 | 1 |
| Cadbury | 2 | 2019 | 8 | 0.6 | 5 | 1 |
| Cadbury | 2 | 2020 | 10 | 0.8 | 4 | 1 |
| CAP | 3 | 2016 | 6 | 0.7 | 6 | 1 |
| CAP | 3 | 2017 | 7 | 0.7 | 6 | 1 |
| CAP | 3 | 2018 | 4 | 0.8 | 6 | 1 |
| CAP | 3 | 2019 | 10 | 0.7 | 6 | 1 |
| CAP3 | 3 | 2020 | 6 | 0.8 | 6 | 1 |
| Chellarams4 | 4 | 2016 | 6 | 0.5 | 4 | 1 |
| Chellarams4 | 4 | 2017 | 6 | 0 | 0 | 0 |
| Chellarams4 | 4 | 2018 | 5 | 0 | 0 | 0 |
| Chellarams4 | 4 | 2019 | 5 | 0.4 | 4 | 1 |
| Chellarams4 | 4 | 2020 | 6 | 0.5 | 0 | 1 |
| Cutix | 5 | 2016 | 6 | 0.8 | 4 | 1 |
| Cutix | 5 | 2017 | 7 | 0.9 | 4 | 1 |
| Cutix | 5 | 2018 | 7 | 0.9 | 4 | 1 |
| Cutix | 5 | 2019 | 7 | 0.7 | 5 | 1 |
| Cutix | 5 | 2020 | 7 | 0.7 | 5 | 1 |
| Dangote | 6 | 2016 | 13 | 0.8 | 6 | 1 |
| Dangote | 6 | 2017 | 14 | 0.8 | 4 | 1 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Dangote | 6 | 2018 | 15 | 0.8 | 7 | 1 |
| Dangote | 6 | 2019 | 14 | 0.8 | 6 | 1 |
| Dangote | 6 | 2020 | 15 | 0.8 | 5 | 1 |
| Flour Mills | 7 | 2016 | 14 | 0.8 | 5 | 1 |
| Flour Mills | 7 | 2017 | 14 | 0.8 | 4 | 1 |
| Flour Mills | 7 | 2018 | 14 | 0.8 | 4 | 1 |
| Flour Mills | 7 | 2019 | 14 | 0.8 | 2 | 1 |
| Flour Mills | 7 | 2020 | 14 | 0.8 | 4 | 1 |
| Grelf | 8 | 2016 | 5 | 0.6 | 3 | 1 |
| Grelf | 8 | 2017 | 5 | 0.6 | 4 | 1 |
| Grelf | 8 | 2018 | 5 | 0.6 | 4 | 1 |
| Grelf | 8 | 2019 | 5 | 0.6 | 4 | 1 |
| Grelf | 8 | 2020 | 4 | 0.6 | 4 | 0 |
| Lafarge Cement | 9 | 2016 | 17 | 0.8 | 6 | 1 |
| Lafarge Cement | 9 | 2017 | 11 | 0.9 | 5 | 1 |
| Lafarge Cement | 9 | 2018 | 17 | 0.8 | 4 | 1 |
| Lafarge Cement | 9 | 2019 | 16 | 0.8 | 4 | 1 |
| Lafarge Cement | 9 | 2020 | 11 | 0.8 | 8 | 1 |
| Guiness | 10 | 2016 | 11 | 0.7 | 7 | 1 |
| Guiness | 10 | 2017 | 11 | 0.8 | 5 | 1 |
| Guiness | 10 | 2018 | 11 | 0.8 | 4 | 1 |
| Guiness | 10 | 2019 | 13 | 0.8 | 4 | 1 |
| Guiness | 10 | 2020 | 13 | 0.8 | 4 | 1 |

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## Appendix 2

Correlated Random Effects - Hausman Test
Equation: Untitled
Test period random effects

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Period random | 0.546492 | 3 | 0.9086 |

** WARNING: estimated period random effects variance is zero.

Period random effects test comparisons:

| Variable | Fixed | Random | Var(Diff.) | Prob. |
|---|---|---|---|---|
| BZ | 0.003057 | 0.003192 | 0.000001 | 0.8843 |
| BM | 0.022050 | 0.026161 | 0.000044 | 0.5367 |
| BI | 0.693993 | 0.675780 | 0.001236 | 0.6045 |

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## Appendix 3

Dependent Variable: CSD
Method: Panel EGLS (Period random effects)
Date: 09/29/21 Time: 15:35
Sample: 2016 2020
Periods included: 5
Cross-sections included: 10
Total panel (balanced) observations: 50
Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.288360 | 0.141994 | 2.030788 | 0.0481 |
| BZ | 0.003192 | 0.010257 | 0.311251 | 0.7570 |
| BM | 0.026161 | 0.019295 | 1.355859 | 0.1818 |
| BI | 0.675780 | 0.218131 | 3.098045 | 0.0033 |

Effects Specification

| | S.D. | Rho |
|---|---|---|
| Period random | 0.000000 | 0.0000 |
| Idiosyncratic random | 0.239777 | 1.0000 |

Weighted Statistics

| | | | |
|---|---|---|---|
| R-squared | 0.334287 | Mean dependent var | 0.920000 |
| Adjusted R-squared | 0.290871 | S.D. dependent var | 0.274048 |
| S.E. of regression | 0.230775 | Sum squared resid | 2.449823 |
| F-statistic | 7.699619 | Durbin-Watson stat | 1.996621 |
| Prob(F-statistic) | 0.000285 | | |

Unweighted Statistics

| | | | |
|---|---|---|---|
| R-squared | 0.334287 | Mean dependent var | 0.920000 |
| Sum squared resid | 2.449823 | Durbin-Watson stat | 1.996621 |