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

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Abstract

The study examined the relationship between board characteristics and corporate social responsibility (CSR) disclosure of listed manufacturing firms in Nigeria. To achieve the objective, board characteristics key proxy variables were used in the study, namely board size, presence of female directors in board and boards independent while CSR disclosure variable on the other hand was measured using dummy. Sample of twenty manufacturing firms were purposively selected using judgmental sampling method from 72 populated firms. Three hypotheses were formulated to guide the examination and the statistical test of parameter estimates was conducted using Pearson Correlation Method and Binary logistic regression. Ex-post facto research design was used and data for the study were obtained from the internet, annual financial reports of the selected firms and Nigerian Exchange Group with data spanning from 2012 - 2021. The analyses of data shown that, board independence has positive relationship with CSR disclosure of listed manufacturing companies in Nigeria. This implies that this factor essentially influence the CSR exposure in Nigerian manufacturing firms. However, board independence with the accompanying Coefficient (0.026704) has positive sign which implies that an expansion in this factor will altogether prompt an expansion in CSR revelation. Board size and the existence of female directors in board have negative relationship with CSR disclosure. Thus the presence of female directors in board with the Coefficient (- 0.028684) have negative sign which implies that an expansion in this factor will in general diminish CSR divulgence in Nigerian manufacturing firms; while the negative indications of the board side with the accompanying Coefficient (- 0.144655) show that an expansion in this factor will tends to fundamentally diminishes CSR divulgence in Nigerian manufacturing firms. The report makes the assurance that board independence is a significant factor in determining CSR disclosure, and that its optimality is subsequently significant for a superior outcome considering the audit's revelations. It is hence communicated that greater board sizes should not be empowered because they have negative influence CSR disclosure.

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Index Terms- CSR disclosure, board size, presence of female directors in board, board independence

I. INTRODUCTION

This Corporate Social Responsibility (CSR) idea was presented in the year 1950s following the rising strain on ecological issues from investors, government controllers, purchasers, workers, and the general population to motivated organizations to focus harder on the natural execution (Sylvia, Emengini, Ima and Nwekwo, 2021). The monetary action of complex elements has come about to natural difficulties like developing contamination, an Earth-wide temperature boost, deforestation and desertification (Nnubia & Omaliko, 2016). This has driven business detailing out of the standard and essential standard of revealing monetary execution to the investors, to the degree of detailing in a more extensive setting its tasks to every one of the partners concerned.

Board characteristics ought to be noticeable as a general term, there is no comprehensively used definition. Carcello et. al. (2002) utilize the rate freedom, the persistence and the skill of the board individuals as board attributes, though Wang et al, (2016) utilized the board size, board autonomy and board variety as board qualities. In this composing review board characteristics considered consolidate board size, board association and female bosses in board.

The connections between corporate board attributes and firm execution are well-informed in the essential administration and corporate administration writing. From an agency theory perspective, boards serve a monitoring function to guarantee the arrangement of administrative activities with investor interests (Fama & Jensen, 1983), lessening office costs that might emerge when managers seek after their own advantages to the detriment of investors. Nnubia et al (2016) recommend that checking arrangement decide the relationship between board attributes and firm execution.

Most past investigations worried about board attributes and firm execution, zeroing in on monetary execution (Nnubia, Okegbe & Egbuziem, 2023; Okafor, Agbata & Okaro, 2023). However, some as of late researchers have likewise examined the relationship between board qualities and corporate social obligation (CSR), a nonfinancial element of firm execution (De-Villiers, Naiker & Van-Staden, 2011; Walls, Berrone & Phan,, 2012; Nnubia et al, 2023). CSR has become progressively predominant and noticeable inside firms as a component to adapt to partner requests and to oversee cultural assumptions past firms' monetary points (Wang et al., 2016). Developing from a well-established banter about firms' liabilities toward society and from a gigantic group of exact work worried about the connection among CSR and corporate monetary execution, the business case point of view progressively wins (i.e., the view that CSR empowers firms to improve their upper hand and that organizations benefit from CSR with regards to monetary execution (Carroll & Shabana, 2010).

The accessible experimental proof with respect to these connections is hard to survey because of the way that various examinations give clashing proof. For instance, Walls et al (2012) track down a negative connection between the quantity of managers and the natural component of CSR exposure and inferred that more modest boards "can moderate inconvenient ecological execution all the more really", though Sylvia et al, (2021) track down a positive connection between similar builds, driving them to presume that "having more managers gives boards more information about natural issues (instead of the contrary contention that board size prompts tumult and inaction)".

Women's obligation to official issues and corporate organization is an extremely controversial issue as of now, especially taking into account the Beijing Fourth World Get-together on Women's objective that called for 30% legislative strategy in regards to minorities in the public eye. The presence of females on association boards is normal by various European nations' managerial designs and organization standards (Upadhyay & Zeng 2014). The private regions in Nigeria have included women depiction as a piece of good corporate organization (Fernando, 2007). As shown by Katnon et al. (2017), boards with a larger piece of women have strong oversight of general disclosure and uncovering, which updates the idea of exposure. In any case, the delayed consequences of the investigation on what female bosses on boards mean for CSR openness are conflicting. For instance, Ibrahim and Hanefah (2016), Welbeck (2017), and Yasser et al. (2017) communicated that women bosses widely influence CSR revelation, while Cucari, et al. (2017) and Louis and Osemeke (2017) observed that the effect of female bosses on CSR disclosure is unimportant.

II. 2. Literature Review & Hypothesis Development

Board Size and CSR disclosure: The quantity of directors serving on an organization's governing body is alluded to as the board size (Zhang, 2013). Board size jobs have produced banter from various viewpoints. The size of the board is said to affect how choices are made, how they are checked, and the way in which they are revealed. Raheja (2005) noticed that the two pivotal obligations of the directorate are exhorting and checking. The size of the board extensively affects controlling, checking, and data sharing (Chaganti et al. 1985; Akhtaruddin et al. 2009). This could persuade one to think that the size of the board means quite a bit to the organization.

As per the office hypothesis, bigger associations require a more noteworthy extent of directors on the board to expand the board's checking limits and control the executive's activities, which will improve their straightforwardness and revelation exercises (Kaymak & Bektas, 2017). Various researchers have offered exact help for this position. With respect to the CSRD, few explores have inspected the association between board size and CSRD, and the discoveries are as yet whimsical. That said, board size has positive relationship with CSR exposure of listed manufacturing companies in both Nigeria and South Africa and this was in accordance with the discoveries of Esa and Ghazali (2010) with their Malaysian government-partnered undertakings. In the ebb and flow research, we contend that organizations with higher boards normally give more information. Because of the discussion over, the accompanying speculation is made:

H_1: Board size has huge positive relationship with the degree of CSR disclosure.

Existence of Female Directors in Board and CSR disclosure: Gender composition on the board is an essential estimation of Corporate Administration, because of the way that women and men are traditional, culturally and socially unique. For instance, the surviving writing has demonstrated that women shift from folks in expressions of character, dispatch style, educational legacy, and profession experience and skill (Williams, 2023; Bernardi & Threadgill, 2011). Agency concept demonstrates that having females inside the board has a few favours along with implanting range (Fernando, 2007) and upgrading the likelihood to accomplishing the forceful increase (Mattis, 2000). As for the CSR and CSRD, the vast majority of the first investigations found that lady chairmen enrich the CSR rehearses (Zhang et al., 2013, Boulouta, 2013) CSR rating (Bear et al,, 2010) CSRD (Fernandez-Feijoo et al., 2012) magnificent of ecological detailing (Oba & Fodio, 2012; Nwekwo, Anisiuba and Sylvia, 2023). The experimental outcome demonstrated that organizations with additional lady directors serving inside the board have higher phase of altruism and altruistic giving (Williams, 2003). As well as, better workplaces (Bernardi et al., 2006). Subsequently, in light of the previously mentioned conversation, the accompanying Drspeculation is created:

H_2: There is basic positive association between presence of women in the board and the level of CSR exposure.

Board Independence and CSR disclosure: The expansion of autonomous directors fortifies the board's portrayal of investors. The division of possession and the board is the focal precept of the organization hypothesis, and independence directors are thusly viewed as being more powerful screens. The contention between the specialist's and standard's inclinations, where the specialist will in general amplify his inclinations to the detriment of the government assistance of the head, led to the organization quandary (Jensen & Meckling, 1976). Independence directors are hence expected to work to the greatest advantage of investors and forestall irreconcilable circumstances between gatherings to contracts. Scholars of organization hypothesis fight that by guaranteeing that top supervisors don't plan to dispossess the abundance of minority, a bigger number of non-chiefs on the board may all the more really regulate the top administration and defend investors and different partners. As per crafted by Esa and Ghazali, 2010) and Boulouta, (2013) most of independence directors on the board ought to assist with bringing issues to light of the prerequisites for data divulgence; thus, nonexecutives are expected to further develop the data exposure regarding its exhaustiveness and type. In the current paper, we expect that there is an enormous great relationship among the extent of board independence on the leading group of Nigerian firms and the degree of CSR revelation. In this manner, in light of the above conversation, the accompanying speculation is created:

H_3: Board independence has critical positive relationship with the degree of CSR exposure.

1)

Results and Discussion

The statistical software of E-view (version 13) was used to analyse the nexus between variables of the study. Descriptive statistic merely represents the statistical attributes of the variables in the study model. Table 2 below provides such statistics.

Table 2: Descriptive Statistics of the Variables

VARIABLES	CSRD	BODS	EFDB	BODI
Mean	0.770000	10.03000	14.73255	69.77400
Median	1.000000	10.00000	12.50000	69.65000
Maximum	1.000000	18.00000	37.50000	93.33000
Minimum	0.000000	4.000000	6.670000	37.50000
Std. Dev.	0.421889	3.221957	6.357422	13.89966
Skewness	-1.283171	0.216900	1.161614	-0.153332
Kurtosis	2.646527	2.018273	3.860607	2.161217
Jarque-Bera	55.92544	9.599755	51.15027	6.646658
Probability	0.000000	0.008231	0.000000	0.036033
Sum	154.0000	2006.000	2946.510	13954.80
Sum Sq. Dev.	35.42000	2065.820	8042.946	38446.89
Observations	200	200	200	200

Table 2 above shows the mean (normal) for every variable, their most extreme qualities, least qualities, standard deviation. The outcome gives some understanding into the idea of the chose firms' information utilized for the review. Right off the bat, it was seen that over the period under survey, the tested firms in Nigeria have positive normal corporate social obligation exposure (CSRD) worth of 0.770000. The most extreme and least worth of CSR exposure is 1.000000 and 0.000000 individually. The enormous distinction between the most extreme worth and the base worth shows that the examined firms utilized for the review are not overwhelmed by either firms with high CSR revelation or firm with low CSR exposure.

Also, it was seen that on the normal over the period, the chose firms have board size (BODS) worth of 10.03000, its greatest and least qualities are 18.00000 and 4.000000 separately, the huge contrast between the most extreme and least board size (BODS) esteem uncovers that spinning nature of the board size among the chose firms. This wide variety in BODS values among the examined firms legitimizes the requirement for this concentrate as we expect that organizations with higher BODS will have higher CSR divulgence than those organizations with low BODS in Nigeria.

Thirdly, it was additionally seen that on the presence of female directors in board (EFDB), the typical worth over the period is 14.73255, and its greatest and least qualities are 37.50000 and 6.670000 separately, the wide variety in EFDB values among the examined firms legitimizes the requirement for this concentrate as we accept that organizations with higher EFDB will have higher CSR divulgence than those organizations with low BODF in Nigeria.

Board independence (BODI) has a mean worth of 69.77400, most extreme worth of 93.33000 and least worth of 37.50000. Be that as it may, there is a high variety between the greatest and least upsides of BODI. This wide variety in BODI values among the tested firms legitimizes the requirement for this concentrate as we accept that organizations with higher BODI will have higher CSR exposure than those organizations with lower BODI in Nigeria.

The Jarque - Bera (JB) which test for ordinariness or the presence of exception or outrageous worth among the information from the factors utilized for the review, the outcome shows that every one of the factors are regularly circulated at 5% degree of importance. This outcome implies that any factors with exception are not prone to contort our decision and are subsequently solid for drawing speculation.

Diagnostic Tests

The study in trying to diagnose for the presence of multi-collinearity in our data and evaluating the association among the variables adopted, employed the Pearson correlation coefficient analysis. The result obtained is presented in table 3 below.

Table 3: Pearson Correlation Matrix

VARIABLE	CSRD	BODS	EFDB	BODI
CSRD	1.000000	-0.187134	-0.126826	0.150369
BODS	-0.187134	1.000000	0.113043	0.091479
EFDB	-0.126826	0.113043	1.000000	-0.173296
BODI	0.150369	0.091479	-0.173296	1.000000

Table 3 zeroed in on the relationship between CSR revelation and the proxy of independent variables (BODS, EFDB and BODI) in Nigeria. The finding from the connection framework table shows that independent variables like BODS (- 0.187134) and EFDB (- 0.126826) were seen to be adversely connected with our reliant variable (CSRD) in Nigeria; while autonomous variable like BODI (0.150369) was seen to be decidedly connected with our reliant variable (CSRD) in Nigeria. Board size has positive relationship with EFDB (0.113043) and BODI (0.091479). Presence female directors in board have negative relationship with BODI (-0.173296).

III. In checking for multi-collinearity, we saw that no two logical factors were impeccably associated. This intends that everything looks great of multi-collinearity between the illustrative factors. Multi-collinearity generally results to wrong signs or improbable sizes in the assessed model coefficients acquired. There will likewise be predisposition in the standard mistakes of the coefficients yet since there is no such issue in our information, it then, at that point, implies that we ought to go on to run our regression.

IV. Regression Analysis

V. **MODEL:** $CSRD = \beta_0 + \beta_1 BODS_{it} + \beta_2 EFDB_{it} + \beta_3 BODI_{it} + ų$

VI. Testing of hypotheses formulated for listed manufacturing firms in Nigeria.

VII. In order to examine the relationships between the dependent variable such as CSRD and the proxies of independent variables (such as BODS, EFDB and BODI) and also test the formulated hypotheses given using Nigerian environmental data, the study used a Binary Logistic regression analysis. The results of the Binary Logistic regression analysis are presented in table 4 below.

Table 4: Binary logistic regression result for Nigerian manufacturing firms

Dependent Variable: CSRD
Method: ML - Binary Logit (Quadratic hill climbing)
Date: 02/29/24 Time: 14:20
Sample: 2012 2021
Included observations: 200
Convergence achieved after 4 iterations
Covariance matrix computed using second derivatives

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	1.319177	1.095241	1.204463	0.2284
BODS	-0.144655	0.055015	-2.629359	0.0086
EFDB	-0.028684	0.026474	-1.083478	0.2786
BODI	0.026704	0.012626	2.115000	0.0344

McFadden R-squared	0.063637	Mean dependent var	0.770000
S.D. dependent var	0.421889	S.E. of regression	0.408534
Akaike info criterion	1.049916	Sum squared resid	32.71239
Schwarz criterion	1.115883	Log likelihood	-100.9916
Hannan-Quinn criter.	1.076612	Deviance	201.9833
Restr. deviance	215.7105	Restr. log likelihood	-107.8553
LR statistic	13.72728	Avg. log likelihood	-0.504958
Prob(LR statistic)	0.003301		
Obs with Dep=0	46	Total obs	200
Obs with Dep=1	154		

VIII.

Table 4 above presents the Binary Logistic regression result got in exploring the connections between the reliant variable (CSRD) and the independent variables (BODS, EFDB and BODI). Binary Logistic regression was utilized on the grounds that the reliant variable is a dummy variable. The strategic appropriation compels the assessed probabilities to lie somewhere in the range of 0 and 1. Maximum likelihood estimation (MLE) is a measurable technique for assessing the coefficients of a model. The likelihood function (L) gauges the likelihood of noticing the specific arrangement of ward variable qualities that happen in the example. Here, the higher the L, the higher the likelihood of noticing the Ps in the example. In Nigeria, we saw from the examination that the p-value for presence of female in board (0.2786) is > 0.05; this implies that this variable don't altogether affect the CSR revelation in Nigerian manufacturing firms. However, presence of female in board with the Coefficient (-0.028684) have negative sign which implies that an expansion in this factor will in general diminish CSR divulgence in Nigerian manufacturing firms.

We likewise saw from the examination that the p-value for board size (0.0086) and board autonomy (0.0344) is < 0.05; this implies that this factor essentially influence the CSR exposure in Nigerian manufacturing firms. However, board independence with the accompanying Coefficient (0.026704) has positive sign which implies that an expansion in this factor will altogether prompt an expansion in CSR revelation; while the negative indications of the board side with the accompanying Coefficient (- 0.144655) show that an expansion in this factor will tends to fundamentally diminishes CSR divulgence in Nigerian manufacturing firms.

CONCLUSION

Literature shows a lot of different statements about the relation between board characteristics and CSR disclosure, the conclusions are very ambiguous. Therefore the goal of this paper was looking at a specific situation; researching the relation between the board size, existence of female directors in board and board independence and the CSR disclosure of listed manufacturing firms in Nigeria.

For the board size, there is existence of negative association with CSR disclosure. The negative indications of the board side with the accompanying Coefficient (- 0.144655) show that an expansion in this factor will tends to fundamentally diminishes CSR divulgence in Nigerian manufacturing firms. For the existence of female directors in board, there are also existences of negative relationship with CSR disclosure. The presence of female in board with the Coefficient (- 0.028684) have negative sign which implies that an expansion in this factor will in general diminish CSR divulgence in Nigerian manufacturing firms. For board independence, there exist a positive association with CSR disclosure. This implies that this factor essentially influence the CSR exposure in Nigerian manufacturing firms. However, board independence with the accompanying Coefficient (0.026704) has positive sign which implies that an expansion in this factor will altogether prompt an expansion in CSR revelation.

The report makes the assurance that board independence is a significant factor in determining CSR disclosure, and that its optimality is subsequently significant for a superior outcome considering the audit's revelations. It is hence communicated that greater board sizes should not be empowered because they have negative influence CSR disclosure. Therefore, small board is better for the performance of a firm then a large board. Finally, it is provoked that additional assessment be done on comparative subject in a substitute region or business, taking into account other organization's components that were not campaigned in this survey.

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