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THE INFLUENCE CORPORATE GOVERNANCE ATTRIBUTES ON CORPORATE SOCIAL AND ENVIRONMENTAL DISCLOSURE QUALITY IN NIGERIA

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Abstract
The paper examines the impact of corporate governance attributes on corporate, social and environmental disclosures (CSED) quality in Nigeria. The sample was made up of 174 listed companies in the Nigerian Stock Exchange between 2007 and 2008. The content analysis of the annual reports for 2007 and 2008 was adopted to measure CSED. Specifically, following Hassan (2010), the two ranking scale (0, 1) was adopted to measure the CSED quality. The OLS regression analysis was used to test the impact of the corporate governance attributes on the corporate, social and environmental disclosures quality. The empirical findings reveal that the big 4 audit firms and the presence of corporate social responsibility committee have positive and significant impact on CSED quality. The corporate governance attributes of board independence, audit committee independence, CEO duality and the ownership structure of directors' shareholdings, institutional ownership and substantial shareholdings (shareholders power) have no significant impact on CSED quality in Nigeria. In conclusion the results revealed that corporate governance mechanisms- board characteristics and ownership structures have less impact on CSED quality. Therefore it is recommended that the corporate governance mechanisms should be strengthened so that they can play a greater role in making companies act in the best interest of all stakeholders through qualitative, specific and non-rhetoric disclosure of their social and environmental activities.

Keywords: Corporate social and environmental disclosures, quality disclosures, corporate governance attributes.

• Introduction

Over the past forty years various studies have sought to examine and measure organizations' social and environmental disclosures in both developed and developing countries from the perspectives of quality and quantity disclosures (Milne & Adler, 1999). More recently corporate social and environmental disclosure has become part of corporate sustainability which addresses the economic, social and environmental dimensions of corporate reporting (Gray & Bebbington, 2000; KPMG, 2005; Branco & Rodrigues, 2007). Moreover, the introduction of Global Reporting Initiatives (GRI) in the 2000s and the interest of the capital market participants have encouraged companies to disclose their social, economic and environmental activities (Murray, Sinclair, Power & Gray, 2005).

Generally, a lot of studies have examined various aspects of corporate social and environmental disclosure (CSED) in Nigeria from the perspective of quantity disclosures (Disu & Gray, 1998; Enahoro, 2009; Odia, 2009. Kwanbo, 2011; Uwuigbe, 2011a; Uwuigbe, 2011b; Uwuigbe & Ben-Caleb, 2012; Ajibolade & Uwuigbe; 2013; Odia, 2013).To the best of our knowledge only a few studies have considered the determinants of CSED quality in Nigeria (Odia, 2013). Basically, the quality disclosures are considered to be more important than the quantity disclosures even though it is subjective and very difficult to assess (Botosan, 1997). Hammond and

Miles (2004) argue that although the extent to which quality assessment influences corporate disclosure is acknowledged in the literature (Gray, Owen & Adams, 1996; Kolk, 1999) yet it has been largely ignored. Moreover, disclosure and transparency are considered as an important component and main indicators of an effective corporate governance structure (Khiari & Karaa, 2013). In fact, a good corporate governance system enables more transparent disclosing of information about a firm (Sheila, Hafiz, Mohamad & Ahamed, 2012). Hassan (2010) finds that corporate governance attributes play an important role in making United Kingdom (UK) companies closer to community's needs and ensuring that they act in the interest of all stakeholders through their CSEDs. It is not certain whether corporate governance plays such roles in Nigeria. Again while corporate governance variables like board size, board independence and audit firm (BIG 4) have received considerable attention in the literature (Damagum & Chima, 2014), only a few studies have examined the impact of ownership structures like institutional, substantial shareholders and shareholders power on CSED quality.

Although many studies have examined the effect of one or several corporate governance attributess on disclosure quality in developed and developing countries (Ho & Wong, 2001; Chau & Gray, 2002; Bushee & Noe, 2001; Chen & Jaggi, 2000; Haniffa & Cooke, 2002; Kolk & Pinkse (2010) Sheila, Hafiz, Mohamad & Ahamed, 2012; Khiari & Karaa, 2013), a research remains because of the mixed results. For instance using the decision tree diagram, Khiari and Karaa (2013) find that corporate governance attributes (ownership structure, board of directors and audit committees) has no significant impact on good quality disclosure by Tunisian listed firms. In fact they found that in practice, there were companies with good quality of disclosure but not well governed. Beekes and Brown (2006) study 250 Australian firms rated in the 2002 Horwath corporate governance report and find that better-governed firms do make more informative disclosure. Also, Damagum and Chima (2014) find that corporate governance attributes (board size, board independence and director shareholdings have significant impact on financial reporting of quoted firms in Nigeria. Therefore, this paper seeks to close the research gap by examining the impact of corporate governance mechanisms on the CSED quality in Nigeria. The rest of the paper is divided into four sections. The immediate section considers the theoretical framework, review of corporate governance variables and CSED quality as well as the hypotheses development. The third section dwells on the methodology adopted for the study. Section four is the data analysis which comprises regression analysis and discussion of the results. Section five is the conclusion. The paper contributes to existing literature as it provides insight into the impact of corporate governance attributes on CSED quality of corporate annual reports of an emerging market economy like Nigeria. Specifically, the research findings indicate that big 4 audit firm and the presence of corporate social responsibility committee had positive and significant impact on CSED quality in Nigeria

2.1. Literature Review

A lot of studies have examined the impact of corporate attributes on CSED (O'Dywer, 2002; Haniffa & Cooke 2005; Naser, Al-Hussaini, Al-Kwari & Nuseibeh 2006; Hassan, 2010; Odia, 2013). **It should be noted that in the context of this paper corporate governance mechanisms and corporate governance mechanisms are used interchangeably.** In fact, the corporate governance mechanisms have been found to affect social and environmental disclosures of companies (Haniffa & Cooke 2005, Hassan, 2010).Corporate governance mechanisms ensure the interests of shareholders, creditors, customers and other interested parties are established through optimal decisions of executive committees and compliance with the compulsory rules and regulations. This serves the purposes of accountability, clarity, justice and respect for the rights of interested parties. It is a sort of restriction for major shareholders and minor shareholders' accessibility to their rights and managerial control by ensuring more clarification, more disclosure of information and shareholders' equity.

Beltratti (2005) argued that there is complementarity between corporate governance and corporate social responsibility (CSR). Moreover, CSR is used as a corporate governance tool by medium and large companies to enhance their social mechanism (positive image company branding and reputation), solidify legal strategies (compliance with standards, rules and entry strategy) and facilitate economic mechanisms- employee monitoring, competition, attraction scare resources and company's transparency (Germanova,2008).

2.2 **Theoretical Framework - Agency Theory**

The question of whether firms have moral or social responsibilities to voluntarily commit resources to environmental protection" is unresolved (Reinhardt, Stavins & Vietor, 2008:3) as investments and involvement in CSR were earlier thought to be outside the business main purpose of profit maximization (Friedman,1970). In fact, Wright and Ferris (1997) view CSR as a misallocation and misappropriation of corporate resources by management that would have been better spent on value-added internal projects or returned to the shareholders. Davis (1973) argued that (1) businessmen might not have appropriate skills to tackle social problems, (2) that spending attention to an assumed social responsibility goes at the expense of the core objective of business organization which is making profit and (3) that if there is cross-national diversity in social demands, socially responsive behavior weakens the relative competitiveness of firms in high-pressures societies. Therefore given the scenario and conflict of interest in CSR, the agents of corporate governance will help to reduce the information asymmetry and conflict of interest through adequate disclosures. The agency theory provides a framework to study the relationship between corporate governance mechanisms and corporate social and environmental disclosures (Ajibolade & Uwuigbe, 2013).The agency theory argues that the separation of ownership from control of business (conflict of interest) make managers to maximize their own utility at the expense of the owners (Jensen and Meckling, 1976).To reduce these conflicts and their adverse effects on firm value, a variety of corporate governance mechanisms like board of directors (Jensen 1993, Fama & Jensen, 1983) size, independence, ownership structure, audit firm and audit committee have been devised to keep corporate managers in check.

2.2.1 **Board size**

Halme and Huse (1997) find no association between corporate governance (ownership concentration board size) and environmental disclosures. Moreover, Cheng and Courtenay (2006) find that board size is not associated with voluntary disclosures. Thus, hypothesis 1 is stated as:

H1: There is no association between board size and CSED quality

2.2.2. **Board Independence (Non-executive directors)**

Fama (1980) argues that non-executive directors act as a reliable mechanism to diffuse agency conflict between managers and owners. Again Eng and Mak (2003) showed that board composition of more outside directors reduces voluntary disclosures. But Brammer and Pavelin (2006) find no significant relation of non-executive directors with environmental disclosures quality. Ben-Rhouma and Cormier (2007) study the effects of board characteristics and ownership concentration on societal communication of French listed companies. They conclude that board independence positively affects societal reporting while a negative relationship is identified between the ownership concentration and societal disclosures. Hassan (2010) finds that that the non-significant impact of non-executive directors on corporate social disclosure is not influenced by whether non-executive directors are independent or not. Therefore, hypothesis 2 is stated as:

H2: There is no association between board independence and the CSED quality

2.2.3. **CEO duality**

Cheng and Courtenay (2006) and Norita and Shamsul Nahar (2004) find that CEO duality are not associated with voluntary disclosures. However, Gui and Leung (2004) find that there is a positive relationship between separation of chairman/CEO position and corporate disclosures. Forker (1992) finds a negative relationship when the position of CEO and chairman are combined. Thus, we hypothesize that:

H3: There is no association between CEO duality and the CSED quality.

2.2.4 **Audit firm (BIG 4)**

DeAngelo (1981) invest more to maintain their reputation as providers of quality audit than smaller audit firms. Xiao, He and Chow (2004) find a positive relationship between firms employing former Big 5 film and their scopes of voluntary disclosures. However, Uwalomwa and Ben-Caleb (2012) find size of audit firm has a significant positive relationship with the level of corporate social responsibility disclosures among 41 selected companies in Nigeria. Barako (2007) finds significant relationship between external auditor and the social board disclosures by Kenyan companies.

H4: There is a positive association between BIG4 and the CSED quality

2.2.5 **Audit Committee Independence**

Audit committees can be a monitoring that improves the quality of information flow between firm owners (shareholders and potential shareholders) and managers, especially in the financial reporting environment where there have different information levels. Prior research indicates the benefits of audit committee in terms of strengthening reporting quality (Kent & Stewart, 2008). Ho and Wong (2001) provide empirical evidence of a positive association between corporate disclosure practices and the existence of an audit committee. Moreover, they find that where companies have strongly concentrated ownership structure, the quality of disclosure is more complicated because of the conflict of interests between majority and minority shareholders (Ho & Wong, 2001). Hence the audit committee helps to resolve the conflicts and achieve a good quality of information disclosures (Khiari & Karaa,2013). Barako (2007) finds a significant relationship between audit committee and social/board disclosures by Kenyan companies. Therefore, hypothesis 5 is stated thus:

H5: There is positive association between audit committee independence and CSED quality.

2.2.6. **Corporate Social Responsibility Committee**

Cowen, Ferreri and Parker (1987) find social disclosures to be unaffected by the presence or absence of a corporate social responsibility committee (CSRCOM) whereas Chan and Kent (2003), and Elijido-Ten (nd) find the presence/absence of environmental committee as proxy for strategic posture is significant and positively related with the quality and quantity of CSED. Hassan (2010) finds the presence of a CSRCOM has positive association with quality CSD disclosure in annual reports but the presence of independent director on the CSR committee has no influence on CSD. Therefore, we state hypothesis 6 as:

H6: There is positive association between CSR committee and CSED quality

2.2.7. **Directors Shareholdings**

The directors (as owners) will directly instruct and monitor the management of the companies (Jensen & Meckling, 1976) when they own shares. Therefore there are fewer agency problems as compared to the situation where the directors are not the owners but supervise the management of the company (Seifert, Gonenc & Wright, 2005). However, in the case of information disclosure, if the directors hold shares, they might not want to disclose all the material information to the outsiders since they would like to channel the benefits of the firms for themselves and conceal some fraud transactions. Hence a negative relationship between director ownership and disclosure has been found (Chau & Gray, 2002; Eng & Mak, 2003; Leung & Horwitz, 2004; Haniffa & Cooke, 2005). However, Huafang and Jianguo (2007) find no relationship while Ballesta and Garcia-Meca (2005) find the directors' ownership provide higher quality of financial reporting. In addition, Norita and Shamsul Nahar (2004) find that executive director ownership has a positive influence on voluntary disclosure level. Ghazoli (2007) finds using sample of 86 Malaysian companies that director and government ownership have significant influence on CSED in annual reports. Uwuigbe (2011b) finds managerial ownership structure has a significant positive impact on the level of corporate social responsibility disclosures among 35 listed firms in Nigeria.

H7: There is no association between directors' shareholdings and CSED quality

2.2.8. **Institutional Ownership**

Institutional ownership seems to influence companies towards higher disclosure since their voting power can be used as a tool to monitor the agents. Institutional investors are considered the most demanding of a regular and timely published financial information (Khiari & Karaa, 2013) and because institutional investors are key players in governance structures, they may compel the provision of frequent disclosures (Elgazzar, 1998). Eng and Mak (2003) find that lower managerial ownership and significant government ownership are associated with increased disclosures. Naser, Al-Hiissaini, Ai-Kwari and Nuseibeb (2006) examine factors influencing corporate social disclosures in Qatar. They find that ownership variables (governmental ownership, institutional ownership and major shareholders) are not associated with CSD. Again, Huafang and Jianguo (2007) find that state ownership and legal ownership are not related to disclosure. Khiari and Karaa (2013) argue that for companies where the presence of institutional ownership is not significant, the best discrimination and pressure for information disclosure is the board size. Therefore, hypothesis 8 is stated as:

H8: There is no association between institutional ownership and CSED quality

2.2.9. **Shareholders power**

Brammer and Pavelin (2006) find a significant and negative relationship between the size of the largest shareholdings in company and the decision to disclose voluntary environmental information. Prado-Lorenzo, Gallego-Alvarez and Garcia-Sanchez (2009) test a stakeholder theory approach to analyze CSED by examining shareholder power and ownership dispersion on CSED. The variables examined were: the presence of financial institutions in the corporate ownership structure, the presence of a physical person that represents a dominant shareholder and a number of independent directors. The empirical results, based on a sample of 99 Spanish companies, reveal only a limited association between the presence of a physical person that represents a dominant shareholder and CSED. Elijido-Ten (2004, 2007 and nd) find a positive but insignificant association between shareholders' power and corporate social disclosures.

H 9: There is no association between shareholders' power and CSED quality.

2.2.10 **Ownership diffusion**

Ownership diffusion means that there is a diversity of shareholders' needs for information about the social responsibility of companies. Therefore, the more diffused the ownerships of companies are, the more they are likely to deal with societal perceptions towards them in order to maintain good relationship with various stakeholders (Hassan, 2010). For instance, Hassan (2010) finds a positive association between ownership diffusion and corporate social disclosures. Chau and Gray (2002) also find the same positive relationship in Hong Kong and Singapore, and Makhija and Patton (2004) find the same result on the Czech market. Therefore, we state hypothesis 10 as:

H10: There is no association between ownership diffusion and CSED quality.

2.3. **The quality of Corporate Social and Environmental Disclosures**

The quality of disclosure comprises several attributes like relevance, reliability, understandability, comparability and materiality (Siddique, Sciulli & Faux, 2011). Quality includes both quantitative and non-quantitative disclosures. According to Hassan (2010), the quality of CSED is different from the quantity of CSED which are mostly words, sentence and page. Basically the measurement of the quality of CSED is difficult and subjective. Beattie, Mclnnes and Fearnley (2004) remark that two principal ways have been employed to measure quality disclosure. These are the subjective analyst disclosure quality rankings and researcher-constructed disclosure indices where the amount of disclosure is used as a proxy for disclosure quality (e.g. Botosan, 1997).

Moreover, researchers have used different point-scales like 2, 3, 4, 5 and 7 scales to assess the quality of social and environmental disclosures in annual reports (See Gamble, Hsu, Kite & Radtke 1995; Raar, 2002; Tom, 2002; Salama, 2003; Hasseldine, Salama & Toms 2005; Cormier, Magnan & Velthoven, 2005, Walden & Schwartz, 1997 and Van Staden & Hook 2007). Brammer and Pavelin (2006) argue that the quality of CSED is more relevant if it refers to reports of specific actions, quantifies environmental impacts, sets formal targets and externally audited. High quality corporate environmental disclosure has the ability to demonstrate credibility, trustworthiness and environmental responsibility (Tom, 2002). The scoring quality index by Clarkson, Richardson and Vasvari (2008) identify high quality (hard) disclosures to provide objective measures of environmental performance whereas low quality (soft) disclosures lack credibility and substantiation.

3.0. **Methodology**

Content analysis is the most commonly research method used to assess organizations' social and environmental disclosures. Content analysis is a method of codifying the text (or content) of a piece of writing into various groups (or categories) depending upon selected criteria (Weber, 1988). According to Krippendorff (1980:21), content analysis is "a research technique for making replicable and valid inferences from data according to their context". The content analysis of the annual reports was conducted to determine disclosure scores for CSED quality for a cross sectional sample of 91 and 83 listed companies respectively in fourteen industrial sectors in the Nigerian Stock Exchange with accounting year ending 31st December 2007 and 2008 respectively. Each annual report was carefully scrutinized and scored as a quality disclosure index based on a developed checklist (See appendix).

The CSED quality has been measured in previous studies using various ranking systems of 2 to 7 scales. But the use of a ranking system with many scale-points to assess the quality of CSED seems to result in reduced reliability and more subjectivity in the measurement (Hassan, 2010), hence a 2-point scale system (1,0) was used in this study as follows:

Score of 1 if disclosure is quantitative disclosure, graphic or narrative disclosure which reports the policies and activities of a company concerning its social and environmental responsibility OR a score of 0 otherwise

A similar approach (0, 1) has been used by previous studies such as Tsamenyi, Enninful-Adu and Onumah (2007) on disclosure and corporate governance. The descriptive analyses and results from the correlation and multivariate regression analyses provide insight into the impact of corporate governance mechanisms on CSED quality of corporate annual reports in Nigeria in 2007 and 2008 as well as the combined period.

Table 1: Sample of listed companies based on industrial sectors

	Sectors	Total Sample Companies 2007	Percentage of Total Companies (%)	Total Sample Companies 2008	Percentage of Total Companies (%)
1	Agriculture	5	5.5	4	4.8
2	Automobile	3	3.3	1	1.2
3	Banking	16	17.6	14	16.9
4	Breweries	2	2.2	2	2.4
5	Building & Materials	6	6.6	5	6.0
6	Chemical & Plant	7	7.7	5	6.0
7	Conglomerates	7	7.7	6	7.2
8	Computer & equipment	3	3.3	2	2.4
9	Construction	4	4.4	5	6.0
10	Food/Beverage & tobacco	10	11	10	12.1
11	Health Care	6	6.6	7	8.4
12	Insurance	14	15.4	14	16.9
13	Petroleum (marketing)	7	7.7	7	8.4
14	Textiles	1	1	1	1.2
	Total	91	100%	83	100%

Source: Researcher's compilation (2012).

3.1. Models Specification

Based on Hassan (2010), the adopted model formulated to capture the association between CSED quality and corporate governance mechanism is as follows:

$CSED_{qua}$ = f (BSIZE, NONEXE, B1G4, AUDCOM, CHAIR, INSTOWN, INSTOWN (%), CSRCOM, DRSH, SHD, PSH) --- (1)

This could be written in econometric form as:

$CSED_{qua} = 0 +_1 BSIZE + _2 BIG4 + _3 AUDCOM + \beta_4 NONEX + _5 CHAIR + _6 INSTOWNN + _7 INSTOWN(\%) + _8 CSRCOM + _9 SHD + _{10} PSH + E$ ....(2)

The measurement of corporate governance variables is shown in table 2.

Table 2 : Measurement of Corporate Governance variables

S/No	Independent/ dependent Variables	Code	Proxy(ies)	Expected signs
A	CORPORATE GOVERNANCE			
1	BOARD SIZE	BSIZE	Proportion of members on the board	+
2	AUDIT FIRM	BIG4	1 if audited by big 4 Audit Firm or 0 otherwise	+
3	BOARD INDEPENDENCE	NONEXE	Proportion of non-executive directors to total directors on the board	+
4	CHAIRMAN POSITION	CHAIR	1 if position is separated or 0 otherwise	-
5	AUDIT COMMITTEE INDEPENDENCE	AUDCOM	Proportion of non-executive directors in the audit committee.	+/-
6	OWNERSHIP DIFFUSION (Sustantial shareholdings)	SHP	Number of shareholdings equal to 3% or more divided by total company shares.	+
6	DIRECTORS' SHAREHOLDINGS	DRSH	Number of shareholdings by directors on the board divided by total company shares.	+
6	INSTITUTIONAL OWNERSHIP	INSTOWNn INSTOWN(%)	• Number of institutions that hold shares in each company • Percentage of institutional shareholdings	+/-
7	SHAREHOLDERS POWER	PSH	Percentage of group shareholdings greater than 3% plus directors shareholdings divided by total company shareholdings.	+/-
8	CSR COMMITTEE	CSRCOM	1 if company has CSR committee or 0 otherwise	+
9	CORPORATE SOCIAL & ENVIRONMENTAL DISCLOSURE QUALITY	CSEDqua	Total disclosure score for social and environmental disclosures for quality(qua) disclosures per disclosure index	

Source: Researcher's design (2012)

4.0 Data Analysis

This section considers the analysis of the data for the sampled companies for 2007 and 2008, descriptive statistics, correlation and multivariate regression analyses.

4.1. Descriptive statistics

Table 3 shows the descriptive statistics for 2007 and 2008. As regards the corporate governance mechanisms, the results for both years show that the companies follow fairly good corporate governance mechanisms with high percentage of non-executive directors on the board (high board independence about 63% and 68% in 2007 and 2008 respectively). However the independence of the audit committee was below average in both years. Separate person occupying the position of chairman and CEO/managing director increase from 89% in 2007 to 94% in 2008. This result is higher than 85.7% found by Kajola (2008) for different persons occupying the chairman and CEO position. The board size was in the range of 5 to 20 members in 2007 and 2008 respectively with an average of 10.36 and 10.51 members for 2007 and 2008 respectively. Our analysis reveals that about 77% companies were audited by the Big 4 auditing firms in 2007 and 2008 respectively while about 23%

companies were audited by the non-Big4 auditing firms in both years. In other studies in Nigeria, an average board size of 10 members was found by Sanda, Mikailu and Garba (2005) who investigate the impact of corporate governance mechanisms on firm performance of 93 listed companies in Nigeria for the period between 1996 and 1999. Kajola (2008) found a board size of 9.25 members for 20 non-financial listed companies between 2000 and 2006. Odia and Okafor (2011) found a board of 11.24 members when they investigated 15 companies in five strategic sectors of the Nigerian Stock Exchange from 2004 to 2006.

Table 3 : Descriptive Statistics for 2007 and 2008.

Year	2007					2008			
Variables	Min	Max	Mean	Std Dev		Min	Max	Mean	Std Dev
BSIZE	5	20	10.36	3.094		5	20	10.51	3.462
BIG4	0	1	0.77	0.423		0	1	0.77	0.423
CHAIR	0	1	0.89	0.313		0	1	0.94	0.234
AUDCOM	0.17	1	0.455	0.139		0.17	0.70	0.433	0.115
NONEXE	0.090	0.941	0.630	0.212		0.20	0.917	0.682	0.167
INSTOWN N	1	11	2.54	1.771		1	12	2.54	2.136
INSTOWN (%)	0.46	90.54	50.429	21.78 8		3.35	87.95	49.65 6	20.86 0
CSRCOM	0	1	0.61	0.491		0	1	0.36	0.483
DRSH	0	0.636	0.103	0.151		0.000 2	1.014	0.137	0.213
SHD	0	1.969	0.823	0.370		0.000 8	3.749	0.848	0.519
PSH	0	9.603	0.946	1.071		0.001 4	9.455	0.969	1.088
CSEDqua	0	1.00	0.11	0.145		0	0.52	0.112	0.0.90

Source: Researcher's computation (2012)

The CSEDqua score was between 0 and 1 in 2007 but the range decreased to between 0 and 0.52 in 2008. The minimum disclosure of 0 indicates that some companies, about 23 (29%) companies in 2007 (9%) companies in 2008, do not disclose CSEDqua in their annual report in both years. The mean CSEDqua is constant over the two years being 0.111 in 2007 and 0.112 in 2008. These low average scores indicate that the disclosure of CSEDqua by Nigerian listed more of a general statement and does not report specific activities of CSR. Considering the independence of the audit committee, the proportion of non-executive directors in the audit committee fell from 45.5% in 2007 to 43.3% in 2008, representing a decrease in the audit committee independence. Moreover, the companies with corporate social responsibility committee decrease from 61% in 2007 to 36% in 2008. Regarding the ownership structure, the range of institutional investors was between 1 and 11 in 2007, and 1 and 12 in 2008 respectively. Although the average institutional investors in both years was 2.54, their average percentage shareholding was 50.43% in 2007 but fell to 49.66% in 2008.The companies with CSR committee were 34 or 37 % in 2007 compared to 30 or 36.2% in 2008.The companies without CSR committees were 49 and 53 companies in 2007 and 2008 respectively. The directors' shareholdings rose from an average of 10.3% in 2007 to about 13.7 % in 2008.This seems to be consistent with average directors' shareholdings of 13.42% found by Sanda et al (2005).The substantial shareholdings greater than 3% increased slightly from 82.3% in 2007 to 84.8% in 2008. Besides, the shareholders power which is the aggregate of the directors' shareholdings and the substantial shareholdings above 3% increased from 94.6% in 2007 to 96.9% in 2008 indicating increased shareholders' power.

4.2. Correlation Analysis

To examine the level of relationship between corporate governance mechanisms variables and the CSED quality, the Pearson correlation test is performed. Table 4 provides correlation results for 2007 and 2008.

Table 4: Correlation results for CSED quality for 2007 and 2008.

Variables	CSEDqua 2007	CSEDqua 2008
BSIZE	-0.067	0.029
BIG4	0.264*	-0.186
CHAIR	0.068	0.133
AUDCOM	-0.274*	0.166
NONEXE	-0.076	0.021
INSTOWNN	-0.084	0.077
INSTOWN(%)	-0.011	0.146
CSRCOM	0.028	0.151
DRSH	-0.141	-0.110
SHD	-0.051	0.005
PSH	-0.026	-0.066

+ significant at the 10% * significant at the 5% ** significant at the 1 %

Source: Researchers' computation (2012)

Regarding the quality of CSED, the result in Table 4 indicates that there is no correlation between the corporate governance variables and CSEDqua in 2008. BIG4 and AUDCOM have positive (0.264) and negative (-0.274) significant correlation respectively with CSED quality in 2007. However, both BIG4 and AUDCOM have negative and positive insignificant correlation with CSED quality in 2008. The correlation results of the quantity of CSED show some consistency in both years. This result disagrees with Hassan (2010) who finds board size and corporate social responsibility committee to be correlated with corporate social disclosures.

4.3 Regression Analysis

The regression results of the panel data (2007 and 2008) analysis in Table 5 show that the corporate governance variables of BIG4 and CSRCOM have positive and significant impact on quality of CSED. Board size (BSIZE) and diffused shareholdings (SHD) has insignificantly negative association with the quality of CSED indicating that companies with large board size and shareholders will result in decrease in the CSED quality. Duality of chairman and CEO position (CHAIR), board independence (NONEXE), number of institutional investors (TNSTOWN) and percentage of institutional investors (INSTOWP), directors' shareholdings (DRSH) and the shareholder power (PSH) are positive but insignificantly associated with the quality of CSED.

Table 5: Panel data OLS regression result of CSED quality and corporate governance.

	CSEDqua	**p**
Constant	-0.076*	0.041
BSIZE	-0.001	0.641
BIG4	0.026*	0.040
CHAIR	0.013	0.352
AUDCOM	0.013	0.692
NONEXE	0.022	0.502
INSTOWN	0.005	0.203
INSTOWNp	6.68E005	0.717
CSRCOM	0.023 +	0.073
DRSH	0.001	0.986
SHD	-7.7E005	0.994
PSH	0.002	0.906
R	0.575	
R^2	0.331	
$\bar{R}^{-2}$	0.047	
F	1.167	0.355

Source: Researchers' computation (2012), + significant at the 10% * significant at the 5% ** significant at the 1 %

4.4. **Discussion of regression results**

With regard to the impact of corporate governance on the quality of CSED in table 5, only BIG4 and CSRCOM have significant impact on the quality of CSED while the other corporate governance variables have insignificant impact on CSED quality. The BSIZE has negative but insignificantly impact on the quality of CSED. This is inconsistent with Hassan (2010) who finds that board size is positively associated with the quality of corporate social disclosures. Therefore **H1** is accepted. The positive and insignificant association of NON-EXE agrees with Brammer and Paveiin (2008), and Hassan (2010).Therefore, hypothesis **H2** of no association between NON-EXE and the quality of CSED is accepted. With regard to the separation of chairman/CEO position, **H3** of no significant association between CHAIR and CSED quality is accepted. The positive and significant association of the BIG4 agrees with DeAngelo (1981) that large audit firms invest more to maintain their reputation as provider of quality audit. Thus **H4** is accepted. The AUDCOM is positive but insignificantly associated with the quality of CSED and hence **H5** is accepted. The CSRCOM has positive and significant association with the quality of CSED. This result is consistent with Hassan (2010) who finds that corporate social responsibility committee is associated with the quality of CSED. Moreover, the result is consistent with the positive and significant association of strategic posture (proxy by the presence of environmental committees) with the quantity and quality of environmental disclosures found by Robert (1992), Chan and Kent (2003) and Elijido-Ten (2004, 2007 and nd). Therefore hypothesis **6** of a positive association is accepted.

Concerning ownership structures, the director's shareholdings have insignificant but positive association of with CSED quality. Thus **H7** is accepted. With respect to institutional shareholdings, **H8a** the positive and insignificant association of shareholders' power is consistent with Elijido-Ten (2004, 2007 and nd) but inconsistent with the positive and association of Robert (1992) and Chan & Kent (2003). Hence **H9** of no association is accepted. The results on ownership structure and shareholder power indicate that they impact less on the quality of CSED. Moreover, the negative and insignificant association of diffused or substantial shareholdings and the quality of CSED is inconsistent with Hassan (2010) who finds a positive association between the substantial shareholdings and CSD variables. Therefore 1110 is accepted. The panel result shows that board size and diffused ownership have negative and insignificant association with CSED quality, whereas board independence, separation of chairman and CEO position and the ownership structure of directors' shareholdings, number and percentage of institutional shareholdings and shareholders' power are insignificantly associated with CSED quality.

4.5. Robustness Test

With regard to the cross sectional regression results for 2007 and 2008 respectively in Table 6, the results show consistent with the panel results to a large extent. For instance, the separation of chairman/CEO position (CHAIR), the number and percentage of institutional ownership are positive but insignificantly associated with the quality of CSED whereas the non-executive directors(NON-EXE), directors' shareholdings (DRSH), diffused or substantial ownership (SHD) and shareholders' power (SHP) are negatively but insignificantly associated with CSED quality in both years. The board size is not significantly associated with CSED quality in both years. The auditing firm (BIG 4), CSR committee (CSRCOM) and shareholder power (PSH) are significantly and positively associated with CSED quantity variables in only 2007.

Table 6 . Cross sectional regression result of CSED quality and corporate governance variables.

	2007	***2008***
	CSEDqua	***CSEDqua***
Constant t	0.378+ (1.953)	0.009 (0.075)
BSIZE	-0.007 (-0.825)	-0.001 (-0.136)
BIG4	0.135* (2.259)	-0.013 (-0.351)
CHAIR	0.131 (1.581)	0.046 (0.961)
AUDCOM	-0.530** (-2.858)	0.193 (1.436)
NON-EXE	-0.124 (-1.467)	-0.091 (-0.949)
INSTOWN	0.000 (0.017)	0.000 (0.045)
INSsTOWNp	0.000 (0.389)	0.001 (1.555)
CSRCOM	-0.042 (-0.774)	0.037 (1.190)
DRSH	-0.171 (-1.300)	-0.095 (-1.179)
SHD	-0.076 (-1.152)	-0.001 (-0.050)
PSH	-0.005 (-0.275)	-0.002 (-0.174)
R R^2 $\bar{R}^2$ F p-value DW	0.557 0.310 0.125 1.673 0.115 2.210	0.424 0.189 0.008 0.958 0.496 2.285

Source: Researchers' computation (2012)

5.0. Conclusion

The purpose of this paper was to examine the impact of corporate governance mechanisms on the CSED quality of companies listed in the Nigerian Stock Exchange. Specifically it examines whether there are that significant relationships between corporate governance variables such as board characteristics (board size, board independence, audit committee, CEO duality), ownership structure and corporate social and environmental disclosure quality. The empirical results reveal that whereas board characteristics like board size, board independence and duality of Chairman/CEO duality shows insignificant impact on CSED quality; ownership structure and shareholder power have impact less on the quality of CSED. However, only BIG4 and the presence of CSR committee have positively and significant impact on CSED quality respectively. The result indicates that corporate governance mechanisms - board characteristics and ownership structures have less influence on the disclosure of corporate social and environmental information by listed companies in Nigeria. Therefore, it is advocated that the corporate governance mechanisms in Nigeria should be strengthened so that they could begin to play a greater role in making companies responds to communities' social and environmental needs and to act in the overall interest of all stakeholders by disclosing qualitative, specific and non-rhetoric CSED information.

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Appendix

CSED quality disclosure index

Rating	Examples
1	"In December2008,the organization took the bold step of selecting 19 young graduates in diverse disciplines in Oando Graduate Trainee programme" (Oando, 2008) Training such as Advance fire fighting course for Field Marshals, EHS level 1,2,& 3 trainings and Hazop studies were conducted.(Oando, 2007) "N100,000 as start-up capital for a craft-shop for Mr. Adebayo, a graduate of the Nigerian Society of the Blind's Vocational Training Centre, Oshodi" (AP, 2007) " expanded this in 2008 to accommodate our successful N50 per litre kerosene campaign aimed at ameliorating the plight of the masses by making available for their use, safe and unadulterated kerosene at affordable price" (AP, 2008) "Although, 1500 of our staff got enriched through 185 in-house, external and foreign purpose-specific programmes" (Oceanic bank, 2007). "Your bank held a football reality show which produced 15 finalists who were rewarded One Million Naira each and a car. All the 30 players who made it to the final stage were offered employment with the bank". (Oceanic bank, 2008) "At present, we have six (6) physically challenged persons in employment" (Unilever, 2007) "In 2008,over N50million was spent on training employees across the business" (Unilever, 2008)
0	"In 2008,Oando continued its commitment to sustainable development by embarking on a number of community based projects" (Oando, 2008) "Oando recorded significant improvements in EHSQ performance in 2007". (Oando, 2007) "We try to make a difference in the lives of children with special needs and the under-privileged so that as provide quality products to our customers, we provide quality lives to these persons in need" (AP 2007) "The company is continuously reviewing and improving on our HSE standards to meet international standards ,provide and ensure a safe and conducive environment for staff at work" (AP, 2008) "The bank is also deeply committed to create employment, encourage entrepreneurship and reduce poverty generally in the country. This buy-in is through its partnership with federal and state governments' National Poverty Elimination Programme (NAPEP) activities, the establishment of micro-finance banks through which "Oceanic bank is providing microfinance to the needy, and the setting up of industrial parks in several states across the country " (Oceanic bank 2007) "Oceanic bank embarked on a number of projects to give back to the society nd enhance living standards" (Oceanic bank, 2008) "The company does that is reasonably practicable to prevent personal injury and to provide and maintain a healthy and safe environment in all its operations"(Unilever, 2007) "Unilever Nigeria Plc takes its commitment to raising the quality of life of people in its community seriously. This commitment is demonstrated through the quality of the company's brands, its value addition to all its stakeholders and contributions to the communities in which it operates" (Unilever, 2008)

Source: Author's compilation (2012)