

**CORPORATE SOCIAL AND ENVIRONMENTAL PERFORMANCE,
CONSERVATIVE ACCOUNTING PRACTICES AND THE MARKET
VALUE OF LISTED FIRMS IN NIGERIA**

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AUGUST, 2022

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**A THESIS SUBMITTED TO THE SCHOOL OF POSTGRADUATE
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COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES, COVENANT
UNIVERSITY, OTA, OGUN STATE, NIGERIA**

AUGUST, 2022

ACCEPTANCE

This is to attest that this thesis is accepted in partial fulfilment of the requirements for the award of the degree of the Doctor of Philosophy (Ph.D) in Accounting in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota.

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DECLARATION

I, **ILOGHO, SIMON OSIREGBEMHE (15PAA00903)**, declare that I carried out this research work under the supervision of Professor Uwalomwa Uwuigbe of the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State. The work was also carried out under the supervision of Professor Olayinka O. Akinlo of the Department of Management and Accounting, Faculty of Administration, Obafemi Awolowo University, Ile-Ife, Osun State. I attest that the thesis has not been submitted elsewhere to receive a degree in whole or part. All sources of data and scholarly information used in the thesis were dully acknowledged.

ILOGHO, SIMON OSIREGBEMHE

Signature and Date

CERTIFICATION

We certify that this thesis titled "**CORPORATE SOCIAL AND ENVIRONMENTAL PERFORMANCE, CONSERVATIVE ACCOUNTING PRACTICES AND THE MARKET VALUE OF LISTED FIRMS IN NIGERIA**" is an original work carried out by **ILOGHO, SIMON OSIREGBEMHE (15PAA00903)** of Accounting in the Department of Accounting, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria under the supervision of Prof. Uwalomwa Uwuigbe and Prof. Olayinka O. Akinlo. We have examined and found this work acceptable as part of the requirements for the award of Doctor of Philosophy (Ph.D.) degree in Accounting.

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DEDICATION

This study is dedicated to Jesus Christ, my personal Lord, Redeemer and Saviour, whose strength is always perfected in my weakness. He is the essence of my being and the only reason this thesis completion was made possible. To Him alone be all the Glory, Honour, Power and Praise. Amen.

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LIST OF ABBREVIATIONS

CBN	Central Bank of Nigeria
CSV	Conservative Accounting Practice
CEP	Corporate Environmental Performance
CSP	Corporate Social Performance
CSEP	Corporate Social and Environmental Performance
EPI	Environmental Performance Index
FASB	Financial Accounting Standards Board
FRCN	Financial Reporting Council of Nigeria
FRSCC	Financial Services Regulatory Coordinating Committee
GRI	Global Reporting Index
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standard
NXG	Nigerian Exchange Group
NSE	Nigerian Stock Exchange
SEA	Social and Environmental Accounting

ABSTRACT

Corporate environmental and social activities are expected to improve the value of firms in the long term. However, when corporate social and environmental performance activities negatively affect a firm's value, as some reviewed studies revealed, this causes problems when rational decisions are made, and firms choose not to invest in these activities. This disparity in results was successfully explained by certain factors like the level of conservative accounting practice inherent in the preparation of financial reports. The study introduced a moderator (conservative accounting practices) to analyse its effect on corporate social and environmental performance and the market value of listed firms in Nigeria. Also, the study examined firms separately based on their environmental sensitivity categorisation. One hundred and thirty-one firms listed in the Nigerian Exchange Group were examined across the eleven sectors with six-year observations (2014 – 2019). Data were collected from secondary sources such as annual reports, sustainability reports, websites and any publication by the examined companies. Panel least square regression was employed as a data analysis method for testing hypotheses. The findings revealed an insignificant influence of corporate environmental and social performance on the market value separately. This result reveals that social and environmental performance activities are insufficient to impact firm value. The findings also revealed an insignificant influence of conservative accounting practice on the market value. When the study introduced conservative accounting practice as a moderator, the results revealed the complementary moderating influence of conservative accounting practices on the value of environmental performance investment and the market value of firms at $(0.00 \leq 0.05)$ 5% level of significance. The results also revealed the moderating influence of conservative accounting practices on the value of social performance investment and the market value of firms $(0.00 \leq 0.05)$ 5% level of significance. These results are in line with the A-priori expectation. The thesis recommends that conservative accounting practices be engaged when firms are involved in social and environmental activities because of their moderating effect, and conservative accounting practices improve reporting quality. Managers are expected to increase their social and environmentally friendly activities to improve the significance of their influence on the value of their firms. Because of their positive coefficient, environmental activities such as product innovations should be focused on. However, one of the policy implications encourages the manager to ensure that the financial and non-financial cost of engaging in socially and environmentally friendly activities in Nigeria is not detrimental to the going concern of the business.

Keywords: Accounting conservatism, Corporate social responsibility, Market capitalisation, sustainability.