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The Influence of Corporate Board Attributes on Voluntary Social Disclosure of Selected Quoted Manufacturing Firms in Nigeria

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Abstract: The main objective of this study is to ascertain the influence of corporate board attributes on voluntary social disclosure of selected quoted manufacturing firms in Nigeria. The study shall specifically examine the influence of board size, board ownership, board structure, proportion of women in the board, CEO duality, proportion of non-executive directors, and directors' remuneration on voluntary corporate social disclosure. The study adopted a correlational research design, in order to ascertain the direction and magnitude of relationship between the variables. The population of the study is made up of Manufacturing Companies quoted on the Nigerian Stock Exchange. The scope of the study limited attention to Conglomerates, Consumer goods, and, Industrial Goods companies. The study made use of Pooled OLS and Heteroskedasticity-Corrected, Ordinary Least Squares to test the hypotheses. The study finds a significant positive influence of board size, a significant negative influence of board ownership, a significant positive influence of board structure, a significant positive influence of proportion of women in the board, no significant negative influence of CEO duality, a significant positive influence of proportion of non-executive directors, and, a significant positive influence of directors' remuneration on voluntary corporate social disclosure. The study recommends a focus on board quality not quantity, strict rules for regulating insider shareholding. Creating corporate sub-committees to strengthen the effectiveness and efficiency of decisions and enthroning corporate board diversity.

Keywords: corporate board, voluntary disclosure, corporate social responsibility, corporate governance.

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Introduction

The success of any business enterprise is determined by the interaction of internal and external factors (Campbell & Underdown, 1991). While the latter are beyond the control of managers, the prior emanate from inside the firm and encapsulate the ability of management to develop and implement planning strategies that fit the business to the environment (Jerzemowska, 2006). These factors, include managerial efficiency, governance attributes, ownership structure, etc. which interacts and affects the ability to also cope with the external factors (Jerzemowska, 2006); (Babatunde & Olaniran, 2009). A key internal factor that determines the success of any

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organisation is the structure, nature and organisation of its internal governance mechanisms existing within the organisation (Aman & Nguyen, 2008). Thus, the different corporate governance mechanisms, such as boards of directors, audit committees, and auditors are responsible for monitoring and controlling managers' decisions and firms' activities which affect all stakeholders including society (Islam et al., 2010; Suprianto et al., 2017).

Another factor also related to corporate performance is the social responsibility of the firm which determines the acceptability of corporate actions to the society. According to Jamali et al. (2008) corporate governance and corporate social responsibility are directed at activities of firms towards the goodness of the society. Corporate governance traditionally specified 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). Corporate social responsibility on the other hand inextricably links the company with the society as a whole (Majeed et al., 2015), and entails the actions of an organisation for the good and benefit of the society beyond the compulsion of the law (Pearce II & Doh, 2005). This concept expanded the primary objective of corporation, beyond just the interests of shareholders to also include other stakeholders (Pearce II & Doh, 2005) and take responsibility for social problems in areas like safety and health, waste management, environmental pro-activeness, product quality and resource depletion (Mitra et al., 2008).

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). It now focuses not only on long term relationship, which deals with checks and balances, incentives for managers and communications between management and investors but also on the transactional relationship, which involves dealing with disclosure and authority (Khan, 2010). The scandals were attributed to the split in control and ownership of modern corporations, 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).

Presently, corporate governance has enveloped areas customarily perceived as being part of corporate social responsibility (Khan, 2010). Corporate governance depends on managerial performance as well as a consideration of social responsibility, the socio-cultural-environmental dimension of business procedure, legal and ethical practices with a focus on customers and other stakeholders of an organization (Poudel, 2016; Handayani et al., 2018). With the increased concern for corporate social responsibility, corporate governance objectives have evolved to accommodate new relationships never previously been deemed necessary, i.e. business-environment and business-society relations (Habbash, 2016).

Thus, with corporate governance becoming increasingly driven by ethical norms and the need for accountability (Gill, 2008), following the accounting and ethical scandals (Khan, 2010), and corporate social responsibility adapts to prevailing business practices, a potential convergence between them surfaces. Where there were once two separate sets of mechanisms, one dealing with "hard core" corporate decision-making and the other with "soft," people-friendly business strategies, scholars now point to a more hybridized, synthesized body of laws and norms regulating corporate practices (Gill, 2008).

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, arguments on the association between internal governance mechanisms and accounting disclosure still rages on, as studies document mixed findings in this area. It is against this backdrop that this study seeks to investigate the influence of corporate board attributes on voluntary social disclosure of selected quoted manufacturing firms in Nigeria.

Past literatures are filled with tremendous volume of research on corporate social responsibility and corporate governance (Jo & Harjoto, 2011; Jo & Harjoto, 2012; Chintrakarn et al., 2016). Among factors found to influence corporate social responsibility engagement, are ownership structure (Barnea & Rubin, 2010; Oh et al., 2011), takeover provisions (Jo & Harjoto, 2011), CEO characteristics (Borghesi et al., 2014), managerial entrenchment (Surroca & Tribó, 2008; Jiraporn & Chintrakarn, 2013a; Jiraporn & Chintrakarn, 2013b; Johnson & Yi, 2014), analyst coverage (Borghesi et al., 2014), among others.

Few researchers have discussed the determinants of corporate social responsibility in developing countries in general (Hussainey et al., 2011; Gunardi et al., 2016; Asmeri et al., 2017). The literature is therefore scanty on internal governance attributes and corporate social responsibility disclosure in Nigeria (Opusunju & Ajayi, 2016). Studies have documented a positive association between internal governance mechanisms and firm performance (Core et al., 1999; Gompers et al., 2003; Brown & Caylor, 2006; Dahya & McConnell, 2007; Shabbir & Padgett, 2008; Bebchuk et al., 2009). However, recent studies have explored links between attributes, such as board size, board composition, CEO duality, among others on corporate social responsibility (Bukair & Abdul-Rahman, 2015; Chintrakarn et al., 2016; Opusunju & Ajayi, 2016; Habbash, 2016).

Studies have also documented the likely impact of corporate governance elements on firms' disclosure initiatives (Dahya et al., 1996; Carter et al., 2003; Branco & Rodrigues, 2008). However, in Nigeria a vast majority of studies focus on establishing the relationship between firm attributes (e.g. financial performance, leverage, audit firm, etc.) and corporate social responsibility disclosure of firms in the Nigeria Stock Exchange (Uwuigbe & Egbide, 2012). While the influence of corporate board attributes on voluntary social disclosure is ignored.

Jizi (2017) noted that there is limited research into the influence of the composition of boards of directors on social responsibility disclosure. Existing studies on the nature of association between board attributes and social responsibility disclosure present mixed findings. 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. The disclosure of social responsibility information in Nigeria is more of a voluntary than mandatory nature as no specific standard requires such in the country, thus, there are no disclosure requirements for reporting in Nigeria. Osemene (2012) opined that many organizations in Nigeria are driven by the need to make more and more profits to the detriment of all the stakeholders, while some do not adequately respond to the needs of host communities, employees' welfare, environmental protection and community development.

This study therefore addresses the link between corporate board characteristics and the voluntary nature of corporate social disclosure of manufacturing firms in the country. It fills the research gap by using attributes both within the entity to establish the nexus between the variables.

Methods

The population of the study is made up of Manufacturing Companies quoted on the Nigerian Stock Exchange as at 1 January 2017. Quoted companies are classified under several sectors, such as: Agriculture; Construction/Real Estate; Consumer goods; Financial Services; Healthcare; Industrial Goods; Information & Communications Technology; Natural Resources; Oil & Gas; Services; Utilities; and, Conglomerates (NSE, 2017). However, the scope of the study required a focus on Conglomerates, Consumer goods, and, Industrial Goods (NSE, 2017).

The study employed all the above listed companies in the sample, because of the manageability of the size. The sample size of the study is made up of forty-five manufacturing companies listed under Conglomerates, Consumer goods, and, Industrial Goods section of the Nigerian Stock Exchange. The sampling technique adopted for the purpose of this research is the judgmental sampling technique. The focus of our data shall be on secondary sources from the annual financial statements of the companies. The study used only secondary data, extracted from the Annual Reports of the selected manufacturing companies.

Voluntary Social Disclosure (VSD) is examined using content analysis methodology, a line of research widely adopted in order to enable reliability and valid inference from narrative data in compliance with their context (Krippendorff, 2004). Content analysis is a method of codifying the text (or content) of a piece of writing into various groups or categories depending on the selected criteria. Following coding, quantitative scales are derived to permit further analysis (Michelon & Parbonetti, 2012; Krippendorff, 2004).

Corporate board attributes was measured by seven indicators, namely board size, board ownership, board structure, proportion of women in the board, CEO duality, proportion of non-executive directors, and directors remuneration. The variables are proxied as follows: 1) Board Size (BS): This is measured as the total number of directors sitting on the board as at the financial year end. 2) Board Ownership (BO): This is measured as the proportion of shares held by the board of directors, i.e., Capital Held by Board of Directors/Total Capital. 3) Board Structure (BSt): This is measured as the number of sub-committees present within the board as at financial year end. 4) Proportion of Women on the Board (PWD): This is measured as the number of women sitting on the board as at the financial year end, i.e., No. of Women on Board of Directors/No. of Directors. 5). CEO Duality (CEOD): CEO duality occurs when the Chief Executive Officer (CEO) also holds the position of Chairman of Board at the same time (Habbash, 2016). Studies have shown that CEO duality could impair the boards' governance role regarding disclosure policies (Li et al., 2008). Generally, segregation of duties is a principle for several internal control systems (Habbash, 2016). Regarding disclosure, several studies argue that CEO/Chairman segregation is more likely to optimize voluntary disclosure quality including the CSR disclosure (e.g. Forker, 1992; Haniffa & Cooke, 2002; Said et al., 2009). Furthermore, agency theory suggests that role duality increases the concentration of decision-making power and that an independent Chairman provides strong power to the boards, which is reflected positively on the disclosure quality (Al-Janadi et al., 2013). 6) Proportion of Non-Executive Directors (PNED): This is measured as the number of non-executive directors sitting on the board as at the financial year end, i.e., No. of Non-Executive Directors on Board/No. of Directors. 7) Directors Remuneration (DR): This is measured as the total amount paid to the directors sitting on the board as at the financial year end.

The study considered size, profitability and dividend payouts as control variables. Similarly studies have considered these variables as control variables (Khan, 2010; Habbash, 2016). 1) Size: Studies have reported a positive relation between corporate size and the volume of information voluntarily disclosed on web pages (Marston & Polei, 2004; Gul & Leung, 2004; Prencipe, 2004). One rationalization for the relationship of large firms with corporate social responsibility reporting is that large firms assume more activities and have greater impact on society (Trotman & Bradley,

1981; Cowen et al., 1987; Andrew et al., 1989). Firm Size (FS) is proxied as natural logarithm of total assets of the firm i during the year t. 2) The relationship between profitability and CSR reporting is also conclusive (Patten, 1991; Roberts, 1992; Mangos & Lewis, 1995). Haniffa & Cooke, 2005 opined that profitable firms reveal social information to show their role to society's well-being with an aim of validating their existence. Return on Assets (ROA) is proxied as, the ratio of total net income to the total assets of the firm i and the year t. Return on Equity (ROE) is proxied as, the ratio of total net income to the total equity of the firm i and the year t. 3) Dividend Payouts (DP): This is the amount paid as dividend as at end of financial year.

The study made use of multiple regression technique in testing the formulated hypotheses. (Hair Jr. et al., 2010) defined multiple regression technique as a statistical technique which analyses the relationship between a dependent variable and multiple independent variables by estimating coefficients for the equation on a straight line.

$$VSD_{(i,t)} = \alpha + BS_{(i,t)} + BO_{(i,t)} + BSt_{(i,t)} + PWD_{(i,t)} + CEOD_{(i,t)} + PNED_{(i,t)} + DR_{(i,t)} + FS_{(i,t)} + ROA_{(i,t)} + ROE_{(i,t)} + DP_{(i,t)} + \mu$$

Where:

α = Constant

μ = Error term, technically known as the stochastic disturbance or stochastic error term (Gujarati & Porter, 2009).

Results and Discussion

The univariate properties of the data, i.e., mean, median, minimum, maximum, standard deviation, skewness and percentiles. The Table 1 the descriptive statistics of the independent variables of the study; the mean board size is 9.0, which means that the average number of directors employed within most of the companies is 9, the minimum value is 4 and the maximum number of directors within the companies is 17. The mean board ownership is 0.08, which means that the average capital held by directors within most of the companies is approximately 8%, the minimum value is 0 and the maximum approximately 142%. The mean board structure is 3.3, that is, on the average number of sub-committees present within the board within most of the companies is 3, the minimum number of sub-committees is 2 and the maximum number of sub-committees within each board is 6. The mean proportion of women sitting on the board is 0.09, that is, on average proportion of women within the board of most of the companies is 9%, the minimum proportion of women sitting on the board is 0 and the maximum 62.5%. The average CEO duality for the selected companies is 0.79, that is, on average 79% of the sampled companies had chief executive officer (CEO) also holding the position of chairman of board at the same time. The minimum as expected is 0 and the maximum 1. The mean proportion of non-executive directors sitting on the board is 0.51, that is, on average the proportion of non-executive directors sitting on the board of most companies is 51%, the minimum proportion of non-executive directors sitting on the board is 0 and the maximum 91.6%. The average amount paid out as total directors' remuneration is 532,382,713.7.

The Table 2 the correlation matrix of the independent variables of the study; Board Size is positively related to Directors Remuneration, Proportion of Non-Executive Directors, CEO Duality, Board Structure and Board Ownership. Board Size is negatively related to Proportion of Women Directors. Board Ownership is negatively related to Directors Remuneration, CEO Duality, Proportion of Women Directors, and Board Structure. Board Ownership is positively related to Proportion of Non-Executive Directors. Board Structure is negatively related to Directors Remuneration. Board Structure is positively related to Proportion of Non-Executive Directors,

CEO Duality, and Proportion of Women Directors. Proportion of Women Directors is negatively related to Directors Remuneration. Proportion of Women Directors is positively related to Proportion of Non-Executive Directors and CEO Duality. CEO Duality is positively related to Directors Remuneration and Proportion of Non-Executive Directors. Proportion of Non-Executive Directors is positively related to Directors Remuneration.

Table 1 Summary Statistics of Independent Variables

Variable	Mean	Median	Minimum	Maximum
BS	9.01282	9.00000	4.00000	17.0000
BO	0.0792944	0.00514603	0.00000	1.42761
BSt	3.27778	3.00000	2.00000	6.00000
PWD	0.0891751	0.00000	0.00000	0.625000
CEOD	0.794872	1.00000	0.00000	1.00000
PNED	0.510193	0.625000	0.00000	0.916667
DR	5.32383e+008	4.57440e+007	0.00000	1.08722e+010
Variable	Std. Dev.	C.V.	Skewness	Ex. kurtosis
BS	2.41327	0.267760	0.814885	0.735561
BO	0.209231	2.63865	4.06753	18.4759
BSt	0.999881	0.305048	0.816907	0.530937
PWD	0.132328	1.48391	2.02982	4.80994
CEOD	0.404661	0.509089	-1.46050	0.133065
PNED	0.273149	0.535385	-0.786906	-0.635903
DR	1.80835e+009	3.39671	4.64506	21.3384
Variable	5% Perc.	95% Perc.	IQ range	Missing obs.
BS	5.00000	14.0000	3.00000	0
BO	0.00000	0.638105	0.0348130	0
BSt	2.00000	5.00000	1.00000	0
PWD	0.00000	0.333333	0.125000	0
CEOD	0.00000	1.00000	0.00000	0
PNED	0.00000	0.800000	0.326050	0
DR	0.00000	3.41146e+009	1.99889e+008	0

The pooled OLS result (Table 3), showed Board Size and Board Structure to be significant at .05; while Directors Remuneration is significant at .10. however, Heteroskedasticity is very common in pooled data, therefore the Heteroskedasticity-Corrected, Ordinary Least Squares is employed for robustness check and validating the hypotheses.

Table 2 Correlation Matrix of Independent Variables

	DR	PNED	CEOD	PWD	BSt	BO	BS
BS	0.1286	0.1433	0.2972	-0.0278	0.3329	0.0330	1.0000
BO	-0.0575	0.1710	-0.2010	-0.0285	-0.0153	1.0000	
BSt	-0.0406	0.3923	0.2051	0.1928	1.0000		
PWD	-0.0028	0.1297	0.1620	1.0000			
CEOD	0.1159	0.1826	1.0000				
PNED	0.1856	1.0000					
DR	1.0000						

Table 4 shows the beta coefficients and t-ratio for the regression model. Board Size is significant and positive (Hypothesis one is accepted). Board Ownership is significant and negative (Hypothesis two is accepted), Board Structure is significant and positive (Hypothesis three is accepted), Proportion of Women Directors is significant and positive (Hypothesis four is accepted). CEO Duality is not significant and positive (Hypothesis five is rejected). Proportion of Non-

Executive Directors is significant and positive (Hypothesis six is accepted). Directors Remuneration is significant and positive (Hypothesis seven is accepted).

Table 3 Pooled OLS

	Coefficient	Std. Error	t-ratio	p-value
Const	1.92094	0.468598	4.0993	0.00006
BS	0.0328813	0.0159221	2.0651	0.04027
BO	-0.0970658	0.16467	-0.5895	0.55626
BSt	-0.0910703	0.0409454	-2.2242	0.02731
PWD	0.421692	0.273534	1.5416	0.12482
CEOD	-0.111247	0.103197	-1.0780	0.28240
PNED	0.0358478	0.147707	0.2427	0.80850
DR	-3.78508e-011	2.12285e-011	-1.7830	0.07618
FS	0.00354029	0.0506342	0.0699	0.94433
ROA	-0.0128943	0.0178903	-0.7207	0.47195
ROE	0.0475843	0.0589323	0.8074	0.42042
DP	-3.563e-12	.033100	-.0412	.63102
Mean dependent var	1.898839	S.D. dependent var	0.479242	
Sum squared resid	43.30207	S.E. of regression	0.477395	
R-squared	0.057309	Adjusted R-squared	0.007693	
F (10, 190)	1.155059	P-value(F)	0.323783	
Log-likelihood	-130.9286	Akaike criterion	283.8573	
Schwarz criterion	320.1936	Hannan-Quinn	298.5606	
Rho	0.146682	Durbin-Watson	1.701208	

Table 4 reports the summarized results of the heteroskedasticity-corrected ordinary least squares regression in the study. The table shows the association between voluntary social disclosure scores and the independent variables as well as the control variables. The R-squared (coefficient of determination), Adjusted R-squared, F value, P value, Log-likelihood and Schwarz criterion. The results indicate an R-squared of .55, Adjusted R-squared of 0.52, F value of 20.4, P value of 2.02e-26, Log-likelihood of -313.2323, and Schwarz criterion of 689.6789. The Adjusted R-squared value of 52%, suggest that a significant percentage of variation in voluntary social disclosure can be explained by the variations in the whole set of independent variables.

Table 4 Heteroskedasticity-Corrected, Ordinary Least Squares

	Coefficient	Std. Error	t-ratio	p-value
Const	1.63239	0.480973	3.3939	0.00085
BS	0.118199	0.0362555	3.2602	0.00133
BO	-0.459686	0.108298	-4.2446	0.00003
BSt	0.354385	0.0642956	-5.5118	0.00001
PWD	3.35379	0.457253	7.3346	0.00001
CEOD	0.154005	0.128704	1.1966	0.23303
PNED	0.1916529	0.269048	-0.3407	0.00376
DR	1.01755e-010	2.05297e-011	-4.9565	0.00001
FS	-0.0129594	0.0495846	-0.2614	0.79411
ROA	-0.0945333	0.0128209	-7.3734	0.00001
ROE	-0.00205022	0.049908	-0.0411	0.96728
DP	4.39796e-011	1.56471e-011	2.8107	0.00548
Sum squared resid	286.9134	S.E. of regression	1.255566	
R-squared	0.551670	Adjusted R-squared	0.524573	
F (11, 182)	20.35918	P-value(F)	2.02e-26	
Log-likelihood	-313.2323	Akaike criterion	650.4646	
Schwarz criterion	689.6789	Hannan-Quinn	666.3436	

The study found a significant and positive influence of board size on voluntary corporate social disclosure. The findings are consistent with Opusunju & Ajayi (2016) in Nigeria, Yusoff et al. (2016) in Malaysia, Majeed et al. (2015) in Pakistani, Al-Janadi et al. (2013) in Saudi, Ali & Atan (2013) in Malaysia, Siregar & Bachtiar (2010) in Indonesia, find significant and positive relationship between board size and corporate social responsibility.

However, our study found a significant and negative influence of board ownership on voluntary corporate social disclosure of manufacturing firms. Oh et al. (2011) find no correlation between ownership structure and CSR disclosure. Furthermore, this study found a significant and positive influence of board structure on voluntary corporate social disclosure of manufacturing firms. Said et al. (2009) in Malaysia found audit committee to be associated with extent of disclosure. While, Akhtaruddin et al. (2009) in Malaysia found the ratio of audit committee members to total members on the board not related to voluntary disclosures. The study found a significant and positive influence of proportion of women in the board on voluntary corporate social disclosure of manufacturing firms. This is consistent with the studies by Anazonwu et al. (2018). Khan (2010) in Bangladesh found no significant relationship between women representation in the board and CSR reporting.

CEO Duality is not significant and positive. Studies by Huafang & Jianguo, 2007; Al Arussi et al., 2009) found a significant negative association between duality and disclosure. On the other hand, Li et al. (2008); Said et al. (2009) found an insignificant relationship between duality and disclosure. The study found a significant and positive influence of proportion of non-executive directors on voluntary corporate social disclosure of manufacturing firms. One of the most arguable factors for the inclusion of independent directors on the board is that outside directors have incentives to carry-out their monitoring tasks and not to collude with top management (Fama & Jensen, 1983). Khan (2010) in Bangladesh found a significant relationship between non-executive directors and existence of foreign nationalities and CSR reporting.

Conclusions

This study is set out to ascertain the influence of corporate board attributes on voluntary social disclosure of selected quoted manufacturing firms in Nigeria. Corporate board attributes are a range of defining characteristics which define the operational modalities of any board of directors and are particular to a company. They include the distinction between the duties of chief executive officer (CEO) and the chairman, number of directors sitting on the board, the percentage of non-executive, among others. Studies have examined the effect of these attributes on corporate performance. The current study however explored the influence of the attributes on disclosure of social and environmental information. Thus, in conclusion corporate board attributes influence voluntary social disclosure of manufacturing firms in Nigeria.

Shareholders should focus on board quality not quantity: Empirical results from both developed and developing countries present mixed findings on the subject of board size and performance. The current study however recommends that a balance be stricken between size and qualification of members siting on the board. The individual proficiency of members should be considered as persons who are responsible for steering the affairs of the corporation. This could be achieved by implementing the following measures: 1) Discouraging the dual role of board chairman and CEO simultaneously, but rather the separation of both positions for improved monitoring. 2) Strengthening the function of non-executive directors to enhance decision-input on corporate disclosure policies. 3) Directors should be paid well, however, this, ceteris paribus should not be at the expense of the company or other stakeholders.

Capital markets should make rules for regulating insider shareholding: A large proportion of board ownership might be detrimental to the affairs of the corporation, as information

asymmetry likely increase as corporate insiders obtain more information than minority shareholders. Morck et al. (1988) identified an entrenchment effect, with increased insider shareholding. This situation may give more discretion to managers to pursue their own goals. As such the disclosure of social and environmental may not be adjudged in the best interest of the management and therefore not pursued.

Boards should create sub-committees to strengthen the effectiveness and efficiency of decisions: Decisions rather than structure is the focal point of effective organizations. Therefore, a breakdown of the board might improve the decision-making ability of constituents. Boards are encouraged to balance the distribution of male and female directors sitting on the board. Female directors have shown to demonstrate a stronger commitment to corporate social responsibility issues than their male counterparts.

The present study with its unique regulatory and economic setting presents empirical evidence of the influences of corporate board attributes on corporate social responsibility practices of manufacturing firms in a developing country. This study makes the following important contributions. First, it considers the joint association of corporate governance and corporate social responsibility. Second, the study presents evidence from a developing country which can serve as pedestal for further research on the topic, particularly in developing countries, given that the data are derived from and tailored to developing country contexts. This study can potentially alert managers to the increasing overlap between the corporate governance and corporate social responsibility and the need to exert diligent systematic efforts on both fronts.

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