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DOES FOREIGN OWNERSHIP AND FOREIGN BOARD MEMBER IMPROVE THE QUANTITY AND QUALITY OF SUSTAINABILITY REPORTING AMONG NON-FINANCIAL LISTED FIRMS IN NIGERIA?

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Abstract

The purpose of this study is to investigate the impact of foreign ownership and directorship on sustainability disclosures of non-financial listed firms in the developing countries. Sample consisted of 30 firms across the seven sectors of non-financial listed firms in Nigeria, covering a period of 5 years, 2016 – 2020. Analysis of data collected was carried out from three perspectives, first content analysis of sustainability quantity and quality disclosures by the sampled firms, using 97 indicators based on the GRI 2016 standards was carried out, with the 30 firms divided into two, firms with and without foreign ownership and directorship. The result was analysed using t-test to determine whether there was a significant difference between the means of the two groups. Then correlation between sustainability disclosures and foreign ownership and directorship was determined. Finally, an ordinary pooled regression analysis was carried out to determine the effect of foreign ownership and directorship on sustainability disclosures. T-test results showed positive significant difference between sustainability reporting quantity and quality disclosures of firms with and without foreign ownership and directorship. It was also found that sustainability quantity and quality disclosures were positively correlated with foreign ownership and directorship. Furthermore, the regression analysis showed that foreign ownership has a positive significant effect on sustainability quantity disclosure at 5% (0.150) but an insignificant effect on sustainability quality disclosures. Foreign directorship has positive significant effect on sustainability quantity and quality disclosures at 1% (9.731) and 5% (6.466) respectively. It is recommended that sustainability reporting should be made compulsory by the Financial Reporting Council of Nigeria, having adopted the first two standards issued by the International Sustainability Standards Board (ISSB).

Key words: Foreign directorship, Foreign ownership, Legitimacy, Sustainability disclosure, Sustainability reporting.

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1.0 Introduction

In recent years, sustainability reporting has emerged as a critical tool for companies worldwide to communicate their environmental, social, and governance (ESG) performance. With growing concerns about climate change, social responsibility, and ethical business practices, sustainability reporting has become an essential aspect of corporate transparency and accountability. While much research has focused on the factors influencing sustainability reporting in developed economies, there remains a significant knowledge gap concerning the unique dynamics in developing countries, particularly regarding the role of foreign ownership and directorship. Foreign investment and multinational corporations (MNCs) play a substantial role in shaping the economic landscape of developing countries, bringing with them diverse perspectives, practices, and expectations. As such, it is crucial to explore the relationship between foreign ownership, directorship, and the level of sustainability reporting among listed firms in developing countries.

Globalisation, liberalisation of trade policies, and increasing foreign direct investment (FDI) have led to a rise in cross-border ownership and management in developing economies. This phenomenon raises intriguing questions about how foreign ownership and directorship influence the adoption and extent of sustainability reporting practices among listed firms operating in developing countries.

In relation to emerging countries, like Nigeria, foreign ownership is an important component in the shareholding of firms and such foreign owners tend to align strategies and policies of the firm to that of the foreign holding company. It has been found that demands for quality voluntary information are greater when foreigners have majority participation (Haniffa & Cooke, 2005). Therefore, in firms where foreign shareholder is the major shareholder, there is greater expectation for social and environmental voluntary information.

It has also been documented in studies that firms with foreign ownership (Tanimoto and Suzuki, 2005; Rustiarini, 2011; Haniffa and Cooke, 2005) tend to return a high quality of sustainability reporting. Studies have also shown that when a firm has a contract with a foreign stakeholder, such firms might want to disclose sustainability information (Barkemeyer, 2007). However, results of studies conducted by Amran and Devi (2008), Machmud and Djakman (2008), Said et al (2009); Meutia et al (2017) found no effect of foreign ownership on the disclosure of CSR. No studies testing the impact of foreign ownership in Nigeria has come to our knowledge.

This paper aims to investigates the effect of foreign ownership and directorship on the level of quantity and quality of sustainability reporting by non-financial listed firms in developing countries, with particular emphasis on Nigeria. By examining this relationship, we will try to shed light on the mechanisms through which foreign influence impacts corporate sustainability practices in this context. The perceive influence could manifest in various ways, including the transfer of knowledge, adoption of global reporting standards, changes in corporate culture, and pressures from foreign stakeholders.

Understanding the implications of foreign ownership and directorship on sustainability reporting is of paramount importance for several reasons. Firstly, developing countries often face unique economic, social, and environmental challenges that differ from those experienced by developed countries. Therefore, the adoption and reporting of sustainable practices in such contexts may require tailored approaches. Secondly, foreign-owned firms may have different motivations and priorities compared to locally owned companies, potentially leading to variations in sustainability reporting practices. Exploring these dynamics contribute to a more comprehensive understanding of the factors shaping sustainability reporting in developing countries.

2.0 Literature review

2.1 Theoretical framework and hypotheses development

Legitimacy theory, stakeholder theory, signalling theory and information asymmetry theory have been used in the study of non-financial reporting by various scholars. However, this study will be anchored on the legitimacy theory.

The term stakeholder came into prominence with the work of Freeman (1984), when he challenged the prevailing view of managerial capitalism by saying that managers bear a fiduciary relationship to those who have a stake in or claim on the firm. Stakeholders are seen as any group of individuals who can significantly affect or be affected by an organisation's activities (Freeman 1984).

Stakeholder theory, as posited by Freeman (1984) and Freeman et al. (2010), is characterised by the following key ideas: First, companies consist of networks of relationships between different stakeholders, which constitute the organisation. Second, the key task of managers is to create value for stakeholders. This is aimed at aligning the interests of different stakeholders in pursuit of creating mutually beneficial interests between these stakeholders, instead of primarily weighting conflicting interests. The third key idea of stakeholder theory is the integration thesis, which implies that most business decisions also have an ethical content and vice versa. Thus, it is argued for, not dealing with ethical and business decisions as if they were two separate constructs, but to view these as integrated aspects of the business as a value creating activity. The last core idea is that companies are built around a specific purpose based on which stakeholders cooperate, which goes beyond profitmaking.

Wang (2017) asserts that stakeholders have the right to specific information for certain decision and they should be provided relevant information including environmental information. Stakeholders have the ability to control or affect the resources of organisations. This explains their power through the level of control they have over the resources. This theory maintains that there is need for an organisation to be actively involved in the society where it operates from, since it depends on the society for sustenance (Ojo, 2012). Corporate social responsibility has become a necessity in this present time due to the goodwill it generates and for the fact that interdependence exist between the corporate firms and the environment where they operate.

According to Freeman and Reed (1983), the stakeholders' theory offers prosperous insights into the elements that inspire managerial behaviour in relation to the social and environmental disclosure practices of companies as the activity of the companies affect a number of stakeholders of the firm vis a vis environmental impacts and cost disclosures of the firm. Previous social and environmental accounting research like Fokeye, Odianonsen and Aanu (2015); Ebiringa (2013) which utilised the stakeholder theory indicate that companies respond to the expectations of stakeholder groups, particularly and generally to those of the broader community in which they operate, through the provision of social and environmental information inside the annual reports.

Signalling theory emanated from the work of Akerlof et al (2001). Signalling theory involves the signaller, the signalling, the signal, the receiver, the receiver feedback and the signalling environment. The signaller are usually insiders that have access to information that are not available to others. Therefore, managers (signallers) have to communicate these information to outsiders through the signals. These signals may be positive or negative, intentional or unintentional, but the purpose is to reduce information asymmetry.

Managers of organisations frequently send out signals that reduce information asymmetry between them and stakeholders, thus they are enabled to communicate their organisational image, intentions, behaviour and performance; this is referred to as Signalling Theory (Karaman et al., 2020). Signalling Theory is related to companies' need to communicate their information to the stakeholders and the market by emitting signals about their commitment to society (Bae et al., 2018).

As opined by Connelly et al (2011), signals emitted by organisations can be organised into three groups: 1) signals of intent, which relate with the future actions; 2) signals of camouflage, which are conceived to hide a possible organisational liability and seek to divert attention from a potential vulnerability that could arise from a corporate action, and 3) signals of necessity that communicate organisational requirements.

In the field of corporate sustainability, signalling theory indicates that managers use sustainability reports to inform stakeholders about their firms' long-term sustainability management policy (Hassan et al., 2020). These sustainable disclosure practices report on transparency, financial stability and environmental and social concerns (Bae et al., 2018). The problem with this practice is that stakeholders find it difficult to determine which companies are performing well because, among other factors, sustainability disclosure reports are not, sometimes mandatory (Mahoney et al., 2013), and such reports may merely be greenwashing.

Legendre and Coderre (2013) pointed out that the signalling theory has been used to explain some aspects of the sustainability reporting practices of companies, such as GRI adoption and GRI performance indicators. Marquis and Quian (2014) have studied the signalling quality in corporate social responsibility (CSR) reporting while, most recently, Hassan et al., (2020) have employed the signalling theory as a substantive sign of concern for society and the environment sent out by companies in Bangladesh. Karaman et al., (2020) studied the association between sustainability reporting and green logistics performance using the signalling theory. Also, Simoni et al., (2020) found that a company's decision to always publish its sustainability reports is motivated by the willingness to signal its sustainability performance and the need to maintain good relations with its stakeholders.

Despite the various studies, extant literature on the signalling theory has yet to produce firm evidence regarding the interpretation of the type of signal that an organisation is emitting. For example, current research does not examine whether camouflage or greenwashing is a signal that dominates intent and/or necessity.

Information asymmetry was first coined by Akerlof (1970). Information asymmetry is a situation where one group of people has the knowledge that is not easily accessible to others (Beggs, Fischer & Dornbusch, 2007), and it is one of the major economic problems in the society (Kubiak, 2011). Akerlof (1970) used the automobile and insurance markets to demonstrate the effect of information asymmetry on the two markets. The seller of automobiles has more quality information about the automobiles than the seller, so also, the person taking a life insurance has more quality information concerning his health status than the insurance company.

The existence of information asymmetry problems was noted as part of the agency problem in agency theory and it shows that the managers of organisations, being the insiders, have access to much more information than other stakeholders (the outsiders), about the organisation. This opaqueness of information between the insiders and the outsides of organisations then becomes the source of problem between them.

The management and board of a corporate entity have greater access to information about the present and future potential performance of the entity than the shareholders and other stakeholders of the entity. These investors and other stakeholders will have to, therefore, depend on the information on the published report of the entity.

It is, therefore, important that corporate managers endeavour to take steps to maximally mitigate the effects of information asymmetry by providing quality financial and non-financial information for the stakeholders. Information is highly appreciated by investors who use corporate disclosures to evaluate investment opportunities.

The Legitimacy theory posits that firms are operating under a "social contract" that necessitates that they arrange their activities and practices in such a way that will assist them to gain and/or maintain social acceptance. Therefore, firms will engage in sustainability reporting practices as a way of gaining and/or maintaining societal acceptance Zyznarska-Dworczak (2018).

The Legitimacy theory is frequently used as a theoretical basis to study environmental and social disclosures by organisations (Fernando and Lawrence, 2014; Glover *et al*., 2014; Shamil *et al*., 2014; Brusca *et al*., 2018; Lambrechts *et al*., 2019).

The principle behind legitimacy theory is that a firm will operate in accordance with the societal values and norms to gain and maintain legitimacy. The idea is that the firm is expected by the society to be creating value for its surrounding society and environment, while pursuing its operations and creating financial and economic values for its owner. The main reason behind this behaviour is to improve the firm's social image and reputation among the stakeholders. This will enable the stakeholders provide the firm with legitimacy that will enable its survival and continuing in the market. This forms the basis and justification for corporate non-financial (sustainability reporting) disclosures and practices by firms, to ensure their legitimacy (Beck *et al*., 2017; Brusca *et al*., 2018; Lambrechts *et al*., 2019).

This study will evaluate the influence of foreign ownership and directorship on the level of sustainability disclosure quantity and quality from three perspectives, First, we will examine the correlation between the level of sustainability disclosures and foreign ownership and directorship. Then, we will carry out a test, using difference between paired means (t-test), to examine whether there is a significance difference in the level of sustainability disclosure between firms with foreign majority shareholding and firms having a foreign director on their board, and firms without majority foreign ownership and directorship. Finally, a pooled ordinary least square (OLS) regression model will be used to determine the effect of foreign ownership and directorship on sustainability disclosure quantity and quality of non-financial listed firms in Nigeria, using the following hypothesis:

$H_{1:}$ Foreign ownership significantly affect the quantity and quality of sustainability reporting disclosure by listed firms in Nigeria.

$H_{2:}$ Foreign directorship significantly affect the quantity and quality of sustainability reporting disclosure by listed firms in Nigeria.

2.2 Empirical Literature

Various arguments exist in literature on the effect of foreign ownership on the quantity and quality of sustainability reporting. Kholis et al (2020) examined the influence of stakeholder inclusiveness (foreign ownership, ownership concentration), effective tax rate and leverage on sustainability reporting disclosures by listed Indonesian companies for 2017 to 2018. Sample for the study consist of 18 companies, while secondary data obtained from the firms; annual reports and websites was used for the study. Descriptive analysis, classical assumption texts and multiple linear regression were used as analysis techniques. Results reveal that foreign ownership and ownership concentration have significant effect on sustainability reporting disclosure, while effective tax rate and leverage do not have significant effect on sustainability reporting disclosure.

Shin and Park (2020) studied the effects of foreign and domestic institutional investors on corporate sustainability, with a focus on the level of research and development (R&D) investment by the firms. Ordinary Least Square (OLS) regression technique was used to test the effect of foreign and domestic institutional investors on Korean listed firms, covering 2001 to 2004. Results reveal that firms with higher levels of foreign institutional investors exhibit greater levels of R&D activities, while firms with domestic institutional investors have no significant impact on R&D investment. They carried out another test, based on an extended period, 2001 to 2014, which also show that foreign institutional investors was positively associated with R&D investment. They concluded that foreign institutions can effectively monitor managerial myopic tendencies and promote corporate innovation.

Orazalin and Mahmood (2018) explored the extent and nature of sustainability reporting practices of the largest public oil and gas companies in Russia. The study also investigated the impacts of possible underlying factors on the quality of sustainability information in Russia. Sample for the study consists of the fifty largest publicly traded companies operating in the oil and gas industry of Russia for the period 2012–2016. Data on sustainability performance and financial variables were collected from sustainability reports and annual reports on the companies' websites. Results show that standalone sustainability reporting, firm age, and auditor type are the main factors in the dissemination of sustainability information in the Russian context. They concluded that companies with a share of foreign ownership disclosed more transparent sustainability information than companies owned only by local investors. Also, companies that prepare sustainability reports only in Russian provide more valuable sustainability information than companies that publish reports in both English and Russian.

Walsh et al (2021), using a sample of 86 companies and GRI framework for sustainability reporting, among 234 large Canadian-based listed companies, operating in emerging countries, explored factors that affect sustainability reporting level. Content analysis using principal component analysis (PCA) was used to prepare a sustainability reporting index to measure each firm's level of reporting. Correlations and independent sample t-test were used to test the association of the level of reporting with firm's size, industry, level of internalisation and level of activities in emerging economies.

They found that assets size and vulnerable industries had no significant association with sustainability reporting. However, operating in emerging economies resulted in greater levels of sustainability reporting when compared with firms that do not. They concluded that the findings are consistent with external legitimacy strategy.

Correa-Garcia et al (2020) investigated factors that determine the quality of sustainability reporting in Latin American business groups. Sample for the study consisted of non-financial business groups, while the study covered a period of 5 years, 2011 – 2015. Variables such as foreign ownership, age of the firm, board size and concentration of control were used as dependent variables. Results confirmed that foreign ownership, age of the firm and board size help the firms to improve the quality of their sustainability and voluntary disclosures.

Garanina and Array (2021) examined whether foreign shareholders, foreign board members and cross listing influence corporate social responsibility disclosure in Russia. Sample consist s of 223 Russian listed firms for the period, 2012 to 2015. Confirming the legitimacy theory and agency theory, results show that foreign board members and cross listing result in increased corporate social responsibility disclosure. However, foreign ownership does not enhance corporate social responsibility disclosure. Also, Setiawan et al (2021) found that a foreign board engages more in corporate social responsibility activities. The measures used for foreign board in the study are foreign ownership, foreign board members, foreign directors, foreign commissioners, foreign CEO and foreign chairperson.

3.0 Methodology

This study aims to examine the effect of foreign ownership and directorship on the level of sustainability disclosure by non-financial listed firms in Nigeria. Sample for the study consists of 30 non-financial listed firms on the Nigerian Exchange (NGX). Financial listed firms were excluded because they have been mandated to provide sustainability report by the Central Bank of Nigeria(CBN) since 2012, when the CBN issued the Sustainable Banking Principle. The study period was five years, 2016 – 2020, while data for the study was collected from the annual reports and or standalone sustainability reports of the sampled firms.

Content analysis was used to determine the level of the quantity and quality of sustainability disclosures of the sampled firms. While correlation analysis was used to determine whether there is a correlation between sustainability disclosure and foreign ownership and directorship. T-test was used to check whether there is difference between the level of sustainability disclosures by firms with foreign ownership and directorship, and firms without majority foreign ownership and without a foreign directorship. The linear regression model was used to estimate the effect of foreign ownership and directorship on sustainability quantity and quality disclosures by non-financial listed firms in Nigeria.

Previous studies have used content analysis in investigating sustainability reporting by firms (Bhatia & Tuli, 2020; Kumar & Prakash, 2019; Alotaibi & Hussainey, 2016; Oyewo & Badejo, 2014). Sustainability data was collected using 107 indicators, prepared from the Global Reporting Standards (GRI, 2016) indicators, under 4 dimensions of sustainability reporting – Governance, Economic, Environmental and Social.

Coding was carried out from a quantitative and qualitative perspective. To examine sustainability reporting quantity, coding process involved a dichotomous recording of the presence or absence of disclosure under each indicator. The presence of each item of disclosure was checked in the companies' annual corporate reports or/and standalone sustainability reports. A score of 0 (absence) or 1 (presence) was assigned accordingly to each item of disclosure. This gave a total score of 90, per year covered in the study, if all the items were disclosed by a particular firm. To get the percentage of the disclosed items by each firm, the following formula was applied:

$$SRQT = \frac{\text{Actual score obtained based on disclosure}}{\text{Total score obtainable}} * 100\%$$

This formula was applied to both the individual level of disclosure as well as the overall disclosures by selected firms. Thus, the actual score obtained for disclosure is the sum of the values assigned to each item disclosed while the total score obtainable is the sum of full disclosure of all items. The average scores per year for all the sample firms was determined to give the sustainability disclosure quantity (SRQT) for each year of the study. The average for all the sampled firms and covering the period of study, 2016 –

2020, was determined to represent the sustainability disclosure quantity (SRQT) disclosure level for non-financial listed firms in Nigeria.

The quality of sustainability report was determined using a six-point (0 – 5) scale. This scale has been developed based on previous studies (Aggarwal & Singh, 2019; Nobanee & Ellili 2015; Vormedal & Ruud, 2009), this is shown in Table 1. The scores obtained by each company was expressed in percentage term. Higher scores reflect a better ability of the company to communicate with its stakeholders transparently.

Table 1: Sustainability Reporting Quality Assessment Scale

Score	Criterion	SR quality
0	No disclosure	-
1	Minimal, general and non-quantitative disclosure	Poor
2	Descriptive and company – specific/quantitative disclosure, but many relevant points not addressed	Below average
3	Descriptive and company – specific/quantitative disclosure, but some relevant points not addressed	Average
4	Descriptive and company – specific/quantitative disclosure, but without comparative data	Above average
5	Descriptive and company – specific/quantitative disclosure, with relevant comparative data	Excellent

Source: Adapted from Nobanee & Ellili (2015). Corporate sustainability disclosure in annual reports: Evidence from UAE banks: Islamic versus conventional – 2023.

If a firm has a perfect score of 5 points per item of disclosure, the total scores would be 450 (that is, 90 × 5) per year covered in the study. To get the percentage of the disclosed items by each firm, the following formula was applied:

$$\text{SRQL} = \frac{\text{Actual score obtained based on disclosure}}{\text{Total score obtainable}} * 100\%$$

This formula was applied to both the individual level of disclosure as well as the overall disclosures by sampled firms. Thus, the actual score obtained for disclosure is the sum of the values assigned to each item disclosed while the total score obtainable is the sum of full quality disclosure of all items.

The average scores per year for all the sample firms was determined to give the sustainability disclosure quality (SRQL) for each year of the study. The average for all the sampled firms and covering the period of study, 2016 – 2020, was determined and represents the sustainability disclosure quality (SRQL) disclosure level for non-financial listed firms in Nigeria.

4.0 Data Analysis and Discussion of Findings

First, the study sample was divided into two: firms with at least 51% foreign ownership and those without; and firms with foreign directorship and those without. After this division, the percentage of disclosure were estimated for each firm. The results are presented for both the quantity and quality of disclosure in Tables 2 to 3 for foreign ownership and Tables 4 to 5 for foreign directorship in appendices 1 and 2.

Table 2: Sustainability Reporting Disclosure Quantity by Firms with and without Foreign Ownership

S/N	Firm	Governance	Economic	Environmental	Social	Total
1	Africa Prudential Plc	9.20	10.00	2.00	6.00	
2	Ardova Plc	7.40	7.80	-	3.00	
3	Beger Paints Plc	14.20	9.00	1.00	11.00	
4	Beta Glass Plc	13.40	6.20	-	1.00	
5	Bua Cement Plc	5.40	5.00	1.00	2.20	
6	C I Leasing Plc	8.40	4.00	-	4.00	
7	CAP Plc	13.20	4.00	2.40	8.00	
8	Capital Hotel Plc	10.00	4.00	-	1.00	
9	Dangote Cement Plc	22.00	10.00	8.20	16.20	
10	Dangote Sugar Plc	19.00	5.00	0.20	7.20	
11	E - Transact International Plc	8.00	6.00	-	0.80	
12	Fidson Healthcare Plc	8.00	4.00	-	1.00	
13	Ikeja Hotel Plc	4.00	4.00	-	1.00	
14	Julius Berger Plc	8.00	4.00	-	2.00	
15	May & Baker Nigeria Plc	9.40	4.00	0.40	2.40	
16	Nascon Allied Industries Plc	12.60	6.40	3.20	11.80	
17	Premier Paints Plc	6.80	3.00	-	1.60	
18	Seplat Petroleum Development Company Plc	17.60	8.80	5.20	11.40	
19	Transcorp Hotels Plc	18.00	7.00	4.00	8.00	
20	UAC N Plc	14.80	8.00	2.20	9.60	
21	University Press Plc	11.00	4.00	-	5.00	
	All Firms Total Score	**240.40**	**124.20**	**29.80**	**114.20**	**2,543.00**
	Total Possible Score	**525.00**	**273.00**	**441.00**	**651.00**	**9,450.00**
	Percentage Score	**45.79**	**45.49**	**6.76**	**17.54**	**26.91**

Without a Foreign Director

S/N	Firm	Governance	Economic	Environmental	Social	Total
1	Africa Prudential Plc	9.20	10.00	2.00	6.00	
2	Ardova Plc	7.40	7.80	-	3.00	
3	Beger Paints Plc	14.20	9.00	1.00	11.00	
4	Beta Glass Plc	13.40	6.20	-	1.00	
5	Bua Cement Plc	5.40	5.00	1.00	2.20	

6	C I Leasing Plc	8.40	4.00	-	4.00	
7	CAP Plc	13.20	4.00	2.40	8.00	
8	Capital Hotel Plc	10.00	4.00	-	1.00	
9	Dangote Cement Plc	22.00	10.00	8.20	16.20	
10	Dangote Sugar Plc	19.00	5.00	0.20	7.20	
11	E - Transact International Plc	8.00	6.00	-	0.80	
12	Fidson Healthcare Plc	8.00	4.00	-	1.00	
13	Ikeja Hotel Plc	4.00	4.00	-	1.00	
14	Julius Berger Plc	8.00	4.00	-	2.00	
15	May & Baker Nigeria Plc	9.40	4.00	0.40	2.40	
16	Nascon Allied Industries Plc	12.60	6.40	3.20	11.80	
17	Premier Paints Plc	6.80	3.00	-	1.60	
18	Seplat Petroleum Development Company Plc	17.60	8.80	5.20	11.40	
19	Transcorp Hotels Plc	18.00	7.00	4.00	8.00	
20	UAC N Plc	14.80	8.00	2.20	9.60	
21	University Press Plc	11.00	4.00	-	5.00	
	All Firms Total Score	**240.40**	**124.20**	**29.80**	**114.20**	**2,543.00**
	Total Possible Score	**525.00**	**273.00**	**441.00**	**651.00**	**9,450.00**
	Percentage Score	**45.79**	**45.49**	**6.76**	**17.54**	**26.91**

Table 3: Sustainability Reporting Disclosure Quality by Firms with and without Foreign Ownership

Without at Least 51% Foreign Ownership

S/R	**Firm**	**Governance**	**Economic**	**Environmental**	**Social**	**Total**
1	Africa Prudential Plc	46.00	18.60	1.00	14	
2	Ardova Plc	39.00	19.00	-	4	
3	Beger Paints Plc	40.40	20.00	1.00	11	
4	Beta Glass Plc	55.00	23.00	-	2	

5	Bua Cement Plc	32.20	20.00	0.20	0.6	
6	C I Leasing Plc	32.40	15.80	-	6.4	
7	CAP Plc	41.40	15.00	6.80	10	
8	Capital Hotel Plc	33.00	15.00	-	0	
9	Dangote Cement Plc	90.40	40.80	16.60	40	
10	Dangote Sugar Plc	64.60	17.00	1.20	23.4	
11	E - Transact International Plc	41.80	19.80	6.60	12.8	
12	Fidson Healthcare Plc	34.00	18.00	-	1	
13	Ikeja Hotel Plc	5.00	19.00	-	2	
14	Julius Berger Plc	39.20	20.00	-	12.4	
15	May & Baker Nigeria Plc	30.00	14.00	0.20	0.4	
16	Nascon Allied Industries Plc	39.80	20.80	4.80	18.6	
17	Premier Paints Plc	14.00	13.00	-	0	
18	Seplat Petroleum Development Company Plc	84.40	40.80	23.60	32.4	
19	Transcorp Hotels Plc	61.00	18.00	3.60	12	
20	UAC N Plc	44.60	32.00	5.40	22.8	
21	University Press Plc	40.00	18.00	-	5	
	All Firms Total Score	**908.20**	**437.60**	**71.00**	**230.8**	**8238**
	Total Possible Score	**2,625.00**	**1,365.00**	**2,205.00**	**3255**	**47250**
	Percentage Score	**34.60**	**32.06**	**3.22**	**7.09**	**17.43**

With at Least 51% Foreign Ownership

S/R	Firm	Governance	Economic	Environmental	Social	Total
1	Flour Mills of Nigeria Plc	52.60	24.40	9.60	11.40	
2	Guinness Nigeria Plc	93.40	35.40	51.60	52.40	
3	Nestle Nigeria Plc	21.80	18.00	1.80	7.40	
4	Nigerian Breweries Plc	42.00	25.40	9.20	7.40	

5	Unilever Nigeria Plc	72.80	31.60	14.00	25.80	
6	Lafarge Nigeria Plc	110.00	45.00	50.60	36.40	
7	Mtn Nigeria Communications Plc	41.60	24.60	13.60	27.60	
8	Presco Plc	21.00	15.00	-	4.00	
9	Total Nigeria Plc	48.00	29.40	4.80	19.60	
	All Firms Total Score	**503.20**	**248.80**	**155.20**	**192.00**	**5,496.00**
	Total Possible Score	**1,125.00**	**585.00**	**945.00**	**1,395.00**	**20,250.00**
	Percentage Score	**44.73**	**42.53**	**16.42**	**13.76**	**27.14**

Table 4: Sustainability Reporting Disclosure Quantity by Firms with and without Foreign Director

With at Least a Foreign Director

S/R	**Firm**	**Governance**	**Economic**	**Environmental**	**Social**	**Total**
1	Beta Glass Plc	13.40	6.20	-	1.00	
2	Berger Paints Plc	14.20	9.00	1.00	11.00	
3	Bua Cement Plc	5.40	5.00	1.00	2.20	
4	CAP Plc	13.50	4.00	6.00	8.00	
5	Dangote Cement Plc	22.00	10.00	8.20	16.20	
6	Dangote Sugar Plc	19.00	5.00	0.20	7.20	
7	Flour Mills of Nigeria Plc	15.60	7.00	3.20	11.40	
8	Guinness Nigeria Plc	20.80	10.00	14.00	25.20	
9	Nascon Allied Industries Plc	12.60	6.40	3.20	11.80	
10	Julius Berger Plc	8.00	4.00	-	2.00	
11	Nestle Nigeria Plc	13.40	8.00	1.80	13.00	
12	Nigerian Breweries Plc	14.00	7.60	3.40	7.00	
13	Unilever Nigeria Plc	16.80	9.20	6.00	14.60	
14	Lafarge Nigeria Plc	23.80	9.40	14.80	17.80	
15	Mtn Nigeria Communications Plc	11.60	5.80	6.80	11.40	

16	Presco Plc	10.00	5.00	-	5.00	
17	Seplat Petroleum Development Company Plc	17.60	8.80	5.20	11.40	
18	Total Nigeria Plc	15.60	9.00	0.60	10.80	
	All Firms Total Score	**259.20**	**127.00**	**71.80**	**182.20**	**3,201.00**
	Total Possible Score	**435.00**	**226.20**	**365.40**	**539.40**	**7,830.00**
	Percentage Score	**59.59**	**56.15**	**19.65**	**33.78**	**40.88**

Without a Foreign Director

S/R	**Firm**	**Governance**	**Economic**	**Environmental**	**Social**	**Total**
1	Africa Prudential Plc	9.20	10.00	2.00	6.00	
2	Ardova Plc	7.40	7.80	-	3.00	
3	C I Leasing Plc	8.40	4.00	-	4.00	
4	CAP Plc	13.00	4.00	-	8.00	
5	Capital Hotel Plc	10.00	4.00	-	1.00	
6	E - Transact International Plc	8.00	6.00	-	0.80	
7	Fidson Healthcare Plc	8.00	4.00	-	1.00	
8	Ikeja Hotel Plc	4.00	4.00	-	1.00	
9	May & Baker Nigeria Plc	9.40	4.00	0.40	2.40	
10	Premier Paints Plc	6.80	3.00	-	1.60	
11	Transcorp Hotels Plc	18.00	7.00	4.00	8.00	
12	UAC N Plc	14.80	8.00	2.20	9.60	
13	University Press Plc	11.00	4.00	-	5.00	
	All Firms Total Score	**122.80**	**68.20**	**8.60**	**48.20**	**1,239.00**
	Total Possible Score	**315.00**	**163.80**	**264.60**	**390.60**	**5,670.00**
	Percentage Score	**38.98**	**41.64**	**3.25**	**12.34**	**21.85**

Table 5: Sustainability Reporting Disclosure Quality by Firms with and without Foreign Directorship

With at Least a Foreign Director

S/R	Firm	Governance	Economic	Environmental	Social	Total
1	Beta Glass Plc	55.00	23.00	-	2.00	
2	Berger Paints Plc	40.40	20.00	1.00	11.00	
3	Bua Cement Plc	90.40	40.80	16.60	40.00	
4	CAP Plc	42.00	15.00	17.00	16.00	
5	Dangote Cement Plc	64.60	17.00	1.20	23.40	
6	Dangote Sugar Plc	52.60	24.40	9.60	11.40	
7	Flour Mills of Nigeria Plc	93.40	35.40	51.60	52.40	
8	Guinness Nigeria Plc	39.80	20.80	4.80	18.60	
9	Nascon Allied Industries Plc	39.20	20.00	-	12.40	
10	Julius Berger Plc	21.80	18.00	1.80	7.40	
11	Nestle Nigeria Plc	42.00	25.40	9.20	7.40	
12	Nigerian Breweries Plc	72.80	31.60	14.00	25.80	
13	Unilever Nigeria Plc	110.00	45.00	50.60	36.40	
14	Lafarge Nigeria Plc	41.60	24.60	13.60	27.60	
15	Mtn Nigeria Communications Plc	21.00	15.00	-	4.00	
16	Presco Plc	84.40	40.80	23.60	32.40	
17	Seplat Petroleum Development Company Plc	48.00	29.40	4.80	19.60	
18	Total Nigeria Plc	48.00	29.40	4.80	19.60	
	All Firms Total Score	**981.80**	**466.60**	**214.00**	**357.80**	**10,101.0**
	Total Possible Score	**2,175.00**	**1,131.00**	**1,827.00**	**2,697.00**	**39,150.0**
	Percentage Score	**45.14**	**41.26**	**11.71**	**13.27**	**25.80**

Without a Foreign Director

S/R	Firm	Governance	Economic	Environmental	Social	Total
1	Africa Prudential Plc	39.00	19.00	-	4.00	

2	Ardova Plc	32.20	20.00	0.20	0.60	
3	C I Leasing Plc	32.40	15.80	-	6.40	
4	CAP Plc	41.00	15.00	-	6.00	
5	Capital Hotel Plc	33.00	15.00	-	-	
6	E - Transact International Plc	41.80	19.80	6.60	12.80	
7	Fidson Healthcare Plc	34.00	18.00	-	1.00	
8	Ikeja Hotel Plc	5.00	19.00	-	2.00	
9	May & Baker Nigeria Plc	30.00	14.00	0.20	0.40	
10	Premier Paints Plc	14.00	13.00	-	-	
11	Transcorp Hotels Plc	61.00	18.00	3.60	12.00	
12	UAC N Plc	44.60	32.00	5.40	22.80	
13	University Press Plc	40.00	18.00	-	5.00	
	All Firms Total Score	**431.60**	**230.60**	**16.00**	**70.60**	**3744.00**
	Total Possible Score	**1,575.00**	**819.00**	**1,323.00**	**1,953.00**	**28350**
	Percentage Score	**27.40**	**28.16**	**1.21**	**3.61**	**13.21**

The correlation between sustainability disclosure, foreign ownership and directorship was then determined. After which t-test was used to determine whether there is a significant difference between the means of sustainability disclosures by firms with foreign ownership and directorship and firms without. The Pooled ordinary linear regression model was used to determine the effect of foreign ownership and directorship on sustainability disclosures of non-financial listed firms.

Correlation Between Foreign ownership/Director on Sustainability Reporting

The results of correlation between foreign ownership, directorship and sustainability quantity and quality disclosures are shown on Table 6. Results show that foreign ownership is positively correlated with sustainability reporting quantity (SQRT) disclosure, with a correlation coefficient of 0.46. Also, foreign ownership is found to be positively correlated with sustainability reporting quality (SRQL) disclosure, with a correlation coefficient of 0.32.

Also, the presence of at least one foreign director on the board of non-financial listed firms is positively correlated with sustainability reporting quantity and quality disclosures. Results, Table 2, show that foreign director is positively correlated with sustainability reporting quantity (SQRT) disclosure, with a correlation coefficient of

0.52 and positively correlated with sustainability reporting quality (SRQL) disclosure, with a correlation coefficient of 0.45.

Table 6: Correlation: Effect of Foreign Ownership and Foreign Director on Sustainability Disclosure

	SRQL	SRQT	ROA	LREV	LSIZ	BDC	FRO
SRQL	1						
SRQT	0.92	1					
ROA	-0.05	0.09	1				
LREV	0.52	0.49	0.20	1			
LSIZ	0.54	0.49	0.18	0.93	1		
FOD	0.45	0.52	0.26	0.62	0.60	1	
FRO	0.32	0.46	0.10	0.52	0.45	0.57	1

Source: Author's Computation, 2023

T- test Results

Foreign Ownership

Table 7: Sustainability Reporting Quantity Disclosures Source: Author's Computation, 2023

Table 7 shows the sustainability quantity disclosures, in percentage term, for firms with foreign ownership and those without foreign ownership during the period of study, 2016 – 2020. The average sustainability quantity disclosure for firms with foreign ownership during the period of study is 46.84%, while for firms without foreign ownership it is 26.91%.

Descriptive Analysis

Table 8 shows the descriptive statistics for sustainability reporting quantity disclosures by firms with at least 51% foreign ownership and those without at least 51% foreign ownership. From table 4.27, the mean disclosure by firms with at least 51% foreign ownership is 46.84% while the mean disclosures by firms with less than 51% foreign ownership is 26.91%. The minimum level of disclosures during the period under study by firms with at least 50% foreign ownership is 37.16%, while for firms with less than 51% foreign ownership the minimum level of disclosure is 22.43%. The maximum level of sustainability reporting quantity disclosures by firms with foreign ownership during the period under study, 2016 – 2020, is 51% while for firms with less than 51% foreign ownership maximum disclosure is 31.96%.

Table 8: Descriptive Statistics of sustainability quantity disclosures

Statistics	With at least 51% foreign ownership	Without at least 51% foreign ownership
Mean	46.84	26.91
Standard Error	4.46	1.61
Median	43.33	26.56
Standard Deviation	9.98	3.60
Sample Variance	99.56	12.99
Kurtosis	(2.20)	(0.06)
Skewness	0.56	0.33
Range	22.84	9.52
Minimum	37.16	22.43
Maximum	60.00	31.96
Count	5	5

Source: Author's Computation, 2023

T-Test Result

The t-test result that compares the level of sustainability reporting quantity disclosures between firms with at least 51% foreign ownership and firms without at least 51% foreign ownership is shown in Table 9. The P value as shown in Table 9 is 0.00299411, which is statistically significant at 5% level of confidence, thus rejecting the null hypothesis that states that foreign ownership does not significantly affect the quantity of sustainability reporting disclosure by non-financial listed firms in Nigeria. The alternative hypothesis is thus accepted, foreign ownership significantly affects the level of quantity of sustainability reporting disclosures by non-financial listed firms in Nigeria. This is further confirmed by the t-statistic of 4.200587342 which is higher than the t-critical value of 2.306004135.

Table 9: T – Test Result of Sustainability Quantity Disclosures

	With foreign at least 59% foreign ownership	***Without at least 59% foreign ownership***
Mean	46.83950617	26.91005291
Variance	99.56256668	12.98619859
Observations	5	5
Pooled Variance	56.27438264	
Hypothesized Mean Difference	0	
Df	8	
t Stat	4.200587342	
P(T<=t) one-tail	0.001497055	

t Critical one-tail	1.859548038
P(T<=t) two-tail	0.00299411
t Critical two-tail	2.306004135

Source: Author's Excel Computation, 2023

The Quality of Sustainability Reporting Disclosures

The level of sustainability reporting quality disclosures by firms with or without foreign ownership is shown in Table 10. While the descriptive statistics and the T-test results are shown in Tables 11 to 12.

Table 10: Sustainability Reporting Quality Disclosures

Year	With %	Without %
2016	21.11	14.37
2017	22.47	15.84
2018	23.33	17.68
2019	36.12	18.95
2020	32.67	20.33
Overall	27.14	17.43

Source: Author's Computation, 2023

Table 10 shows the sustainability quality disclosures, in percentage term, for firms with foreign ownership and those without foreign ownership during the period of study, 2016 – 2020. The average sustainability quality disclosure for firms with foreign ownership during the period of study is 27.14%, while for firms without foreign ownership it is 17.43%.

Descriptive Analysis

Table 11 shows the descriptive statistics for sustainability reporting quality disclosures by firms with at least 51% foreign ownership and those with less than 51% foreign ownership. From table 4., the mean disclosure by firms with 51% foreign ownership is 27.14% while the mean disclosures by firms with less than 51% foreign ownership is 17.43%. The minimum level of disclosures during the period under study by firms with at least 51% foreign ownership is 21.11%, while for firms with less than 51% foreign ownership the minimum level of disclosure is 14.37%. The maximum level of sustainability reporting quality disclosures by firms with foreign ownership during the period under study is 36.12% while for firms with less than 51% foreign ownership maximum disclosure it is 20.33%

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Table 11: Descriptive Statistics of Sustainability Quality Disclosures

Statistics	With at least 51% foreign ownership	Without at least 51% foreign ownership
Mean	27.14	17.43
Standard Error	3.03	1.06
Median	23.33	17.68
Standard Deviation	6.78	2.38
Sample Variance	45.98	5.67
Kurtosis	(2.41)	(1.38)
Skewness	0.69	(0.16)
Range	15.01	5.96
Minimum	21.11	14.37
Maximum	36.12	20.33
Count	5	5

Source: Author's Computation, 2023

T-Test Result

The t-test result that compares the level of sustainability reporting quality disclosures between firms with at least 51% foreign ownership and firms with less than 51% foreign ownership is shown in Table 12. The P value as shown in Table 12 is 0.016557773, which is statistically significant at 5% level of confidence, thus rejecting the null hypothesis that states that foreign ownership does not significantly affect the quality of sustainability reporting disclosure by non-financial listed firms in Nigeria. The alternative hypothesis is thus accepted, foreign ownership significantly affects the level of quality of sustainability reporting disclosures by non-financial listed firms in Nigeria. This is further confirmed by the t-statistic of 3.020067802 which is higher than the t-critical value of 2.306004135.

Table 12: T – Test Results of Sustainability Quality Disclosures

	With at least 51% foreign ownership	***Without at least 51% foreign ownership***
Mean	27.14074074	17.43492063
Variance	45.97543057	5.666336329
Observations	5	5
Pooled Variance	25.82088345	
Hypothesized Mean Difference	0	
Df	8	
t Stat	3.020067802	
P(T<=t) one-tail	0.008278886	

t Critical one-tail	1.859548038
P(T<=t) two-tail	0.016557773
t Critical two-tail	2.306004135

Source: Author's Excel Computation, 2023

Effect of Foreign Director
Quantity of Sustainability Reporting Disclosures

The level of sustainability reporting quantity disclosures by firms with or without foreign director is shown in Table 13 While the descriptive statistics and t-test result are shown in Tables 14 to 15

Table 13: Sustainability Reporting Quantity Disclosures

Year	With %	Without %
2016	31.70	20.51
2017	35.62	20.94
2018	39.08	21.79
2019	48.02	22.96
2020	49.07	23.24
Overall	40.88	21.85

Source: Author's Computation, 2023

Table 13 shows the sustainability quantity disclosures, in percentage term, for firms with at least one foreign director and those without foreign director during the period of study, 2016 – 2020. The average sustainability quantity disclosure for firms with at least one foreign director during the period of study is 40.88%, while for firms without foreign ownership it is 21.85%.

Descriptive Analysis
Table 14 shows the descriptive statistics for sustainability reporting quantity disclosures by firms with at least one foreign director and those without foreign director. From Table 14, the mean disclosure by firms with at least one foreign director is 40.70% while the mean disclosures by firms without foreign director is 21.89%. The minimum level of disclosures during the period under study by firms with at least one foreign director is 31.70%, while for firms without at least one foreign director, the minimum level of disclosure is 20.51%. The maximum level of sustainability reporting quantity disclosures

by firms with at least one foreign director during the period under study is 49.07% while for firms without at least one foreign director the maximum disclosure is 23.24%.

Table 14: Descriptive Statistics of Sustainability Quantity Disclosures

Statistic	With at least 1 foreign director	With no foreign director
Mean	40.70	21.89
Standard Error	3.41	0.54
Median	39.08	21.79
Standard Deviation	7.64	1.20
Sample Variance	58.30	1.45
Kurtosis	(2.47)	(2.58)
Skewness	0.11	0.05
Range	17.37	2.73
Minimum	31.70	20.51
Maximum	49.07	23.24
Count	5	5

Source: Author's Computation, 2023

Table 15: T – Test Result of Sustainability Quantity Disclosures

	With at least 1 foreign director	With no foreign director
Mean	40.7008	21.89031
Variance	58.29835	1.445899
Observations	5	5
Pooled Variance	29.87213	
Hypothesized Mean Difference	0	
Df	8	
t Stat	5.441729	
P(T<=t) one-tail	0.000307	
t Critical one-tail	1.859548	
P(T<=t) two-tail	0.000615	
t Critical two-tail	2.306004	

Source: Author's Computation, 2023

The t-test result that compares the level of sustainability reporting quantity disclosures between firms with at least one foreign director and firms without a foreign director is shown in Table 15. The P value as shown in Table 15 is 0.000615, which is statistically significant at 5% level of confidence, thus rejecting the null hypothesis that states that foreign directorship does not significantly affect the quality of sustainability reporting disclosure by non-financial listed firms in Nigeria. The alternative hypothesis is thus accepted, foreign directorship significantly affects the level of quantity of sustainability reporting disclosures by non-financial listed firms in Nigeria. This is further confirmed by the t-statistic of 5.441729 which is higher than the t-critical value of 2.306004.

The quality of Sustainability Reporting Disclosures

The level of sustainability reporting quality disclosures by firms with at least one or without foreign director is shown in table 16. While the descriptive statistics t-test results are shown in Tables 17 to 18.

Table 16: Sustainability Reporting Quality Disclosures

Year	With %	Without %
2016	19.67	12.29
2017	22.01	12.46
2018	24.16	13.21
2019	31.95	13.80
2020	30.57	14.41
Overall	25.80	13.21

Source: Author's Computation, 2023

Descriptive Analysis

Table 16 shows the descriptive statistics for sustainability reporting quality disclosures by firms with at least one foreign director and those without foreign director. From the Table 16, the mean disclosure by firms with at least one foreign director is 25.67% while the mean disclosures by firms without foreign director is 13.23%. The minimum level of disclosures during the period under study, 2016 – 2020, by non-financial firms with at least one foreign director is 19.67%, while for non-financial firms without foreign director the minimum level of disclosure is 12.29%. The maximum level of sustainability reporting quality disclosures by firms with at least one foreign director during the period under study is 31.95% while for firms without foreign director the maximum disclosure is 14.41%.

Table 17: Descriptive Statistics of Sustainability Quality Disclosures

Statistics	*With at least 1 foreign director*	*Without foreign director*
Mean	25.67	13.23
Standard Error	2.40	0.40
Median	24.16	13.21
Standard Deviation	5.36	0.89
Sample Variance	28.76	0.80
Kurtosis	(2.55)	(1.78)

Skewness	0.26	0.29
Range	12.28	2.12
Minimum	19.67	12.29
Maximum	31.95	14.41
Count	5	5

Source: Author's Computation, 2023

T-Test Result

The t-test result that compares the level of sustainability reporting quality disclosures between firms with at least one foreign director and firms without foreign director is shown in Table 18. The P value, as shown in Table 18, is 0.000912101, which is statistically significant at 5% level of confidence, thus rejecting the null hypothesis that states that foreign director does not significantly affect the quality of sustainability reporting disclosure by non-financial listed firms in Nigeria. The alternative hypothesis is thus accepted, foreign director significantly affects the level of quality of sustainability reporting disclosures by non-financial listed firms in Nigeria. This is further confirmed by the t-statistic of 5.11561949 which is higher than the t-critical value of 2.306004135.

Table 18: T – Test Results of Sustainability Quality Disclosures

	With at least 1 foreign director	*Without any foreign director*
Mean	25.67233115	13.23390313
Variance	28.7649623	0.795044683
Observations	5	5
Pooled Variance	14.78000349	
Hypothesized Mean Difference	0	
Df	8	
t Stat	5.11561949	
P(T<=t) one-tail	0.000456051	
t Critical one-tail	1.859548038	
P(T<=t) two-tail	0.000912101	
t Critical two-tail	2.306004135	

Source: Author's Excel Computation, 2023

Regression Model

To determine the effect of foreign ownership on the quantity and quality of sustainability disclosures by non-financial listed firms, a linear regression model was constructed as follows:

$SRQT_{it} = \beta_0 + \beta_1 FRO_{it} + \beta_2 ROA_{it} + \beta_3 FOD_{it} + \beta_4 REV_{it} + \beta_5 SIZ_{it} + \mu_{it}$

and;

$SRQL_{it} = \alpha_0 + \alpha_1 FRO_{it} + \alpha_2 ROA_{it} + \alpha_3 FOD_{it} + \alpha_4 REV_{it} + \alpha_5 SIZ_{it} + \mu_{it}$

Where:
$SRQT_{it}$ and $SRQL_{it}$ = the dependent variables: $SRQT_{it}$ is sustainability reporting quantity of firm i at year t and $SRQL_{it}$ is sustainability reporting quality of firm i at year t;
β_0 and α_0 = Intercepts;
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \alpha_1, \alpha_2\ \alpha_3\ \alpha_4\ \alpha_5$= Parameter estimates that relate FRO, ROA, FOD, REV, and SIZ;
FRO = Foreign Ownership;
ROA = Returns on Assets;
FOD = Foreign Directorship;
REV = Revenue;
SIZ = Logarithm of total assets;
μ = Error term;
i = 1…,i firms in the sample; and
t = 1...,t years of observation.
The *A-priori* expectations of the coefficients in the above equation are stated as follows:
$\beta_1 > 0,\ \beta_2 > 0,\ \beta_3 > 0,\ \beta_4 > 0,\ \beta_5 > 0,\ \alpha_1 > 0,\ \alpha_2 > 0,\ \alpha_3 > 0,\ \alpha_4 > 0,\ \alpha_5 > 0$

Table 19: Results of the effect of Foreign Ownership and Foreign Director on the Quantity and Quality of Sustainability Reporting Disclosure

Coefficient	Joint		Foreign Ownership		Foreign Directorship	
	Quantity	Quality	Quantity	Quality	Quantity	Quality
ROA	-0.053 (0.094) [-0.559]	-0.188*** (0.07) [-2.695]	-0.001 (0.094) [-0.006]	-0.154** (0.070) [-2.211]	-0.073 (0.095) [-0.768]	-0.189*** (0.069) [-2.721]
LREV	-0.535 (1.849) [-0.289]	0.369 (1.374) [0.268	-0.185 (1.885) [-0.098]	0.601 (1.394) [0.431]	0.692 (1.813) [0.381]	0.390 (1.320) [0.295]
LSIZ	2.812 (1.803) [1.560]	2.703** (1.341) [2.016]	3.478* (1.826) [1.905]	3.145** (1.351) [2.329]	2.061 (1.809) [1.139]	2.690** (1.317) [2.042]
FOD	9.731*** (3.570) [2.726	6.466** (2.654) [2.436]	-	-	13.214*** (3.342) [3.954]	6.526*** (2.433) [2.683]
FRO	8.735** (3.513) [2.486]	0.150 (2.612) [0.058	12.492*** (3.302) [3.783]	2.647 (2.443) [1.083]	-	-
C	6.265 (8.039) [0.779]	-9.235 (5.976) [-1.545]	-0.766 (7.781) [-0.098]	-13.907** (5.756) [-2.416]	2.347 (8.022) [0.293]	-9.302 (5.840) [-1.593]
R-squared	0.349334	0.352944	0.315760	0.326270	0.321399	0.352929
Adjusted R-squared	0.326741	0.330477	0.296885	0.307684	0.302679	0.335079
S.E. of regression	15.32492	11.39288	15.66104	11.58518	15.59638	11.35366

Sum squared resid	33818.88	18690.87	35563.88	19461.37	35270.81	18691.30
Log likelihood	-619.2012	-574.7274	-622.9746	-577.7571	-622.3540	-574.7291
F-statistic	15.46231	15.70927	16.72850	17.55492	17.16871	19.77166
Prob(F-statistic)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Mean dependent var	39.32710	26.78505	39.32710	26.78505	39.32710	26.78505
S.D. dependent var	18.67701	13.92357	18.67701	13.92357	18.67701	13.92357
Akaike info criterion	8.336016	7.743032	8.372994	7.770095	8.364719	7.729722
Schwarz criterion	8.456442	7.863457	8.473349	7.870450	8.465074	7.830076
Hannan-Quinn criter.	8.384941	7.791957	8.413765	7.810866	8.405490	7.770492
Durbin-Watson stat	0.390689	0.349736	0.366305	0.316115	0.378894	0.349929

*****, **, and * represents 1%, 5% and 10% respectively. Figures in () and [] are the standard errors and t-statistics of the coefficients, respectively**
Source: Author's computation using EViews, 2023

Table 19 reveals the Pooled OLS results of the effect of foreign ownership and foreign director on the quantity and quality of sustainability reporting disclosure. Panel 1 shows the effect of foreign ownership and foreign director on the quantity of sustainability reporting disclosure where the diagnostics test reveals that the included independent variables explain only 34.93% variation in the quantity of sustainability reporting disclosure (SRQT) and the adjusted R squared (the explanatory powers of the independent variables after including or excluding variables) showed 32.67%. Jointly, as shown in the F-Statistics as well as its probability, the included independent variables explain this variation at 1% level of significance although the Durbin-Watson statistics of 0.39 shows that the model has serial correlation of the first order.

Averagely, when there are no changes in the included independent variables, the disclosure rate increases at 6% although this is not statistically significant. The results further show that, a 1% basis point increase in ROA insignificantly reduces the quantity of the disclosure level by 0.05%. Also, revenue (REV) is not significant in explaining variation in the quantity of sustainability disclosure level as, 1% increase in revenue reduces disclosure level by 0.005% (0.535/100). This means that, the relationship between these variables though negative, is not statistically significant.

There is a positive relationship between the size of the firms and the quantity of sustainability disclosure as a 1% increase in size increases disclosure level by 0.03% (2.812/100), however, this is not statistically significant. Results show that foreign ownership (FRO) and foreign director (FOD) statistically affect the level of sustainability disclosure quantity at 1% and 5% level of significance respectively. Specifically, 1% increase in FRO and FOD increase the quantity of sustainability disclosure by 8.73% and 9.73%, respectively.

Panel 2 shows the effect of foreign ownership and foreign director on the quality of sustainability reporting disclosure (SRQL). The diagnostics test presented reveals that the included variables explain only 35.29% variation in the Quality of sustainability reporting disclosure while the adjusted R squared (that is, after considering the degree of freedom) showed 33.05%. Jointly, as shown in the F-Statistics as well as its probability, the included independent variables explain this variation at 1% level of significance although the Durbin-Watson statistics of 0.35 shows that the model suffers a negative serial correlation of order one.

On the average, when there are no changes in the included independent variables, the disclosure rate reduces by 9.23%, although this is not statistically significant. However, a 1% basis point increase in ROA significantly reduces the quality of the disclosure level by 0.19%, at 1% level of significance. Also, revenue (REV) does not significantly explain variation in the quality of sustainability disclosure level as, 1% basis point increase in REV increases disclosure level by 0.004% (0.369/100). This means that, the relationship between these variables though positive yet has little or no effect. There is a positive relationship between the size of the firms and the quality of disclosure of sustainability reporting as a 1% increase in size increases disclosure level by 0.03% (2.703/100) which is statistically significant at 5% level of significance.

Also, both of foreign ownership (FRO) and foreign director (FOD) positively affect the level of sustainability disclosure quality, however, while BDC is statistically significant at 5% level of significance, FRO is not statistically significant. Explicitly, 1% increase in FOD and FRO increase the quality of sustainability disclosure by 6.47% and 0.15%, respectively.

For robustness, separate regressions were estimated to confirm the effect of foreign ownership and foreign director on the quantity and quality of sustainability disclosures by non-financial listed firms in Nigeria. The results are shown on Panel 3 to 6 of Table 19.

Panel 3 and 4 of Table 19 shows the effect foreign ownership on the sustainability disclosure quantity and quality of the sampled non-financial listed firms. Panel 3 shows the effect of foreign ownership on the quantity of sustainability reporting disclosure. Examining the Diagnostics tests reveal that the included independent variables explain only 31.58% variation in the quantity of sustainability reporting disclosure while the adjusted R squared showed 29.69%. As shown in the F-Statistics and its probability, the included independent variables jointly explain this variation at 1% level of significance although the Durbin-Watson statistics of 0.37 shows that the model reveals negative first order autocorrelation.

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Averagely, when there are no changes in the included independent variables, the disclosure rate decreases at 0.77% although this is not statistically significant. The results further show that, a 1% basis point increase in ROA has no effect on the quantity of the disclosure level. Also, revenue (REV) is found to have a small effect on the level of sustainability quantity disclosure, as a 1% basis point increase in REV will reduce the quantity of sustainability disclosure by 0.002%. Whereas size (SIZ) has a significant positive effect on the level of sustainability disclosure, at 5% level of significance as a 1% basis point increase in size will lead to 0.03% (3.478/100) increase in the level of sustainability quantity disclosure.

Results further show that foreign ownership (FRO) statistically affects the level of sustainability disclosure quantity at 1% level of significance. Specifically, 1% increase in FRO will increase the quantity of sustainability disclosure by12.49%.

Panel 4 shows the effect of foreign ownership on the quality of sustainability reporting disclosure. From the model's diagnostics test; it was revealed that the included independent variables explain only 32.63% variation in the quality of sustainability reporting disclosure while the adjusted R squared, which gives the explanatory powers of the independent variables after including or excluding variables, showed 30.77%. Jointly, as shown in the F-Statistics as well as its probability, the included independent variables explain this variation at 1% level of significance although the Durbin-Watson statistics of 0.32 shows that the model has serial correlation of the first order.

On the average, when there are no changes in the included independent variables, the disclosure rate decreases at 13.91% which is statistically significant at 5% level of significance. The results further show that, a 1% basis point increase in ROA will reduce the quality of sustainability disclosure level by 0.15% and it is found to be statistically significant at 5% significant level. Also, revenue (REV) is found to have little or no effect on the level of sustainability quality disclosure, as a 1% basis point increase in REV will only lead to about 0.01% (0.601/100) increase on the level of sustainability quality disclosure. Whereas size has a significant positive effect on the level of sustainability disclosure, at 5% level of significance as a 1% basis point increase in size will lead to 0.03% (3.145/100) increase in the level of disclosure.

Results further show that foreign ownership (FRO) statistically affects the level of sustainability disclosure quality as 1% increase in FRO will increase the quality of sustainability disclosure by 2.65%, but this not found to be statistically significant.

Panel 5 and 6 show the effect of foreign director (FOD) on the sustainability disclosure quantity and quality of the sampled non-financial listed firms. Panel 5 shows the effect of foreign director on the quantity of sustainability reporting disclosure, diagnostics test reveals that the included independent variables explain only 32.14% variation in the quantity of sustainability reporting disclosure while the adjusted R squared (the explanatory powers of the independent variables after including or excluding variables) showed 30.27%. Jointly, as shown in the F-Statistics as well as its probability, the included independent variables explain this variation at 5% level of significance although the Durbin-Watson statistics of 0.38 shows that the model has serial correlation of the first order.

When there are no changes in the included independent variables, the disclosure rate increases at 2.35% although this is not statistically significant. The results further show that, a 1% basis point increase in ROA reduce the level of sustainability quantity disclosure, but this is not statistically significant. Also, revenue (REV) is found to have just a minimal effect on the level of sustainability quantity disclosure. A 1% basis point increase in revenue will only increase the level of sustainability quantity disclosure by only about 0.01% (.692/100) and this is not statistically significant. Also, size has an insignificant positive effect on the level of sustainability quantity disclosure, as 1% basis point increase in size will lead to 0.02% (3.478/100) increase in the level of sustainability quantity disclosure.

Results further show that foreign director (FOD) statistically affects the level of sustainability disclosure quantity at 5% level of significance. Specifically, 1% increase in FOD will increase the quantity of sustainability disclosure by13.21%.

Panel 6 shows the effect of foreign director (FOD) on the quality of sustainability reporting disclosure, diagnostics test reveals that the included independent variables explain only 35.30% variation in the quality of sustainability disclosure while the adjusted R squared (the explanatory powers of the independent variables after including or excluding variables) showed 33.51%. Jointly, as shown in the F-Statistics as well as its probability, the included independent variables explain this variation at 5% level of significance although the Durbin-Watson statistics of 0.35 shows that the model has serial correlation of the first order.

Averagely, when there are no changes in the included independent variables, the disclosure rate decreases at 9.30% but this is not statistically significant. The results further show that, a 1% basis point increase in ROA will reduce the quality of sustainability disclosure level by 0.19% and it is found to be statistically significant at 1% significant level. Also, revenue (REV) is found to have little or no effect on the level of sustainability quality disclosure, as a 1% basis point increase in REV will only lead to about 0.004% (0.390/100) increase on the level of sustainability quality disclosure. Whereas size has a significant positive effect on the level of sustainability disclosure, at 5% level of significance as a 1% basis point increase in size will lead to about 0.03 (2.690/100) increase in the level of sustainability quality disclosure.

Results further show that foreign director (FOD) statistically affects the level of sustainability disclosure quality as 1% increase in FOD will increase the quality of sustainability disclosure by 6.53%, and this is found to be statistically significant at 5% level of significance.

4.1 Discussion of Findings

First, we ran a combined regression to test the effect of both foreign ownership and foreign director on sustainability reporting quantity and quality disclosures. We latter ran a separate regression to test the effect of foreign ownership on sustainability reporting quantity and quality disclosures, and then the effect of foreign director on sustainability reporting quantity and quality disclosures. In the three regressions, we introduced return on assets (ROA), revenue (REV) and size (SIZ) as control variables.

Results show that foreign ownership and foreign director have positive significant effect on sustainability reporting quantity and quality disclosures. Table 19, Panel 1 shows that foreign ownership and foreign director have a positive significant effect on sustainability reporting quantity disclosure at 1% and 5% level of significance respectively. A 1% increase in foreign ownership and foreign director will result in 8.73% and 9.73% in sustainability reporting quantity (SRQT) respectively.

Results further show that a 1% increase in return on assets (ROA) and revenue (REV) will lead to an insignificant reduction in sustainability reporting quantity (SRQT) disclosure, 0.05%. and 0.54% respectively. However, size (SIZ) is found to have an insignificant effect on SRQT, as a 1% increase in SIZ will lead to an increase of 2.81% in SRQT.

Table 19, Panel 1 shows that foreign ownership and foreign director have a positive effect on sustainability reporting quality disclosure, however, the effect of foreign ownership is not found to be significant, while the effect of foreign director is found to be statistically significant at 5% level of significance. A 1% increase in foreign ownership and foreign director will result in 0.15% and 6.47% in sustainability reporting quality (SRQL) respectively.

Results further show that a 1% increase in return on assets (ROA) and size (SIZ) will lead to a significant increase in sustainability reporting quality (SRQL) disclosure, 0.19%. and 2.70%, and 5% level of confidence respectively. However, revenue (REV) is found to have an insignificant positive effect on SRQL, as a 1% increase in REV will lead to an increase of 0.37% in SRQL.

Table 19, Panel 2 shows the result when only foreign ownership is regressed with the control variables. Results reveal that foreign ownership has a significant positive effect on SRQT and an insignificant positive effect on SRQL. A 1% increase in foreign ownership will result in a 12.49% increase in SRQT, found significant at 5% level of confidence and 2.65% increase in SRQL, which is not found significant.

Results further show that ROA has no effect on SRQT and a significant negative effect on SRQL, as a 1% increase in ROA will lead to a decrease of 0.15% in SRQL, found significant at 5% level of confidence. REV is found to have an insignificant negative effect on SRQT, as a 1% increase in REV will result in a reduction of 0.19% in SRQT, while REV has an insignificant positive effect on SRQL, as 1% increase in REV will lead to a 0.60% increase in SRQL. However, SIZ is found to have a significant positive effect on SRQT and SRQL, as a 1% increase in SIZ will lead to 3.48% increase in SQRT and 3.15% in SRQL, which are found significant at 10% and 5% level of confidence respectively.

Table 19, Panel 3 shows the result when only foreign director is regressed with the control variables. Results reveal that foreign director has a significant positive effect on SRQT and SRQL. A 1% increase in foreign director will result in a 13.21% and 6.53% increase in SRQT and SRQL respectively, which are found to be significant at 5% level of confidence.

Results further show that ROA has an insignificant negative effect on SRQT and a significant positive effect on SRQL, at 1% confidence level. A 1% increase in ROA will lead to a decrease of 0.07% in SRQT and increase SRQL by 0.19%. REV is found to have an insignificant positive effect on SRQT and SRQL, as a 1% increase in REV will result in an increase of 0.69% and 0.39% in SRQT and SRQL respectively. SIZ is found to have an insignificant positive effect on SRQT and a significant positive effect on SRQL, at 5% confidence level. A 1% increase in SIZ will lead to 2.06% increase in SQRT and 2.69% in SRQL.

The above results agree with the results obtained by Setiawan et al (2021); Shin and Park (2020), Kholis *et al* (2020), Zulaecha and Murtanto (2019) and Hartikayanti *et al* (2016) that confirm that foreign ownership have positive effect on the level of sustainability reporting disclosure. However, the results differ from findings by Garanina and Aray (2021), Aggarwal and Singh (2018) and Meutia *et al* (2017) that show that foreign ownership do not have impact on the level of sustainability reporting disclosure.

Also, the results are in accordance with the findings of Setiawan et al (2021) and Garanina and Aray (2021) which held that foreign director have positive impact on the level of sustainability reporting disclosure. We conclude that, in line with legitimacy theory, foreign ownership and foreign director have positive effect on the level of sustainability reporting disclosures by listed non-financial firms in Nigeria. This is based on the assumption that foreign companies will produce sustainability report in order to be seen as responsible corporate organisations in the country of their operation, and thus legitimatise their operations.

5.0 **Conclusion and Recommendations**

The examined whether foreign ownership and directorship affect the level of sustainability disclosures of non-financial listed firms in Nigeria. Data were collected from the annual report of a sample of 30 most capitalised companies, proportionally selected from the 7 sectors of non- financial listed firms on the Nigeria Exchange. Data were analysed using content analysis, descriptive statistics, percentages, correlation, t-test and pooled ordinary linear regression model. The quantity and quality of sustainability disclosure was measured through an index of 107 indicators, constructed from the Global Reporting Initiative (GRI) 2016 standards. The 107 indicators were grouped under the four dimensions of sustainability disclosure – Governance, Economics, Environmental and Social.

To score sustainability quantity disclosure, a dichotomous recording of presence or absence of disclosure of each indicator was checked and a score of 1 is awarded, if disclosed while 0 is awarded, if it is not disclosed. To arrive at sustainability quality score, a weighted average of 0 – 5 was adopted. Where an indicator is not disclosed, 0 is awarded while a score of 1 to 5 is awarded, if the indicator is disclosed, depending on the depth of the disclosure.

Analyses show that foreign ownership and directorship are positively correlated with sustainability disclosure, the level of sustainability disclosures by firms with foreign ownership and foreign directorship are both statistically higher than firms without foreign majority shareholders and a foreign director at 5% significance level. Also, it was found that foreign ownership and foreign directorship have positive significant effect on sustainability disclosure quantity and quality. However, it was noted that the overall level of sustainability reporting quantity and quality by both firms with foreign ownership and directorship is still very low, as the quantity of disclosures by firms with foreign ownership was 46.84% and for firms without, 26.91%. The quality disclosure by firms with foreign ownership was **27.14 %** and those without was 17.43%. In the same vein, firms with foreign directorship has an overall sustainability quantity disclosure of **40.88%** and those with a foreign directorship was **21.85%**. The quality sustainability disclosure score by firms with foreign directorship was **25.80 %** while for firms without it is 13.21%.

The study therefore recommends that, now that the Financial Reporting Council of Nigeria has adopted the two standards already issued by the International Sustainability Standard Board (ISSB), sustainability reporting should be made mandatory for all listed firms in Nigeria and must be supported by strict compliance enforcement by FRC.

The study contributes to the literature on sustainability reporting in emerging market. It highlights the fact that multinational firms tend to provide more information than their local counterparts, in order to legitimise their operations. Findings of this study contributed to the existing literature on sustainability reporting by uncovering the effect of foreign ownership and directorship on the level of sustainability reporting of non-financial listed firms in Nigeria. Also, it provides policymakers, practitioners, and investors the potential benefits and challenges associated with foreign investment in shaping sustainable business practices.

The findings of this research have significant implications for various stakeholders. Policymakers in developing countries can benefit from a better understanding of the role of foreign ownership and directorship in shaping sustainability reporting practices, as they strive to create an enabling environment for sustainable business practices. Additionally, investors, NGOs, and civil society organisations can utilise these insights to make informed decisions about engagement, collaboration, and support for sustainable development initiatives in these regions.

The study is not without limitation, first the study reveals that the level of sustainability disclosure by firms with foreign ownership and directorship is higher than those without but does not reveal the reasons for this higher disclosure. Therefore, future studies can examine the factors that cause firms with foreign ownership and directorship to engage on higher disclosure. Also, it is not clear whether firms with foreign ownership and directorship that provide higher sustainability disclosure are translating this into their business practices. Are these firms more ethical than the other firms in the country. Future studies could therefore, examine the extent of greenwashing by firms producing higher level of sustainability reporting.

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