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Audit Attributes and Sustainability Disclosure of Listed Oil and Gas Firms in Nigeria

Dr. Afolabi Abiodun Ademola
Senior Lecturer, Department of Economics and Management,
Kampala International University, Uganda
Masaba Richard
Head, Department of Management
Kampala International University, Uganda
Dr. Ismaila Olotu Abdullahi
Senior Lecturer, Department of Accounting,
Nasarawa State Univeristy, Keffi, Nasarawa State, Nigeria
Dr. Jacob O.Ame
Senior Lecturer, Department of Accounting,
Nasarawa State University, Keffi, Nasarawa State, Nigeria

Abstract:
The results of most Sustainability Reporting and audit attributes studies are either inconclusive or contradictory, reporting positive or sometimes negative results. Moreover, most of these studies were conducted in developed countries with properly enacted environmental and social laws which are not the case in Nigeria. The research assesses the impact of audit attributes on sustainability disclosure of listed oil and gas firms on the Nigerian stock exchange (2010 – 2019). The contents analysis method was used for data gathering and regression analysis was employed for secondary data analysis. The results of the findings indicated that Audit committee size and Audit committee independence have a positive influence on sustainability disclosure. Audit firm size and Auditor remuneration, however, have a negative influence on sustainability disclosure. The study recommended that there should be in place harmonized sustainability disclosure standards. The Nigeria Stock Exchange should include enhancement of audit attributes to include more non-executive independent directors managing the companies for the owners. Furthermore, a better-enhanced medium of communicating oil and gas firms' activities within the industry should be devised by regulators of businesses in Nigeria.

Keywords: *Audit committee size, audit firm size, auditor remuneration, audit committee independence, auditor rotation, and mandatory sustainability reporting*

1. Introduction

Sustainability disclosure is one of the information that can influence investors' decision to buy the company's shares (Fazzini & Maso, 2016). It is no longer news that the functionality of a global market depends on sustainable business conduct (Ekpo, Okon & Beredugo, 2019). It is indicated by a variation in companies' stock prices when the companies publish their sustainability disclosure (Klerk, Villiers, & Staden, 2015). Companies that have run their business with the assumption of sustainability can be seen from the disclosure of the sustainability of the company.

Although there is a regulation requiring sustainability disclosure, not all companies listed on the stock exchange prepare the disclosure. This may be because this does not fall within the fulcrum of audit responsibility or most companies' auditors lack the requisite attributes to engender favorable sustainability conducts and reporting. Be that as it may, sustainability disclosure has become a major focus, as disclosure prompts corporate responsibility (Beredugo and Mefor, 2012).

In relation to the sustainability drive, Weber (2017) established that good financial performance could lead the companies to convey sustainability disclosures. However, there is contention to this assertion on the ground that prior to the conveyance of sustainability disclosure, there are possibilities that such increased performance could be a result of unsustainable conduct which might include persistent depletion of the forest, high carbon dioxide, and other greenhouse gas emissions (Beredugo and Mefor, 2012), waste mismanagement, enterprises over-dependency on importation rather than local patronages, as well as the encouragement of casual staffing, complete disregard of disabled persons, gender inequality and unfavorable employees' health and safety and inadequate check & balances and bad corporate governance.

For this reason, reporting on companies' sustainability activities is increasingly becoming vital for businesses to demonstrate their commitment to social and environmental issues. However, despite the successes recorded in sustainability reporting practice, significant discrepancies were noticed in practice which relates to both the content and the quality of reports among companies at various domains across the globe (Fortanier, Kolk, & Pinkse, 2011).

Sustainability disclosure studies over the years have been concentrated in developed countries (Emtairah and Mont 2008). Results from these studies showed a steady increase in sustainability disclosures among companies. Nonetheless, a review of prior studies on sustainability disclosure shows that most of the studies have highlighted the recent contextual developments in audit attributes and sustainability disclosure. Unfortunately, many of these studies were the product of western economies (Burgwal & Vieira, 2014; Jamali & Mirshak, 2007). Limited studies were undertaken in Sub-Saharan African countries that were inclusive. In addition, the few available kinds of literature in Nigeria are mostly exploratory and survey studies (Ekwueme, Egbunike, & Onyali, 2013) and thus contained little or no quantifiable data (Innocent, Gloria, & Priscilla, 2014). By this prevailing situation, it is uncertain whether audit attributes could play a significant role in enhancing sustainability disclosure practiced in Nigeria.

In Nigeria, sustainability reporting is a voluntary exercise with no single unified framework that guides its implementation. The practice is mostly characterized by the absence of enforcement and inadequate legislation. Similarly, the legal backing system suffers from weakness in compliance and enforcement, which invariably affect the process of sustainability disclosure application (Echefu & Akpofure, 2002). The defect in Nigeria's sustainability reporting practice was reported by Ademigbuji (2014).

It has also been agreed by world business leaders and through academic research that sustainability reporting tells on a firm's corporate responsibility. Therefore, any company that does not produce sustainability report could be seen as working towards unsustainable development. The results, however, of most sustainability reporting and audit attributes studies are either inconclusive or contradictory, reporting positive or sometimes negative results. Moreover, most of these studies were conducted in developed countries with properly enacted environmental and social laws which are not the case of Nigeria.

Accounting and auditing technology is expected to keep pace with the societal demands and proffer solution to sustainability challenges is advocating the effective auditing attributes as a means of enhancing sustainability drive as this paper underscores.

To this end, the following research questions were asked:

- What is the relationship between audit committee size and social responsibility disclosure of quoted oil and gas firms in Nigeria?
- What is the relationship between audit firm size and mandatory sustainability reporting of downstream oil and gas firms in Nigeria?
- What is the relationship between auditor remuneration and economic performance sustainability of quoted oil and gas firms in Nigeria?
- What is the relationship between Audit Committee Independence and Corporate Social responsibility reporting of quoted oil and gas companies in Nigeria?
- Does auditor rotation have a significant influence on the environmental disclosure of quoted oil and gas companies in Nigeria?

The associated hypotheses include:

- $H0_1$: There is no significant relationship between audit committee size and social responsibility disclosure of quoted oil and gas firms in Nigeria.
- $H0_2$: There is no significant relationship between audit firm size and mandatory sustainability reporting of downstream oil and gas firms in Nigeria.
- $H0_3$: There is no significant relationship between auditor remuneration and economic performance sustainability of quoted oil and gas firms in Nigeria.
- $H0_4$: There is no significant relationship between Audit Committee Independence and Corporate Social responsibility reporting of quoted oil and gas companies in Nigeria.
- $H0_5$: Auditor rotation has no significant influence on environmental disclosure of quoted oil and gas companies in Nigeria.

2. Literature Review

2.1. Concept of Sustainability Reporting

Unlike financial reporting, Sustainability reporting (SR) is a more recent concept. Sustainability reporting is a systematic tool for putting together and presenting sustainability information needed for the process of management and is also useful to stakeholders (Saji, 2014). Elkington (2006) explains "sustainability reporting" or "triple-bottom-line reporting" in a layman's perspective as a mechanism of evaluating and disclosing the performance of a firm to meet "social, economic and environmental parameters", however, in a broader perspective, it covers completely the values, issues, and procedures which organizations are required to attend to so as to cut down on the negative impacts associated with their activities and thereby giving better social, economic and environmental values, where the three lines symbolize society, economy and the environment. According to Dyllick and Hockerts (2002), corporate sustainability involves an organization aiming at the interests of both direct and indirect stakeholders and achieving them, while ensuring that it will be well able to meet the needs of stakeholders in the future. SR is generally described as a framework for reporting that focuses on three significant aspects being "the economic, social and environmental performance" of a firm, besides its financial well-being (Choudhuri and Chakraborty, 2009). Global Reporting Initiative (GRI), a well-known organization in sustainability, defines SR as involvement in evaluating, disclosing and being answerable to the stakeholders, both the internal and the external, for the total well-being and general performance of the organization. Sustainability reporting has to do with measuring, accounting, and disclosing an organization's economic, environmental, and social performance resulting in an increase in the performance of the firm and improves sustainability development (Association of Chartered Certified Accountants, ACCA, 2005). There are other terms that SR can be interchanged with, such as Corporate Social Responsibility (CSR), (Christensen, Peirce, Hartman, Hoffman & Carrier, 2007); or Triple Bottom Line (TBL), a concept whose ideology states that the value created by business firms or other organizations is in several forms, which are in the social, economic, and environmental value added (Elkington, 2006).

Sustainability disclosure is all about reporting on how a company portrays itself responsibly in terms of environmental, social, and governance issues. The term has been used in the past to describe a firm's voluntary actions to manage its environmental and social impact and increase its positive contribution to society (Khan, Serafeim, & Yoon, 2015). Sustainability disclosures often involve a mix of quantitative and qualitative information (Schaltegger, 2012). To enhance the comparability and credibility of sustainability disclosures, there are a lot of regulations and guidelines by different organizations regarding the structure and quality of sustainability reporting. These include Sustainability, UN Global Compact, a United Nations initiative encouraging corporations to adopt 10 established sustainability principles and report on them. The principles are: Global Reporting Initiative (GRI), Accountability, International Organization for Standardization (ISO 14000 and ISO 26000), the Sustainability Integrated Guidelines for Management (SIGMA) project, Sustainability Accounting Standards Board (SASB), Carbon Disclosure Project, and Global Framework for Climate Risk Disclosure (Overland, 2007). The use of a wide range of frameworks by companies to report their sustainability activities in the view (Finch, 2005), has resulted not only in a lack of consistency but also in a wide variation in the structure and content between those reports. Sustainability issues are complex and measuring them has many challenges as there is no standard measure available like those for financial disclosure. However, a range of measures and guidelines has been used by previous studies. For this study, specific sustainability disclosures will be measured based on ESG dimensions. This is like Sustainable Asset Management (SAM) which focuses on eco-efficiency and environmental reporting along with industry-specific criteria (Delmas & Blass, 2010). Governance is used in place of Economic dimension in line with the general trend. The governance dimension is also important as it represents enforcement mechanisms. No wonder Osisioma (2013) describes it as the mechanism by which stakeholders of a company exercise control over corporate managers and provide overall direction to the firm. Commenting on the importance of corporate governance, Usman, and Amran (2015) noted that an efficient corporate governance framework will help in mitigating reoccurrence of global financial crises.

2.2. Corporate Social Responsibility Reporting

Corporate Social Responsibility Disclosure is the delivery of social and environmental impact information of the company's economic activities aimed at interested parties and the community. The purpose of corporate social responsibility disclosure is to gain a competitive advantage over other companies, meet the needs of society's expectations, legitimize corporate actions, and to attract investors (Adebayo, 2000). Corporate Social Responsibility as a concept has attracted the world's attention and gained new significance in the global economy (Akinyomi, 2013). Interest in corporate social responsibility prominent in recent years came from the introduction of globalization and international trade, which is reflected in the increased business complexity and new demands for increased transparency and corporate citizenship (Jamali & Mirshak, 2007).

According to Bagh, Khan, Azad, Saddique, & Khan (2017), Corporate Social Responsibility Reporting regulates all such activities, which are not enforced by the laws of those countries. While Iqbal *et al*., (2012) argue that this is a continuous commitment by businesses regardless of their nature, to behave in an ethically appropriate way and contribute to economic development and declare it an integral part of the government. Conventionally, some scientists love the profit-maximization goal of the company as the company's primary responsibility for using its resources to increase profits. Through CSR disclosure, companies can show that their actions are legitimate, and they behave as good corporate citizens (Hooghiemstra, 2000). Information on good corporate CSR performance enhances consumer brand evaluation (Brown & Dacin, 1997; Lucchini & Moisello, 2017). CSR communications also influence investor perceptions and there is empirical evidence that firms tend to use CSR disclosures to facilitate bond and equity issues (Gavana, Gottardo, & Moisello, 2017). Companies that have practiced and disclosed CSR will benefit themselves. According to Kotler & Lee (2005), companies that have practiced, and disclosed CSR will gain several benefits such as increased sales and market share, strengthening brand positioning, improving corporate image, lower costs operations as well as enhancing the company's appeal in the eyes of investors and financial analysts.

2.3. Environmental Disclosure

Sustainability of environmental reporting is a substantial means of disclosure and transparency about organizations' policies and short and long-term strategies regarding the environmental activities to their stakeholders to provide evidence that they are responsible for their operation and the resulting effect on the environment (Chang, Oh, Park, & Jang, 2017; Oh, Chang, & Martynov, 2011). Thus, it is also evident that environmental reporting has become an essential aspect for firms to improve their reputation and increase competitive advantage (De Villiers, Naiker, & Van Staden, 2011). Furthermore, in the recent decade, De Villiers *et al*., (2011) mentioned two motives for improved environmental reporting and sustainability disclosure. First, firms are more probable to increase economic performance with disclosure of environmental activities. Second, to enhance corporations' internal and external legitimacy should be fulfilled and followed up with environmental laws and regulations by implementing recognized standards, such as the International Organization for Standardization (ISO) guidelines and Global Reporting Initiative (GRI). Despite this, it was recognized that developing countries' awareness concerning environmental issues and attention to environmental disclosure is still lower than in the developed world. Further, developing countries suffer from a lack of stakeholder pressures and social expectations regarding the knowledge of environmental matters (Ismail & Rahman, 2016). Hence, disclosures of non-financial perspective will be higher through fulfillment by the long-term strategy and business vision and concentrate on future activities which would engage and create values for the different stakeholders including the society as well as the firm should recognize that it needs to properly convey information to promote connection with their stakeholders, and to look on as accountable towards environment issues (Lodhia, 2018).

The studies indicate that the most of prior literature interested in social and environmental disclosure has been held in developed nations as well, and the firms in developed worlds are more attention paid to the disclosure of environmental accidents over the last four decades. Welbeck, Owusu, Bekoe, & Kusi (2017), in a recent study, investigated that environmental reporting has been deliberated broadly by many researchers and the accounting practice in developed countries has been improved in environmental disclosure and transparency over the years. Comparatively, little evidence has been found on environmental reporting in developing countries (Aldrugi & Abdo, 2014).

Several researchers have concentrated on the factors that might have a significant impact on environmental disclosure levels to improve and enhance transparency in environmental reports, which would need to engage all types of stakeholders and assist in increasing companies' reputations (Amran, Zain, Sulaiman, Sarker, & Ooi, 2013; Bhalla, 2018). Furthermore, most studies in environmental disclosure have applied theories to get a logical interpretation of disclosure behavior. There are many theories that have commonly been utilized to investigate and illuminate accounting issues regarding environmental reporting practices such as legitimacy, stakeholder, and institutional theories (Burgwal & Vieira, 2014).

2.4. Sustainability Disclosure in the Oil and Gas Industry

The decision of whether oil and gas companies engage in sustainability reporting or not can be influenced by firm characteristics such as firm size, firm leverage, and sales growth amongst others. Literature documented that firm characteristics influence sustainability implementation and disclosure (Uyagu, Joshua, Terzungwe & Muhammad, 2017). Sustainability reporting covers environmental protection, protection of sea lives and lives above sea level such as aquatic and terrestrial animals, poverty eradication, tackling inequalities, and building strong institutions. Organizations are more and more concerned with a modern operation that has been recognized as development that satisfies the demands of the present generation, without compromising the needs of future generations.

Oil firms can strive to achieve these objectives by implementing a triple bottom line which includes environmental, social, and economic responsibilities in their mission statement. Today, corporate survival depends on the level at which organizations integrate sustainability aspects in their strategies. Integrating sustainability issues in the industry's strategy will assist organizations in waste reduction, emission reduction, energy efficiency, and conservation. Organizations that excel in sustainability implementation and disclosure are not only doing it to gain societal acceptance, but it is also a business strategy that produces enormous returns on investment (Nasiru, Abdulrahman, Babangida & Abubakar, 2020). The activities of an oil firm involve many interactions with local communities during exploration, production, and marketing. This has resulted in demands on oil companies to invest in the development of their local communities. Besides, government, non-governmental organizations and World Bank have, in recent years, made claims about the positive role that sustainability could play in contributing to poverty eradication and community development. Socially sustainable organizations are those that add value to the local communities.

Social sustainability involves ensuring the political and economic rights of citizens. These rights may include but not limited to proper and socially conscious corporate governance structures, labor rights, community culture, and sustainable human development. Consequently, this may lead to a higher level of trust amongst the multifarious stakeholders, which would help organizations in achieving lower operating costs (Abdulsalam, Abdulraham, Garba, Mohammed & Abubakar, 2020). However, sustainability reporting (environmental, social & economic reporting) does not replace traditional financial reporting. Sustainability reporting integrated relevant financial and non-financial information and communicates organizational strategies and business performances to multifarious stakeholders. Simply put, financial performance can be linked to sustainability reporting and then linked to business models and strategies.

2.5. Empirical Studies

Dewa, Asri, Ni Made and Ni Gusti (2020) carried out their study on the effect of Firm Size, Leverage, and Environmental Performance on Sustainability Reporting in Indonesia. This was to determine the effect of company size, leverage, and environmental performance on the area of sustainability reporting. The research was conducted on 8 companies listed in the LQ45 index, using all the companies' annual reports and sustainability reports for the 2015-2018 period. The analysis technique used is multiple linear regression analysis. Based on the results of the analysis it was found that company size and environmental performance had a positive and significant effect on the area of sustainability reporting. This shows that the larger the company, the better the sustainability reporting and the better the company's environmental performance. The analysis technique used is multiple linear regression analysis. This research confirms stakeholder theory and legitimacy.

Similarly, Agu and Amedu (2018) carried out a study on the relevance of sustainability disclosure to the profitability of listed pharmaceutical firms in Nigeria. The ex–post facto research design approach was adopted for the study. The population of this study comprises all pharmaceutical firms listed on the floor of the Nigeria Stock exchange.

Secondary data were obtained from the annual report of the companies of seven (7) sampled firms which covered the 2012 to 2017 financial year. Data were analyzed using ordinary linear regression. The results showed that there is a negative and insignificant relationship between the economic disclosure index and Return on Assets whereas both Environmental and Social disclosure indexes have a statistically positive but insignificant relationship with the Return on assets of pharmaceutical firms in Nigeria.

3. Methodology

The study used a quantitative approach, in which panel data was obtained and analyzed to examine the impact of corporate governance attributes on mandatory disclosure of information as per the study objectives and hypotheses. The study area is Nigeria, specifically all the quoted downstream oil and gas firms listed on the floor of the Nigerian Stock exchange as of 31st December, 2019. The target population for this study consists of all the 15 quoted downstream oil and gas firms listed on the Nigerian Stock Exchange as of 31st December, 2019. Purposive sampling was used to select oil and gas firms that have been listed for over five years. A sample size of 10 downstream quoted oil and gas firms was then selected using systematic random sampling.

The study confines itself to the annual reports published in the period from 2010 to 2019. The sample covers the annual reports of 10 listed downstream oil and gas firms in Nigeria, whose annual reports were available for the ten-year period from 2010-2019. A copy of the 10 annual reports for the years 2010 to 2019 was collected from each oil and gas firm. Finally, the total of annual reports analyzed was 100. The method of data collection employed in the study was the Contents Analysis Method using the disclosure index checklist and the disclosure index template for the computation of the disclosure index (dependent variable) and the Attributes Score Template were used for collecting the quantitative data values for the corporate attributes (independent variables). The Disclosure Index Checklist was scored by assigning a value of ''1'' if an item was disclosed and ''0'' if the item was relevant but not disclosed. The item, that was not relevant to the firm, was marked "N" Not Applicable or left "Blank".

The formulated hypotheses were tested using Multiple Regression Analysis. Two regression analyses were however employed: the fixed effect model and the random effect model. The fixed-effect model takes account of the behavioral pattern of the oil and gas firms, while the random effect considers the behavioral pattern of the firm/enterprises.

The analytical model used in analyzing the relationship between the dependent and independent variables is as presented below:

$Y= \alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+ \beta_5X_5+e$

Where:

Y= is the sustainability disclosure

α = Constant Term.

β = Beta Coefficient

X_1 = Audit committee size measured by the number of audit committee members.

X_2= Audit firm size measured by a dichotomous variable (1 and 0), 1 if a firm is audited by a Big4 audit firm (Deloitte and Touche, Ernst and Young, KPMG, Price water house coopers), and 0 otherwise.

X3= Audit remuneration measured by the natural log of total audit and non-audit fees paid to an auditor at the end of the accounting period as a percentage of total assets.

X4= Audit committee independence measured by the percentage of independent directors of the audit committee

X5= Auditor rotation is the change of audit firm by a client, measured by dichotomous variable, 1 if there is a change in audit firm during a year and 0, if otherwise.

e=Error term.

4. Data Analysis, Findings, and Discussion

4.1. Data Analysis and Result

Descriptive Statistics					
	N	**Min**	**Max**	**Mean**	**Std. Deviation**
Social responsibility disclosure	100	.00	1.00	.3700	.48524
Mandatory sustainability reporting	100	.00	1.00	.8500	.35887
Economic sustainability disclosure	100	.00	1.00	.8000	.40202
Corporate social responsibility reporting	100	.00	1.00	.5000	.50252
Environmental disclosure	100	.00	1.00	.2300	.42295
Valid n (list wise)	100				

Table 1: Descriptive Statistics of Dependent Variables
Source: SPSS Output

Table 1 shows the descriptive statistics of dependent variables. The checklist of 100 items was applied in the study to analyze the present condition of sustainability disclosure levels in listed downstream oil and gas firms in Nigeria. Table 1 shows the descriptive statistics of independent variables. There are 100 observations made which constituted the data for ten years from 2010 to 2019 considering the analysis of the corporate governance disclosure from the dataset. It can be observed that the maximum value is 1.0, while the mean is 0.37; this shows that only a small number of oil firms have made the disclosure on social responsibility in the selected sample. In the mandatory sustainability reporting from the dataset, it can be observed that the maximum value is 1.0, while the mean is 0.85; this shows that only many listed downstream oil and gas firms have made the disclosure on mandatory sustainability in the selected sample. In the economic sustainability disclosure from the dataset, it can be observed that the maximum value is 1.0, while the mean is 0.8; this shows that many downstream listed oil and gas firms have made the disclosure on economic sustainability in the selected sample. In the statement on corporate social responsibility disclosure from the dataset, it can be observed that the maximum value is 1.0, while the mean is 0.5; this shows that half the number of listed downstream oil firms has made the disclosure on corporate social responsibility in the selected sample. In the environmental disclosure from the dataset, it can be observed that the maximum value is 1.0, while the mean is 0.23; this shows that only a small number of oil firms have made the disclosure on environmental matters in the selected sample.

Variables in the Equation							
		B	**S.E.**	**Wald**	**df**	**Sig.**	**Exp(B)**
Step 1[a]	Audit Comm Siz	20.599	9359.039	.000	1	.998	883268270.7
	Audit Firm Siz	-1.959	20630.598	.000	1	1.000	.141
	Auditor Remu	-2.833	66188.478	.000	1	1.000	.059
	Audit Comind	2.567	110382.857	.000	1	1.000	13.032
	Auditor Rot	.415	13106.123	.000	1	1.000	1.514
	Constant	-44.788	423771.954	.000	1	1.000	.000
a. Variable (s) entered on step 1: Audit Comm Size, Audit Firm Siz, Auditor Remu, Audit Comind, Auditor Rot.							

Table 2: Hypotheses and Discussion (Logistic Regression)
Source: SPSS Output

The regression result above has established that holding all other factors constant (there is no implementation of audit attributes) that influence sustainability disclosure of listed downstream oil and gas firms in Nigeria would be -44.788.

4.1.1. Hypothesis 1

The findings presented also show that taking all other independent variables at zero, a unit increase in the audit committee size would lead to a 20.59 increase in sustainability disclosure of listed downstream oil and gas firms in Nigeria.

4.1.2. Hypothesis 2

A unit increase in the number of audit firm size would lead to a -1.96 decrease in sustainability disclosure of listed downstream oil and gas firms in Nigeria.

4.1.3. Hypothesis 3

A unit increase in the percentage of auditor remuneration would lead to a -2.83 decrease in sustainability disclosure of listed downstream oil and gas firms in Nigeria.

4.1.4. Hypothesis 4

A unit increase in the percentage of audit committee independence would lead to 2.57 increase in sustainability disclosure listed downstream oil and gas firms in Nigeria.

4.1.5. Hypothesis 5

A unit increase in the number of auditor rotations would lead to a 0.42 increase in sustainability disclosure of listed downstream oil and gas firms in Nigeria.

4.2. Discussion of Findings

From the above regression model, the study found that the adoption of audit attributes enhances the mandatory disclosure in listed oil and gas firms in Nigeria. The independent variables that were studied explain a substantial 68% of sustainability disclosure of listed downstream oil and gas firms in Nigeria as represented by adjusted R2 (0.428). This, therefore, means that the independent variables contribute 68 % of the sustainability disclosure of listed downstream oil and gas firms in Nigeria, while other factors and random variations not studied in this research contribute 32% of the sustainability disclosure of listed downstream oil and gas firms in Nigeria. This study is in line with Clarkson, Li, Richardson & Vasvari (2007) who stated that though there is a regulation requiring sustainability disclosure, not all companies listed on the stock exchange prepare the disclosure. This may be because, there is no sanction for the companies which do not convey sustainability disclosure, or the company does not engage in activities related to corporate responsibility to the environment, or the company's commitment to the environment is low.

5. Conclusion and Recommendations

The main objective of the study aimed at establishing the influence of audit attributes on the sustainability disclosure of listed oil and gas firms. The research findings indicate that there is a weak and negative relationship between audit attributes and sustainability disclosure. The findings of the study showed that audit committee size and audit committee independence have a positive influence on sustainability disclosure, audit firm size and auditor remuneration have a negative influence on sustainability disclosure, while auditor rotation has a weak influence on sustainability disclosure.

The results of the study show that audit committee size and audit committee independence have a positive influence on sustainability disclosure in downstream listed oil and gas firms in the Nigerian Stock Exchange in 2010 – 2019 period. This is in line with stakeholder theory where the disclosure of financial, social, and environmental information is a dialogue between the company and stakeholders in the hope of meeting information needs aimed at improving company performance and achieving expected profits. The results of this study indicate that audit firm size and audit remuneration have a negative influence on sustainability disclosure in the listed downstream oil and gas firms. Also, auditor rotations have a weak influence on sustainability disclosure in the downstream listed oil and gas firms.

It was, therefore, recommended that the professional accounting bodies should make sustainability disclosure mandatory for corporate entities, and there should be in place harmonized sustainability disclosure standards. In a similar vein, the Nigeria Stock Exchange should include enhancement of audit attributes to include more non-executive independent directors managing the companies for the owners.

Furthermore, a better-enhanced medium of communicating oil and gas firms' activities within the industry should be devised by regulators of businesses in Nigeria. For example, the implementation of integrated reporting should be made compulsory. An effective environmental law by the legislative arm of government and an efficient judiciary system to make corporate entities answerable for their actions towards the environment is required. Finally, there is the need for every company to have an environmental/ecological committee to be proactive with regard to environmental issues.

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