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Social Responsibility and Earnings Management: The Mediating Effect of Audit Committee Diversity of Listed Consumer Goods Firms in Nigeria

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Abstract

The study examines social responsibility and earnings management of listed consumer goods firms in Nigeria. The study adopted the ex-post facto research design. The population of the study comprise of the 21 listed consumer goods companies on the Nigerian exchange group as at July, 2023. Using the judgmental sampling technique, 17 firms are selected as sample size for the study. Data is collected from the financial statements of the firms for a period of 10 years (2013 to 2022). The study adopts the ordinary least square method for data analysis. The study found that, social responsibility disclosure has no significant relationship with earnings persistence, and audit committee diversity in terms of gender does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods companies in Nigeria. Thus, it is recommended that, firstly, regulatory bodies should encourage businesses to focus on transparent financial reporting alongside social responsibility, promoting a comprehensive view of corporate performance. Secondly, while gender diversity on audit committees remains important for various reasons, this study implies that it might not directly impact the aforementioned relationship. Consequently, policymakers should prioritize broader governance aspects when assessing corporate practices and disclosures.

Keywords: *Social responsibility disclosure, earnings persistence, audit committee diversity, and signaling theory*

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1.0 INTRODUCTION

1.1 Background to the Study

The intersection of Corporate Social Responsibility (CSR) and earnings management has garnered significant attention in the global business landscape (Billio, Costola, Hristova, Latino & Pelizzon, 2021). These two concepts represent crucial aspects of contemporary corporate governance and business ethics (Gonçalves, Gaio & Ferro, 2021). In the context of Nigeria, a developing economy with unique social and economic dynamics, the relationship between CSR initiatives and earnings management practices within firms has become an area of growing interest and concern. This background study delves into the intricate relationship between CSR and earnings management, contextualized within the Nigerian business environment.

To Kim, Park and Wier (2012), CSR refers to a business approach that integrates the social concerns of a company into its operations and interactions with stakeholders. It involves a company's commitment to conduct its business ethically and to contribute positively to society. CSR initiatives can encompass a wide range of activities, such as philanthropy, community development, and employee welfare (Palacios-Manzano, Gras-Gil & Santos-Jaen, 2021). On the other hand, earnings management involves the strategic manipulation of financial statements to achieve specific financial outcomes (Tran, Tran & Phan, 2022). While it can be driven by various motives, such as tax minimization or meeting analyst expectations, earnings management raises ethical concerns when it distorts the true financial performance of a company (Scholtens & Kang, 2012). Accordingly Gaio, Gonçalves and Sousa (2022), affirmed that, practices like income smoothing and aggressive revenue recognition can undermine transparency and erode investor confidence.

The relationship between Corporate Social Responsibility (CSR) and earnings management has garnered significant attention in recent years due to its implications for corporate behavior and financial performance (Ehsan, Nurunnabi, Tahir & Hashmi, 2020). One emerging area of research in this context is the potential moderating role of audit committee diversity. An audit committee is a subset of a company's board of directors responsible for overseeing financial reporting and disclosure processes. Diversity within this committee, in terms of skills, backgrounds, and gender perspectives, has gained prominence as a factor that can impact decision-making and governance practices (Connors, Anderson-MacDonald & Thomson, 2015). Understanding the potential moderating effect of audit committee diversity on the CSR-earnings management relationship can offer valuable insights for policymakers, regulators, and corporate leaders aiming to enhance transparency, accountability, and ethical behavior in business operations. By delving into this area, researchers seek to contribute to both corporate governance literature and the broader discourse on sustainable and responsible business practices.

In the context of Nigeria's business landscape which is characterized by both opportunities and challenges, issues such as corruption, political instability, and infrastructure deficits contributes to earnings management practices. To Cordeiro and Tewari (2015), companies might resort to manipulation to navigate uncertainties and present a favorable financial picture. Such practices could attract short-term gains but may harm the long-term sustainability of businesses (Dai & Tang, 2021). This is why Bornemann, Kick, Pfingsten and Schertler (2015) asserts that, the relationship between CSR and earnings management is complex and multifaceted. On one hand, engaging in genuine CSR initiatives can enhance a company's reputation, stakeholder trust, and long-term value (Gao & Zhang, 2015). On the other hand, unscrupulous earnings management can compromise the integrity of CSR efforts by diverting resources from socially responsible activities (Gargouri, Shabou & Francoeur, 2010). Also, companies might strategically allocate resources to CSR activities as a means of deflecting attention from questionable financial practices. Despite the growing interest in CSR and earnings management individually, there is a research gap in understanding their interconnected dynamics within the Nigerian context. As businesses continue to grapple with economic challenges and ethical considerations, it is crucial to examine whether CSR acts as a deterrent or facilitator of earnings management.

This study aims to explore whether the composition of audit committees, in terms of diversity in gender, influences the relationship between CSR initiatives and earnings management strategies within firms. The rationale behind this investigation stems from the belief that diverse audit committees may bring different viewpoints to evaluating CSR activities and their effect on earnings management. A diverse committee might be more attuned to the ethical dimensions of earnings management concerning CSR-related matters.

1.2 Statement of the Problem

The concern over firms' engagement in CSR activities stems from the growing recognition of their responsibilities towards society and the environment. However, recent literature hints at the possibility of firms exploiting CSR for strategic purposes, blurring the line between genuine social responsibility and manipulation of financial information (Hong & Andersen, 2011; Enomoto, Kimura & Yamaguchi, 2015). Earnings management, on the other hand, involves discretionary adjustments to financial reporting to influence stakeholders' perceptions about a firm's performance. This blur lines have become a critical issue for firm stakeholders concerning the integrity of firms reports and raises pertinent questions about the ethical implications, long-term sustainability, and stakeholder trust in firms' actions. Also, given the dynamic landscape of modern business, the intricate relationship between Corporate Social Responsibility (CSR) practices and earnings management has garnered substantial attention from researchers, practitioners, and policymakers alike. Yet mixed evidence exists albeit a geographical gap on evidence concerning firms in Nigeria in recent times.

For example, scholars like Gaio, Gonçalves and Sousa (2022), Östman and Sharp (2022), Tran, Tran and Phan (2022), Gonçalves, Gaio and Ferro (2021), and Ehsan, Nurunnabi, Tahir and Hashmi (2020) all carried out studies on different aspects corporate social responsibility and earnings management of firms. Their studies produced mixed evidence and they were based on markets outside Nigeria. This creates a geographical gap where little or no evidence is available to enable policy recommendations for Nigeria. As a result, this study relies on past scholarly methods to address the multifaceted issues arising from the nexus between CSR initiatives and earnings management strategies adopted by firms in Nigeria.

1.3 Objective of the Study

The main objective of the study is to examine social responsibility and earnings management of listed consumer goods firms in Nigeria. The specific objectives include to:

i. Assess the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.
ii. Analyze the moderating effect of audit committee diversity on the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

1.4 Research Questions

The following questions are answered in the course of the study:

i. What relationship exist between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria?
ii. To what extent audit committee diversity moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria?

1.5 Study Hypotheses

The following hypotheses are tested during the study:

Ho$_1$: There is no significant relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

Ho$_2$: Audit committee diversity does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

2.0 LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of social responsibility

The roots of CSR can be traced back to the early 20th century when visionary leaders like Robert Owen advocated for better working conditions and welfare programs for employees. However, it wasn't until the 1950s that the term "Corporate Social Responsibility" gained traction, thanks to the work of scholars like Howard Bowen, who wrote extensively on the responsibilities of corporations beyond profit-making (Östman and Sharp, 2022). The concept was initially met with skepticism, as businesses primarily focused on maximizing shareholder wealth. Over the decades, the notion of CSR evolved from a mere philanthropic endeavor to a strategic imperative. Firms began to recognize that their long-term success is intrinsically linked to the well-being of the communities they operate in, the environment they impact, and the overall social fabric (Pasko, Chen, Proskurina, Ma, Gryn & Pushkar, 2021).

CSR extends beyond compliance with regulations; it embodies a commitment to ethical behavior that goes above and beyond legal mandates (Velte, 2020). By engaging in CSR initiatives, companies demonstrate a willingness to take proactive measures to address societal issues. This proactive stance not only mitigates reputational risks but also engenders trust among stakeholders, including customers, investors, and employees. But to ensure that stakeholders are made aware about the CSR activities of the firms, the firms report their CSR activities annually.

To Billio et al. (2021), corporate Social Responsibility (CSR) disclosure is a pivotal practice that reflects a company's commitment to ethical, and social responsibility. Aligned with the Global Reporting Initiative (GRI), a widely recognized framework for sustainability reporting, this concept underscores the transparency and accountability that companies hold towards their stakeholders and the planet. By adhering to GRI guidelines, firms showcase not only their commitment to sustainable practices but also their recognition of the profound influence they wield over society (Connors et al. 2015). Such disclosures empower investors, consumers, employees, and communities to make informed decisions, thereby influencing positive change. Accordingly, Dai and Tang (2021) iterated that, the adoption of CSR disclosure in line with GRI exemplifies the evolution of businesses from being mere economic entities to becoming responsible global citizens. It reflects an understanding that long-term success is intertwined with social and environmental stewardship. Through transparent reporting, companies embark on a journey towards fostering a more equitable, just, and sustainable world, wherein profits harmonize with purpose (Bornemann et al., 2015).

2.1.2 Earnings Management

This concept of earnings management walks a fine line between ethical financial reporting and potential manipulation (Capkun, Collins & Jeanjean, 2016). When done within legal and ethical boundaries, earnings management can help companies navigate the complexities of business cycles, present a stable image to investors, and secure financing on favorable terms. However, if taken to extremes, it can mislead stakeholders, erode investor trust, and even breach accounting regulations (Dechow, Sloan & Sweeney, 1995).

Earnings management refers to the strategic manipulation of a company's financial statements, often done with the intention of influencing stakeholders' perceptions about the company's performance (Dechow, Sloan & Sweeney, 1996). One measure of earnings management is earnings smoothing which is measured as earnings persistence (Dechow, Hutton, Kim & Sloan, 2012). Earnings persistence refers to the degree to which a company's earnings patterns are consistent over time. The relationship between earnings management and earnings persistence is complex. Companies that engage in aggressive earnings management might experience short-term spikes in their reported earnings, giving the appearance of strong performance. However, these practices can compromise the long-term earnings persistence of the company (IASB, 2021). In essence, the concept of earnings management underscores the intricate relationship between financial reporting, corporate transparency, and stakeholders' trust.

2.1.3 Audit committee diversity

Audit committee gender diversity refers to the composition of audit committees with a balanced representation of both male and female members. This concept stems from the broader push for gender diversity and inclusivity in corporate governance. An audit committee is a vital component of a company's governance structure, responsible for overseeing financial reporting, risk management, and internal controls (Kourdoumpalou, 2017).The significance of audit committee gender diversity lies in its potential to enhance decision-making.

Research suggests that diverse groups tend to bring a wider range of perspectives, leading to more thorough discussions, better risk assessment, and improved corporate transparency (Pasko et al., 2021). By having a mix of genders on the audit committee, different experiences and viewpoints can be integrated, reducing the potential for groupthink and enhancing the identification of potential financial irregularities (Zang, 2011). Moreover, audit committee gender diversity aligns with the principles of equality and equal opportunity. It offers a platform for women to hold leadership roles, fostering a corporate culture that values diversity. As regulators and stakeholders increasingly emphasize corporate social responsibility, companies recognize the benefits of cultivating diverse and inclusive governance structures.

2.2 Theoretical Framework

2.2.1 Signaling theory

The signaling theory is propounded by Spence in 1973. The signaling theory aims at understanding the behaviors that arise due to various accessibility to information (Tran et al., 2022). Information is a vital part of the decision making process. Information asymmetry emerges when the available information differs depending on the individuals, for some the amount of information is huge while others have a much smaller part to access. Those who hold the information (i.e. the managers) have significantly more information than those who receive it (i.e. the stakeholders). If the stakeholders had the same information as the managers, they could most likely make better decisions.

The available information has a strong connection to quality and by being more transparent, the managers can reduce the asymmetry to become more trustworthy in the eyes of the stakeholders. It is in the best interest of the businesses to give the stakeholders access to information (Gonçalves et al., 2021). Since the accessible information plays an important role for the stakeholders' decisions and their perception of the businesses, this creates incentives for the managers to provide them with information that will send out the most beneficial signals. Therefore, the signaling theory implies that managers use earnings management for this purpose. These signals can offer the market indications about the firms' future i.e. the forecast of future earnings (Velte, 2020).

2.4 Empirical Review

Tran, et al., (2022) examines the association between corporate social responsibility (CSR) and earning management of listed Vietnamese companies. In their study, both accrual earning management (AEM) and real earning management (REM) are calculated on yearly basis from 2016–2020 while information on CSR is extracted from the top 100 sustainable businesses announced by Vietnam Chamber of Commerce and Industry (VCCI). Using Feasible Generalized Least Squares (FGLS) method, the study finds negative relationship between CSR and earning management. They concluded that, high socially responsible firms are less likely to engage in earning manipulation, for both AEM and REM.

Östman and Sharp (2022) carried out research on corporate social responsibility earnings management. Using a Generalized Regression technique, they provided evidence that, there exists a relationship between CSR and EM, where Accrual based Earnings Management has negative effect on CSR while residual based earnings management has a positive effect on CSR. Thereby, firms who are highly engaged in CSR care about all of their stakeholders and they are ethical, therefore they manipulate their accruals less. Their study was based on evidence from Turkey.

Gaio, et al., (2022) examined the association between earnings management and corporate social responsibility (CSR), as well as whether a firm's CSR orientation moderates the trade-off between accruals earnings management (AEM) and real earnings management (REM). Firm-year pooled regressions, based on unbalanced panel data and controlling for country, year and sector fixed effects, were estimated using a sample composed of European companies from 16 countries. Their study results suggest a negative relationship between EM and CSR, consistent with the idea that socially responsible activities are associated with more ethical behavior. Moreover, social responsibility orientation seems to mitigate strongly ERM, which may suggest that managers use less REM in order to protect firm's long-term profitability.

Gonçalves et al. (2021) analyzed the relationship between earnings management and corporate social responsibility. To this end, they used a sample of 568 listed companies from the European Union between 2010 and 2018. Their study used discretionary accruals as the measure of earnings management, under the Modified Jones model. Corporate social responsibility was proxied by the Combined Environmental, Social and Governance Score from the ASSET4 database. They found a negative relation between earnings management and corporate social responsibility, suggesting that managers from more socially responsible companies have a more ethical behavior and, thus, financial reporting of higher quality. Additional analysis provides evidence that economic cycles and financial performance play important roles in the relation between earnings management and corporate social responsibility.

Ehsan et al. (2020) made a review of the previous studies investigating the relationships between CSR and EM. The review includes 24 studies between 2003 and 2016. As presented earlier regarding the relationship between CSR and EM, the authors found contradicting results; an inverse relationship (46 %), a positive relationship (17 %), mixed results (33 %) and no relationship at all between CSR and EM (4 %). Ehsan et al. (2020, p. 364) implies that some of these contradicting results cannot be compared to other studies due to undersized samples. Another issue found for the cross-sectional studies is that they for example hide effects of different industries because they cannot control heterogeneity. They also highlight that there is a lack of validity in the studies only using one dimension of CSR, since the concept is huge.

3.0 METHODOLOGY

3.1 Research Design

The study adopts *ex-post facto* design.

3.2 Population of the study

The population of the study is made up of all the 21 listed consumer goods firms on the Nigeria Exchange Group as at July, 2023.

3.3 Sample and Sampling technique

The study adopts the judgmental sampling technique to determine the sample size. In view of this, 17 listed consumer goods firms on the floor of Nigeria Exchange Group are selected. The 17 listed firms are selected on the basis of consistency on the market and those with the available financial statements in respect to the study's timeframe (2013 to 2022). The list of the selected firms in attached in the appendix I at the end of the work along with the study data for perusal.

3.4 Model Specification

The study adapts the model used in the work of Gonçalves et al. (2021) which is stated as;

Earnings management = Corporate social responsibility *financial performance and economic cycle……. Model 1

The model is rewritten to include audit committee diversity as a corporate governance measure that can check the level of social responsibility disclosure which affects earnings management practice. The adapted model is written as:

Earnings management = Social responsibility disclosure *audit committee diversity……. Model 2

Using ordinary least square regression analysis, the model is specified as follows;

ENP = ∫(SRD)……… Model 3
ENP = ∫(SRD*ACD)……… Model 4
Then the econometric function of the above model is written as thus;
$ENP_{it} = \beta_0 + \beta_1 SRD_{it} + e$……….. Model 5
$ENP_{it} = \beta_0 + \beta_1 SRD*ACD_{it} + e$……….. Model 6

Where;
Dependent Variable:
ENP: Earnings Persistence (It is measured as changes in reported earnings over a time). Where there is stable unit of change or a low deviation of change over time, the reported earnings is considered to be smoothed, which translates to earnings management.

Independent Variables:
SRD: Social Responsibility Disclosure. This is measures using the GRI criteria. Each criteria is examined in respect to each content found. If found it is coded as “1” and otherwise “0”. The total content found is divided by the number of criteria to get the index for each company per year.

Table 1: GRI Social Disclosure Index

GRI	Content	Total content
GRI 404	i. Average hours of training per year per employee. ii. Programs for upgrading employee skills and transition assistance programs. iii. Percentage of employees receiving regular performance and career development reviews	3
GRI 411	i. Incidents of violations involving rights of indigenous peoples	1
GRI 413	i. Operations with local community engagement, impact assessments, and development programs. ii. Operations with significant actual and potential negative impacts on local communities	2
GRI 416	i. Assessment of the health and safety impacts of product and service categories. ii. Incidents of non-compliance concerning the health and safety impacts of products and services	2
Total		8

Moderating Variable:
ACD: Audit committee diversity (This is measured as the ratio of female audit committee members to the total audit committee size). This is to measure the gender diversity of the audit committee.
; β_0 =Intercept term; $\beta_{1-}\beta_3$ =Slope co efficient e = error term.
Decision rule: Accept the null hypothesis if the calculated significance level is greater than 0.05

4.0 DATA PRESENTATION AND ANALYSIS
4.1 Data Presentation
The data used for this work is gotten from the financial statement of 17 selected consumer goods firms on the Nigerian Exchange Group. The data analyzed is placed in appendix i at the end of the study for your perusal.
4.2 Data Analysis
4.2.1 Descriptive statistics
Table 1: Descriptive table

Variable	Obs	Mean	Std. Dev.	Min	Max	Skw.
ENP	153	6.533987	403.1228	-1793	1331	0.000
SRD	170	.6919118	.1539327	.25	.875	0.006
ACD	170	.2294118	.088736	.1666667	.5	0.000

Source: Stata 12.1 output in appendix II

The table above presents the descriptive statistics of all the variables. The number of observations for SRD and ACD in the study is 170. While that of ENP is 153 given the fact that, the first prior year is excluded in calculating changes in reported earnings of the firms for the first year.

The social responsibility disclosure (SRD) has a mean of 0.6919118 index with a deviation of 0.1539327. The SRD also revealed a minimum and maximum value of 0.25 and 0.875 respectively. The result revealed the value of 0.2294118 and 0.088736 as mean and standard deviation values for Audit Committee Diversity (ACD). It also revealed a minimum and maximum value of 0.1166667 and 0.5 respectively for ACD.

For Earnings Persistence (ENP) which measures the level of earnings smoothing, the minimum value is -1797 kobo while the reported maximum value is 1331 kobo. Again, the mean value recorded is 6.533987 with a high standard deviation is 403.1228. This shows a low level of earnings persistence and smoothing by the firms.

To test for normality of data, the Skewness test is used. This is as a result of the nature (ratio) of the data and the change calculated for ENP; which is characterized by uneven spread due to variation in the attributes of the firm data. The probability of skewness statistics for the study variables are less than 0.05 which indicates that the study is not normally distributed. Although this is the case, the regression ensured that robustness checks are in place for the result not to be spurious.

4.2.2 Correlation Analysis

Table 2: Multi-collinearity test

	SRD	ACD
SRD	1.0000	
ACD	-0.1648	1.0000

Source: Stata 12.1 output in appendix II

The table above presents the correlation result between the independent variables. This test is necessary to ascertain the level of multicollinearity among the independent variables to ensure the data are not to related to distort the outcome of the regression. The correlation test for multicollinearity among the explanatory reveals statistical outcome of -0.1648<0.75 for the variables; which depicts the absence of multicollinearity.

4.2.3 Regression of the estimated least square models

Model	R^2	R^2 adj.	Const.	Coef.	F.Stat	Prob.
ENP=f(SRD)	0.0110	0.0045	197.7883	-277.364	1.68	0.197
SRD=f(ACD)	0.0272	0.0214	0.7574902	-0.28585	4.69	0.032
ENP=f(SRD*ACD)	0.0012	-0.0054	-27.19201	215.7523	0.19	0.665

Source: ***Stata 12.1 in appendix ii***

The table above presents results in respect to the moderating effect of audit committee diversity on the relationship between social responsibility and earnings management of listed consumer goods in Nigeria. In doing so, the study tested the relationship between social responsibility and earnings management in the first model. In the second model, audit committee diversity is tested against earnings management to ascertain whether it is a moderator. Then, the third model tests the significant effect of audit committee diversity as a moderating variable on the relationship between social responsibility and earnings management of listed consumer goods in Nigeria.

From the first model, the R^2 value stood at approximately 0.0110. The R^2 otherwise known as the coefficient of determination shows the percentage of the total variation of ENP that can be explained by SRD. Thus, the R^2 value of 0.0110 indicates that 1.1% of change in ENP of the firms can be explained by a variation in social responsibility disclosure while the remaining 98.9% (i.e. 100-R^2) could be accounted by other factors not included in this model like profitability of the firms. The adjusted R^2 of approximately 0.0045 indicates that, if the model is adjusted and other factors considered for this study, this result will deviate from the current outcome by only 0.065 (i.e. 0.0110 – 0.0045). This means there will be a deviation from the current result by 6.5%. To measure the direction of the relationship in the model, the coefficient (Coef) value is considered. The Coef. Value of -277.364 shown in the model, reveals that, SRD cause ENP to change negatively by 277.264 units. This means there is a negative relationship between SRD and ENP of the listed consumer goods companies in Nigeria. The model further shows the Fisher statistics of 1.68 at an insignificant probability value of 0.197 which indicates that the independent variable contributes to the variance in the dependent variable at an insignificant level.
In the second model, the R-square value of 0.0272 shows that, ACD contributes to 2.72% change in SRD of the companies at a significant value of $0.032<0.05$. This shows that, ACD is a significant moderator to SRD variable.
In the third model, the ACD variable is tested to moderate the relationship between SRD and ENP. The R^2 value stood at approximately 0.0012. This means that 0.12% of change in ENP of the firms can be explained by a variation in social responsibility disclosure when moderated by audit committee diversity while the remaining 99.88% (i.e. 100-R^2) could be accounted by other factors not included in this model like profitability of the firms. The adjusted R^2 of approximately 0.0054 indicates that, if the model is adjusted and other factors considered for this study, this result will deviate from the current outcome by only 0.066 (i.e. 0.0012 – -0.0054). This means there will be a deviation from the current result by 6.6%. To measure the direction of the relationship in the moderated model, the coefficient (Coef) value is considered. The Coef. Value of 215.7523 shown in the model, reveals that, SRD when moderated by ACD causes ENP to change positively by 215.7523 units. This means there is a positive relationship between SRD and ENP when moderated by ACD of the listed consumer goods companies in Nigeria but the moderation is not significant at $0.665>0.05$. The model further shows the Fisher statistics of 0.19 at an insignificant probability value of 0.665 which indicates that model as a whole is insignificant.

4.3 Test of Research Hypotheses

Ho_1: There is no significant relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.
Given that the accepted significant level is 0.05 and the calculated value for SRD and ENP is 0.197 is greater than the accepted significant level of 0.05, the study accepts the null hypothesis and

rejects the alternative. Thus, there is no significant relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

Ho2: Audit committee diversity does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

Given that the accepted significant level is 0.05 and the calculated value for SRD*ACD is 0.665 is greater than the accepted significant level of 0.05; the study accepts the null hypothesis and rejects the alternative. Thus; audit committee diversity does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods firms in Nigeria.

4.3 Discussion of findings

The study found that social responsibility disclosure has no significant relationship with earnings persistence, and audit committee diversity in terms of gender does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods companies in Nigeria. This study portends the fact that, firms through social responsibility disclosure are ethical enough to check the level of earnings smoothing embedded in the persistent earnings announcement of listed consumer goods companies in Nigeria. The study findings conform with that of Gonçalves *et al.,* (2021) who analyzed the relationship between earnings management and corporate social responsibility. They used a sample of 568 listed companies from the European Union between 2010 and 2018. They found a negative relation between earnings management and corporate social responsibility. Similarly, Gaio, et al., (2022) in their study, examined the association between earnings management and corporate social responsibility (CSR), as well as whether a firm's CSR orientation moderates the trade-off between accruals earnings management (AEM) and real earnings management (REM). Using data of European companies from 16 countries. Their study results suggest a negative relationship between EM and CSR, consistent with the idea that socially responsible activities are associated with more ethical behavior.

5.1 CONCLUSION

Based on the findings of this study from the test of the two research hypotheses earlier formulated in the study, the study concludes that, social responsibility disclosure has no significant relationship with earnings persistence, and audit committee diversity in terms of gender does not significantly moderate the relationship between social responsibility disclosure and earnings persistence of listed consumer goods companies in Nigeria.

5.2 RECOMMENDATION

Based on the study's findings that social responsibility disclosure lacks a substantial link with earnings persistence, and that audit committee gender diversity doesn't notably moderate the relationship between social responsibility disclosure and earnings persistence in Nigerian consumer goods firms, several policy recommendations emerge. Firstly, regulatory bodies should encourage businesses to focus on transparent financial reporting alongside social responsibility, promoting a comprehensive view of corporate performance. Secondly, while gender diversity on audit committees remains important for various reasons, this study implies that it might not directly impact the aforementioned relationship. Consequently, policymakers should prioritize broader governance aspects when assessing corporate practices and disclosures.

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Appendix I
List of Data used

FIRM	YEAR	GRI404	GRI404	GRI404	GRI411	GRI413	GRI413	GRI416	GRI416	T
CADBURY	2013	1	1	1	1	1	0	1	1	
CADBURY	2014	1	0	1	1	1	0	0	1	
CADBURY	2015	1	1	0	0	1	0	1	1	
CADBURY	2016	1	0	1	1	1	0	1	0	
CADBURY	2017	1	1	1	1	1	1	1	0	
CADBURY	2018	1	1	1	0	1	0	1	1	
CADBURY	2019	0	1	1	1	1	0	1	1	
CADBURY	2020	0	1	0	1	1	1	1	1	
CADBURY	2021	1	1	1	1	1	1	1	0	
CADBURY	2022	1	0	1	1	1	1	1	1	
CHAMPION	2013	1	0	1	0	1	0	1	0	
CHAMPION	2014	1	0	1	0	1	1	1	0	
CHAMPION	2015	1	1	1	0	1	0	1	0	
CHAMPION	2016	1	1	0	0	1	1	1	0	
CHAMPION	2017	1	1	1	0	1	0	1	1	
CHAMPION	2018	1	0	0	0	1	1	0	0	
CHAMPION	2019	1	1	0	0	1	0	0	0	
CHAMPION	2020	1	0	1	0	1	1	0	0	
CHAMPION	2021	1	1	1	0	1	0	1	0	
CHAMPION	2022	1	0	1	0	1	1	1	0	
DANSUG	2013	1	1	0	1	1	1	1	1	
DANSUG	2014	1	1	0	0	1	1	1	1	
DANSUG	2015	1	0	0	0	1	1	1	1	
DANSUG	2016	1	0	1	1	1	0	1	1	
DANSUG	2017	1	0	1	1	1	0	1	1	
DANSUG	2018	1	1	1	0	1	0	0	1	
DANSUG	2019	1	0	0	0	1	0	0	1	
DANSUG	2020	1	0	0	1	1	1	0	1	
DANSUG	2021	1	0	0	1	1	1	1	1	
DANSUG	2022	1	1	0	1	1	1	1	1	
FMNN	2013	1	0	1	0	1	0	1	1	
FMNN	2014	1	0	1	0	1	0	0	1	
FMNN	2015	1	1	0	1	1	0	1	1	
FMNN	2016	1	1	0	1	1	1	1	1	
FMNN	2017	1	0	1	0	1	1	1	0	
FMNN	2018	1	1	0	1	1	1	1	0	
FMNN	2019	1	0	1	0	1	1	1	1	

FMNN	2020	1	0	1	0	1	1	1	1
FMNN	2021	1	1	0	1	1	1	1	1
FMNN	2022	1	0	1	1	1	1	1	0
GUINESS	2013	1	1	1	1	1	0	0	1
GUINESS	2014	1	1	1	0	1	1	1	1
GUINESS	2015	1	1	0	0	1	1	1	1
GUINESS	2016	0	0	0	1	1	1	1	1
GUINESS	2017	1	1	1	0	1	1	1	1
GUINESS	2018	0	1	1	1	1	0	1	1
GUINESS	2019	0	1	1	1	1	1	1	1
GUINESS	2020	1	0	1	0	1	1	1	1
GUINESS	2021	1	1	0	1	1	1	1	1
GUINESS	2022	1	1	1	1	1	1	1	0
HONEYWELL	2013	1	1	0	1	1	1	1	1
HONEYWELL	2014	1	1	0	1	1	0	1	1
HONEYWELL	2015	1	1	1	0	1	1	1	0
HONEYWELL	2016	1	1	1	0	1	0	1	0
HONEYWELL	2017	1	1	1	0	1	1	0	1
HONEYWELL	2018	1	1	0	0	1	0	0	1
HONEYWELL	2019	1	1	0	0	1	0	0	0
HONEYWELL	2020	1	1	0	0	1	1	1	0
HONEYWELL	2021	1	1	1	0	1	1	1	0
HONEYWELL	2022	1	1	1	0	1	1	1	1
INTBREW	2013	1	0	0	0	1	0	0	1
INTBREW	2014	1	1	1	0	1	0	1	1
INTBREW	2015	1	0	0	1	1	0	1	1
INTBREW	2016	1	0	0	0	1	0	1	1
INTBREW	2017	1	1	1	0	1	0	0	0
INTBREW	2018	0	0	0	0	1	1	1	1
INTBREW	2019	1	0	1	1	1	0	1	1
INTBREW	2020	0	0	0	1	1	0	0	1
INTBREW	2021	0	0	0	1	1	0	0	1
INTBREW	2022	0	0	0	0	1	0	0	1
MCNICOL	2013	0	1	1	1	1	1	1	1
MCNICOL	2014	0	1	0	1	1	0	1	0
MCNICOL	2015	0	1	0	1	1	0	1	1
MCNICOL	2016	0	1	1	1	1	0	1	1
MCNICOL	2017	0	1	0	0	1	0	0	1
MCNICOL	2018	0	1	1	1	1	0	0	1
MCNICOL	2019	1	0	0	1	1	1	0	1

MCNICOL	2020	1	0	1	1	1	1	0	1
MCNICOL	2021	0	1	1	1	1	1	0	1
MCNICOL	2022	1	0	1	1	1	1	1	1
NNFM	2013	1	0	0	0	1	1	1	1
NNFM	2014	1	1	1	1	1	0	0	1
NNFM	2015	0	1	1	1	1	0	1	1
NNFM	2016	1	1	1	1	1	0	1	1
NNFM	2017	0	1	1	0	1	1	1	1
NNFM	2018	1	1	1	0	1	0	0	0
NNFM	2019	1	1	1	1	1	0	1	1
NNFM	2020	1	1	0	0	1	1	0	1
NNFM	2021	1	1	1	0	1	1	1	1
NNFM	2022	1	1	1	0	1	1	1	1
NASCON	2013	1	0	1	0	1	0	1	0
NASCON	2014	1	1	1	1	1	1	1	0
NASCON	2015	1	1	1	1	1	0	1	0
NASCON	2016	1	1	0	1	1	1	1	1
NASCON	2017	0	0	0	0	1	0	1	1
NASCON	2018	0	0	0	0	1	0	1	1
NASCON	2019	0	0	1	0	1	1	1	0
NASCON	2020	0	1	1	1	1	1	1	1
NASCON	2021	0	1	1	1	1	1	0	1
NASCON	2022	1	1	0	1	1	1	0	1
NESTLE	2013	1	1	1	1	1	1	1	0
NESTLE	2014	1	0	0	0	1	1	1	0
NESTLE	2015	1	0	0	0	1	1	1	1
NESTLE	2016	1	1	1	0	1	0	1	1
NESTLE	2017	0	1	1	1	1	1	1	1
NESTLE	2018	1	0	0	1	1	1	1	1
NESTLE	2019	1	0	0	0	1	0	0	1
NESTLE	2020	1	0	0	0	1	1	1	1
NESTLE	2021	1	1	1	1	1	0	1	1
NESTLE	2022	0	1	1	0	1	1	0	1
NIGBREW	2013	1	1	0	1	1	1	0	1
NIGBREW	2014	1	1	1	1	1	1	0	1
NIGBREW	2015	1	1	0	0	1	1	0	0
NIGBREW	2016	1	1	1	0	1	0	1	0
NIGBREW	2017	1	1	1	0	1	0	1	1
NIGBREW	2018	1	1	0	0	1	0	0	1
NIGBREW	2019	1	1	0	0	1	1	0	1

NIGBREW	2020	1	1	1	1	1	1	0	0
NIGBREW	2021	1	1	0	1	1	1	1	0
NIGBREW	2022	1	1	0	1	1	1	1	1
NIGENAW	2013	1	1	1	1	1	1	1	0
NIGENAW	2014	1	0	1	1	1	0	0	1
NIGENAW	2015	1	1	0	0	1	0	1	1
NIGENAW	2016	1	0	1	1	1	0	1	0
NIGENAW	2017	1	1	1	1	1	1	1	0
NIGENAW	2018	1	1	1	0	1	0	1	1
NIGENAW	2019	0	1	1	1	1	0	1	1
NIGENAW	2020	0	1	0	1	1	1	1	1
NIGENAW	2021	1	1	1	1	1	1	1	0
NIGENAW	2022	1	0	1	1	1	1	1	1
PZCUSSON	2013	1	0	1	0	1	0	1	0
PZCUSSON	2014	1	0	1	0	1	1	1	0
PZCUSSON	2015	1	1	1	0	1	0	1	0
PZCUSSON	2016	1	1	0	0	1	1	1	0
PZCUSSON	2017	1	1	1	0	1	0	1	1
PZCUSSON	2018	1	0	0	0	1	1	0	0
PZCUSSON	2019	1	1	0	0	1	0	0	0
PZCUSSON	2020	1	0	1	0	1	1	0	0
PZCUSSON	2021	1	1	1	0	1	0	1	0
PZCUSSON	2022	1	0	1	0	1	1	1	0
UNILEVER	2013	1	1	0	1	1	1	1	1
UNILEVER	2014	1	1	0	0	1	1	1	1
UNILEVER	2015	1	0	0	0	1	1	1	1
UNILEVER	2016	1	0	1	1	1	0	1	1
UNILEVER	2017	1	0	1	1	1	0	1	1
UNILEVER	2018	1	1	1	0	1	0	0	1
UNILEVER	2019	1	0	0	0	1	0	0	1
UNILEVER	2020	1	0	0	1	1	1	0	1
UNILEVER	2021	1	0	0	1	1	1	1	1
UNILEVER	2022	1	1	0	1	1	1	1	1
UNIONSALT	2013	1	0	1	0	1	0	1	1
UNIONSALT	2014	1	0	1	0	1	0	0	1
UNIONSALT	2015	1	1	0	1	1	0	1	1
UNIONSALT	2016	1	1	0	1	1	1	1	1
UNIONSALT	2017	1	0	1	0	1	1	1	0
UNIONSALT	2018	1	1	0	1	1	1	1	0
UNIONSALT	2019	1	0	1	0	1	1	1	1

UNIONSALT	2020	1	0	1	0	1	1	1	1
UNIONSALT	2021	1	1	0	1	1	1	1	1
UNIONSALT	2022	1	0	1	1	1	1	1	0
VITAFOAM	2013	1	1	1	1	1	0	0	1
VITAFOAM	2014	1	1	1	0	1	1	1	1
VITAFOAM	2015	1	1	0	0	1	1	1	1
VITAFOAM	2016	0	0	0	1	1	1	1	1
VITAFOAM	2017	1	1	1	0	1	1	1	1
VITAFOAM	2018	0	1	1	1	1	0	1	1
VITAFOAM	2019	0	1	1	1	1	1	1	1
VITAFOAM	2020	1	0	1	0	1	1	1	1
VITAFOAM	2021	1	1	0	1	1	1	1	1
VITAFOAM	2022	1	1	1	1	1	1	1	0

APPENDIX II
List of Stata Tables

```
  ___  ____  ____  ____  ____ (R)
 /__    /   ____/   /   ____/
___/   /   /___/   /   /___/   12.1   Copyright 1985-2011 StataCorp LP
  Statistics/Data Analysis            StataCorp
                                      4905 Lakeway Drive
     Special Edition                  College Station, Texas 77845 USA
                                      800-STATA-PC        http://www.stata.com
                                      979-696-4600        stata@stata.com
                                      979-696-4601 (fax)

. summarize enp srd acd

    Variable |       Obs        Mean    Std. Dev.       Min        Max
-------------+--------------------------------------------------------
         enp |       153    6.533987    403.1228      -1793       1331
         srd |       170    .6919118    .1539327        .25       .875
         acd |       170    .2294118     .088736   .1666667         .5

. correlate srd acd
(obs=170)

             |      srd      acd
```

```
-------------+------------------
         srd |   1.0000
         acd |  -0.1648   1.0000


. regress enp srd

      Source |       SS       df       MS              Number of obs =     153
-------------+------------------------------           F(  1,   151) =    1.68
       Model |  271913.297     1  271913.297           Prob > F      =  0.1968
    Residual |  24429303.6   151  161783.467           R-squared     =  0.0110
-------------+------------------------------           Adj R-squared =  0.0045
       Total |  24701216.9   152  162508.006           Root MSE      =  402.22

------------------------------------------------------------------------------
         enp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         srd |   -277.364   213.9449    -1.30   0.197    -700.0762    145.3481
       _cons |   197.7883   151.0655     1.31   0.192    -100.6867    496.2632
------------------------------------------------------------------------------

. regress srd acd

      Source |       SS       df       MS              Number of obs =     170
-------------+------------------------------           F(  1,   168) =    4.69
       Model |  .108736852     1  .108736852           Prob > F      =  0.0318
    Residual |  3.89576682   168  .023189088           R-squared     =  0.0272
-------------+------------------------------           Adj R-squared =  0.0214
       Total |  4.00450368   169  .023695288           Root MSE      =  .15228

------------------------------------------------------------------------------
         srd |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         acd |  -.2858546   .1320075    -2.17   0.032    -.5464619   -.0252473
       _cons |   .7574902   .0324582    23.34   0.000     .6934118    .8215686
------------------------------------------------------------------------------

. vif

    Variable |       VIF       1/VIF
-------------+----------------------
         acd |      1.00    1.000000
```

```
-------------+----------------------
    Mean VIF |      1.00

.
. regress enp srd_acd

      Source |       SS       df       MS              Number of obs =     153
-------------+------------------------------           F(  1,   151) =    0.19
       Model |  30674.0682     1  30674.0682           Prob > F      =  0.6654
    Residual |  24670542.8   151  163381.078           R-squared     =  0.0012
-------------+------------------------------           Adj R-squared = -0.0054
       Total |  24701216.9   152  162508.006           Root MSE      =   404.2

------------------------------------------------------------------------------
         enp |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
     srd_acd |   215.7523   497.9328     0.43   0.665    -768.0627    1199.567
       _cons |  -27.19201   84.41728    -0.32   0.748    -193.9836    139.5996
------------------------------------------------------------------------------

.
sktest enp srd acd

                   Skewness/Kurtosis tests for Normality
                                                    ------- joint ------
    Variable |    Obs   Pr(Skewness)   Pr(Kurtosis)  adj chi2(2)    Prob>chi2
-------------+---------------------------------------------------------------
         enp |    153     0.0000         0.0000        39.93         0.0000
         srd |    170     0.0010         0.3886        10.20         0.0061
         acd |    170     0.0000         0.8456        17.58         0.0002
```