Board Accountability and Sustainability Reporting in Nigerian Companies

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Abstract
The purpose of the study was to examine board accountability and sustainability reporting in Nigerian companies. Specifically, the study seeks to: examine the effect of board transparency on sustainability reporting in Nigerian companies; determine the effect of board responsibility on sustainability reporting in Nigerian companies; assess the effect of board oversight on sustainability reporting in Nigerian companies; and to evaluate the effect of board ethical conduct on sustainability reporting in Nigerian companies. This study adopted conceptual review method. Information on Board accountability and sustainability reporting in Nigerian companies was gathered using textbooks, journals, published and unpublished journals, libraries and internet applications. Based on the conceptual review, the following findings were made thus: Board transparency has a positive effect on sustainability reporting in Nigerian companies. Board responsibility has a positive effect on sustainability reporting in Nigerian companies. Board oversight has a positive effect on sustainability reporting in Nigerian companies. Board ethical conduct has a positive effect on sustainability reporting in Nigerian companies. The study recommends that Nigerian companies should strengthen board transparency by ensuring timely, accurate and comprehensive disclosure of material sustainability information. Boards should promote openness in reporting and ensure that both positive achievements and significant sustainability challenges are adequately communicated to stakeholders. Boards of directors should take greater responsibility for sustainability matters by integrating environmental, social and governance considerations into corporate strategy and decision-making. Directors should be held accountable for the sustainability commitments and disclosures of their organisations. Finally, companies should strengthen board oversight of sustainability activities by establishing effective monitoring and review mechanisms. Boards should regularly assess sustainability performance, scrutinise management disclosures and ensure that reported sustainability information is consistent with actual corporate activities.

keywords: *Board accountability, sustainability reporting, board transparency, board responsibility, board oversight, board ethical conduct*

Introduction

Board accountability has become an important mechanism for strengthening corporate governance and promoting transparent sustainability reporting in Nigerian companies. As businesses face increasing pressure from regulators, investors, employees and other stakeholders to disclose their environmental, social and governance (ESG) impacts, the board of directors is expected to provide effective oversight, ensure credible disclosure and hold management accountable for corporate sustainability practices. Strong board accountability can therefore enhance the reliability, completeness and transparency of sustainability information reported by companies. In Nigeria, growing concerns about environmental degradation, social responsibility, corporate ethics and weak governance have increased the need for companies to move beyond conventional financial reporting. Sustainability reporting provides stakeholders with information on how corporate activities affect the environment, society and long-term organisational value. However, the quality and consistency of such reporting remain concerns, partly because of variations in governance structures, board oversight and accountability mechanisms. Effective board accountability is consequently essential for ensuring that sustainability disclosures are not merely symbolic, but reflect genuine corporate commitments and performance. Strengthening board responsibility for sustainability reporting can improve stakeholder confidence, corporate legitimacy and long-term business sustainability in Nigerian companies. Specifically, the study seeks to:

1. Examine the effect of board transparency on sustainability reporting in Nigerian companies.
2. Determine the effect of board responsibility on sustainability reporting in Nigerian companies.
3. Assess the effect of board oversight on sustainability reporting in Nigerian companies.
4. Evaluate the effect of board ethical conduct on sustainability reporting in Nigerian companies.

Theoretical framework

The theoretical framework for this study is anchored on Agency Theory and Stakeholder Theory. Agency Theory: Agency Theory was developed by Jensen and Meckling (1976) to explain the relationship between principals, particularly shareholders, and agents, represented by managers. The theory assumes that managers may pursue personal interests that do not always correspond with those of shareholders. This separation of ownership and control creates information asymmetry and agency problems, making effective corporate governance mechanisms necessary to monitor managerial actions and protect the interests of shareholders. In the context of this study, the board of directors serves as an important governance mechanism for reducing agency problems by monitoring management, demanding transparency and ensuring that corporate resources and decisions are used responsibly. Board accountability therefore becomes important because directors are expected to provide oversight, accept responsibility for corporate decisions and ensure that management operates within established ethical and governance standards. Effective board transparency, responsibility, oversight and ethical conduct can reduce information asymmetry and strengthen confidence in corporate disclosures.

Agency Theory also provides a strong explanation for sustainability reporting. When managers possess more information about the organisation than shareholders and other external users, sustainability reporting can reduce the information gap by providing information about environmental, social and governance activities. Consequently, an accountable board can encourage management to provide more transparent and credible sustainability information. From this perspective, sustainability reporting becomes an important mechanism through which the board demonstrates accountability and reduces information asymmetry between management and corporate stakeholders. The theory is particularly relevant to the Nigerian corporate environment, where concerns about corporate governance, transparency and responsible management make board accountability important to the credibility of corporate reporting. Thus, Agency Theory provides the theoretical basis for examining how board transparency, board responsibility, board oversight and board ethical conduct can influence sustainability reporting.

Stakeholder Theory

Stakeholder Theory, principally associated with Freeman (1984), argues that organisations have responsibilities not only to shareholders but also to other groups that can affect or are affected by organisational activities. These stakeholders include employees, customers, suppliers, creditors, government, communities, investors and the wider society. The theory therefore presents the organisation as having broader responsibilities that extend beyond the maximisation of shareholders' interests. Applied to sustainability reporting, Stakeholder Theory suggests that companies disclose environmental, social and governance information because different stakeholders require information about the organisation's economic, social and environmental impacts. Sustainability reporting therefore provides a channel through which companies communicate their activities, responsibilities and performance to stakeholders. Freeman et al. (2010) further emphasise that effective stakeholder management requires organisations to recognise and respond to the interests of different stakeholder groups. The theory is particularly relevant to board accountability because the board of directors has a responsibility to ensure that the organisation considers legitimate stakeholder interests in its decisions and disclosures. Board transparency promotes openness in communicating corporate sustainability activities; board responsibility ensures that sustainability considerations are incorporated into corporate decision-making; board oversight enables directors to monitor sustainability performance and disclosures; while board ethical conduct supports honest, balanced and credible reporting. These dimensions demonstrate how board accountability can influence the quality and credibility of sustainability reporting. Stakeholder Theory is therefore useful in explaining why sustainability reporting should not be viewed merely as a financial reporting activity. Rather, it represents an important communication mechanism through which companies demonstrate accountability to stakeholders and provide information concerning their social, environmental and governance responsibilities.

Literature Review

Board Accountability

Board accountability represents the obligation of directors to accept responsibility for corporate decisions, explain their actions and ensure that management operates in the best interests of the organisation and its stakeholders. It is closely associated with transparency, responsibility, monitoring and ethical behaviour because directors occupy a position of trust and authority within the organisation. Oyerogba et al. (2024) explain that effective corporate governance provides mechanisms through which corporate activities can be monitored and stakeholders' interests protected. In this regard, board accountability extends beyond conventional financial performance to include the way organisations respond to environmental, social and governance responsibilities. The increasing importance of sustainability has further broadened the meaning of board accountability. Ikpor et al. (2024) argue that board governance characteristics are important to the sustainability accounting and reporting process because boards provide strategic direction and monitoring for corporate activities. This perspective suggests that accountability should not be viewed simply as the obligation to report financial outcomes, but also as the responsibility to explain how corporate decisions affect employees, communities, the environment and other stakeholders. According to Razaq et al. (2023), the board plays a pivotal role in the administration of corporate affairs, particularly through strategic leadership, monitoring and the promotion of ethical values. Board accountability can therefore be understood as a multidimensional concept involving the board's willingness to provide transparent information, accept responsibility for corporate decisions, exercise effective oversight and maintain ethical standards.

Board Transparency

Board transparency refers to the openness, clarity and timeliness with which directors communicate relevant information about corporate activities and performance to stakeholders. Oyerogba et al. (2024) associate effective corporate governance with improved sustainability reporting quality, emphasising that stakeholders require sufficient information to evaluate corporate sustainability initiatives. Transparency therefore reduces information asymmetry and enables stakeholders to assess whether corporate actions are consistent with stated sustainability commitments. Ikpor et al. (2024) further indicate that board governance is relevant to sustainability accounting and reporting because the board provides an important channel through which corporate information is monitored and communicated. From this perspective, board transparency requires directors to ensure that sustainability disclosures provide a balanced representation of the company's activities rather than presenting only information that creates a favourable corporate image. The concept also extends to the quality of information disclosed. Razaq et al. (2023) contend that sustainability reporting involves communicating information about corporate sustainability practices to stakeholders, while effective governance provides the mechanisms necessary to promote appropriate disclosure. Board transparency can therefore be viewed as a governance condition that encourages management to provide relevant, understandable and credible sustainability information. For Nigerian companies, board transparency is particularly significant because stakeholders increasingly require information beyond conventional financial statements. Environmental effects, employee welfare, community relations, corporate ethics and governance practices are increasingly relevant to assessments of corporate performance. Consequently, a transparent board should ensure that sustainability information is sufficiently comprehensive to enable stakeholders to understand the organisation's broader impact.

Board Responsibility

Board responsibility concerns the extent to which directors accept ownership of corporate decisions, policies and outcomes. It requires directors to move beyond passive approval of management proposals and become actively involved in determining the strategic direction of the organisation. Ikpor et al. (2024) emphasise the importance of board governance characteristics in sustainability accounting and reporting, suggesting that the board's role is increasingly connected with the organisation's broader sustainability responsibilities. Oyerogba et al. (2024) similarly argue that adequate sustainability reporting requires effective corporate governance mechanisms. This position implies that responsibility for sustainability reporting cannot rest entirely with accounting or sustainability departments. Directors have a responsibility to ensure that the information ultimately communicated to stakeholders is consistent with the organisation's sustainability activities and strategic objectives. Board responsibility also involves ensuring that sustainability issues are integrated into corporate decision-making. Razaq et al. (2023) emphasise the strategic role of the board in corporate administration and the importance of mechanisms that protect stakeholders' interests. Thus, a responsible board should consider the long-term consequences of corporate decisions rather than concentrating exclusively on short-term financial outcomes. In the context of sustainability reporting, board responsibility means that directors should accept ownership of the organisation's sustainability commitments and disclosures. This includes ensuring that sustainability objectives are properly established, monitored and communicated. Board responsibility therefore provides the foundation upon which transparent and credible sustainability reporting can be developed.

Board Oversight

Board oversight refers to the monitoring and supervisory activities undertaken by directors to ensure that management operates in accordance with organisational objectives, established policies and stakeholder expectations. Razaq et al. (2023) identify board oversight as an important component of effective corporate governance because it enables the board to provide strategic leadership while monitoring corporate affairs and promoting ethical values. The importance of oversight becomes particularly evident in sustainability reporting because sustainability information is generated from different areas of corporate activity. Oyerogba et al. (2024) explain that corporate governance mechanisms can influence the quality of sustainability reporting, with board oversight forming an important part of the governance process. Effective oversight enables directors to examine the adequacy of sustainability information before it is communicated to stakeholders. Ikpor et al. (2024) also emphasise the importance of board governance in sustainability accounting and reporting. Their conceptual position supports the argument that boards should possess sufficient capacity and independence to scrutinise management decisions and ensure that sustainability matters receive appropriate attention at the highest level of the organisation. Board oversight therefore goes beyond the mere frequency of board meetings. Effective oversight requires directors to ask relevant questions, assess sustainability risks, review management's sustainability performance and ensure that material information is appropriately disclosed. In this sense, board oversight represents the monitoring dimension of board accountability.

Board Ethical Conduct

Board ethical conduct refers to the extent to which directors demonstrate integrity, honesty, fairness, independence and responsible behaviour in carrying out their corporate responsibilities. Razaq et al. (2023) specifically connect effective board oversight with the promotion of ethical values, suggesting that ethical conduct is an important component of responsible corporate governance. Ethical conduct is particularly important to sustainability reporting because the credibility of disclosed information depends on the integrity of those responsible for approving it. Oyerogba et al. (2024) note the importance of governance mechanisms in promoting credible sustainability reporting. This implies that boards should establish an environment in which management is encouraged to provide truthful and balanced information rather than selectively presenting corporate achievements. Ikpor et al. (2024) further demonstrate the importance of board governance characteristics to sustainability accounting and reporting. From an accountability perspective, ethical conduct requires directors to exercise independent judgement, manage conflicts of interest and place organisational and stakeholder interests above personal considerations. Board ethical conduct can therefore strengthen stakeholder confidence in sustainability reports. Where directors demonstrate integrity, sustainability disclosures are more likely to reflect actual corporate practices and challenges. Conversely, weak ethical conduct may encourage selective disclosure, greenwashing or the concealment of material sustainability problems. Ethical conduct consequently represents the behavioural foundation of credible board accountability.

Sustainability Reporting

Sustainability reporting refers to the communication of information concerning an organisation's economic, environmental, social and governance activities, impacts and performance. Oyerogba et al. (2024) observe that sustainability reporting has become increasingly important because conventional financial reporting does not provide sufficient information about the broader consequences of corporate activities. According to Ikpor et al. (2024), sustainability accounting and reporting provide a mechanism through which organisations communicate information about sustainability-related activities and performance. Sustainability reporting therefore extends corporate communication beyond traditional financial results to include issues that affect the organization's long-term relationship with its stakeholders and operating environment. Razaq et al. (2023) similarly position sustainability reporting within the broader corporate governance framework, noting that effective governance mechanisms can support appropriate sustainability disclosures. The quality of sustainability reporting is consequently influenced not only by the reporting framework adopted by a company but also by the governance environment within which the reporting process takes place. Sustainability reporting is particularly important for Nigerian companies because stakeholders increasingly expect organisations to demonstrate responsible corporate behaviour. Information about environmental management, employee welfare, community development, ethical conduct and governance practices can provide stakeholders with a more comprehensive understanding of corporate performance.

Board Accountability and Sustainability Reporting

The relationship between board accountability and sustainability reporting can be understood through the different responsibilities performed by the board. Ikpor et al. (2024) demonstrate the importance of board governance to sustainability accounting and reporting, while Oyerogba et al. (2024) emphasise the relationship between corporate governance mechanisms and sustainability reporting quality. Razaq et al. (2023) further highlight the board's strategic, oversight and ethical roles in corporate sustainability. These perspectives indicate that board accountability can influence sustainability reporting through several interconnected mechanisms. Board transparency encourages openness in corporate disclosures; board responsibility establishes ownership of sustainability matters; board oversight provides monitoring and control; while board ethical conduct provides the integrity necessary for credible disclosure. The conceptual implication is that sustainability reporting should not be regarded simply as a reporting department's responsibility. It is also a governance outcome shaped by the extent to which directors accept responsibility for the organisation's economic, social and environmental impacts. This provides a strong basis for examining board transparency, board responsibility, board oversight and board ethical conduct as dimensions of board accountability in Nigerian companies.

Empirical Literature

Erin, Adegboye and Bamigboye (2022) examined the relationship between corporate governance and sustainability reporting quality among 120 listed firms in Nigeria. The researchers measured corporate governance using board size, board independence, board gender diversity, board expertise and audit committee attributes, while sustainability reporting quality was measured using a four-point reporting quality scale. Using ordered logistic regression, the study established a strong connection between corporate governance mechanisms and sustainability reporting quality. The authors consequently argued that companies can improve sustainability reporting through stronger board monitoring and governance structures. This study provides an important foundation for the present study because it establishes that the effectiveness of the board is relevant to the quality of sustainability information disclosed by Nigerian companies. Nevertheless, its focus was largely on specific board characteristics rather than the broader concept of board accountability.

Ajepe, Agbi and Mustapha (2021) investigated board characteristics and sustainability reporting among listed non-financial firms in Nigeria. The study examined whether characteristics of the board could influence sustainability reporting practices. Its findings further demonstrated the importance of board-level characteristics to sustainability disclosure, although sustainability reporting among Nigerian non-financial firms remained generally weak. The study therefore reinforces the position of Erin et al. (2022) that the board constitutes an important governance mechanism for improving corporate sustainability disclosure. However, while Ajepe et al. (2021) concentrated on board characteristics, the present study moves beyond board composition to examine board accountability, particularly transparency, responsibility, oversight and ethical conduct. Further evidence was provided by Razaq, Alhassan and Omole (2023), who examined corporate governance mechanisms and sustainability reporting practices of listed non-financial firms in Nigeria. The study considered governance mechanisms such as board size, board independence, board gender diversity and board financial expertise. The researchers found that some board characteristics, particularly board size and financial expertise, significantly influence sustainability reporting practices. The study therefore strengthens the argument that the capacity and effectiveness of the board can shape the extent to which sustainability information is disclosed. More importantly, it extends the earlier studies by demonstrating that the quality of board competence and governance mechanisms matters in sustainability reporting. However, the study still treats board governance mainly in terms of structural characteristics rather than the accountability responsibilities that directors exercise through transparency, responsibility, oversight and ethical behaviour. More recently, Mohammed et al. (2024) examined board attributes and sustainability reporting among listed firms in Nigeria. The study considered board size, board independence, gender diversity and board commitment in relation to sustainability reporting. The findings indicated that several board attributes were significantly associated with sustainability reporting, although the effects differed across individual board attributes. This variation suggests that merely having a board structure may not automatically guarantee effective sustainability disclosure; rather, what boards actually do in terms of commitment, monitoring and responsible decision-making may be equally important. This observation creates a stronger justification for examining board accountability rather than relying exclusively on conventional board characteristics. The most recent evidence is provided by Ololade, Adejumo, Worimegbe and Agada (2025), who investigated corporate board characteristics and sustainability reporting disclosure among 10 listed multinational companies in Nigeria between 2018 and 2022. Using PARDL analysis, the study found that board size, board independence, financial expertise and frequency of board meetings had positive and significant effects on sustainability reporting disclosure, whereas board gender diversity had a negative and insignificant effect. The study therefore provides recent evidence that effective board structures, board competence and active board participation can improve sustainability reporting. Its findings also suggest that board effectiveness is not simply determined by the existence of a board but by the extent to which directors actively perform their governance responsibilities.

Erin et al. (2022) established the broad relationship between corporate governance and sustainability reporting quality; Ajepe et al. (2021) linked board characteristics to sustainability reporting among non-financial firms; Razaq et al. (2023) highlighted the importance of board size and financial expertise; Mohammed et al. (2024) demonstrated that different board attributes produce different sustainability reporting outcomes; while Ololade et al. (2025) provided more recent evidence that board independence, financial expertise, board size and meeting frequency can enhance sustainability disclosure. Thus, the literature generally supports the proposition that stronger and more effective boards are associated with better sustainability reporting.

Methodology

This study adopted conceptual review method. Information on Board accountability and sustainability reporting in Nigerian companies was gathered using textbooks, journals, published and unpublished journals, libraries and internet applications.

Findings

Based on the conceptual review, the following findings were made thus:
1. Board transparency has a positive effect on sustainability reporting in Nigerian companies.
2. Board responsibility has a positive effect on sustainability reporting in Nigerian companies.
3. Board oversight has a positive effect on sustainability reporting in Nigerian companies.
4. Board ethical conduct has a positive effect on sustainability reporting in Nigerian companies.

Conclusion and Recommendations

Board accountability has become an important mechanism for strengthening corporate governance and promoting transparent sustainability reporting in Nigerian companies. Board accountability can therefore enhance the reliability, completeness and transparency of sustainability information reported by companies. The study recommends thus:
1. Nigerian companies should strengthen board transparency by ensuring timely, accurate and comprehensive disclosure of material sustainability information. Boards should promote openness in reporting and ensure that both positive achievements and significant sustainability challenges are adequately communicated to stakeholders.
2. Boards of directors should take greater responsibility for sustainability matters by integrating environmental, social and governance considerations into corporate strategy and decision-making. Directors should be held accountable for the sustainability commitments and disclosures of their organisations.
3. Nigerian companies should strengthen board oversight of sustainability activities by establishing effective monitoring and review mechanisms. Boards should regularly assess sustainability performance, scrutinise management disclosures and ensure that reported sustainability information is consistent with actual corporate activities.
4. Companies should promote strong ethical standards among board members by enforcing codes of conduct, integrity requirements and conflict-of-interest policies. Directors should demonstrate honesty, independence and fairness in approving sustainability information to enhance the credibility and reliability of sustainability reports.

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