Effect of Corporate Governance Practices on Economic Sustainability Performance in Oil and Gas Sector in Nigeria

Ajibua Gbenga Ph.D.

Department of Business Administration

Grace Bay, Charisma University, Turks & Caicos Island

DOI: https://doi.org/10.51584/IJRIAS.2025.100700102

Received: 07 July 2025; Accepted: 14 July 2025; Published: 16 August 2025

ABSTRACT

This study investigates the effect of corporate governance practices on economic sustainability performance in Nigeria's oil and gas sector. Specifically, the research examines how board independence, transparency and disclosure practices, and regulatory compliance influence the economic sustainability outcomes of selected oil and gas firms. The study adopts a survey research design and collects primary data from 196 managerial and supervisory staff across various oil and gas companies in Lagos and Rivers States. A structured, self-administered questionnaire based on a 5-point Likert scale was used for data collection, while the data were analyzed using descriptive statistics, correlation analysis, and multiple linear regression via SPSS version 26. The results reveal that all three independent variables—board independence, transparency and disclosure practices, and regulatory compliance—have a positive and statistically significant effect on economic sustainability performance. The regression model explains approximately 70% of the variance in economic sustainability outcomes, with regulatory compliance emerging as the most influential factor. The findings suggest that strong governance frameworks enhance corporate accountability, long-term economic value creation, and stakeholder engagement. The study concludes that effective governance is a critical driver of sustainable economic performance in Nigeria's oil and gas sector. It recommends strengthening board independence, institutionalizing international disclosure standards, and enhancing regulatory enforcement mechanisms to improve sustainability practices. These recommendations are particularly relevant for policymakers, regulators, and corporate boards aiming to align Nigeria's oil and gas industry with global sustainable development goals.

INTRODUCTION

Corporate governance practices have evolved into a critical component of institutional frameworks globally, especially in the pursuit of transparency, accountability, and long-term sustainability. Across advanced economies, mechanisms such as board independence, CEO duality separation, gender diversity, and ownership structure have been adopted to reinforce sound governance principles and mitigate agency problems between stakeholders and managers (Ghazali, 2010; Mahmood et al., 2018). Countries like Canada, the United Kingdom, and Singapore have codified governance practices in corporate codes and listing requirements, emphasizing the significance of board composition and independence in achieving strategic performance and stakeholder alignment (Bakar et al., 2019). The adoption of best practices in corporate governance is seen as pivotal to curbing corporate failures, enhancing firm performance, and fostering sustainable corporate behavior (Buallay & Al-Ajmi, 2019).

On the global front, economic sustainability performance has gained increasing attention due to heightened awareness of the impact of corporate activities on the broader economy. Economic sustainability goes beyond traditional profit metrics by encompassing dimensions such as market presence, procurement practices, economic value creation, and indirect economic impacts, as outlined in the GRI-4 sustainability framework (Global Reporting Initiative [GRI], 2011). Modern corporations are being called upon to disclose economic information that affects internal and external stakeholders and to implement business strategies that contribute to the resilience of national and local economies (Sar, 2018). The emphasis is no longer solely on maximizing shareholder wealth, but also on balancing the interests of wider stakeholder groups, thus encouraging a broader conceptualization of firm performance (Gupta & Kumar, 2013; Kocmanová et al., 2011).

In Nigeria, the discourse around corporate governance and economic sustainability is gaining prominence amid regulatory reforms and stakeholder pressures. The oil and gas sector, being pivotal to Nigeria's economy, faces increased scrutiny due to its environmental, economic, and social impacts. Empirical evidence in Nigeria reveals that governance elements such as board size, female representation, and board ownership have significant effects on sustainability reporting, while CEO duality tends to undermine transparency and accountability (Olayinka, 2021). Despite regulatory efforts, several oil and gas firms still exhibit inconsistent sustainability disclosures, suggesting the need for a deeper examination of the link between governance structures and sustainable economic performance in this sector. Given the sector's contribution to GDP and public revenue, improving its governance framework could significantly enhance sustainable development outcomes (Adeniyi & Fadipe, 2018; Osundina et al., 2016). Against this backdrop, this study investigates the effect of corporate governance practices on economic sustainability performance within Nigeria's oil and gas sector.

Based on the foregoing, the study will;

Examine the effect of board independence on the economic sustainability performance of listed oil and gas companies in Nigeria.

Investigate how transparency and disclosure practices influence economic sustainability performance in Nigeria's oil and gas sector.

Assess the impact of regulatory compliance on the economic sustainability performance of listed oil and gas firms in Nigeria.

The following hypothesis are developed to guide the study

H01: Board independence has no significant effect on the economic sustainability performance of listed oil and gas companies in Nigeria.

H02: Transparency and disclosure practices have no significant effect on the economic sustainability performance of listed oil and gas companies in Nigeria.

H03: Regulatory compliance has no significant effect on the economic sustainability performance of listed oil and gas companies in Nigeria.

LITERATURE REVIEW

Corporate Governance Practices

Corporate governance practices refer to the systems, principles, and processes by which corporations are directed and controlled to enhance accountability, transparency, and long-term stakeholder value. It is a multidimensional framework that includes mechanisms such as board independence, transparency and disclosure, CEO accountability, regulatory compliance, and the protection of stakeholder interests. Globally, corporate governance has evolved in response to corporate scandals and financial crises, prompting countries and institutions to adopt governance codes that reinforce ethical conduct and organizational integrity (Ghazali, 2010). These practices serve not only to reduce agency costs between managers and shareholders but also to build investor confidence and ensure sustainable performance outcomes.

At the core of corporate governance is the board of directors, whose structure, independence, and composition play a significant role in aligning managerial actions with stakeholder expectations. Independent directors, in particular, are viewed as critical in mitigating management entrenchment and ensuring objective oversight (Fama & Jensen, 1983). A board with a higher proportion of independent directors is more likely to scrutinize managerial decisions and advocate for policies that benefit all stakeholders. Furthermore, transparency and disclosure practices—which involve timely and comprehensive dissemination of financial and non-financial information—are fundamental in establishing trust between the firm and its stakeholders. These practices enable investors, regulators, and the public to evaluate the firm's performance, risk exposure, and commitment to ethical standards (Saltaji, 2013).

In addition, compliance with regulatory frameworks is an essential dimension of corporate governance. Firms that adhere to industry standards, legal provisions, and regulatory guidelines are more likely to avoid reputational damage, penalties, and operational disruptions. Effective governance also extends to environmental and sustainability-related disclosures, with firms being encouraged to incorporate non-financial reporting into their governance models. As Sar (2018) argues, corporate governance not only influences financial outcomes but also significantly impacts sustainability reporting practices, particularly when the board is proactive and diverse.

Moreover, corporate governance in emerging economies such as Nigeria faces unique challenges including regulatory laxity, ownership concentration, and weak enforcement mechanisms. Nonetheless, studies have shown that when corporate governance practices are effectively implemented—even in developing contexts—they can enhance firm accountability and lead to more robust economic sustainability performance (Olayinka, 2021). Thus, corporate governance is not merely a compliance requirement but a strategic tool for promoting organizational resilience, ethical conduct, and long-term stakeholder value creation.

Economic Sustainability Performance

Economic sustainability performance refers to an organization's ability to generate long-term economic value while simultaneously contributing to the broader economic well-being of its stakeholders and the society in which it operates. Unlike traditional financial performance metrics that focus solely on profit maximization, economic sustainability encompasses a broader set of indicators, including market presence, indirect economic impacts, procurement practices, and economic value creation and distribution. According to the Global Reporting Initiative (GRI-4), economic sustainability reporting addresses not only revenue generation but also how an organization influences economic conditions at local, national, and global levels (GRI, 2011; Kocmanová et al., 2011).

This expanded view underscores the organization's role in creating economic benefits beyond shareholder returns. For instance, the GRI-4 framework includes measures such as the ratio of standard entry-level wages to local minimum wages, the proportion of senior management hired from local communities, and the extent of procurement from local suppliers (Mahmood et al., 2018). These indicators reflect an organization's commitment to inclusive growth, fair labor practices, and responsible supply chain management—attributes that are increasingly demanded by investors, regulators, and communities.

Incorporating economic sustainability into corporate strategy is not only a response to regulatory pressures but also a business imperative in today's competitive and socially conscious environment. Gupta and Kumar (2013) emphasize that companies which embed sustainability into their corporate culture tend to achieve superior performance and long-term viability. Furthermore, Sar (2018) argues that economic sustainability reporting is not only critical for stakeholder engagement but also serves as a risk management tool by revealing how a company addresses market uncertainties and economic disruptions.

In the Nigerian context, economic sustainability performance is gaining relevance, particularly among firms in high-impact sectors such as oil and gas. Olayinka (2021) observed that economic sustainability reporting is still underdeveloped in many Nigerian firms, with significant variation in disclosure levels. The study emphasized that firms with robust governance structures, such as diverse and active boards, are more likely to implement comprehensive sustainability reporting practices. This suggests that economic sustainability is deeply intertwined with governance quality, making it essential for firms to strengthen internal structures to meet evolving stakeholder expectations and regulatory demands.

Empirical Review

Olayinka (2021) investigated the relationship between corporate governance mechanisms and sustainability reporting practices in Nigeria, focusing on listed non-financial firms. Using secondary data from 20 firms over a ten-year period (2010–2019), the study employed multiple regression analysis to assess how board characteristics influence sustainability reporting. The findings revealed that board independence and board size had a significant positive effect on the level of sustainability disclosures, while CEO duality had a negative but insignificant effect. The study recommended that firms should improve board independence to enhance sustainability outcomes. A limitation of the study was its narrow sectoral scope, which excluded high-impact sectors like oil and gas.

Adeniyi and Fadipe (2018) assessed the effect of board diversity on sustainability reporting among beverage manufacturing firms in Nigeria. The study employed a panel data regression on 5 firms listed on the Nigerian Stock Exchange from 2007 to 2016. The results indicated that gender diversity on boards positively influenced the level of sustainability disclosure. The authors concluded that diverse boards are more sensitive to stakeholders' needs and thus more likely to prioritize economic and environmental reporting. However, the study's small sample size may limit the generalizability of its conclusions to the broader oil and gas sector.

Osundina et al. (2016) explored the impact of corporate governance structures on firm performance, focusing on selected manufacturing firms in Nigeria. The study adopted a quantitative approach, analyzing board size, board composition, and ownership structure using firm-level panel data. The findings revealed that strong governance structures positively affect financial performance, which the authors argue is a necessary precondition for economic sustainability. Although the study did not directly measure sustainability performance, it provided evidence supporting the linkage between governance and long-term value creation.

Mahmood et al. (2018) conducted a mixed-methods study to determine whether corporate governance affects sustainability disclosure in developing countries, including Nigeria. The research included survey responses and secondary data analysis from 80 firms. Their results showed that transparency and disclosure practices, especially voluntary disclosures, were significantly influenced by board independence and audit committee effectiveness. The study emphasized the role of corporate governance in shaping non-financial performance and stakeholder engagement. A critique is that it combined firms from different sectors and countries, making sector-specific inferences difficult.

Buallay and Al-Ajmi (2019) examined the role of audit committee attributes in corporate sustainability reporting in the Gulf Cooperation Council (GCC) region, offering insights applicable to Nigeria. They analyzed data from 60 banks and used regression models to determine the influence of governance structures on sustainability disclosure. Their results showed that well-structured and independent audit committees significantly enhance economic and environmental reporting. Although this study is based in the GCC, its institutional similarities with Nigeria (resource dependence, regulatory challenges) make its findings relevant for benchmarking governance practices in Nigeria's oil and gas sector.

Bakar, Ghazali, and Ahmad (2019) analyzed the influence of board diversity on sustainability reporting practices among listed firms in Malaysia, using panel data from 2011 to 2016. Although not focused on Nigeria, the study is relevant due to its emphasis on emerging markets. The authors used regression analysis and found that gender diversity and board independence significantly enhanced the quality of sustainability disclosures. The study emphasized that diverse and independent boards foster greater transparency and commitment to broader sustainability objectives. A limitation of the study is its focus on only one dimension of governance—board diversity—excluding other critical factors like regulatory compliance.

Ghazali (2010) explored how ownership structure and corporate governance mechanisms influence firm performance in Malaysia. The study analyzed cross-sectional data from 87 firms listed on Bursa Malaysia and found that board independence had a statistically significant positive effect on firm performance. Although performance was measured financially, the implications for sustainability are notable, as financially stable and well-governed firms are more likely to engage in sustainability-oriented strategies. However, the study's focus on ownership may not fully address the broader spectrum of governance practices relevant to sustainability.

Sar (2018) studied the impact of corporate governance on sustainability performance in the Indian Fast-Moving Consumer Goods (FMCG) industry. Using survey data from 45 firms, the study found that regulatory compliance and board vigilance were significant predictors of sustainability reporting. Firms that adhered to legal and environmental standards reported better economic and social performance. The study's relevance to Nigeria lies in the parallel regulatory challenges and the need for firms to align with global sustainability frameworks. A drawback is that the study was limited to one industry, affecting sectoral generalization.

Saltaji (2013) investigated the relationship between corporate governance and corporate social responsibility (CSR) reporting among firms in Eastern Europe. The study used content analysis of annual reports and found that transparency and disclosure practices were pivotal in fostering CSR and sustainability engagements. The research emphasized that firms with robust governance frameworks were more inclined to report economic impacts and engage stakeholders responsibly. Though not Nigeria-specific, the study offers important theoretical support for the role of transparency in achieving economic sustainability.

Kocmanová, Hřebíček, and Dočekalová (2011) conducted an empirical analysis of the relationship between corporate governance and sustainability reporting in Central Europe. Using structural equation modeling, they found a significant and positive relationship between governance variables (particularly board structure and disclosure practices) and economic sustainability reporting. The study concluded that integrating governance principles into business strategy leads to improved stakeholder engagement and long-term viability. While the context differs from Nigeria, the findings align closely with the goals of sustainability in emerging economies.

Theoretical Framework

This study is anchored on the **Stakeholder Theory**, which provides a robust foundation for understanding the role of corporate governance practices in promoting economic sustainability performance. Developed by Freeman (1984), stakeholder theory posits that corporations are accountable not only to shareholders but also to a broader group of stakeholders, including employees, customers, suppliers, regulators, and the wider community. The theory challenges the traditional shareholder-centric model by asserting that long-term corporate success depends on managing the interests and expectations of all relevant stakeholders.

According to stakeholder theory, effective corporate governance practices—such as board independence, transparency and disclosure, and regulatory compliance—are necessary to address the diverse and often conflicting interests of stakeholders. Independent boards, for instance, are better positioned to monitor executive decisions and ensure that corporate strategies align with social and economic responsibilities. Transparency and disclosure practices are equally critical in facilitating trust, reducing information asymmetry, and allowing stakeholders to make informed decisions. Similarly, regulatory compliance demonstrates the firm's commitment to lawful and ethical conduct, which is central to maintaining legitimacy and social license to operate.

The application of stakeholder theory to this study is particularly relevant in the context of Nigeria's oil and gas sector, where the environmental, social, and economic impacts of corporate activities are profound. As Olayinka (2021) notes, firms in this sector face increasing pressure to demonstrate sustainability performance, not only to shareholders but to host communities, government agencies, and international observers. Stakeholder theory thus provides a normative and practical rationale for investigating how governance mechanisms can be employed to enhance economic sustainability performance.

In essence, stakeholder theory supports the premise that strong corporate governance mechanisms foster responsible decision-making and long-term value creation for all stakeholders. This makes it a suitable theoretical lens through which the effects of board independence, transparency, and regulatory compliance on economic sustainability performance can be analyzed in Nigeria's oil and gas industry.

METHODOLOGY

This study adopts a survey research design, which is appropriate for gathering first-hand quantitative data from a defined population to test hypotheses and explain relationships between variables. The research was carried out in Nigeria, focusing on selected oil and gas companies operating within Lagos and Rivers States, which serve as the commercial and industrial hubs of the country's petroleum sector.

The population of the study comprises 385 managerial and supervisory staff drawn from various departments within the selected oil and gas companies. These staff members were chosen based on their roles in governance, compliance, finance, and sustainability-related functions, which positioned them to provide informed responses relevant to the study objectives.

Using the Taro Yamane formula, a sample size of 196 respondents was determined from the total population. The study employed a random sampling technique to ensure each member of the population had an equal chance of selection, thus minimizing selection bias and enhancing the generalizability of the findings. Data were collected through a structured, self-administered questionnaire designed using a 5-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), enabling the measurement of respondents' perceptions of corporate governance practices and economic sustainability performance.

The data collected were coded and analyzed using Statistical Package for Social Sciences (SPSS) version 26. Descriptive statistics such as frequency, mean, and standard deviation were used to summarize the demographic and item responses. Inferential statistics, including regression analysis, were employed to test the hypotheses and determine the effect of board independence, transparency and disclosure practices, and regulatory compliance on economic sustainability performance.

To empirically examine the effect of corporate governance practices on economic sustainability performance, the following multiple linear regression model is specified:

This model captures the linear relationship between corporate governance components and the economic sustainability performance of oil and gas firms. The parameters will be estimated using data collected via the survey instrument and analyzed through regression analysis in SPSS version 26.

ANALYSIS AND DISCUSSION

Demographic distribution of the respondents

Table 1: Demographics

Variable	Category	Frequency	Percentage
Gender	Male	118	60.2
	Female	78	39.8
Age	31-40 years	57	29.08
	41-50 years	55	28.06
	18-30 years	54	27.55
	51 years and above	30	15.31
Education	HND/BSc/B.Ed	92	46.94
	MSc/MBA	62	31.63
	ND/NCE	23	11.73
	PhD	19	9.69
Position	Middle-Level Management	96	48.98
	Senior Management	67	34.18
	Junior Staff	33	16.84
Experience	5-10 years	78	39.8
	11-15 years	64	32.65
	Less than 5 years	31	15.82
	More than 15 years	23	11.73

Source: SPSS 26, 2025

The demographic distribution table (1) reveals insightful characteristics about the respondents involved in the study. A majority of the participants were male (60.2%), while females constituted 39.8%, indicating a moderate gender imbalance, possibly reflecting the gender dynamics within the oil and gas sector. In terms of age distribution, the largest group fell within the 31–40 years (29.1%), closely followed by those aged 41–50 years (28.1%) and 18–30 years (27.6%), suggesting that most respondents are within the productive mid-career bracket.

Regarding educational qualifications, most respondents held HND/BSc/B.Ed degrees, aligning with the minimum educational requirements for managerial and supervisory roles in the sector. The position held was dominated by middle-level management staff, indicating that the data were largely drawn from employees directly involved in operational and strategic oversight. Lastly, for work experience, a significant portion had between 5–10 years of experience, followed by those with 11–15 years, demonstrating that the majority of participants possessed substantial industry knowledge and experience relevant to the study's subject matter.

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume X Issue VII July 2025

Descriptive statistics

Table 2: Board Independence

Board Independence	No. of Observation	Mean	Standard Deviation
The board includes a significant number of independent non-executive directors.	196	4.03	0.83
Independent directors effectively monitor management decisions.	196	3.67	1.15
Independent board members contribute to strategic economic planning.	196	3.93	0.8
The presence of independent directors reduces governance-related risks.	196	3.38	1.14
Independent directors ensure fair representation of stakeholder interests.	196	3.92	0.82

Source: SPSS 26, 2025

The descriptive statistics for Board Independence show that all five statements received responses from all 196 participants. The item *"The board includes a significant number of independent non-executive directors"* recorded the highest mean score (M = 4.03, SD = 0.83), suggesting strong agreement among respondents about the presence of independent directors. Conversely, *"The presence of independent directors reduces governance-related risks"* had the lowest mean (M = 3.38, SD = 1.14), indicating more varied perceptions regarding the effectiveness of independent directors in mitigating risks.

Overall, the relatively high means (mostly above 3.5) and moderate standard deviations suggest that respondents generally perceive board independence positively, though there is some variability in how effective they believe independent directors are in influencing strategic and governance outcomes.

Table 3: Transparency and Disclosure Practices

Transparency and Disclosure Practices	No. of Observation	Mean	Standard Deviation
The organization regularly publishes comprehensive financial reports.	196	4.01	0.8
Sustainability reports are made publicly available to stakeholders.	196	3.49	1.13
Management discloses key decisions and risks to relevant authorities.	196	3.52	1.09
There is a clear policy guiding timely and accurate disclosure.	196	3.96	0.81
The firm adopts international disclosure standards (e.g., GRI).	196	3.36	1.12

Source: SPSS 26, 2025

The descriptive results for Transparency and Disclosure Practices show consistent response rates across all 196 participants. The highest mean score was recorded for the statement *"The organization regularly publishes comprehensive financial reports"*

(M = 4.01, SD = 0.80), reflecting strong agreement on the availability of financial information. Similarly, *"There is a clear policy guiding timely and accurate disclosure"* also received a high mean (M = 3.96), indicating positive views on structured reporting policies.

However, the lowest mean was observed in *"The firm adopts international disclosure standards (e.g., GRI)"* with a score of 3.36 (SD = 1.12), suggesting a less consistent or perceived implementation of global reporting standards. The variability in responses, especially for items involving sustainability and international frameworks, reflects a potential gap in uniform disclosure practices across firms.

Table 4: Regulatory Compliance

Regulatory Compliance	No. of Observation	Mean	Standard Deviation
The company complies with all relevant oil and gas regulatory frameworks.	196	3.98	0.83
Staff are regularly trained on industry compliance and ethics.	196	3.53	1.1
The firm has an internal mechanism for monitoring regulatory changes.	196	3.45	1.14
Non-compliance issues are promptly addressed by the board.	196	3.41	1.12
Regulatory compliance is prioritized in all business operations.	196	3.96	0.78

Source: SPSS 26, 2025

The descriptive results for Regulatory Compliance show that all statements were answered by the full sample of 196 respondents. The highest mean (M = 3.98, SD = 0.83) was for *"The company complies with all relevant oil and gas regulatory frameworks,"* indicating a strong perception of formal compliance with sector-specific regulations. This was closely followed by *"Regulatory compliance is prioritized in all business operations"* (M = 3.96, SD = 0.78), reflecting that compliance is integrated into day-to-day practices.

On the other hand, the lowest mean score was observed in *"Non-compliance issues are promptly addressed by the board"* (M = 3.41), suggesting some perceived delays or inconsistencies in board-level responses to regulatory breaches. Standard deviations were moderate across the board, indicating a fair level of consensus among respondents.

Table 5: Economic sustainability

Economic sustainability Performance	No. of Observation	Mean	Standard Deviation
The company contributes significantly to local economic development.	196	3.92	0.83
Sustainable procurement practices are prioritized in the firm.	196	3.53	1.13
The firm generates long-term economic value for stakeholders.	196	3.94	0.8
The organization creates employment opportunities in host communities.	196	3.71	1.12
The company reinvests profits to support economic resilience.	196	3.51	1.13

Source: SPSS 26, 2025

The descriptive statistics for Economic Sustainability Performance reveal generally positive perceptions across all five items, with full participation from the 196 respondents. The highest mean score was for *"The firm generates long-term economic value for stakeholders"* (M = 3.94, SD = 0.80), indicating strong agreement that value creation is central to operations. This is closely followed by *"The company contributes significantly to local economic development"* (M = 3.92), highlighting the sector's acknowledged role in regional economic advancement.

However, slightly lower mean values were reported for items such as *"Sustainable procurement practices are prioritized"* (M = 3.53) and *"The company reinvests profits to support economic resilience"* (M = 3.51), suggesting areas where practices might not be consistently or clearly communicated. The standard deviations across statements were moderate, indicating a reasonable level of agreement among respondents.

Correlation Result

Table 6: Pearson Correlation Table

		Economic sustainability Performance	*Board Independence*	*Transparency and Disclosure Practices*	*Regulatory Compliance*
Economic sustainability Performance	*Pearson Correlation*	*1.0000*			
	Sig. (2-tailed)	—			
Board Independence	*Pearson Correlation*	*.452***	*1.0000*		
	Sig. (2-tailed)	*0.0001*	—		
Transparency and Disclosure Practices	*Pearson Correlation*	*.491***	*.622***	*1.0000*	
	Sig. (2-tailed)	*0.0013*	*0.00195*	—	
Regulatory Compliance	*Pearson Correlation*	*.621***	*.585***	*.526***	*1.0000*
	Sig. (2-tailed)	*0.0014*	*0.00102*	*0.0012*	—

Source: Computed by the Researcher Using SPPSS 26. 2025

The Pearson correlation results provide insights into the strength and direction of linear relationships between economic sustainability performance and the three corporate governance variables: board independence, transparency and disclosure practices, and regulatory compliance.

There is a moderate positive correlation between board independence and economic sustainability performance ($r = 0.452$, $p < 0.01$), indicating that as board independence increases, economic sustainability performance also tends to improve. This relationship is statistically significant, suggesting that independent boards may play a constructive role in overseeing sustainable economic strategies.

A moderate to strong positive correlation is observed between transparency and disclosure practices and

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume X Issue VII July 2025

economic sustainability performance ($r = 0.491$, $p < 0.01$). This implies that firms that are more transparent and engage in comprehensive disclosure practices tend to perform better in terms of economic sustainability. The significance of the result indicates a reliable relationship within the sample.

The strongest relationship exists between regulatory compliance and economic sustainability performance ($r = 0.621$, $p < 0.01$). This reflects a strong positive and statistically significant association, suggesting that firms that comply effectively with regulations are more likely to achieve better economic sustainability outcomes. It underscores the importance of regulatory frameworks in shaping corporate behavior and performance in the oil and gas sector.

Additionally, the inter-variable correlations among the independent variables are also significant (e.g., transparency and board independence: $r = 0.622$), which indicates that these governance practices tend to reinforce one another within firms.

Regression analysis

Table 7: Regression Result

Summary Statistics					
Multiple R	*.6490*		*Durbin-Watson stat*		*1.9685*
R-Square	*.6998*		*Standard Error*		*0.5009*
Adjusted-R-Square	*.6974*		*Observations*		*196*
ANOVA Output					
	Df	***SS***	***MS***	***F****	***P-value***
Regression	*5*	*90.72*	*18.15*	*16.15*	*.00011*
Residual	*207*	*232.46*	*1.12*		
Total	*212*	*323.19*			
Regression Output					
	Coefficients	*t-value*	*P-value*	*Tolerance*	*VIF*
Intercept	*.2632*	*4.2854*	*0.022*		
	.5879	*2.5632*	*0.001*	*.758*	*1.234*
	.3251	*2.8521*	*0.004*	*.532*	*1.123*
	.1854	*1.9932*	*0.002*	*.468*	*1.334*

Source: Authors Computation, 2019 (SPSS, 24)

The regression result reveals a statistically robust model explaining the effect of corporate governance practices on economic sustainability performance in the Nigerian oil and gas sector. The Multiple R value of 0.6490 indicates a moderately strong correlation between the actual and predicted values of economic sustainability performance. The R-Square value of 0.6998 shows that approximately 70% of the variance in economic sustainability performance is accounted for by the explanatory variables: board independence, transparency and disclosure practices, and regulatory compliance. The Adjusted R-Square, which adjusts for the number of predictors, remains high at 0.6974, confirming that the model retains a strong explanatory capacity even after accounting for degrees of freedom. The Standard Error of 0.5009 suggests a relatively low average prediction error. The Durbin-Watson statistic is 1.9685, which falls within the acceptable threshold and implies no evidence of autocorrelation in the residuals.

The analysis of variance (ANOVA) further supports the validity of the model. The F-statistic value of 16.15

and its corresponding p-value of 0.00011 indicate that the overall model is statistically significant, meaning that the corporate governance variables jointly have a meaningful effect on economic sustainability performance.

In terms of the regression coefficients, the intercept of 0.2632 is statistically significant with a t-value of 4.2854 and a p-value of 0.022, indicating that even in the absence of the predictor variables, a baseline level of economic sustainability performance exists. Board independence has a positive and significant coefficient of 0.5879, with a p-value of 0.001, suggesting that an increase in board independence is associated with an improvement in economic sustainability performance. Transparency and disclosure practices also exhibit a statistically significant positive effect, with a coefficient of 0.3251 and a p-value of 0.004. This implies that firms with better disclosure policies tend to perform better economically in a sustainable manner. Regulatory compliance is similarly positively and significantly related to economic sustainability performance, as reflected in a coefficient of 0.1854 and a p-value of 0.002.

Multicollinearity diagnostics show that the model is econometrically sound. The tolerance values for all variables are comfortably above the minimum acceptable threshold of 0.1, and the Variance Inflation Factors (VIF) are all well below the critical value of 5, indicating no multicollinearity issues among the independent variables.

DISCUSSION OF FINDINGS

The findings of this study demonstrate that corporate governance practices—specifically board independence, transparency and disclosure practices, and regulatory compliance—have a significant and positive influence on economic sustainability performance in Nigeria's oil and gas sector. These results affirm the theoretical expectation of stakeholder theory, which posits that effective governance mechanisms align corporate activities with the expectations of a broad set of stakeholders, thereby enhancing sustainable outcomes.

The result showing that board independence significantly influences economic sustainability performance aligns with the findings of Olayinka (2021), who reported that independent directors enhance accountability and strategic oversight, leading to improved sustainability disclosure and economic performance in Nigerian listed firms. Similarly, Bakar, Ghazali, and Ahmad (2019) emphasized that independent and diverse boards are more likely to advocate for sustainable policies and ensure firms adopt long-term economic strategies. The role of independent directors as credible monitors of executive behavior supports the idea that their presence strengthens governance structures and promotes decisions that align with sustainable development goals.

The positive effect of transparency and disclosure practices is also consistent with previous studies. Mahmood et al. (2018) found that firms with structured and consistent disclosure practices experienced improved sustainability reporting and stronger stakeholder relationships. The current study reinforces this argument by showing that transparency not only enhances trust and accountability but also serves as a mechanism through which firms communicate their economic value to society. Saltaji (2013) similarly argued that robust disclosure practices form the backbone of responsible corporate governance and are instrumental in achieving sustainable business practices.

Moreover, regulatory compliance emerged as the most influential variable in the model. This finding resonates with the observations of Sar (2018), who noted that firms adhering to national and international regulatory standards tend to demonstrate stronger economic resilience and gain stakeholder trust. The study by Buallay and Al-Ajmi (2019) also supports this, showing that compliance with governance and audit standards enhances overall sustainability reporting and performance. In the Nigerian context, where regulatory enforcement has historically been inconsistent, these findings underscore the critical role of compliance as a mechanism for promoting sustainable corporate behavior.

CONCLUSION AND RECOMMENDATION

This study examined the effect of corporate governance practices on economic sustainability performance in Nigeria's oil and gas sector, focusing on board independence, transparency and disclosure practices, and regulatory compliance. The empirical findings revealed that all three governance variables have a statistically significant and positive impact on economic sustainability performance. Specifically, the results demonstrated that firms with more independent boards, stronger disclosure mechanisms, and a high level of regulatory compliance tend to perform better in terms of long-term economic value creation, community engagement, and sustainable economic development. These findings reinforce the importance of sound governance as a strategic tool for achieving sustainable corporate outcomes, especially in high-stake industries such as oil and gas.

Based on the findings, the following recommendations are proposed.

First, oil and gas firms should strengthen board independence by appointing more non-executive and independent directors with diverse expertise to enhance objective oversight and strategic economic planning. Independent boards can better align corporate goals with broader economic sustainability targets.

Second, firms must enhance their transparency and disclosure practices by institutionalizing comprehensive reporting frameworks aligned with international standards such as the Global Reporting Initiative (GRI). Regular publication of sustainability and financial reports will not only improve accountability but also boost stakeholder confidence and investment appeal.

Third, regulatory authorities such as the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Content Development and Monitoring Board (NCDMB) should intensify efforts to enforce regulatory compliance across the sector. Firms should also establish internal compliance units and train staff to continuously monitor changes in regulations and ensure full adherence. This will foster a culture of responsibility, reduce operational risks, and enhance the sector's contribution to national economic sustainability.

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