Impact of Corporate Governance on Corporate Social Responsibility in Oil and Gas Sector of Pakistan

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Abstract

The primary aim of this study is to examine whether corporate governance affects the corporate social responsibility reporting level of oil and gas sector in Pakistan. Current study based on secondary data analysis. To analyze the impact of corporate governance determinants such as board size, foreign directors, independent directors, women directors, ownership concentration, firm size and firm leverage on corporate social responsibility collect data from the annual reports published by the companies from the time period 2007 to 2016. To construct the corporate social responsibility index manual content analysis technique is used by the research in this study. Manual content analysis technique is a suitable technique which is used in the past studies by the researcher to analyze the annual reports. Multiple regression models have been constructed and E-Views 8 software used to test the correlation among corporate governance determinants and CSR reporting. Findings of shows that there is the significant relationship among the corporate governance and CSR in oil and gas sector of Pakistan. The relationship between independent directors and CSR is significant. Firm size significantly associated with the CSR. Findings of this study shows significant relationship among firm leverage and corporate social responsibility. Overall investigation suggests that there is significant relationship among the corporate governance and corporate social responsibility. The present study suggests that the different combination of board characteristics such as appointed more women directors in board the disclosure of CSR disclosure will be improved. The results of the current study described in the order to improve the corporate governance practices in oil and gas sector there is needed a detailed debate on the role played by the corporate governance in the improvement of corporate social responsibility disclosure.

Keywords: *Corporate Governance, Corporate Social Responsibility Reporting Index, Agency Theory.*

Introduction

Corporate social responsibility disclosure, corporate governance effectiveness and accountability are one of the main topics of interest for the examiners and have been the topics of heated debate after the scandal of corporate accounting around the world (Mehmoona & Kashif, 2013). The CSR definition differs vastly in literature. The WBCSD define the CSR in the following words "CSR is the continuing commitment by the business to behave ethically and contribute to the economic development by improving the quality of life of the workforce and their families as well as of the local community and society at large". In fact, the corporate social responsibility comprises of the considerable number of practices of corporate governance which are associated and focus on the policies, procedures, practices to improve social conditions, to protect the rights of stockholders, to protect the environment and to protect of the interest of all the stockholders of the organization. CSR responsibility is a board concept; it does not only improve the firm CSR disclosure but also improve the overall corporative performance of the firm (Laivi & Maia, 2015). Transparency is the key motivation for firms for the disclosure of CSR information (Ans & Jonatan, 2010).

In order to be more transparent and to fulfil the stakeholder's needs, more CSR information disclosed by the companies (David & Joyce, 2001). The mechanisms of good corporate governance not only support ethics of the companies, transparency, and accountability but also keep making profits (Jannipa, Pornsit, & Jang-Chul, 2014). The CSR information disclosure can be used as a substitute to evaluate the performance of companies in terms of plans for CSR (Duygu, 2009). As managers disclose CSR information in annual reports to catch the attention of investors and deal with general public relations (Samuel & Loanna, 2007).

Corporate Governance with the manners by which supplier of finance to the companies give surety themselves of accomplishment a return on their funds (Andrei & Robert, 1997). Consequently, the method of structuring, operating and controlling a company with an idea to accomplish continuing purposes and to convince its investors, creditors, workers, clients, and dealers are called corporate governance" (Karam, Sonia, & Haryana, 2015).

As (Nazli, 2007), define the organization's main purpose is not only to make the maximum income but it also includes a factor of corporate social responsibility and accountability. This is because the business could not prosper in segregation. Rather, it also significantly depends on the society to operate efficiently. There are several studies that have separately explored CSR and

CG in different aspects. However, there is relatively less research on the link between CG and CSR. It is viewed by that CSR reporting means information disclosure on society growth, products and services, environmental reporting, and human resource aspects (Sajid, Faqir, & Abdul, 2017).

(SECP, 2002) SECP define the corporate governance as: "The mechanism by which the agency problems of corporation stakeholders, including the shareholders, creditors, management, employees, consumers, and the public at large are framed and sought to be resolved".

The corporate social responsibility concept is at an emerging phase in developing nations like Pakistan only few corporations have the corporate strategy and these are mostly multinationals that have their own standard of corporate social responsibility. Organizations and members of the society are not conscious of their rights and corporate responsibilities and the organization winning CSR as their accountability as an alternative of continuing profit for the firm and general public (Sadia, Tariq, & Saba, 2015).

Oil and gas industry contributes significantly in the economic development of any nation. However, the oil and gas sector of Pakistan currently face some problematic circumstances which are not good for the public image and sustainable growth. Pakistan is a developing country and the concept corporate social responsibility is new and still at emerging stage in Pakistan. Only a few organizations in Pakistan have a strategy of CSR and these are multinational organization and have their own standard related to corporate social responsibility (Mohammad, Laila, & Amad, 2017).

Present study is expected to analyze the effect of various corporate governance dimensions (e.g., board sizes, foreign directors, independent directors, women directors, ownership concentration and firm leverage) on CSR disclosure in Pakistan.

Problem Statement

The effective corporate governance policies, strategies and the right combination of different varieties of the board play important role in enhancing the CSR level in the firm as a whole. Good corporate governance practices should be implemented by the management to enhance the corporate social responsibility level in the firm (Farnando, 2006). The revelation of more corporative information reduces the opportunity cost of the firm by reducing the information asymmetry (Christine, 2005). It is the duty of the management of the firm to work in the best interest of the stakeholders and the firm.

However, the CSR concept is at an emerging phase in Pakistan. In the order to reduce the agency problems and to enhance the level of CSR the effective corporate governance practices are needed. Pakistan is a developing country and history witness that there are political instability and unsound government, poor infrastructure, wrong plans and policies, poor corporate governance all affect the energy sector and well-being of society. To improve the CG practices and CSR level there is a need to done more work. Literature shows that there is a theoretical gap between the statement of oil and gas sector in Pakistan, and there actual corporate social responsibility implementation. The question arises whether there is be short of implementation of corporate social responsibility in this industrial sector is an issue of practical difficulties or of an issue of CG in the firms of oil and gas sector (Beenish, 2013). It's vital to know in what ways the ownership concentration impact the CG and corporate responsibility relationship (Sajid, Faqir, & Abdul, 2017).

Therefore, referring to the above problem statement a study intends to inspect the impact of corporate governance on CSR disclosure in oil and gas sector of Pakistan. The results of this study enable the management to make effective policies of corporate governance to enhance the level of CSR in the firm. It also helps the investors to know about the firm corporative image in the society because investors are mostly like to invest in those firms those are more responsive to corporative activities.

Research Questions

To fulfil the purposes of this study following research question is developed:

1. Is there is any impact of board size on CSR in oil and gas sector of Pakistan?
2. IS there is any impact of independent directors on the CSR in oil and gas sector in Pakistan.
3. Is there is any impact of women directors on the CSR in oil and gas sector in Pakistan.
4. Is there is any impact of foreign directors on the CSR in oil and gas sector in Pakistan.
5. Is there is any impact of ownership concentration on the CSR in oil and gas sector in Pakistan.
6. Is there is any impact of firm size on the CSR in oil and gas sector in Pakistan.
7. Is there is any impact of firm leverage on CSR in oil and gas sector in Pakistan.

Research Objectives

1. To analyze the impact of board size on the CSR in oil and gas sector in Pakistan.
2. To analyze the impact of independent directors on the CSR in oil and gas sector in Pakistan.
3. To analyze the impact of women directors on the CSR in oil and gas sector in Pakistan.
4. To analyze the impact of foreign directors on the CSR in oil and gas sector in Pakistan.
5. To analyze the impact of ownership concentration on the CSR in oil and gas sector in Pakistan.
6. To analyze the impact of firm size on the CSR in oil and gas sector in Pakistan.
7. To analyze the impact of firm leverage on CSR in oil and gas sector in Pakistan.

Research Hypotheses

H_1: There is any significant impact of board size on the corporate social responsibility in Oil and Gas sector in Pakistan.

H_2: There is any significant impact of independent on the corporate social responsibility in oil and gas sector in Pakistan.

H_3: There is any significant impact of women directors on the corporate social responsibility in oil and gas sector in Pakistan.

H_4: There is any significant impact of foreign directors on the corporate social responsibility in oil and gas sector in Pakistan.

H_5: There is any significant impact of ownership concentration on CSR in oil and gas sector in Pakistan.

H_6: There is any significant impact of firm size on the corporate social responsibility in oil and gas sector in Pakistan.

H_7: There is any significant impact of firm leverage on the corporate social responsibility in oil and gas sector in Pakistan.

There is a null hypothesis to each one of the above.

Literature Review

Corporate governance is a technique used by the corporations to govern their activities for the welfare of stakeholders and society as a whole. It is the laws, policies, and process by which a company is directed to control. CG concerns with the manners by which the operation of a corporative body should be concluded to shield the rights of all stakeholders of the firm. Corporate governance involves balancing the interests of firm stakeholders and provides the framework to managers achieve the objective of the firm; provide guidelines to formulate the policies for effective control and CSR reporting (Joseph & Wayne, 2004).

To attain the superior position in the global market Pakistan companies need to focus on the board independence which is also required by the corporate governance code of SECP. CG in Pakistan is ineffective as compared to developed countries. In Pakistan maximum shares of the company held by the owners in contrast, in the foreign companies, the company owners have the minimum shareholding. Maximum shareholders have right to choose the board of directors, these shareholders choose those directors which always work to enhance the interest of those maximum shareholders. Most companies in Pakistan do not disclose the accurate picture of their financial positions which affect the decision of company associate directly or indirectly and the future relationship among the company and stakeholders (Beenish, 2013).

Fundamentally, the base of CG is on the ethical standards and CSR. Though, corporate social responsibility considers the present companies commit to deal with CSR in the society in which they operate. There is positive relationship between the CG and CSR reporting. CSR disclosure demonstrates a solid corporate sense of duty regarding the general public (Mehmoona & Kashif, 2013).

Firms with the larger board size and more independent board members are more actively report the level of corporate social responsibility reporting (Opusunju, Michael, Ajayi, & Mathew, 2016). Past studies state that board of director appointment affect the decisions disclosure and managing the agency problems. The size of company board helps to handle the corporate issues (Modh, 2016). There is the encouraging association among CSR reporting index and board size (Thais, Ramon, & Rafael, 2012). Some studies argued that the larger board provide more innovative ideas, expertise, knowledge on the other hand lager board are inefficient, have weaker management control lead to increase in the agency cost. The total figure of board members who compose the board refers to board size (Ahmad, Rashid, & Gow, 2017).

The companies those are more responsible for corporate social responsibility have the larger size of the independent board. The independent board members take the decision without the influence of other and safeguard the interest of stakeholders in the better way that enhances the corporate image of the company in the society. With larger independent board the effectiveness of board will increase (Antonio, Lucia, & Russel, 2017). S

everal examiners originate the negative relationship between an independent board and corporate social responsibility reporting (Opusunju, Michael, Ajayi, & Mathew, 2016). The major aim of board is to deal with managers and provide them the guideline for and to monitor the operations of the managers is for enhancement of the interest of shareholders. The problems of an agency would be reduced by appointed more independent members at the board; it's good for the corporate governance constitution and progress of stakeholder's interest of all groups (Murya, 2016).

However, some scholars argued that the insider board members have more accurate information about company's matters and they can evaluate the manager's performance in the better way (Silvia & Aegandona, 2009). The worth of corporate responsibility disclosure is higher in the companies where the more members of the board are independent and it reduces the withholding information benefits (Roshima, Yuserrie, & Hasnah, 2009).

More women directors on board led to the better management decision and arrangement the board meetings at a time (Muhammad, Salman, Ramiz, Amir, & Fizzah, 2017).

Women directors are more responsive to corporate issues (Ines, Maria, & Natalia, 2008). Agency theory proposes that board variety increase the independence of the board and diverse board better monitor the managers and enhance the board decision-making abilities (Silvia & Aegandona, 2009).

There is no noteworthy relationship among foreign board and level of CSR disclosure (Habib Z. K., 2010). From the CSR viewpoint, past studies discover practical support of the positive affiliation among the foreign directors and the level of voluntary reporting by companies in Malaysia (Sadia, Tariq, & Saba, 2015).

Companies with more concentration ownership lower report to corporate social responsibility. Also found that if there is the larger number of public ownership concentration in the companies than companies are more involved in the social activities than the revelation of these activities is negatively linked with the CSR reporting level (Mehmoona & Kashif, 2013).

(Antonio, Lucia, & Russel, 2017)The greater percentage of insider ownership is good for CSR and fiscal performance of a firm and some says that the greater ownership of outsider ownership is good for CSR because they are more concerned about corporate social responsibility (Mohd,

Mohd, & Hj, 2013). Corporate governance deal with the agency problems, good corporate governance improves the trust of stakeholders; advance the corporate image of the company and CG link among ownership concentration (Andrei & Robert, 1997).

There is noteworthy optimistic association among the firm size and the degree of CSR reporting which shows that the companies are more conscious about their corporate image. Also found that larger companies will care more about the corporate image and more sensitive toward the corporate social responsibility. These companies made effective strategies to attract those investors, especially who are more worried about the protection of the environment (Farooq, Ullah, & Kimani, 2015). It is found the relationship between concentrated ownership and CSR disclosure negative (Roshima, Yuserrie, & Hasnah, 2009). Firm size is the logarithm firm total assets. The size of the firm is a vital aspect of the disclosure of CSR (Ahmad, Rashid, & Gow, 2017).

Corporate governance and corporate social responsibility reporting literature show that with the more ratio of firm leverage are less likely to reveal additional social information. One clarification for this outcome might be that greatly leveraged firms may trade-off between two Choices: (1) undertaking social voluntary actions and expose with supplementary expenditures or (2) paying existing debts. Commonly for most of the firms deciding to shrink high debt levels as an alternative of responsibility costly voluntary behaviour may show to be a coherent decision, which will be reflected depressingly on the CSR disclosure (Murya, 2016).

The coefficient for firm leverage is noteworthy which show the positive impact of firm leverage on CSR (Dulacha, Phil, & H, 2006). It is found that with high leverage ratios firms enclose more information on CSR (Elinda & Nazli, 2012). (John & Irene, 2003)

CSR reporting should be open and transparent and based on the ethical values of the society and all stakeholders groups. The disclosure of CSR provides the information to general public about companies CSR activities toward its employees and society as a whole. Corporate social responsibility disclosure is voluntary disclosure (Roshima, Yuserrie, & Hasnah, 2009). Poor corporate governance practice and poor CSR disclosure lead the company toward failure (Lutgart & Celine, 2005).

Company CSR reporting can be seen as the contribution to the world in which company works. CSR disclosure enhances the transparency of management operation and improves the corporate image. CSR disclosure is a tool of without changing the fact to change the perception. To attain the support of stakeholders companies use the corporate social responsibility disclosure as the tool (Modh, 2016).

Theoretical Framework

Agency theory is commonly used by researchers to report the CG and CSR disclosure in the previous studies. The theory of agency introduced by Jensen and Meckling (1976) is relevant in this perspective. The theory of agency describes the association among two parties' principal and agent, principals are the shareholders or owners and agents are the management of the organization such as directors or managers. Agents are operating the business on the behalf of principals. The main aim of the agents is acting in the best concern of the principal. The problem of agency occurs when the managers prefer their own interest rather than those of stakeholders. The conflict of agency can be reduced by providing the managers or directors ownership stakes in the organization. Another scholar defines the relationship of agency in which principal (owner) delegate the powers to an agent (manager) of a running business (Clarke, 2004).

Research Methodology

The present investigation is conducted to study the impact of CG on the corporate social responsibility in oil and gas sector of Pakistan. In developing countries like Pakistan companies facing many difficulties to integrate corporate governance and CSR. These difficulties related to country culture, employee's rights and corporate governance. The present study is quantitative in nature and panel data analysis based on secondary data sources to look at the effect of the determinants of CG on CSR. The dependent variable included in the study is CSRRI and explanatory variables are size of board, foreign directors, independent directors, female directors, ownership concentration, firm size and firm leverage.

Sample Size and Time Period

The sample size of the present study is oil and gas sector listed companies on Pakistan Stock Exchange. There are total 12 companies listed on PSX in oil and gas exploration and marketing sector. Two companies excluded from the analysis caused by the non-availability of the data. Finally the data of 10 companies collected from the annual reports for analysis from the period 2007 to 2016.

Data Collection

In the present study, secondary data will be gathering from the company's annual reports and sustainability reports. CSRRI data gathered from annual reports by manual content analysis and the data related corporate governance determinants gather from shareholding patterns of the firm published in annual reports and data related to size of the firm and firm leverage gathered from the balance sheet of annual reports.

Data Analysis

On the way to analyze the impact of CG on corporate social responsibility in oil and gas sector of Pakistan, gathering the data from the reports annually published by the companies and sustainability reports of the companies. Multiple regression analysis will be used to look at the liaison among CG and corporate social responsibility reporting. The regression line shows the link among the dependent and independent variables. With the use of E-Views, the collinearity test will be applied. The collinearity problem is considered by Neter and Kutner(1989) if the VIF go beyond 10. Durbin Watson analysis is carrying out to identify first-order autocorrelation dilemma (Michae, Christopher, John, & William, 1989). If the value DW is nearer to 2 it shows that the model of regression is the suitable method. For that reason, this study relies on the regression results. The multiple regression equation is constructed to done the analysis is:

$$CSRRI = \beta_0+\beta_1 BS+\beta_2 FD+\beta_3 IND+\beta_4 WD+ \beta_5 OC+\beta_6 FSIZE+ \beta_7 FLV+ \mu_{it}$$

Current study based on the four-step technique to measure the degree of CSR reporting which is commonly used by the researcher in the previous studies to report the CSR disclosure. In the first step organize a checklist of 40 items for corporate social responsibility disclosure which is based on international standard ISO 26000. The CSSRI include 40 factors and seven classes depending upon the factors nature. These classes are about the involvement of companies in education, health, natural disaster, donations, activities of employees, product/service statements and environmental problems. In the second step utilize manual content analysis approach to recognize the actual items that disclose the CSR to match up with the checklist. In the third step utilize dichotomous scoring system by allotting if the item is disclosed allotting 1 and if the item is not disclosed allotting 0. In the four-step aggregates, the total number of items discloses in every annual report and divides this number by the highest figure of the checklist items (Murya, 2016). To calculate a ratio to report the CSR reporting index uses the subsequent equation:

$$CSRRI_{it} = \text{Actual Item Disclose}_{it} / \text{Maximum Checklist Items}$$

Data Analysis and Findings

Table 1

Descriptive Statistics

	CSRRI_^-1	BSIZE^-1	FD	IND	WD	OC^-1	F_SIZE^-1	FLV^-1
Mean	0.0217	0.0968	0.0375	0.2940	0.0183	0.0111	0.1306	145.42
Median	0.0235	0.1000	0.0000	0.1111	0.0000	0.0107	0.1284	26.591
Maximum	0.0400	0.1250	1.0000	0.8000	0.1000	0.0130	0.1709	1492.4
Minimum	0.0129	0.0666	0.0000	0.0000	0.0000	0.0100	0.1140	3.2461
Std. Dev.	0.0061	0.0149	0.1716	0.2587	0.0361	0.0009	0.0141	276.49
Skewness	0.0610	-0.3480	5.3633	0.5232	1.5074	0.7064	1.6816	2.8222
Kurtosis	2.2757	1.9849	30.277	1.7745	3.3980	2.1770	5.2544	11.262
Jarque-Bera	2.2475	6.3120	3579.7	10.820	38.535	11.139	68.310	417.21
Probability	0.3250	0.0425	0.0000	0.0044	0.0000	0.00381	0.0000	0.0000
Observations	100	100	100	100	100	100	100	100

Descriptive statistics Results demonstrate that the mean value of size board, foreign directors, independent directors, women directors, ownership concentration, firm size and firm leverage is 0.096810, 0.037534, 0.294021, 0.018352, 0.011110, 0.130684 and 145.42 repeatedly. The mean value of independent board is 29% which shows that majority of the oil and gas firm have independent directors on board. The mean value of foreign directors is 3% which shows that most oil and gas firm does not have a foreign member on the board. The value of the mean of firm size is 13.06% respectively. The mean value of women directors is 1% which shows the very low representation of woman directors on boars in oil and gas sector during the period 2007 to 2016.

The dependent variable shows platyKurtic behaviour because the value of CSRRI is 2.1776 which less than 3. The highest and lowest value of CSSRI is 0.012903 and 0.04000.

The standard deviation value of CSRRI is 0.006179. The Skewness value of CSRRI, size of board, foreign directors, independent directors, women directors, ownership concentration, firm size and firm leverage show positive pattern.

Table 2

Panel Pooled Regression Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.058596	0.009835	5.957651	0.0000
BOARD_SIZE^-1	-0.120538	0.050231	-2.399679	0.0185
FOREIGN_DIRECTORS	0.000212	0.001793	0.117971	0.9064
INDEPENDENT_DIRECTORS	-0.004599	0.002105	-2.184827	0.0316
WOMEN_DIRECTORS	-0.024362	0.013319	-1.829213	0.0708
OWNERSHIP_CONCENTRATION	-9.31E-05	6.16E-05	-1.510410	0.1345
FIRM_SIZE^-1	-0.105078	0.047380	-2.217785	0.0291
FIRM_LEVERAGE^-1	-3.29E-06	1.55E-06	-2.125622	0.0363
AR(1)	0.434285	0.106613	4.073485	0.0001
AR(2)	0.359990	0.106997	3.364492	0.0011

R-squared	0.748007	Mean dependent var	0.021779
Adjusted R-squared	0.722235	S.D. dependent var	0.006242
S.E. of regression	0.003290	Akaike info criterion	-8.499653
Sum squared resid	0.000952	Schwarz criterion	-8.235880
Log-likelihood	426.4830	Hannan-Quinn criter.	-8.392962
F-statistic	29.02406	Durbin-Watson stat	2.141109
Prob(F-statistic)	0.000000		

Inverted AR Roots	.86	-.42

Pooled panel regression model results shows that the coefficient value is 0.0000 with coefficient value 0.058596 which showed that 1% increase in the corporate governance variables caused by 0.058596% increase in the CSRRI. The probability value of the size of the board, independent directors, firm size and firm leverage is 0.0185, 0.0316, 0.0291 and 0.0363 which demonstrate the significant relationship between CSRRI and size of board, independent directors, firm size and ownership firm leverage. The probability value of women directors, foreign directors, and ownership concentration shows negative value, which demonstrates the insignificant relationship between women directors, foreign directors, ownership concentration and CSR reporting index. The value of R^2 is 0.748007 which shows that there is 78.80% variation in CSRRI because of the board size, independent directors, women directors, foreign directors, ownership concentration, firm size and firm leverage.

The F-Statistics value is 29.02406. The significant level is 0.0000 which is below the 0.05, which illustrate the model is appropriate and good fit. The value of the constant is 0.0585956 which shows that the overall direction of this study is positive.

Table 3

Least square dummy variable model (LSDV)

Dependent Variable: CSRRI^-1
Method: Panel Least Squares
Date: 05/28/18 Time : 08:10
Sample: 2007 2016
Periods included: 10
Cross-sections included : 10
Total panel (balanced) observations : 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.010455	0.0137	-0.76217	0.4481
BOARD_SIZE^-1	-0.023295	0.064533	-0.360972	0.7190
FOREIGN_DIRECTORS	0.002004	0.001748	1.146320	0.2550
INDEPENDENT_DIRECTORS	-0.000829	0.002188	-0.379127	0.7056
WOMEN_DIRECTORS	-0.002318	0.013725	-0.168897	0.8663
OWNERSHIP_CONCENTRATION^-1	0.344785	0.454164	0.759164	0.4499
FIRM_SIZE^-1	0.236894	0.092764	2.553718	0.0125
FIRM_LEVERAGE^-1	2.65E-07	1.54E-06	0.172023	0.8638
DUM2	0.003645	0.002750	1.325221	0.1887
DUM3	0.000813	0.002377	0.342056	0.7332
DUM4	-0.006138	0.003215	-1.909173	0.0597
DUM5	-0.009039	0.002911	-3.104918	0.0026
DUM6	-0.016540	0.004309	-3.838270	0.0002
DUM7	0.006693	0.003108	2.153321	0.0342
DUM8	0.003874	0.002796	1.385853	0.1695
DUM9	0.006059	0.003008	2.014450	0.0472
DUM10	0.009340	0.002230	4.188369	0.0001

R-squared	0.852262	Mean dependent var	0.021776
Adjusted R-squared	0.823783	S.D. dependent var	0.006179
S.E. of regression	0.002594	Akaike info criterion	-8.917707
Sum squared resid	0.000558	Schwarz criterion	-8.474828
Log-likelihood	462.8853	Hannan-Quinn criter.	-8.738466
F-statistic	29.92540	Durbin-Watson stat	1.920976
Prob(F-statistic)	“0.000000”		

The value of the coefficient is -0.010455 so the mechanical and technical interpretation of constant is not possible. The value of R^2 (Co-efficient of termination) which tells us about the percentage of difference in the CSRRI is caused by the predictor variables. In the above model of regression, the R^2 value is 0.8522; its mean there is 85.22% variation in the CSRRI due to the independent variables. In the above results, R^2 value shows the model is the good fit and has a strong explanatory power. The probability value of dummies 5, 6, 7, 9 and 10 are significant 0.0026, 0.0002, 0.0324, 0.0472 and 0.0001 in that order.

Remaining dummies show an insignificant impact on corporate social responsibility index. In the table above the DW significance is 1.920976 which explained that autocorrelation problem does not exist in the data. On the independent variable show the significant impact on the corporate social responsibility reporting. Therefore, dummies are contributing more in the CSRRI.

Conclusion and Recommendations

This study is conducted to explore the impact of CG determinants on CSR disclosure in oil and gas sector from the period 2007-2016. Results of this study support some hypothesis developed for the achievement of the objectives of this study. Results shows that there is significant association among board size, independent directors, firm size, firm leverage and CSR reporting level in the oil and gas sector. Remaining variables foreign directors, women directors and ownership concentration insignificantly associated with CSR disclosure.

This research work findings are consistent with the previous researches findings that is based on economics and accounting views that environmental and disclosures of CSR information are a real as well as an opportunity cost that more cost-effective firms with higher slack resources are better able to afford. It is found that the companies corporate governance strategies and operation significant impact on their corporative performance and corporate image.

With the investigation of attributes of board and strategies of CSR, it is found that the attributes of the board independent board and foreign board significantly affect the CSR disclosure. These attributes are very helpful in developing the scale of CSR reporting in the corporation. The results of random effect model show that the effect of board size, independent board members, firm size and firm leverage is significant on the CSR reporting and remaining elements of CG woman board, foreign board, and ownership concentration insignificantly impact on the CSR reporting. Furthermore, findings of this study helps the investors to in decision-making process because investors frequently are interested to invest in those companies those are behaving socially responsible way. With the effective corporate governance strategies and by actively involved in the corporative activities firms can reduce the cost of the agency, reduce the conflicts on agency and enhance the corporate reputation.

This research provides various useful implications. The rights combination of people at the boards and effective and appropriate corporative strategies is the yardstick for the firms in meeting the corporative challenges and improving the corporative performance. The significance of the present study is that in future it will help the academicians to better understand the factors that will affect the firm CSR reporting disclosure. To enhance the CSR reporting level in oil and gas sector the administrative authorities need to the right combination of the different board varieties and other factors of corporate governance.

This study includes some limitations. First, in this research only listed companies at Pakistan Stock Exchange should be selected for investigation. The researcher should include the unlisted firms and small-scale firms to study there CG and CSR information disclosure relationship, in case small firms start to disclosure the CSR information. Second, this research work limited to an entire sector of a country. Third, the annual reports of two firms for the complete time period from 2007 to 2016 was not available that why these companies have been excluded from the study. Fourth, the assumptions of fixed and random effect model cannot be checked in e-views 8.

Recommendations

It is recommended that in more comprehensive way by inclusion different variables such as transparency (transparency can be measured from the reliability of financial and non-financial information disclosed by the firm) a more detailed study will be conducted. The further researcher can include survival sector and perform the similar analysis to investigate the CG effects on CSR discloser level, compare the different firm's different sectors of different countries.

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