



Effect of Sales and Firm Size on Sustainability Reporting Practice of Oil and Gas Companies in Nigeria.

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ABSTRACT: The main objective of this paper is to empirically investigate the significant effect of sales and firm size on sustainability reporting of oil and gas companies in Nigeria. The population of the paper consists of 24 oil and gas firms playing a major role in the upstream, midstream and downstream of the Nigerian oil and gas sector. Six of the companies were selected to form the sample size of the study for a period of fifteen years, from 2004 – 2018. Panel regression techniques were utilized to analyzed data obtained from annual accounts and stand-alone reports of the sample companies. The results show that firm characteristics proxied by sales growth and leverage exerts a negative significant effect, whereas, firm size exert a positive significant effect on sustainability reporting and profitability of oil and gas companies in Nigeria. The paper, therefore, recommended oil and gas firms to consider a mixture of common stock, preferred stock and retained earnings as a form of capital structure than given a preference to debt financing.

Keywords: Firm Characteristics, Capital Structure, Sustainability Reporting, Investment Decision

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I. INTRODUCTION

The decision whether oil and gas companies engage in sustainability reporting or not can be influenced by firm characteristics such as firm size, firm leverage, sales growth amongst others. Literatures documented that firm characteristics influence sustainability implementation and disclosure (Uyagu, et al., 2017). Sustainability reporting covers environmental protection, protection of sea lives and lives above sea level such as aquatic and terrestrial animals, poverty eradication, tackling inequalities and building strong institutions. Organizations are more and more concerned with a modern operation that has been recognized as development that satisfy the demands of the present generation, without compromising the needs of future generations. Oil firms can strive to achieve these objectives by implementing a triple bottom line which includes environmental, social, and economic responsibilities in their mission statement. Today corporate survival depends on the level at which organizations integrate sustainability aspects in their strategies. Integrating sustainability issues in the industry's strategy will assist organizations in waste reduction, emission reduction, energy efficiency and conservation. Organizations that excel in sustainability implementation and disclosure are not only doing it to gain societal acceptance, but it is also a business strategy that produces enormous returns on investment (Nasiru, Abdulrahman, Babangida & Abubakar, 2020).

The activities of oil firm involves many interactions with local communities during exploration, production, and marketing. This has resulted in demands on oil companies to invest in the development of their local communities. Besides, government, non-governmental organizations and World Bank have in recent years made claims about the positive role that sustainability could play in contributing to poverty eradication and community development. Socially sustainable organizations are those that add value to the local communities. Social sustainability involves ensuring the political and economic rights of citizens. These rights may include but not limited to proper and socially conscious corporate governance structures, labor rights, community culture, and sustainable human development. Consequently, this may lead to a higher level of trust amongst the multifarious stakeholders, which would help organizations in achieving lower operating costs (Abdulsalam, Abdulraham, Garba, Mohammed & Abubakar, 2020). However, sustainability reporting (environmental, social & economic reporting) does not replace traditional financial reporting. Sustainability reporting integrated relevant financial and non-financial information and communicates organizational strategies and business performances

to multifarious stakeholders. Simply put, financial performance can be linked to sustainability reporting and then linked to business models and strategies.

Most of the previous studies on sustainability reporting and financial performance in the Nigerian context have been exploratory and descriptive. The studies mostly concentrated on discussing the phenomenon (its meaning and disclosure), without examining the drivers, economic and financial implications of sustainability implementation and disclosure. Thus, in spite of the vital role that sustainable development plays in the going concern of oil firms, the drivers of sustainability reporting and profitability such as sales growth, firm size and leverage have not attracted much attention. For example, the study conducted by Bassey, Effiok, and Etom (2013) examined the relationship between firm characteristics and environmental reporting practices. The firm's profit was used as a proxy of firm characteristics in relation to the level of corporate environmental reporting practices in the petroleum industry. This causes a limitation on the findings as well as the recommendations. Therefore, this study intends to fill this existing gap. Correspondingly, Uwigbe (2011) used leverage, firm size and firm profit as measures of firm characteristics in relation to the level of environmental reporting practices. The study covered 5 years, this testified a limitation in the scope and it is also a gap that this study intends to fill.

Wang (2017) examined the relationship between firm characteristics and the disclosure of sustainability reporting of Taiwan listed companies. Least-squares regression, panel data regression and logistic regression analyses are applied to analyze the data collected from the market observation post system, Taiwan Economic Journal database, websites of the business council for sustainable development of Taiwan and firms website for the period of 4 years (2010 – 2013). The study finds that size of the board of directors, ratio of independent directors, audit committee, ratio of export income, percentage of foreign shareholders' holding, fixed asset staleness, and firm growth are positively related to the disclosure of sustainability reporting. Whereas the percentage of director holdings and stock price per share are negatively related to the disclosure of sustainability reporting. Similarly, Uyagu, et al. (2017) studied the effect of firm characteristics on environmental reporting practices of listed manufacturing firms in Nigeria. Data covering the period from 2000 – 2015 were source from annual accounts and reports of 29 firms drawn using a judgmental sampling techniques. With the aid of multiple regression technique, the results of the study finds that firm size, leverage, return on assets and firm age have significant and positive effect on environmental reporting practices of listed manufacturing firms in Nigeria.

Given the foregoing, this paper thus attempts to bridge the existing gaps on the effect of firm characteristics on sustainability reporting practices and profitability of oil and gas companies in Nigeria. To achieve this objective the following null hypotheses were unfolded in the literature.

- i. There is no significant effect of sales growth on sustainability reporting and profitability of oil and gas companies in Nigeria.
- ii. There is no significant effect of firm size on sustainability reporting and profitability of oil and gas companies in Nigeria.
- iii. There is no significant effect of leverage on sustainability reporting and profitability of oil and gas companies in Nigeria.

II. REVIEW OF RELATED LITERATURE

This section clarifies some conceptual issues and further presents the theoretical framework for the study.

2.1 Firm Characteristics

The term firm characteristics is associated with a variety of terminologies. Its meaning and context differ across the industrial sector. Lack of consensus regarding the definition and substance of firm characteristics makes it highly contentious and debatable amongst practitioners and academics as noted by Mgni and Nayak (2016). Firm structure, market and capital structures are intricately linked to form firm characteristics. Firm size, firm age and firm ownership are the most common features of structural firm characteristics. Similarly, market-related variables take account of the industry type, environmental uncertainty and market environment. Moreover, capital-related variables include liquidity and capital intensity (Wang, 2017).

Firm size reflects how large a firm is in assets and number of employees. Larger companies have more stakeholders in their organizational field. Thus, they are susceptible to scrutiny from more stakeholders in the business environment. Also, larger companies are more visible to a broader range of stakeholders (Wang 2017; Souha&Anis 2016; Dioha, Mohammed & Okpanachi 2018). Therefore, there is a tendency for them to seek legitimacy from more stakeholders who control the resources they require for organizational operations. Size in terms of asset, employee and foreign presence are factors that are capable of influencing the sustainability reporting and profitability of organizations. Mimetic pressures could arise from the foreign presence of organizations. Consequently, organizations that operate in a foreign country may copy the reporting practices that are prevalent in that foreign country; the organization may like to access certain benefits by emulating or mimicking their reporting practices (Ioannou& Serafeim, 2014).

The level of sales growth is a crucial determinant of financial performance as well as reporting on sustainability issues (economic, environmental and social performance). The selection of sales growth to measure the effect of firm characteristics on sustainability reporting and profitability of a firm is vital for any meaningful communication on sustainability performance (Wang, 2017).

2.2 Sustainability Reporting

Sustainability reporting emerged as a new trend in corporate reporting. Integrating the financial and non-financial performance of a company. There is a strong arguments by scholars and industrialists that companies received more than proportionate benefit from embedding sustainability policies in the organizational settings. The measurement of sustainability performance falls in the general area of social accounting. Under this area, various activities may be delineated: economic activities, social activities and environmental activities (Natalia, 2017). That is to say, the general concepts and disclosure of sustainability performance are products of corporate social responsibility, corporate governance, and human resource planning, amongst others. Sustainability reporting is the process of selecting the firm level of social performance variables, measures, and measurements procedures, systematically developing information useful for evaluating the firm's social performance and communicating of such information to a concerned social group, both within and outside the organization (Duke & Kankpang, 2013).

Sustainability reporting emerged as a new trend in corporate reporting, integrating the financial and non-financial performance of a company into a single report. At the moment, there is a significant number of companies that voluntarily integrate social and environmental issues into their strategic plans. Sustainability reporting can either be mandatory in countries such as Germany, France, Finland, South Africa among other few countries, with legislative backing (Ioannou & Serafeim, 2014). It can also be voluntary, driven by soft external and internal pressures or market differentiation strategies (Joshi & Li, 2016).

2.3 Profitability

Profitability relates to the measurement of the operating efficiency of the Oil and gas companies. The higher the financial performance the greater the returns on investment and can be represented by profitability. A measure of firm's ability to generate returns. The profitability ratio measures the efficiency of oil and gas companies using their assets to generate net income as well as return on equity which focuses on return to the shareholders of a company. According to Dioha, Mohammed and Okpanachi (2018) profitability refers to the ethical acts and manners of performing financial activities in an organization. In a broader sense, profitability refers to the degree to which financial objectives as stated in the organizational vision and mission statements being or has been accomplished (Souha & Anis, 2016). It is the process of measuring the results of a firm's policies and operations in monetary terms. It is a measure of firm's financial status and compare similar firms across the same industry or to compare industries or sectors in aggregation (Mgni & Nayak, 2016). The most common proxies for firm profitability are Return on Asset, Return on Equity, Net Profit Margin. Aggarwal (2013), Mohammed & Usman (2016) among other scholars identified other ratios that can measure firm profitability such as Earning Per Share, Dividend Yield, Price Earning Ratio, Return on Sales, Expense to Assets, Cash to Asset, Sales to Assets, Expense to Sale, Abnormal Returns, Operating Cash Flow, Return on Investment, Market to Book Value and Growth in Sales.

The relationship between firm characteristics, profitability and sustainability reporting of organizations has been examined in the literature. The essence of such studies is to ascertain whether sustainability reporting and profitability is a function of firm characteristics or whether companies tend to mimic the reporting practices of the most successful (in terms of profit) in the industry (Danniel & Tilhun 2012; Galani, Graves & Staropoulos 2011). Another aspect of research is whether profitability is a function of sustainability reporting. The studies of Aggarwal (2013); Mohamad et al., (2014); Nugroho and Arjowo, (2014) find that sustainability reporting significantly influence profitability. Nwaiwu and Oluka (2018) assesses the relationship between environmental cost and firm profitability of oil and gas companies and argues that environmental costs increase a company's development in areas such as energy, material, and waste management.

The effect of firm characteristics on profitability and sustainability reporting can be assessed using a stakeholder approach. This approach seeks to ascertain whether the sustainability reporting practices of companies is related to the reporting practices of the most successful company (in terms of profitability). This approach to studying sustainability reporting recognizes that the reporting practices of a company could be influenced by the industry leader (in terms of profitability and market share). A company that leads in a particular industry is prone to adopting reporting practices that portray the company in good light, with companies in that industry tending to imitate such reporting practices to boost their competitive advantage (Sumaira & Amjad, 2013; Fasan, Mio & Ros, 2016).

2.4 Theoretical Perspective

According to Abdulsalam, et al. (2020) a theoretical framework is a system network of a proposition, facts, and assumptions that are used in explaining a certain phenomenon. Therefore, this paper is underpinned by the stakeholder theory. Stakeholder theory was rooted in the management profession in the early 70's and gradually developed by Freeman (1984), with a zeal to integrating corporate accountability and transparency to multifarious stakeholders. Wheeler (2004) argued that stakeholder theory depth its roots into sociology, economics, law, management, and organizational disciplines. Therefore, stakeholder theory is the most common approach to economic, social and environmental researches. The theory revealed that managers owed a duty not only to the firm but to the wider society (Fasan, Mio & Ros, 2016; Souha & Anis, 2016). In the same vein, Freeman (1984) opined that, the activities of the board of directors and other employees can affect both internal and external shareholders. Amran & Haniffa (2011) affirmed that the stakeholder theory deals with the ever-changing and complex relationship that companies have with their environment, as well as the company's ability to balance the contradictory demands by multifaceted stakeholders.

Stakeholders are those groups and individuals who have a stake in the organization. Simply put, stakeholders are individuals and/or groups who can affect and be affected by the activities of business organization, through value creation and trade. Stakeholder theory simplified and revealed individuals and group influences on firm actions and how firms respond to these influences. In the modern organizational setting, numerous stakeholders can contribute to the understanding and influences firm's philosophy and practice of sustainability reporting. The millennium development goals can be achieved through a collaborative effort from the side of the organizations and its numerous stakeholders. Studies proved that economic, environmental, and social issues (sustainability activities) are as a result of the pressures from relevant stakeholders, calling for proper accountability, transparency and sustainable development, which can protect the interest of the next generation. It suggested that organizations will respond to the concerns and expectations of powerful stakeholders and some of the responses will be in the form of strategic opinions.

Stakeholder theory provides rich insights into the factors that motivate oil companies concerning the disclosure of sustainability performance. Preference is given to stakeholders based on the resources they command, the power to enact and impose laws, regulation and influence over the media or consumers (Amran & Haniffa, 2011). Furthermore, Nasiru, et al. (2020) contend that stakeholder theory attempts to address the group of stakeholders deserving and requiring management's attention.

III. METHODOLOGY

This paper adopts descriptive research design method. Data collected were subjected to preliminary and advanced analysis. The study population consists of 24 oil and gas companies, playing a major role in the Nigerian oil and gas sector. Purposive sampling techniques were adopted in selecting six oil and gas firms as a sample size of the study. Panel regression techniques were employed. The justification for panel regression techniques is based on the fact that the data is subject to time and cross-sectional attributes. Secondly, it minimizes the bias that might result from the aggregation of individual units into broad aggregates. Thirdly, it helps to take care of heterogeneity in the estimation process because it allows for individual/specific variable assessment.

A dichotomous procedure of content analysis technique of sourcing data is introduced in codifying qualitative information into categories in order to derive qualitative values. Pooled Ordinary Least Square (OLS), Fixed Effects and Random Effects were the forms of regression carried out in this study. This is necessary to identify the panel regression model with the highest explanatory power. Hausman specification test for testing whether the Fixed Effects model is more appropriate than the Random Effects model was used. The decision rule is that when the P-value of the Hausman specification test is less than 5 percent, the Fixed Effects model result is more appropriate than the Random Effects model. This is in line with the studies of Ioannou & Serafeim (2014), Nwaiwu and Oluka (2018), and Torres-Reyna (2007). To carry out the statistical analysis a panel model is specified as shown in equation 1. The advantage of a panel model comes with a possibility of controlling for individual or time heterogeneity, which the pure cross-section or pure time-series data cannot accommodate (Baltagi, Bratberg & Holmas, 2005).

$$y_{it} = \alpha + \beta_1 x_{1it} + \beta_2 x_{2it} + \beta_3 x_{3it} + u_{it}; \quad i = 1, 2, \dots, N.; T, , - - (1)$$

Where i represents individual firms 1.....6 at time T . α_0 represents the intercept term, $\beta_1 \dots \dots \beta_n$ are the model parameters to be estimated, y represents the dependent variables and stands for sustainability reporting and profitability. $x_1 \dots \dots x_3$ represents firm characteristics, measured by sales growth, firm size and financial leverage. The Proxies for the dependent and independent variables and their measurement are presented in table 3.1.

Table 3.1 List of Variables and their Measurement.

Variables	Proxies	Acronym	Measurement
Independent Variables	Firm Characteristics	FCR	
	Sales Growth	SLG	Percentage Increase in Turnover
	Firm Size	FSZ	Log of Total Asset
	Leverage	LEV	Ratio of Total Liabilities to Total Assets
Dependent Variables	Profitability	PTY	
	Return on Asset	ROA	$\frac{\text{Net Income}}{\text{Total Asset}} * 100$
	Net Profit Margin	NPM	$\frac{\text{Net Income}}{\text{Total Revenue}} * 100$
	Return on Equity	ROE	$\frac{\text{Net Income}}{\text{Average Equity}} * 100$
	Sustainability Reporting		A list of 34 disclosure index which comprises financial and non-financial items that may be relevant to investment decision making, in line with IPECA guidelines.

Source: Author's Compilation, (2019).

IV. DATA PRESENTATION

Table 4.1 shows the summary statistics of the measures of firms Profitability and firm's characteristics in terms of mean, standard deviation, variance, skewness, kurtosis, maximum and minimum values.

Table 4.1 Descriptive Statistics

Variables	Mean	Std. Dev.	Variance	Skewness	Kurtosis	Max.	Min.
ROA	16.457	8.819	23.052	-.592	7.064	9.659	-51.268
ROE	21.383	19.628	61.136	-3.968	22.217	90.157	-97.653
NPM	19.547	21.208	33.862	4.176	6.962	86.498	-71.337
SLG	19.342	12.493	8.819	-.458	2.401	44.271	20.236
FSZ	23.235	18.588	58.015	-.092	1.357	58.814	21.662
LEV	.725	.939	.384	1.876	4.235	0.959	16.144

Source: Author's Compilation, (2019).

It was statistically established that ROA, ROE, NPM, SLG, FSZ and LEV have positive Kurtosis of 7.06, 22.22, 6.96, 2.40, 1.36 and 4.24 respectively. Firm size has a mean value of 23.24 with a standard deviation of 18.59 and a minimum and maximum values of 21.66 and 58.81 respectively. This suggests a wide dispersion in the size of oil and gas firms in Nigeria. The reason behind this dispersion is, multinational oil firms are quite bigger than the listed oil and gas firms in the Nigerian Stock Exchange. Leverage had a mean and standard deviation values of 0.73 and 0.94. This implies that on average the firm capital structure had 73% debt financing. Return on Asset on the average is 16%, oscillating between a loss of 51% and a Return on Asset of 95.9%. The average growth in sales is 19%, fluctuating between a minimum and maximum sales values of 20% and 44% respectively.

The Skewness of ROA, ROE, NPM, SLG, FSZ and LEV stood as -0.59, -3.97, 4.18, -0.46, -0.09 and 1.88. This does not necessarily indicate a problem with the scale, but rather reflects the underlying nature of the construct being measured. Therefore, based on the above descriptive values it is clear that the distribution can be considered as normal and the data set satisfies the requirement for normal distribution. The sample was drawn from a population that is normally distributed. Furthermore, Table 4.1 also shows the variables with high mean scores. This implies that variables with low mean scores do not affect sustainability reporting and profitability as much as those variables with high mean scores.

The results of the Pool Ordinary Least Square (OLS), Fixed Effects, Random Effects estimation models and Fixed Effects with a robust standards error model for the panel data for factors influencing

sustainability reporting practice and profitability of the sample companies during the period 2004 to 2018 are shown in Table 4.2. A total of 90 observations were included in the analysis. Furthermore, Poolability test, Heteroskedasticity test, Lagrangian multiplier test and a Hausman specification test were presented.

Due to the inability of Pool OLS to account for within-effects and omitted variable bias, the appropriateness of the result of the Pool OLS model with specific firm effects was tested by the Poolability test. The significant P-value of 0.0000 at 1% of the poolability test suggested the rejection of Pool OLS and prefers a Fixed-Effects model or Random-Effects model. The test of Heteroscedasticity is conducted to check whether the variability of error terms is constant or not. The significant P-value of 0.0000 suggested that the variation of the residuals or term error is not constant which would affect inferences in respect of beta coefficient, coefficient of determination (R^2) and F-statistics. Hausman specification test was conducted as prescribed in Gujarati, Porter and Gunasekar (2012) to choose between Fixed Effects and Random-Effects models. The significant P-value (0.0000) at 1% level of significance, of the Hausman test rejected Random effects in favor of the Fixed Effects model.

Table 4.2: Panel Estimation Results

Independent Variables	Dependent Variable: Profitability			
	Pooled OLS	Fixed Effects	Random Effects	FE with Robust Error Term
Constant	20.1949	18.2466	19.7629	11.4729
SLG				
Coefficient	-.04239**	-.06014***	-.02976	-.05012**
t-value	-2.04	-3.04	-1.35	-2.74
p-value	0.044	0.004	0.895	0.082
LEV				
Coefficient	-.03329	-.06012**	-.08046**	-.09857**
t-value	-1.25	-2.584	-2.44	-2.56
p-value	0.807	0.010	0.015	0.010
FSZ				
Coefficient	.79816***	.87875***	.97734***	1.01956***
t-value	3.18	3.20	3.14	3.07
p-value	0.000	0.000	0.000	0.000
Poolability Test	1685.36 (0.0000)			
Heteroscedasticity Chi-Sq Test	28.93 (0.0000)			
Langragian Multiplier Test	135.71 (0.0000)			
Hausman Chi-Square Test	26.07 (0.0001)			
No. of Obs.	90	90	90	90
R^2	0.9977	0.2914	0.3073	0.3961
Adj- R^2	0.9971	0.2639	0.2994	0.3929
F-Statistics	3783.64	79.18		
Probability	0.0000	0.0000	0.0000	0.0000
Sigma_u		9.5366072	8.6360572	9.6607112
Sigma_e		0.4457317	0.4337310	0.4703017
Rho		0.9997705	0.9751977	0.9976347

Source: Author's Computation from STATA Version 15 Output (*=10% level of significance, **= 5% level of significance, ***= 1% level of significance).

4.1 Discussion of Results

The paper, therefore, interpreted the results of Fixed Effects model as suggested by the Hausman test, but with a robust error term that control the present of Heteroscedasticity. The R-squared value of about 40% shows that the changes in sustainability reporting practice and profitability are substantially accounted for by the explanatory variables. This implies that, the independent variables can explain about 39.6% of the changes in the dependent variable. Similarly, the F-statistics value of 79.18 and the P-value of 0.0000 at 1% level of significance confirm the appropriateness of the model. Therefore, sales growth as expected, exerts a negative coefficient of -0.05012 and a significant Probability value of 0.082 at 5% level of significance. Holding all other variables constant, on average, a one percent increase in sales growth would result in a 5% decrease in sustainability reporting practice and profitability of oil and gas companies in Nigeria. This result signified that the higher the level of firm characteristics proxied by sale growth, the lower the sustainability reporting practice and profitability of oil and gas firms in Nigeria. This finding is in agreement with the studies of Sumaira and Amjad (2013); Dioha, Mohammed and Okpanachi (2018). These findings further testified the position of stakeholder theory which posits that organizations must meet the needs of multifarious stakeholders to gain

acceptance. The implication of these findings to potential investors who concerned with the return on investment, to pressurize the board of directors to invest heavily in sustainability activities.

Similarly, leverage posits a significant effect on sustainability reporting practice and profitability of oil and gas companies in Nigeria. As can be seen in Table 4.2, it depicted the t-value for leverage as -2.56 with a coefficient of -0.09857 and a P-value of 0.010 which is statistically significant at 5%. This result signifies that leverage is negatively and significantly affecting the sustainability reporting practice and profitability of oil and gas companies in Nigeria. This finding supports the studies of Yuvaraj and Abate (2013), Dioha, Mohammed and Okpanachi (2018), Hossain, Islan and Andrew (2006) and Uyagu, et al. (2017). The findings further concurred with the position of stakeholder theory which revealed that a firm with a higher degree of dependence on the debt would discourage a company from sustainability investment. The finding contradicted the studies of Uwigbe (2011) and Mohammed and Usman (2016).

Furthermore, firm size exerts a positive and statistically significant effect on sustainability reporting practice and profitability of oil and gas firms in Nigeria. Firm size has a positive coefficient of 1.01956 and a P-value of 0.0000 at a 1% level of significance. This implies that a 1% increase in the size of the oil and gas firms will result in a 101.9% increase in sustainability reporting practice and profitability of sample firms. Correspondingly, this findings is consistent with the studies of Mohammed and Tamoi (1999); Galvani, Graves and Stavropoulos (2011); Uyagu, et al., (2017); Dioha, Mohammed and Okpanachi (2018) and Daniel and Tilahun (2012), who documented that the greater the size of a company, the higher sustainability activities and the greater the profitability. However, it contradicted the findings of Hossain, Islan and Andrew (2006) who find no significant effect between sustainability reporting practice and firm size.

V. CONCLUSION AND RECOMMENDATIONS

The paper empirically examined the significant effect of firm characteristics on sustainability reporting and financial performance of oil and gas companies in Nigeria for the period 2004 – 2018. The paper utilized secondary data obtained from annual reports and accounts of Shell Development Company, Chevron, Exxon Mobil, Total Nig. Plc., Oando Nig. Plc., and MRS Nig. Plc. The findings have a clear policy implication on sustainability reporting and profitability of oil and gas firms in Nigeria. The results of the study show that firm characteristics proxied by sales growth, firm size and leverage exert a significant effect on sustainability reporting practice and profitability of oil and gas firms in Nigeria. Based on these findings the study thereby recommends the management of oil and gas firms to retain a significant portion of their profit and also Prioritized equity funds than debt financing. Similarly, the Nigerian oil and gas firm shouldn't concentrate on sales growth along, but rather integrated sales growth with cost reduction to boost the profitability. Conclusively, effective and efficient utilization of resources during exploration, production and marketing activities should be emphasized, as this may go a long way in improving a firm's profitability as well as sustainability investment.

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