INDEPENDENT BOARD OF DIRECTORS AND CORPORATE SUSTAINABILITY: A SOUTH AFRICAN AND NIGERIAN PERSPECTIVE

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Abstract

This paper examined the stance of independent directors on corporate sustainable development initiative in South Africa and Nigeria. This has become apposite considering the role of independent directors in corporate strategic decisions and performance. It is believed that independent boards strive to direct corporate decisions to protect the investors and thus improve financial performance. Given that sustainability initiative is currently occupying a vital strategic position in protecting firms against inherent and imminent climate change and financial risks, the paper undertakes a survey of South African and Nigerian companies to ascertain the role of independent directors on corporate sustainable development initiatives. Using a mix method of primary and secondary data analysis, the paper finds that independent boards in both countries of study understand the importance of sustainability; however a pragmatic stance on sustainability is more visible in South Africa where independent boards are members of and/or participate in nominating corporate sustainability committees. The paper suggests the need for improved detailed disclosure on sustainability in the Nigerian corporate annual reports; the Nigerian Stock Exchange may boost this initiative by establishing a social and environmental reporting index supported by an annual survey of company sustainability disclosure. It also suggests the need to include sustainability awareness and interest in the metrics that are used in the appointment of independent boards in Nigerian companies.

Keywords: Independent Directors, Sustainability Disclosure, Corporate Governance, Corporate Strategy

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Introduction

Independent boards play an important oversight function in corporate management, and the growing sustainability awareness has broadened the scope of such role. This paper evaluates the current stance of independent directors on corporate sustainability in South Africa and Nigeria. This has become apposite since independent directors play a vital role in directing corporate strategic decisions. It is believed that independent boards strive to direct corporate decisions to protect the investors and thus improve financial performance. Corporate sustainability initiatives is currently occupying a vital strategic position in protecting firms against inherent and imminent climate change and financial risks, and independent directors are not aloof to this emerging genre of corporate strategy. South Africa and Nigeria are the two largest economies in Africa (the Economist, 2014) and hence the focus on the two countries in this paper. Research has shown that corporate governance is important in determining the sustainability commitment of a corporate (Aras and Crowther, 2008); and the independent boards constitute an essential organ in the corporate governance mechanism, hence understanding the posture of independent boards in corporate sustainable would be indicative of sustainability governance in the corporations. Accordingly the question that forms the crux of this article is: what is the stance of independent board of directors on corporate sustainability in South Africa and Nigeria? The objective therefore is to examine the current stance of independent boards on sustainability in South Africa and Nigeria.

Using a mix method of primary and secondary information, result indicate that independent boards in both countries of study understand the importance of sustainability, however a more pragmatic stance on sustainability is more visible from the South African independent boards. Whilst corporate sustainability literature is biased towards the corporation and its internal management; this paper adds to existing body of literature on corporate sustainability in a different perspective by focussing attention on independent boards – a standpoint that is not very common in the literature.

The paper is presented in the following structured: the next section after the introduction presents a review of related literature; this is followed by the method and analysis section; and the final section presents the conclusion.

Related Literature

The literature is divided into two parts, the first and major part of the literature reviews the role of board of directors in corporate sustainability. The second part of the literature looks specifically at the independent board of directors and corporate sustainability.

Role of Board of Directors in Corporate Sustainability

In recent times, board of directors have assumed an increasing dimension and diverse responsibilities (Finkelstein and Mooney, 2003). The key functions of the board of directors includes among others, managing, strategy formulation and service (Zahra and Pearce, 1989). The attainment of these roles usually relies on the composition of the board (Pearce and Zahra, 1992). Thus, the perception that the firm's board size and composition, hence its board characteristics are major factors which influence the company's performance to a greater extent (Zahra and Pearce, 1989; Pettigrew, 1992; Dalton et al., 1998). Presently, ''boards now have to be accountable in a way that they have not been since the age of the small enterprise in the nineteenth century, to their companies' owners – the shareholders'' (Hansell, 2003, p. 120). Such a scenario is evidenced by growth of sustainability as an integral and significant component with regard to enterprise growth and success (Deloitte, 2011). The main roles of BoD with respect to corporate sustainability are resource, strategy, service and control responsibilities.

Resource Function

The resource role implies that the board interact with their stakeholders, that is to say, "stakeholder oriented" through considering each stakeholder view as significant for business success and growth (Ricart et al., 2005). These stakeholders include local communities, shareholders, suppliers, government, media, trade unions, non-governmental organisations and interest groups (Ricart et al.,2005) and their contribution have a large impact in board's decisions and when developing an organisational strategy. Hence, boards have an obligation to connect the firm with the external environment so as to provide essential resources to the organisation (Boyd, 1990). On that account, particular members of the board are actually boundary spanners, acquiring critical resources from the external environment (Pfeffer and Salancik, 1978). Therefore, BoD can also have personalised relationships with external company's stakeholders which ensure that important resources to the organisation have been made available (Pearce and Zahra, 1992; Pfeffer and Salancik, 1978).

The directors "are expected to take due regard of, and deal fairly with, other stakeholder interests including those of employees, creditors, customers, suppliers and local communities" (OECD, 2004, p. 58). Consequently, directors who come from different backgrounds widen the sphere of control of corporate governance from shareholders to concerned stakeholders, for example the society, employees, interest groups and the government (Kang et al., 2007). It has therefore been advocated that the inclusion of women and minority groups in the board of directors improves its independence (Carter et al., 2003). Furthermore, board diversity can also act as a message to alert the community and the whole society about the company's dedication to non-discrimination on basis of race/ethnicity and gender which improve the firm's social performance (Bilimoria, 2000; Miller and Triana, 2009), thus Mitchell et al. (1987, p. 857) indicates that board diversity takes care of diverse stakeholders.

Strategy Function

The strategy role is characterised by the board integrating sustainability agendas in the strategy formulation process of the company (Deloitte, 2011). In order for that procedure to be of value; the board strives to identify, prioritise and map major stakeholders, receive information and feedback from stakeholders, and are regularly briefed on important sustainability matters (Ricart et al.,2005). Furthermore, directors are responsible for communicating crucial information across companies (Burt, 1980; Palmer, 1983), minimising expenses which relates to co-ordination and environmental scanning (Bazerman and Schoorman, 1983), thereby enhancing procedures which allow comparison of knowledge with other firms (Dahya et al.,1996). Thus, the board should perceive and comprehend the nature and significance of the organisation and the industry (Allio, 2003). Alänge and Steiber (p.9, 2009) suggests that "…candidates should only join a board if they have time [. . .] they should be people with business experience who are smart, interested and have enough time to thoroughly understand the enterprise." In light of this view, the board also offer specific and expert advice and counsel to management teams of the organisation which produces effective and high quality strategic decisions (Johnson et al., 1996; Zahra and Pearce, 1989).

External directors also provide essential managerial and information expertise that is not available in the company thereby linking the external environment of the company to the organisation (Pfeffer and Salancik, 1978) which improves access to essential resources and reducing environmental uncertainty (Hillman et al., 2000; Boyd, 1990). Moreover, large board diversity results in multiple stakeholder interests being managed and identified thereby generating better decisions with regard to corporate social responsibility of the firm (Kang et al., 2007; Luoma and Goodstein, 1999). On a social perspective, board diversity with respect to education, professional and functional history was positively associated with original, new and high quality results (Bantel, 1994; Wiersema and Bantel, 1992).

In the context of sustainability, the board of directors and top management persons of a company have a major role to play through establishing together with implementing the Corporate Sustainability Management System (CSMS) by showing true leadership and strategic involvement with respect to sustainability matters (DTI, 2001). The CSMS is an organisational framework that support and integrate environmental, social and governance policies of sustainable development in the core business structure (Azapagic, 2003). For example in high sustainability companies; the board of directors develop an independent committee that handle sustainability matters and who also declare that top management compensation be subject to environmental, social and governance metrics (Eccles et al.,2013). The sustainability committee is mainly involved with developing and implementing standards, objectives and policies that support sustainable growth of the firm; interacting with the public and integrating their interest in everyday business activities as well as incorporating practices that regulate and minimise carbon emissions (Morgan et al.,1990; Eccles et al.,2013).

Service Function

The service role of BoD is important since the presence of liberalised financial markets, increasing corporate governance misconducts as well as high stakeholder demands which expect increased accountability and transparency of companies has put the firm's director's role at the centre of discussions (Ingley and Van der Walt, 2005). In the past, boards have performed passive roles than in the present day organisational scenario owing to increased expectations from stakeholders (Erakovic and Goel, 2008). Therefore, the board is expected to formally and clearly declare ethical, environmental and social values and standards related sustainability. The board also check whether these values have been observed by focusing on environment, safety and health; discrimination; corruption and bribery; security of stakeholders; confidentiality of information and insider trading practices (Ricart et al., 2005). Moreover, the board develop and endorse "sustainable supplier guidelines" which promote social and environmental issues in identifying, assessing and selecting the company's main suppliers (Ricart et al., 2005). Thus, the constitution and functioning of the BoD as the regulatory and decision making body should embrace sustainability matters in a way that promotes growth and healthy governance to the firm (Wolff, 2011). (Morgan et al.,1990; p. 40; Cadbury, 1999), illustrates that ''Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The aim is to align as nearly as possible the interests of individuals, corporations, and society.''

Regrettably, many present day organisations are at different levels of social responsibility which also has an impact on its inclusion in the company policy of governance, everyday business activities, strategy formulation and implementation (Mirvis and Googins, 2006). Essentially, board diversity is strongly related to the firm's philanthropic operations, as well as community outreach programmes (Coffey and Wang,1998) which results in superior Corporate Social Responsibility (CSR). Notably, female directors regard CSR activities more highly than male directors (Ibrahim and Angelidis, 1994; Webb,2004; Coffey and Wang,1998). And also, the greater the number of outside directors; then the greater the firm's capacity and initiative to undertake social responsibility activities (Zahra et al.,1993; Johnson and Greening, 1999; Webb,2004) though Wang and Dewhirst(1992) argues that internal and external directors have the same stakeholder orientation. Chapple and Ucbasaran (2007) also comment that the ratio of internal/external directors of the company does not have an association with CSR practices. In another study, Kassinis and Vafeas (2002) found out that CSR activities generate diversified conflicts between management team and stakeholders of the company. In the same vein, Kassinis and Vafeas (2002) point out that a firm that have stakeholder directors minimise the probability of violating environmental regulations and statutes. On the other hand, Hillman et al. (2001) briefs that the availability of stakeholder directors in the firm do not have a relationship with stakeholder performance.

Control Function

The board of directors is a control body of the company that instruct the management team of the firm to conduct business operations in ways that support shareholder interest thereby minimising agency costs that a result of different concerns between senior management teams and stockholders of the company (Jensen and Meckling, 1976). For instance, the board usually use the balanced scorecard (BSC) as the standard instrument which assesses the performance of the company with respect to environmental, social and governance issues (Ricart et al., 2005). The areas of concern under the BSC range from shareholders perspectives, customer perspectives, internal perspectives, human perspectives, governance perspectives and reputation perspectives. In addition, the BoD is expected to direct continual account of the importance of ESG issues to the business operations of the firm; to examine and evaluate associated risks to the firm's present and future value arising from ESG issues, along with the opportunities to improve value which may develop from suitable responses (Morris and Dunne, 2008). In addition, the board must integrate appropriate systems which control ESG risks, and where appropriate, institute performance management frameworks and effective remuneration incentives.

Hence, the board monitor senior manager's conduct and final outcomes through undertaking particular activities that include monitoring CEO conduct, examining the company's operations and strategy enforcement and deciding CEO compensation criteria (Johnson et al., 1996; Hillman and Dalziel, 2003). In the same vein, external directors can independently perform their fiduciary obligations better (Weisbach, 1988; Daily and Dalton, 1997) which assists to effectively control and monitor managerial conduct thereby reducing agency problems (Fama and Jensen, 1983). Moreover, external directors have also been linked with minimised chances of paying greenmail as regards to acquisitions (Kosnik, 1990), enhanced probability of CEO turnover with respect to financially underperforming companies (Weisbach,1998), reduced chances of instituting poison pill decisions (Mallette and Fowler, 1992) and lowered occurrences of false financial disclosures (Beasley,1996). Thus organisations manage environmental threats to the firm's image through communicating corporate social responsibility practices and ethical standards which support and improve the economic and social statuses of all stakeholders (Phillips, 2003). Specifically, directors are also accountable for the company's image on sustainability issues as they are expected to take a leading role which assists to manage and build the firm's reputation and trust to both internal and external stakeholders (Azapagic, 2003) through approving sustainability reports which are of good and high standards (Deloitte,2011) . For these reasons, the BoD minimise environmental unpredictability (Pfeffer, 1972), control the outside company's dependencies (Pfeffer and Salancik, 1978), and increase the firm's legitimacy (Zahra and Pearce, 1989; Pfeffer and Salancik, 1978).

Independent Boards and Corporate Sustainability

Independence boards are principally constituted with outside firm directors. They have been recognised to be very efficient in monitoring the firm as well as its social responsibility activities since their incentives are not undermined through reliance on the company (Ayuso and Argandoña, 2007). Ibrahim and Angelidis (1994) further explains that independent or non-executive directors are outside firm members who are in a better position to oppose profit oriented objectives of the firm since they are usually the more sensitive persons to society's demands. On that account, non-executive directors understand better those transforming interests of different stakeholders and hence, are motivated to support decisions that may be unpopular or costly such as those that relate to abidance matters (Johnson and Greening, 1999). Moreover, company boards characterised with numerous number of non-executive directors empower public view concerning firm legitimacy since the public regard such companies highly as they perceive that such a scenario produces an efficient board that monitors management practices (Nurhayati et al., 2006). So, the presence of independent directors in the company's board will promote increased reporting of sustainability contexts which ultimately encourage greater communication (Faisal et al., 2012). Webb (2004) also highlights that companies which integrate sustainability issues are usually comprised with boards which are characterised with many non-executive directors. Zahra et al. (1993) announces that the number of independent directors in the company is strongly related with sustainability practices. Consequently, independent directors positively promote the company's reputation and play a crucial role in guaranteeing that organisations are suitably supervised by the management team (Said et al., 2009). Strandberg (2005) also points out that the inclusion of independent directors in the company's board brings persons with a wide range of knowledge, expertise and backgrounds which improves the quality of decisions on matters that pertain to sustainability. However opposing views on role of independent boards on corporate sustainability have also been raised. For instance, Chapple and Ucbasaran (2007) writes that the ratio of non-executive directors and executive directors in the organisation board does not have an association with social responsibility practices. As well, McKendall et al. (1999) demonstrates that the relationship between executive directors and non-executive directors does not an association with environmental legislation violations. Authors, Wang and Dewhirst (1992) also founds out that executive and non-executive directors have the same stakeholder orientation.

Method & Analysis

A mix method approach was adopted in data collection; the paper set out to use secondary data from the annual report of companies to examine the role played by the independent directors in corporate sustainability. For South African companies, such information was visible from the annual statement, and data was collected. But the required information was not much available in the annual statements of the Nigerian companies, hence a questionnaire was issued to collect primary information used in the analysis of the Nigerian perspective, and hence the mixed method of information gathering.

Table 1. Presentation of Nigeria's CEOs, GMs or Sustainability Managers view on whether they regard sustainable development as a vital component of corporate strategy

Subject	Yes	No
CEOs, GMs or Sustainability Managers view	40	7

From the manager's response in Table 1 above, it appears that sustainability issues are now in the modern era an essential constituent that guarantees whether a firm can survive in the long run as regards to matters of economic markets success shown by 85% (yes response) against 15% (no response). As such, whether companies are interested or not, they are actually forced to incorporate sustainability issues in firm overall strategy possibly as a result of heightening stakeholder interests.

Table 2. Presentation of Nigeria's CEOs, GMs or Sustainability Managers response on whether they are integrating sustainable development policies in corporate strategy

Subject	Yes	No
CEOs, GMs or Sustainability Managers response	40	7

As explained in the discussion on Table 1 above, the responses in Table 2 actually confirm that Nigerian companies are aware of their business impacts on matters that relate to environmental, social and governance and hence, most managers demonstrated that they are adding sustainability matters in firm strategy. This is revealed by the 85% (yes response) in favour of incorporating sustainability issues against the 15 % (no response).

Table 3. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on strategies that apply to a Nigerian firm's sustainability initiative

Sustainability strategy	Number of responses
Sustainable supply chain strategy	5
Environmental governance	14
Social governance	9
Waste management strategy	28
Water conservation strategy	17
Carbon reduction strategy	29
Equity in employment	11
Sustainability reporting	39

The outcomes in Table 3 above indicate that most companies have integrated environmental matters more than social and ethical matters. Such an indication can be attributed to high stakeholder demands who require clear firm practice and disclosure on environmental matters more than social and governance aspects in Nigeria. Overally, it is clear that surveyed Nigerian companies have responded to sustainability forces and are actually implementing activities that support sustainable development.

Table 4. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on whether they think that board of directors play a role in championing corporate strategy

Subject	Yes	No
CEOs, GMs or Sustainability Managers view	43	4

From Table 4 above, 91% of surveyed Nigerian managers indicated that the board is important in fostering company strategy whilst 9% opposed this view. In this regard, the majority 91% actually outline a clear indication that the board is crucial towards supporting Nigerian firm strategy possibly owing to them being the developers, approvers and planners of the firm strategic policy.

Table 5. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on whether they have independent directors in their board composition

Subject	**Yes**	**No**
CEOs, GMs or Sustainability Managers response	38	9

An analysis on Table 5 shows that 81% of surveyed Nigerian managers indicated that they have non-executive directors in board composition whiles 19% shew that they do not have non-executive directors in their firm. The high 81% response in favour of non-executive directors illustrates that independent directors are preferred as a result of their contribution which are in most cases are transparent, impartial and are not biased.

Table 6. Presentation of Nigeria's CEOs, GMs or Sustainability Managers view on whether they think that independent directors are interested in corporate sustainable development initiatives

Subject	**Yes**	**No**
CEOs, GMs or Sustainability Managers view	38	9

The results in Table 6 above also show that 81% of surveyed managers held the perception that independent directors are interested in sustainability issues whiles 19% did not support this view. The high 81% response shows that independent directors are actually members who spearhead matters that are not profit oriented but that ensure firm survival, which in this case are sustainability issues. As such non-profit oriented issues such as sustainability matters have a large support from independent directors since they are not directly involved in devising practices which optimise firm financial gains.

Table 7. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on whether there has been situations where independent directors raised sustainability agenda in meetings

Subject	**Yes**	**No**
CEOs, GMs or Sustainability Managers response	33	14

With reference to discussions in Table 6; Table 7 convincingly supported these views as 70% of surveyed managers confirmed that independent directors raise sustainability agendas in meetings whilst 30% opposed this view.

Table 8. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on whether there has been situations where an independent director supported sustainability agenda

Subject	**Yes**	**No**
CEOs, GMs or Sustainability Managers response	44	3

In support of discussions in Table 6 and Table 7, the outcomes in Table 8 further emphasize and contributes that 94% of the surveyed Nigerian managers confirmed that non-executive directors promotes sustainability matters whilst 6% do not support this view.

Table 9. Presentation of Nigeria's CEOs, GMs or Sustainability Managers view on whether they think that independent directors see sustainable development as a matter of risk and opportunities to business

Subject	**Yes**	**No**
CEOs, GMs or Sustainability Managers view	42	5

The outcomes in Table 9 show that non-executive directors view sustainability matters as an essential part of firm practice since 89% of surveyed managers support this argument whiles 11% of surveyed mangers opposed this argument. In this respect, companies that integrate sustainability issues experience boost in financial gains in addition to minimising potential business risks.

Table 10. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on whether there has been a situation where an independent director challenged a sustainability agenda of the firm

Subject	Yes	No
CEOs, GMs or Sustainability Managers response	29	18

The results in Table 10 shows that 62% of surveyed managers confirm that independent directors challenged sustainability issues of the firm whiles 38% opposed this view. With reference to discussions and outcomes in Table 6, Table 7, Table 8 and Table 9 which illustrated that independent directors have high regard for sustainability matters, it is clear that if they challenged these matters in a selected firm, it therefore implies that they actually were proposing for more improvement, greater adoption and better implementation of sustainability issues of the firm.

Table 11. Presentation of Nigeria's CEOs, GMs or Sustainability Managers view on whether sustainability activities would be fostered at the same level with executive board of directors if the board of directors were to be left entirely in the hand of independent directors

Subject	Yes	No
CEOs, GMs or Sustainability Managers view	29	18

Findings from Table 11 above illustrates that 62% of surveyed managers believed that non-executive directors can perform at the same standard if the board is left entirely to them on matters that concern sustainability whiles 38% do not support this view. In this respect, these managers actually concludes that independent directors have the capacity, are better positioned and can perform even much better as regards to sustainability issues.

Table 12. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on strategies they think their independent directors have supported, opposed and initiated in their companies

Sustainability strategy	Supported	Opposed	Initiated
Sustainable supply chain strategy	3	-----	----
Environmental governance	14	------	-----
Social governance	8	-----	-----
Waste management strategy	28	------	5
Water conservation strategy	15	-----	3
Carbon reduction strategy	28	-----	3
Equity in employment	6	3	1
Sustainability reporting	37	----	17
None of the above	2	44	22

Outcomes from Table 12 demonstrates that surveyed managers responses show that most of them confirmed that independent directors have supported sustainability strategies with highest general positive responses being represented in the environmental criteria. Further, some independent directors have also extended their responsibility through initiating sustainability strategies especially on issues that relate to sustainability reporting. The only sustainability activity opposed was equity in employment strategy.

Table 13. Presentation of Nigeria's CEOs, GMs or Sustainability Managers view on whether they think that their independent directors perceive sustainability as an aspect of their roles or duties

Subject	Yes	No
CEOs, GMs or Sustainability Managers view	38	9

With reference to Table 13, 81% of surveyed Nigerian managers believed that non-executive directors view sustainability as a matter of their responsibility whilst 19% opposed this view. On that account, this outcomes also support evidence in Table 6, Table 7 and Table 8 which generally points out that independent directors are interested in sustainability issues.

Table 14. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on issues they think are more important for independent directors: comparison between profit orientation and corporate sustainability

Subject	Profit	Sustainability
CEOs, GMs or Sustainability Managers view	11	36

From analysis done in Table 14, 77% of surveyed manager's points out that sustainability matters are more critical to independent directors than profit objectives whiles 23% believed that profit objectives are more crucial to independent directors when compared to sustainability aspects. Therefore, it appears that non-executive directors are more interested in sustainability issues which supports findings in Table 6, Table 7, Table 8 and Table 13.

Table 15. Presentation of Nigeria's CEOs, GMs or Sustainability Managers responses on the level/number of composition of independent directors that they would advocate in their companies

Subject	Number/Level of Composition				
	Little	Less	No	Equal	Majority
Responses	8	29	-----	10	------

From results in the Table 15, 62% of surveyed managers preferred a less level/number of composition of independent directors in their companies, 17% preferred a little and 21% suggested that they should be equal. This response show that though non-executive directors contribute towards the success of the company especially on issues of sustainability (as shown from findings in Table 6, Table 7, Table 8, Table 13 and Table 14) they are not directly involved in the firm's everyday business operations when compared with executive directors so their role is usually limited. In this regard, the majority of surveyed managers highlighted that their level/number should be less.

Table 16. Presentation of South African company's independent directors as members of nominations, sustainability & social & ethics committees

Company	Independent directors as members of nominations, sustainability & social & ethics committees
Company 1	3
Company 2	3
Company 3	1
Company 4	4
Company 5	1
Company 6	3
Company 7	1
Company 8	3
Company 9	1
Company 10	1
Company 11	2
Company 12	1
Company 13	4
Company 14	2
Company 15	2
Company 16	1
Company 17	1
Company 18	3
Company 19	6
Company 20	3
Company 21	2
Company 22	5
Company 23	5
Company 24	3
Company 25	1
Company 26	1
Company 27	2
Company 28	2
Company 29	2
Company 30	6

From the outcomes in Table 16 above, 43% of studied South African companies have three (3) or more independent directors as members of nominations, sustainability & social & ethics committees whiles 57% have two (2) or one (1) independent directors as members of nominations, sustainability & social & ethics committees. It must be emphasized that South African companies have high regard for sustainability matters since most firms have integrated sustainability & social & ethics committees which are also comprised of independent director representative.

Conclusion

We examined the stance and/or role of independent board of directors on corporate sustainability in two largest economies in Africa – South Africa and Nigeria. The research was motivated by the fact that the rise in the popularity and adoption of independent boards in corporate governance is playing an important role in fostering corporate management accountability and thus protection of investors' wealth. Accordingly, since sustainability is an emerging tool in measuring corporate performance by government, investors and the general public; we thus think that independent boards should also play a role toward ensuring corporate management compliance to sustainability. Data was sourced using a mixed approach based on information availability from both sides of the study – South African and Nigerian companies. We set out to use the information in financial statements of companies to inform our judgement regarding the role of independent boards on corporate sustainability, reason being that information disclosed in the audited corporate performance reports of companies are widely regarded as more authentic by the government, investors and the general public than mere verbal claims. But we could not find relevant independent board versus sustainability information in the Nigerian companies' published reports, hence we issued questionnaires to the executives of some companies, thus from the Nigerian side, we used questionnaire to estimate the role and/or stance of independent boards in corporate sustainability. However, from the South African side, we could assess the independent board of directors-sustainability information in the pages of published financial report. Our analysis indicate two related but distinct findings; based on questionnaire responses from the Nigerian companies, we conclude that independent boards of Nigerian companies are interested in sustainability and are willing to support sustainability initiatives. however, a striking finding from some of the Nigerian respondents indicate that some independent directors have, sometimes opposed corporate sustainability agenda. From the South African perspective, we find that independent boards are directly involved with the appointment of corporate sustainability or social ethics committee, and most of the independent boards are members of sustainability and ethics committees. Thus the distinctiveness in our findings is that whereas information on independent board sustainability involvement from Nigerian are more of mere wishes and thinking, information from the South African companies a pragmatic and more authentic as they indicate what the independent boards are practically doing to foster sustainability in the corporations they serve. We thus conclude that independent board sustainability involvement is stronger, more practical and observable in South African companies than in Nigerian companies, and this finding corroborates the findings of Asaolu et al (2012) in which they indicate low profile and arbitrary sustainability reporting in Nigerian companies. We think that the more pragmatic stance of independent board's sustainability stance in South Africa is due to South African government strong stance on sustainability and green economic development agenda. For instance the Kings Report on corporate governance which originated from South Africa has been adopted globally as a guide to corporate sustainability and governance. Furthermore, The Johannesburg Stock Exchange has entrenched sustainability and socially responsible investing issues in its stock market, and thus the JSE companies in South Africa are obliged to disclose sustainability and/or environmental management practices. But sustainability disclosure has not yet been elevated in the disclosure processes within the Nigerian Stock Exchange – no indication to this effect is visible in the Nigerian Stock Exchange web site, and there is no known Nigerian made sustainability reporting regulation (see e.g. Asaolu et al, 2012).

Based on the apparent weakness of independent board sustainability in Nigerian companies, the paper thus recommends that there is a need to balance the role of independent boards in protecting investors' capital and corporate sustainability – which is part of an emerging corporate strategy. Lack of detailed sustainability disclosure in Nigerian companies' annual reports suggests a seemingly less attention paid to sustainability issues by the Nigerian companies. The paper thus suggests the need for improved detailed disclosure on sustainability in the Nigerian corporate annual reports; the Nigerian Stock Exchange may boost this initiative by establishing a social and environmental reporting index supported by an annual survey of company disclosure. The paper therefore opens an agenda for further research that may develop a framework for balancing the two sides of the roles of independent boards that are currently experiencing a rift in Nigerian companies. It also suggests that sustainability awareness and interest should be included in the metrics that are used by the panel that appoints independent boards in Nigeria.

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