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RESEARCH ARTICLE

Corporate Environmental Disclosures and Profitability of Oil and Gas Firms in Nigeria

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ABSTRACT

Oil and gas activities in Nigeria's Niger Delta Region have caused significant ecological damage, necessitating a study on the impact of corporate environmental disclosures on the profitability of listed oil and gas companies. This study assessed the influence of environmental, health, recreation, education, and training expenses on the earnings per share of these industries between 2013 and 2019. From 11 listed firms on the Nigeria Stock Exchange, a sample of 4 was chosen. Secondary data was analyzed using multiple regression. Findings showed that environmental safety, health and recreation, and education and training expenses positively and significantly impacted earnings per share (p-values: <0.0000, 0.041, and 0.0022, respectively). The study advises firms to allocate yearly budgets for environmental disclosures and safety, endorsing environmental protection and workers' safety while potentially boosting earnings. Furthermore, consistent contributions to the health and leisure of workers and host communities can foster healthier relations and improve community well-being. Lastly, firms should invest in education initiatives, including school renovations, scholarships for local students, and skill training, to further cement positive community relations.

Keywords: Corporate Environmental Disclosure; Profitability; Oil and Gas Firms; Safety; Recreation and Education

Introduction

The industrial revolution which occurred in Europe in the 18th Century created environmental problems around the world. This led to the first introduction of environmental accounting which was firstly a voluntary disclosure by environmentally active firms. However, the increasing need for sustainability has resulted in the appearance of various international organizations expressing a range of attitudes that guide and direct human dealings with the environment (Nahiba, 2017). This development made it an obligation on firms to disclose their responsibility toward the society and the environment. Thus, environmental information disclosure becomes an important part of accounting information system (Ahmed & Mousa, 2010). To collaborate with this, Rezaee, Szendi & Aggarwal (1995) assert that the disclosure of effort and commitment being made by stakeholders to reduce environmental pollution and degradation is increasingly becoming imperative. The accounting profession and other authoritative bodies insisted that proper record of environmental performance is important to curb environmental problems.

Kuk et al (2005) asserts that environmental information disclosure helps the society and firms to recognize the impact on their business decisions on their environment. Iheduru and Chukwuma (2019) define environmental costs as costs incurred by firms in order to prevent environmental problems and minimize damages to the environment. They are those costs incurred in compliance with, or to prevention the breach of environmental laws, regulations and firms' policies. Iheduru (2018) classified environmental costs into private cost and societal costs. Private cost is costs that directly impact a firm's bottom-line while societal cost to individuals, society and the environment for which a firm is not accountable. Private costs are further classified into, conventional costs, potentially hidden costs, contingent costs and image and relationship costs. Examples of contingent costs are the costs of cleaning and compensating for accidental releases of contaminant, like oil spills and gas emission into the environment, it also includes fines and penalties for regulatory infractions and so on. Examples of image and relationship costs are, annual environmental reports and community relations activities, costs incurred voluntarily for environmental activities, such as tree planting, donations and recognition programs.

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Examples of societal costs include environmental degradation and adverse impacts on human beings, their property and their welfare which cannot be compensated through the legal system. This study adopted environmental and safety expenses, Health and recreation expenses as well as education and training expenses as measures of environmental cost.

Obikeze and Onwujekwe (2020) stated that health promotion is the development of individual, group, institutional, community and systemic strategies to improve health knowledge, attitudes, skills and behaviour. Web (2021) defines recreation as activity that people choose to do to refresh their bodies and minds and make their leisure time more interesting and enjoyable. Examples of recreation activities are walking, swimming, meditation, reading, playing games and dancing. Ofobruku and Nwakoby (2015) defined training as the process of developing employees' skills and learning new concepts, rules or attitudes in order to increase effectiveness on a particular job. Kelley and Hora (2008) define earnings per share as a profitability ratio that provide information to firm investors about the value of a unit of share and the amount they have earned from every kobo share invested in the firm.

Environmental disclosure enables environmentally active firms like oil and gas firms to increase their public trust and confidence. It also provides a significant tool for environmental communication and to fulfill organizations' accountability. Environmental disclosure can bring a marketing advantage to the firms by demonstrating the business' awareness of its environmental responsibilities. It also help improve the relationship with key stakeholders, such as investors, suppliers and the wider community. It also helps firms recruit and retain qualified and experienced employees. Environmental disclosure help firms improved performance, which in turn lead to cost savings for the firms. Environmental disclosure equally assist firms meet legal requirement in countries where firms are legally required to provide environmental reports. Thus, it assists firms in legal compliance and save the cost of fines for infringement.

Firms in developed economies leverage on the benefits associated with environmental disclosure to improve their corporate performance. However, in developing economies like Nigeria, most firms are not concerned about environmental their disclosure. The result is oil constant spillage, air pollution, constant gas flaring and destruction of the ecosystem especially in the Niger Delta Region of Nigeria where the oil and gas firms are concentrated. These constant environmental degradation leads lack of trust and cordial relationship between the oil and gas firms and their host communities; this brings about Youths' restiveness, pipeline destruction, kidnapping and abduction of expatriate oil workers. Some severe cases have led to the extinction of some oil and gas firms in the country owing to poor performance. Thus, this study was prompted by these developments to examine the effect of corporate environmental disclosures and profitability of oil and gas firms in Nigeria.

Review of Related Literature

Environmental and Safety Expenses

Spoken Environmental Solutions (2021) described environmental safety as practices, policies, and procedures that ensure the safety and well-being of anyone in the immediate area. This includes proper waste disposal, containment and storage of potentially toxic chemicals and much more. Ileana-Sorena (2014) described environmental costs as those costs associated with the creation, detection, remediation and prevention of environmental degradation. Environmental cost can be classified into four categories which are, environmental prevention cost, environmental detection cost, environmental internal failure cost, environmental external failure cost.

Spoken Environmental Solutions (2021) stated that environmental safety is decomposed into, occupational safety and health, environmental control and chemical safety. Occupational safety & health practices are focused on environmental safety in the workplace, thereby reducing risks to employees in any given workplace. Environmental control is concerned with preventing pollution and other threats to the environment and anyone that may be affected by it. For instance, preventing dumping of chemicals into the local ecosystem or ensuring proper management of waste materials. Chemical safety, concerns the safe storage, use, disposal and so on of various chemicals. Murphy (2010) equally defines environmental cost as a term used to describe the social cost that is incurred when substances are released into the air, water or land resulting in the pollution of the environment.

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Health and Recreation Expenses

Many people are interested in an organization's approach to environmental health and safety management including personnel; customers, clients, suppliers; the community; shareholders; contractors; insurers; and regulatory agencies. Preventing environmental hazards is also crucial to the success of any firm regardless of the scale of operations or industry. The reduction and, if possible, elimination of workplace hazards serves a two-fold purpose. The first is to ensure the safety and protection of the employees working in your firm. The second is compliance with the guidelines set by the Occupational Safety Health Act's (OSHA) General Duty Clause, which states that employers are required to provide a safe workplace for their employees. That is, employees must have a safe working environment that protects them from the effects of environmental hazards, including death and serious personal injury (Wong, 2010).

Health promotion and maintenance is the development of individual, group, institutional, community and systemic strategies to improve health knowledge, attitudes, skills and behavior. The primary objective is to positively influence the health behavior of individuals and communities as well as the living and working conditions that influence their health. It is a behavioral social science that draws from the biological, environmental, psychological, physical and medical sciences to promote health and prevent disease, disability and premature death through education-driven voluntary behavior change activities (Obikeze and Onwujekwe, 2020).

Education and Training Expenses

Naziev (2017) defines education as the socially organized and regulated process of continuous transference of socially significant experience from previous to following generations. The main way to receive an education is to take a course of training in the system of educational institutions. Scanlon (2021) also asserts that **education** is concerned with methods of teaching and learning in schools or school-like environments as opposed to various non formal and informal means of socialization like rural development projects and education through parent-child relationships. Education can be thought of as the transmission of the values and accumulated knowledge of a society. Education is designed to guide people in learning a culture, molding their behavior in the ways of adulthood, and directing them toward their eventual role in society. In view of this, ACS Distance Education (2021) stated that education brings about an inherent and permanent change in a person's thinking and capacity to do things. Many people have a superficial concept of education; equating it with doing a particular course or obtaining a particular qualification. Qualifications and courses however do not always equate with effective education.

Noe (2010) defined training as a planned effort by a company to facilitate employees' learning of job-related competencies. These competencies include knowledge, skills, or behaviors that are critical for successful job performance. The goal of training is for employees to master the knowledge, skill, and behaviors emphasized in training programs and to apply them to their day-to-day activities.

Earnings per Share

CFI Education Inc (2015) defined earnings per share as a financial ratio, which divides net earnings available to common shareholders by the average outstanding shares over a certain period of time. EPS formula indicates a firm's ability to produce net profits for common shareholders. Earnings per share is more valuable when analyzed against other firms in the same industry, and when compared to the firm's share price, that is price earnings ratio. Between two firms in the same industry with the same number of shares outstanding, higher earnings per share indicates better profitability.

Coleman, (2017) described earnings per share as the portion of a company's profit that is allocated to every individual share of the stock. It is a term that is of much importance to investors and people who trade in the stock market. Fernando (2021) also states that earnings per share indicates how much money a firm makes for each share of its stock and is a widely used metric for estimating corporate value. Higher earnings per share indicate greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price. Earnings per share are calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability.

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Environmental/Safety Expenses and Firm Profitability

Rahmawati and Putri (2020) used Ordinary least square regression explored effect of corporate social responsibility on financial performance with earnings management as a moderating variable from 2006 to 2008. Samples A sample of 27 companies listed in Indonesia Stock Exchange during the period was taken using purposive sampling method. Findings from the study provide evidence that firms that engage in the practice of earnings management have no influence on corporate social responsibility activities. Finding also shows that the activities associated with earnings management practices negatively affect the firm's financial performance in the future during the period.

In Pakistan, Rehan, Khan and Khan (2018) selected 8 banks operating in Pakistan and analyzed the effect corporate social responsibility on profitability of Banks in from 2006 to 2017. Donations and money spent on staff welfare of the firms were used as proxies for CSR. Earnings per share, return on asset and return on equity are the independent variables. Income variability, size of firm and expected growth rate were used as the control variables. Secondary data were collected from the financial reports of the selected banks. Results show that CSR, growth and size of firm have positive & significant effect on Return on equity while income variability have negative effect on Return on equity and return on assets. All variables have positive effect on Earnings per share but income variability has negative effect on Earnings per share.

Onuora and Christian (2019) analyzed the effect of environmental cost on financial performance of oil and gas companies in Nigeria. A sample of 7 oil and gas firms listed in Nigeria during the period was sampled for the study. Secondary data were collected from the sampled firm covering the period from 2017 and 2018. Ordinary least square regression analysis was used to analyze the data collected from the firms. Results indicate that environmental costs have no significant effect on gross profit margin. Result also shows that environmental cost has significant effect on returned on capital employed.

In Nigeria, Okafor (2018) examined the effect of environmental costs on firm performance of listed oil and gas firms in Nigeria from 2006 to 2015. Cost of Environmental Remediation and Pollution Control, Cost of Environmental Laws Compliance and Penalty, Donations and Charitable Contributions (DCC) are the independent variables and proxies of environmental costs while return on asset (ROA) is a proxy of firms' performance. Secondary data were collected from the sampled oil and gas firms and analyzed using regression analysis. Results of analysis indicate that better environmental performance positively impact business value of firms. Moreover, environmental accounting provides the organization an opportunity to reduce environmental and social costs and improve their performance.

Eze, Nweze and Enekwe (2016) adopted survey research design to explore the effects of environmental accounting on a developing nation using Nigerian as evidence. Primary and secondary sources were used in the study. Interview method was used to gathered primary data while secondary sources include internet, textbooks, journals, library research, national dailies and government publications. The data were analyzed using regression analysis. Results show that environmentally friendly organizations who voluntary disclose their environmental activities enjoy high level of competitiveness. Environmental accounting motivates organizations to track their greenhouse gas emissions and other environmental elements against reduction or elimination point.

Health/Recreation Expenses and Firm Profitability

In Nigeria, Onyekachi, Ihendinihu and Azubike (2020) evaluated the effect of environmental costs accounting and the earnings of oil firms in Nigeria from 2008 to 2017. Cross sectional data were obtained from the sampled firm for the 5 years' period of the study. Ordinary least square regression analysis was used to analyze the data collected from the study. The Results show that firm's investments on the environment associates significantly with firm earnings per share. Result also disclosed that a gap exists in the reporting of environmental activities of firms as a result of unavailability of the global accounting standard to ensure accountability and harmonization of environmental reports.

Mohammed, Tjjani and Ibrahim (2018) analyzed the effect of environmental cost on the performance of oil and Gas firms listed in Nigeria from 2007 to 2016. Panel data obtained from the National Petroleum Management Investment Services relating to four oil and gas firms in Nigeria was used to conduct the study. Remediation control cost, Pollution prevention cost, waste management cost and laws compliance cost are the independent variables and measured of environmental cost while firm profit for the period is the dependent variables and proxies for corporate performance. Panel data regression analysis was used to analyze the data collected. Results suggest that three out

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of the four environmental costs used as proxies have significant effect on the performance of listed Oil and Gas firms in Nigeria.

Khan and Tariq (2017) examined the impact of corporate social responsibility on financial performance of Islamic and Conventional Banks from 2010 to 2015. Social welfare, Health, Education, public Donation, and environmental protection are the independent variables and proxies for corporate social responsibility while return on asset return, return on equity, earnings per share and price earnings ratio are the dependent variable and proxies for financial performance. A sample of 17 banks listed in Pakistan and Bangladesh comprising of Islamic and conventional banks were sampled for the study. Secondary data were obtained from selected banks' annual reports and financial statements. Correlation and regression analysis are used to analyze the data collected. Overall results suggest that positive and significant relationship exist between CSR financial performances.

Akinleye and Adedayo (2017) sampled 5 multinational firms listed on the Nigeria Stock Exchange to ass the impact of corporate social responsibility on profitability of multinational firms in Nigeria. Secondary data spanning the period from 2010 to 2014 were collected for the study. The study, precisely analyzed the relationship and impact of CSR spending on profit after tax, and also the causal relationship between CSR spending and profit after tax. Correlation analysis, pooled ordinary least square regression, fixed effect and random effect models, granger causality test and post estimation test such as restricted f-test and Hausman test were all employed in the data analysis. Findings show that there is weak negative correlation between CRS spending and profit after tax. Corporate social spending exerts negative insignificant impact on profit after tax, while there is only evidence for unidirectional causal relationship running from CSR spending to profit after tax for Oando plc, among all the selected multinational firms.

Uwuigbe, Uwuigbe and Ajayi (2011) sampled 30 firms listed on the Nigerian Stock Exchange during 2006 to 2010 to investigate the corporate social responsibility disclosures by environmentally visible corporation in Nigeria. The study critically developed and utilized a disclosure index to measure the extent of corporate social responsibility disclosure made by firms in their corporate annual reports during the period. Regression analysis was used to analyze the correctional data obtained for the study. Findings show that a significant association exists between the corporate environmental visibility and the level of corporate social responsibility disclosure among listed firms in Nigeria. It was equally observed that environmentally visible firms disclose more environmental information in their annual reports in order to legitimize their operations and to avoid political costs arising from public scrutiny.

Education/Training Expenses and Firm Profitability

In Nigeria, Iheduru and Chukwuma (2019) sampled 14 food and beverages manufacturing firms listed on Nigeria stock Exchange to analyze the effect of environmental and social costs on performance of the firms in Nigeria in 2016. Secondary data of 2016 were collected from the selected firms and analyzed using multiple regression models. Results suggest that a significant negative relationship exists between environmental and social costs and return on capital employed and earnings per share and a significant positive relationship between environmental and social costs and net profit margin and dividend per Share.

Agbiogwu, Ihendinihu and Okafor (2016) explored the impact of environmental and social costs on performance of Nigerian manufacturing firms in 2014. Fifteen (15) food and beverage manufacturing firms listed on the Nigerian Stock Exchange in 2014 were targeted for the study. A sample of ten (10) of the was selected for the study while multiple regression analysis and t-statistics were used to analyze the data collected for the study. Finding indicates that environmental and social cost significantly affect net profit margin, earnings per share and return on capital employed of foods and beverage manufacturing firms in the country during the period.

Agbo, Ohaegbu and Akubuilo (2017) explored the effect of environmental cost on organizational performance in Nigerian Brewery Plc from 2011 to 2015. Donations, medical expenses, trainings, recruitment & canteen expenses were used as the independent variables and measures of environmental cost while return on assets is the dependent variable and measure of organizational performance. Multiple Regression Analysis was used to analyze the data collected for the study. Results indicate that that donation and medical expenses are negatively related with return on assets while trainings, recruitment and canteen expenses and the return on assets are positively related.

Bassey, Sunday and Okon (2013) used correlation analysis to examine the impact of environmental accounting and reporting on organizational performance of oil and gas firms operating in Niger Delta region of Nigeria. Results

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showed that environmental cost has statistically significant relationship with firm's profitability. The study concluded that firms should adopt a uniform method of reporting and disclosed environmental issues for the purpose of control and measurement of performance and that accounting standards should be published locally and internationally and reviewed continually to ensure dynamism and compliance to meet environmental and situational needs.

Theoretical Framework: Stakeholders' Theory

Edward Freeman propounded the popular Stakeholders' Theory in 1984. The theory state the contrary to Agency Theory that view organizations as a system of relationship between shareholders and management, Stakeholders' Theory view organizations as a system that accommodates not only the interest of the owners but also the interests of other groups within the environment which the organization operates.

Freeman (1984) argues that since organizations cannot operate and exist in isolation without relating with its immediate environment then the interest of other stakeholders like employees, customers, suppliers and host community might be considered in the process of strategic decision making. Therefore, the main argument of the theory, as pointed by Lawal (2011), is that organizations should not only maximize the returns of shareholders alone, but also the expectations of other stakeholders should be considered.

Finally, the theory argued that for a firm to achieve effective performance in the market, cordial relationship must exist between the firm and the stakeholders and the firm board should be large and diversified enough to accommodate the interest of other stakeholders. The stakeholder's theory proposed an increased level of environmental awareness which creates the need for companies to extend their corporate planning to include the nontraditional stakeholders like the regulatory adversarial groups in order to adapt to changing social demands as in (Malarvizhi and Yadav, 2008). The main concern of the stakeholders' theory in environmental accounting is to address the environment cost elements and valuation and its inclusion in the financial statements.

Methodology

This section is divided into: Population and sample selection, research design, sources of data, measurement of variables, model specification and method of data analysis. This study adopted *ex-post facto* researcher design. This means that data for the study were sourced from the annual reports and financial statements of selected oil and gas firms listed on the Nigeria Stock Exchange during the period of the study. The source of the data for the study is secondary data which were obtained from annual report and financial statements of selected oil and gas firm listed on the Nigeria Stock Exchange during the period of 2013 to 2019. This study was conducted in Nigeria precisely on oil and gas firms listed on the Nigeria Stock Exchange during the period of 2013 to 2019. The 11 oil and gas firms are listed on the Nigeria Stock Exchange during the period. These firms are the target population of the study. The study targeted 4 out of the total of 11 oil and gas firms listed on the Nigeria Stock Exchange during the period. Disclosure of corporate social responsibility expenditure in the annual reports and financial statement is the main criteria in selecting the 4 firms. The firms selected are: Mobil Oil Nigeria, Eterna Oil, Seplat Oil Nigeria and MRS Nigeria. Environmental and safety expenses, health and recreation expenses and education and training expenses are the independent variables and measures of corporate environmental disclosure while earnings per share is the dependent variable and measure of firm profitability. Multiple Regression Analysis was used to analyze the data obtained from the selected oil and gas. Environmental and Safety Expenses, Health and Recreation Expenses and Educational and Training Expenses are the independent variables and measures of environment disclosure while Earnings per Share is the dependent avertable and measure of firm profitability. This model was developed for the study and in line with the variables of the study

$EPS = \beta_0 + \beta_2 ESE + \beta_3 HRE + \beta_3 ETE + \varepsilon$
Where:
EPS= Earnings per Share
ESE = Environmental and Safety Expenses
HRE = Health and Recreation Expenses
ETE = Education and Training Expenses
β = Beta
ε = error terms

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Discussion of Findings

This section entails analysis of data and results drawn from the analysis.

Table 1 Regression Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.606	2.254	1.801	1.806	.245
	ESE	.787	.108	.421	3.142	.000
	HRE	.578	.261	.341	2.201	.041
	ETS	.506	.472	.551	2.401	.022

a Dependent **Variable**: EPS
Source: SPSS Output

The result from the analysis indicates that the significant level of environmental and safety expenses (ESE) in the regression model is significant at 5% level of significance (0.05>0.0000). Hence, there is enough evidence to reject the null hypothesis and accept the alternative hypothesis that environmental and safety expenses significantly affect earnings per share of oil and gas firms in Nigeria. Results from the multiple regressions analysis also indicates that the coefficient of ESE is 0.787, which is positive. In view of these results, we can state that the effect of ESE on earnings per share of the listed oil and gas firms in Nigeria during the period is positive and statistically significant. This result is consistent with the Stakeholders' Theory propounded by Edward Freeman in 1984. Freedman (1984) argues that firms cannot exist as an Island unto itself without relating with its immediate environment for collaboration as a strategy for survival. The result is also consistent with the findings of Rehan, Khan and Khan (2018) R who found that CSR, growth and size of firm have positive & significant effect on Return on equity while income variability have negative effect on Return on equity and return on assets. All variables have positive effect on Earnings per share but income variability have negative effect on Earnings per share. Onuora and Christian (2019) who observed that environmental cost has significant effect on returned on capital employed. The result is however, not consistent with the finding of Iheduru and Chukwuma (2019) who found that negative relationship exists between environmental and social costs and return on capital employed and earnings per share and a significant positive relationship between environmental and social costs and net profit margin and dividend per Share.

The results also show that the significant level of health and recreation expenses (HRE) in the regression model is significant at 5% level of significance (0.05>0.041). Thus, there is enough evidence to reject the null hypothesis and accept the alternative hypothesis that health and recreation expenses significantly affect earnings per share of oil and gas firms in Nigeria. Multiple regression analysis also shows that the coefficient of HRE is 0.578, which is also positive. Based on these results, we can state that the effect of HRE on earnings per share during the period is positive and statistically significant. This result again is in line with the Stakeholders' Theory developed by Edward Freeman in 1984. The result is also consistent with the findings of Okafor (2018) who found that environmental performance positively impacts business value of firms. Moreover, environmental accounting provides the organization an opportunity to reduce environmental and social costs and improve their performance. Agbiogwu, Ihendinihu and Okafor (2016 who observed that environmental and social cost significantly affect net profit margin, earnings per share and return on capital employed of foods and beverage manufacturing firms in the country during the period. This result is, however, not in agreement with the fining of Agbo, Ohaegbu & Akubuilo (2017) who observed that donation and medical expenses are negatively related with return on assets while trainings, recruitment and canteen expenses and the return on assets are positively related.

Results from the analysis equally reveals that the significant level of educations and training expenses (ETE) in the multiple regression model is significant at 5% level of significance (0.05>0.0022). Therefore, there is enough evidence to reject the null hypothesis and accept the alternative hypothesis that education and training expenses significantly affect earnings per share of oil and gas firms in Nigeria. The regression results also suggest that the coefficient of ETE is positive at 0.506. Based on these results, we can confirm that the effect of ETE on earnings per share of the firms during the period is positive and also statistically significant. This result again is in line with the Stakeholders' Theory developed by Edward Freeman in 1984. The result is also consistent with the findings of Eze, Nweze and Enekwe (2016) who conclude that environmentally friendly organizations who voluntary disclose their environmental activities enjoy high level of competitiveness. Environmental accounting motivates organizations to

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track their greenhouse gas emissions and other environmental elements against reduction or elimination point. Mohammed, Tjjani and Ibrahim (2018 found that environmental costs have significant effect on the performance of listed Oil and Gas firms in Nigeria. Khan and Tariq (2017) found that positive and significant relationship exists between CSR financial performance. Uwuigbe, Uwuigbe and Ajayi (2011) who found that a significant association exists between the corporate environmental visibility and the level of corporate social responsibility disclosure among listed firms in Nigeria

Conclusion and Recommendation

This study investigated the effect of corporate environmental disclosures on the profitability of listed oil and gas firms in Nigeria from 2013 to 2019. The study targeted a total of 11 firms listed on the Nigeria Stock Exchange during the period. A sample of 4 firms was selected from this population using purposive sampling technique. Secondary data were collected from the selected firms covering the period of the study. Multiple regression analysis was used to analyze the data collected. Based on the findings from this analysis, we concluded that the effect of environmental safety expenses (ESE), health and recreation expenses (HRE) as well as education and training expenses (ETE) on earnings per share of the listed oil and gas firms in Nigeria during the period are positive and statistically significant. The study recommends that: Oil and gas firm managers in Nigeria should create a budget for its environmental and safety expense. This will among others promote environmental friendliness and the safety of the workers, the host community and the general public and at the same time increase earnings for the oil and gas firms. Oil and gas firm managers should regularly make donations for health and recreation of its workers and the host communities. This will promote the health of the firm workers and the host community and will also go a long way in promoting a cordial relationship between the oil firms and the host communities. Oil and gas firm managers should also engage in building and renovation of schools in its host communities periodically. Award of scholarships to the indigent students of its host communities and training of communities in skill acquisition were also highly recommended.

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