Review of: "Corporate giving as earnings quality signal: some new evidence from Nigeria"

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Potential competing interests: No potential competing interests to declare.

Manuscript reviewing

Title: Corporate giving as earnings quality signal: some new evidence from Nigeria

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Originality:

The idea of the study has been introduced previously. It is just that the study did not find a relationship between corporate giving and earnings quality but instead rushed to confirm the study's originality. Meanwhile, the research design should be more precise, and the analysis technique needs to be supplemented. Preliminary work is likely to affect the results of the study.

Data:

The data in the 2013 to 2018 range is acceptable, but only 50 listed companies are too few. What the author does as a sampling technique is only to satisfy the statistical estimators that are minimally satisfactory but not representative of the population.

Multicollinearity test:

The study shows that the variables L_TA (VIF = 27.31) and CSRD (VIF = 13.22) have a collinear relationship and decide to exclude L_TA from the model. This culling action generally removes the critical variable and leads to the model missing the variable, the cause of the endogeneity problem. The author can replace the variable L_TA with another better variable than the variable itself. Since L_TA represents the firm size, the study can use the total number of employees, net sales, or company market capitalization as a substitute for firm size. This substitute would be better than removing it altogether. In addition, when removing the variable L_TA, the model is likely to violate the phenomenon of multicollinearity when the CSRD variable has VIFmax = 7.73 > 5. Unfortunately, the study did not mention which CSRD is highly correlated with any variable in the model.

Regression technique:

First, not carefully considering the problem of multicollinearity can make the regression results bias. Second, the study uses a REM model and controls year effects. So what are the results if we implement the REM model without controlling year effects? Similarly, still using REM and the study performing control year and industry effects, what would be the outcome?

The study separates the entire sample into two small samples and performs regression. However, the regression technique according to any method (such as Pooled, FEM, REM) did not see the author mentioned. It may be partially accurate, but the study only supports its argument while ignoring previous authors' objections. Moreover, the impact of corporate giving on earnings quality can be dependent on the size of the company, the performance of the company, or the characteristics of the board of directors. Unfortunately, none of the issues mentioned above has been carried out.

Robustness check:

The study mentioned the implementation of the 2SLS method and suggested that the CSRD variable is not endogenous. However, such an approach needs to be completed. The study does not indicate which variable CSRD will be affected by and which instrumental variable will be used.

English used:

Research should check for errors in words and phrases in the manuscript carefully. For example:

The findings could inspire policymakers and regulators to shift attention to other areas of CSR that matter (no 's').

This is probably the first paper (no 's') to provide critical results index needed for substantive comparison of future studies.

Overall:

The study can refer to some of the above suggestions to make the manuscript completer and more reliable.