AUDIT COMMITTEE ATTRIBUTE: AN IMPACT ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE PRACTICES FOR DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

This Paper examines the influence of audit committee characteristics on corporate social responsibility (CSR) disclosure practices in listed deposit money banks (DMBs) in Nigeria. The study is underpinned by the agency and legitimacy theories. Correlational research design was employed and the fourteen DMBs listed on the Nigeria Exchange Group (NGX) as at the end of year 2020 constituted the population. Ten DMBs were purposively selected for a period spanning 2016-2020. Statistical analyses were done on the collected data by employing descriptive statistics, correlation and regression statistical tools. The findings revealed that audit committee attributes do not significantly relate with CSR disclosure practices of the Nigerian DMBs. Therefore, this study recommended encouragement by policy-makers of the institution of audit committee with effective and efficient characteristics capable of influencing both the mandatory and voluntary disclosures in order to deepen the integrity of financial and non-financial reporting of Nigerian DMBs.

Keywords: Deposit Money Banks (DMBs), Audit Committee Attributes, Corporate Social Responsibility (CSR)

1. INTRODUCTION

Going by modern global financial trend, it is no gain saying that the banking industry portrays a major duty in every economy (World Bank Report, 2017). Nowadays,the avenue for banking business has been very competitively dynamic due to advanced development in technology and emerging challenges(Kengatharan & Sivakaran 2019). Indeed there is a reciprocal linkage between the banking institutions' activities and economic development (Shan, Jordan & Jianhong-Qi, 2006). In furtherance of this catalytic notion of financial/banking institutions, it is doubtless that the financial institutions radiate crucial role in the modern economy as the sector is the life-blood that keeps it thriving (Ghabayen, Mohamad & Ahmad, 2016; Oyewale, 2018). However, despite the positivity of the banking/financial industry to economic growth, it is also true that any calamity befalling the banking institution will substantially impact the economy considering the notable bond between the banking sector and other sectors of the economy (Ghabayen, Mohamad &Ahmad, 2016).The Nigerian banking industry has been a focal point of debatable rhetoric and global attention. Right from the advent of Universal banking in 2000 to 2005 introduction of ₦25Billion minimum capital requirement. And further to 2009 banking reform that culminated into the sacking of eight CEOs; the corporate governance and corporate social responsibility issues have become very prominent (Oyewale, 2020). In line with Raymond (2015) position, the Nigerian DMBs have (over the years) dispensed considerable resources allocation, action plan and practices towards better community and its environs.

Audit committee is an offshoot of the board of directors (BoD) that serves as intermediary between the BoD, auditors, executive and non-executive officers(Kengatharan & Sivakaran, 2019; Ousama et al 2019; Tasawar, 2017). It is pivotal in enhancing internal control and corporate disclosure practices. Sheikh, Abdullah & Shah (2019) have been able to hinge the need for an audit committee in the corporate governance structure to some of the recent global economic down turns. Transparency and accountability in reporting can only be achieved through audit committee dutifulness (Khalil, 2019; Bebchuk et al, 2014; Zechman, 2017).

Besides the glaring contributions of audit committee in modern day banking dispensation, the significant role of corporate social responsibility (CSR) cannot equally be downplayed. There is an increasing public awareness about the environmental and social implications of banks and other corporate entities and the other duties they could discharge in addition to their main economic functions(Ghodratolla, Mohsen & Malaki, 2019). Disclosure of CSR in businesses is concerned with providing information on companies' interaction with business environment, society, consumers and employees (Gray, Javad, Power & Sinclair, 2017; Kamaliah,2020). It is a way companies contribute to the development and progress of an economy following the social issues their activities created (Odia, 2017). Although, Adeyeye et al., (2020) had noted that companies employed CSR as tax planning strategy; a means of attracting institutional investors (Daas&Alaraj, 2018; Vermander et al, 2014); such disclosure could increase firm value, decrease the information gap between managers and stakeholders and enhance trust and confidence (Akhtaruddin & Haron, 2010; Księżak et al, 2017; Talbert, 2019; Abdallah, 2019). Moreover, CSR serves as instruments

employed to reduce information irregularities, lowering agency costs and improving financial reporting transparency (Mocan, et al., 2015).
Quite recently, there is growing interest by researchers in investigating firms' financial and non-financial disclosure practices,especially the information not compelled by the law *(*Akhtaruddin & Haron, 2014).Today, communication of CSR is being emphasized by concerned stakeholders such as government,finance providers, academics, professionals, and society as a whole through insistence that firms should be overly responsible for sustainable development (Sheehy, 2015; Farrington, 2017). Since CSR disclosure is driven by firms' style and preferences of policy formulation and decision-making processes,effective audit committee characteristics become crucial(Adhikari, 2016). Although, studies (Garas & ElMassah, 2018; Appuhami & Tashakor, 2017; *Mocan, et al,2015*) have extensively examined and documented existence of positive linkage between AC attributes and disclosure of CSR, other studies have found negative relationship.

These trending developments thus render it imperative to give the conceptual issues of audit committee and the attendant corporate social responsibility its pride of place in the modern corporate and financial settings – within whose spectrum the banking sector operation is of vital importance. Therefore, this study analyse the extent to which audit committee's meeting, financial expertise, size, independence and gender impact CSR disclosure of the Nigerian DMBs.

2. LITERATURE REVIEW

2.1 Conceptual Review

Audit Committee

Audit Committee (AC) may be viewed as a committee formed in big organisations to fortify corporate governance. It is made up of autonomous members of the management who possess an appreciable financial knowledge and carry out functions and powers to improve assurance in financial reports and maintain audit quality. However, Arens et al., (2015) sees the audit committee as a group of selected individuals from amongst the BoD of the firm, whose duty is to ensure that auditor is free from management's interference and may consist of three, five or seven members other than the executive directors. Also, according to (Khalil, 2019; Charan,2015), audit committees can also be referenced according to their attributes as they exert their powers and discharge their functions as a committee emanating from the BoD.

Corporate Social Responsibility(CSR)

CSR depicts a corporate integration of social and environmental dimensions in their business operations and dealings with their stakeholders. It is often a willful reporting of activities related to employee, market place, social, and environment (Ghabayen, Mohamad & Ahmad, 2016; Mocan, et al 2015; Vermander, 2014). The main reason for such disclosure is to hold the firm answerable to their society and promote the positive impact of the firms to all related parties. CSR therefore refers to a way of maintaining proportionality between the financial and non-financial targets of firms, while protecting the best interest of society as a whole (Kiliç, Kuzey & Uyar, 2015; Adhikari, 2016). DMBs, as an investment hub thrives on economic performance. Therefore, achieving substantial financial results for the improvement of CSR and philanthropic activities becomes preferable (Burianová& Paulik, 2014;Daas & Alaraj, 2019*)*.

Audit Committee Attributes

According to Khalil (2019), both local and international legislations stipulated that the BoD of publicly listed companies (banks or non-banks) should put in place an audit committee and ascertain its features with a view to exploiting the supposed benefits and discharge its supervisory and regulatory responsibilities. These are discussed below.

Audit Committee Size

This attribute refers to the number of directors on the board. The BoD must necessarily constitute adequate number of individuals into the audit committee with sufficient combination of expertness and potentiality to aid its functions and guarantee achievement of corporate objectives. Often, this ranges from three to seven non-executive members of the BoD (Arens et al, 2015). This could then impact the organisation's image and relationships with stakeholders. Generally, mixed findings greet the association between audit committee size and CSR disclosure.

Audit Committee Gender Diversity

More than ever before, the considerable involvement of women in all modern activities around the world has observably surged. Today, women presence in the corporate governance spectrum could enhance corporate value and thus, cannot be ignored in this era (Ghabayen, Mohamad & Ahmad, 2016). In this regard despite the clamour for more women participation to engender gender equity, a number of conflicting claims still abound.

Audit Committee Meeting Frequency

A plethora of studies have attributed the number of times AC met annually as a measure for committee effectiveness. Allegrini & Greco (2019) found significant relation between at least four meetings of AC members in a year and the extent of willful disclosure and intellectual capital reporting. The latter position is not universal as contrary opinions abound.

Audit Committee Financial Expertise

Audit Committee financial expertise refers to the level of accounting and financial skill possessed by members of the audit committee, and is usually represented by the proportion of members with accounting and financial skill on the audit committee. As a means of discharging effective supervisory role to enhance financial reporting process, the BoD and especially, audit committees need necessary financial knowledge and skill (Allegrini & Greco 2019; Mappadang, 2021; Ali, 2019).

Audit Committee Independence

The independence of audit committee is the magnitude of autonomous outside directors on the audit committee. Invariably, in order to maintain an appropriate balance on the BoD, it should comprise of non-executive directors of appropriate quality and number. This would make their views acknowledged in the board's decisions making (Code of Best Practice on Corporate Governance, 2013). Thus, the board should necessarily two non-executive directors or such amount of non-executive directors' equivalent to one-third of total number of directors, whichever is higher.

Audit Committee Attributes and CSR Disclosure Model

In Figure 1 below,the arrow between audit committee attributes and CSR disclosure depicts the link between the variables. ACs need to have appropriate wherewithal, control, expertise and heterogeneity to be able to discharge their monitoring and reporting responsibilities.The arrow between AC size and CSR disclosure depicts inverse relationship between them. Although some studies have documented positive relation between AC size and financial reporting quality,the agency theory suggested existence of negative relationship between AC size and CSR disclosure. The higher the number of meetings the AC held, the better the CSR disclosure. Frequency of meetings are required of ACs in order to spend sufficient time to uncover potential risks and enhance disclosure. As between audit committee independence and CSR disclosure, Figure 1 depicts positive relationship between them. Therefore, the involvement of outside autonomous directors could possibly reduce degree of connivance by managers to amass wealth of shareholders to themselves.

The higher the audit committee's financial skill; the higher the CSR disclosure. The arrow between gender diversity and CSR disclosure depicts the positive relationship between them. There is evidence that women representation on boards can increase a corporation's value.

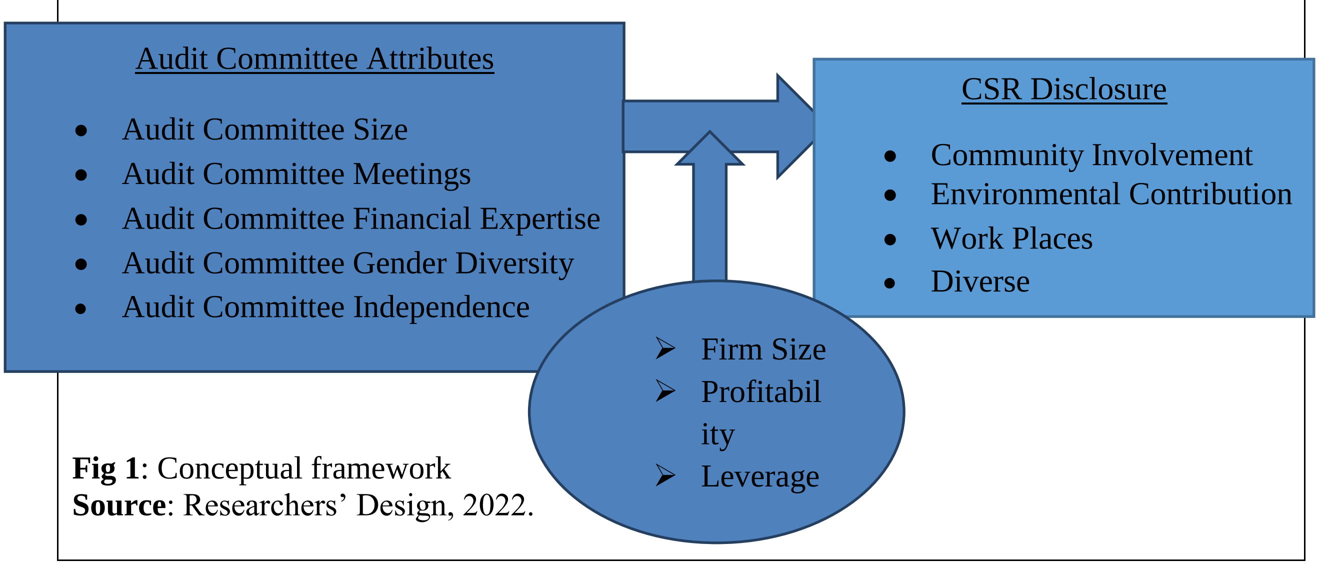

Fig 1: Conceptual framework
Source: Researchers' Design, 2022.

2.2 Theoretical Framework

Over the last two decades, several studies on CSR disclosure have contributed to further theoretical development and their practical application in banking and other business world. This research effort is based on two theories: legitimacy and agency theories. As a landmark illustration, a notable reference could be made to Shamim (2018) who adopted the agency theory to analyze the relationship between audit committee characteristics and CSR disclosure. In 1976, Jensen and Meckling formulated the agency theory and stressed the principal-agent relationship which can be conceptualized as an arrangement whereby a principal designates an agent to carry out tasks based on the directives and interest of the principal. Agent has to make decision in order to perform tasks given by principal(Muhamad, 2019). Under agency theory, the AC, playing the internal monitoring mechanism attempts to mitigate agency conflict/costs, improve the quality of disclosure and enhance financial reporting process (Jensen & Meckling, 1976; Madi et al., 2014; Appuhami & Tashakor, 2017; Setiany et al., 2017); this might improve performance and leads to higher quality of CSR disclosure.

3. METHODOLOGY

This study has adopted a correlation research design that gives specific direction for procedures in a research (Creswell, 2014) and seeks to measure statistical relationship between two variables without controlling either of them (Ghodratolla, et al., 2019). Our research population spans 10 out of 14 listed DMBs in Nigeria which includes (as at end of 2019): GTB, UBA, Stanbic IBTC, Zenith bank, Fidelity bank, Access bank, Wema bank, Sterling bank, FCMB, Union bank, Polaris bank, First bank, Unity bank and Ecobank. The four (4) criteria employed in selecting the sampled DMBs for our research purpose are DMBS that:(i) registered with the Nigerian Exchange Group; (ii) published annual reports for the period 2016 - 2020; (iii) implemented Corporate Social Responsibility Disclosure (CSRD); and (iv) have a non-negative profit report from 2016 - 2020.Secondary data were sourced from both the corporate governance and financial statement sections of annual report of the sampled banks downloaded online.

Table 2: Model Specification

$$CSRD_{it} = \beta_0 + \beta_1 sac_{it} + \beta_2 mac_{it} + \beta_3 ind_{it} + \beta_4 fexp_{it} + \beta_5 gender_{it} + \beta_6 size_{it} + \beta_7 roa_{it} + \beta_8 lev_{it} + \beta_9 floc_{it} + \varepsilon_{it}$$

Where, *CSRD* = corporate social responsibility disclosure

sac= size of audit committee determined as the actual number of people on the AC

mac= AC meeting frequency, represented by the number of AC meeting per year

ind = independence of AC members, measured as proportion of non-executive directors among the committee, also holding no shares in the company

fexp = financial expertise of AC members, represented by the proportion of financial experts on the AC

gender= gender of AC members, represented by the proportion of female directors on the AC
size= Natural logarithm of asset
roa = return on equity ratio
lev= debt to equity ratio
floc= firm locality; represented by “1” if multinational, or “0” if local bank
β= parameters
ε= error term
it = the *i*th company at time ‘t’

As seen in Table 2 above, this study developed multiple regression model to represent the link between the dependent and independent variables. It further captures the impact of audit committee attributes on CSR disclosure of the Nigerian DMBs.:

Measurement of Variables

Dependent Variable

This research utilized a content analysis to codify qualitative and quantitative information. Thus CSR activities were decomposed into four parts (i.e., community, environment, workplace and diversity). Following the checklist by Maqbool and Zameer (2018), there are a total of 32 items (see Appendix 1).

Thus, where a DMB reported certain item of the checklist, “1” is assigned, otherwise “0”. The actual CSR disclosure level in a particular DMB which indicates the “variety” of CSR disclosure by that DMB (Li *et al.*, 2015), is computed as:

CSRD of a DMB = Number of CSR items disclosed by the DMB.

Independent Variables

The study measured all the independent variables in this study following the approach in Ruwini and Nimalathasan (2019).

Control Variables

Based on the (Li et al., 2015; Cerbioni & Parbonetti, 2017) studies, four control variables including return on asset (ROA) financial leverage (LEV), firm size (SIZE) and firm locality (FLOC) were used to weigh other factors that might impact the AC variables and the level of CSR disclosure.

Table 3 below, provides the details of the measurement of the variables.

Variables	Symbol	**Measurement**
Dependent variable		
Variety of CSR disclosure	CSRD	Number of items in the Appendix 1 reported by the sampled DMBs.
Independent variables		
Frequency of AC meetings	MAC	Number of AC meetings.
AC Financial expertise	FEXP	Proportion of financial experts on the AC.
Size of AC	SAC	Number of AC members.
Independent members	IND	Proportion of non-executive directors with no shareholding comp
AC gender	GENDER	Proportion of females on the AC.
Control variables		
Return on asset	ROA	Net income scaled by total assets.
Firm size	SIZE	Natural Log of total assets.
Financial leverage	LEV	Total liabilities scaled by total assets.
Locality of firm	FLOC	"1" if firm is multinational, "0" if firm is Nigerian.

4. RESULTS AND DISCUSSION

The data collected were analyzed through the use of descriptive statistical tools. Correlation analysis and regression analysis were used to test the hypothesis.

Table 4: Descriptive Statistics of the Study's Variables

	CSRD	FEXP	LEV	FLOC	SIZE	GENDER	IND	MAC	ROA	SAC
Mean	27.6600	0.6432	0.7057	0.5000	9.1878	0.1847	0.4754	4.1000	0.0228	5.9600
Median	27.5000	0.8333	0.8671	0.5000	9.3625	0.1666	0.5000	4.0000	0.0176	6.0000
Maximum	31.0000	1.000	0.9387	1.0000	10.0202	0.5000	0.7500	7.0000	0.1126	8.0000
Minimum	24.0000	0.000	0.0096	0.0000	8.1184	0.0000	0.0000	2.0000	0.0006	3.0000
Std. Dev.	1.64887	0.4084	0.3450	0.5050	0.5680	0.1519	0.1309	1.1293	0.0201	0.8071
Skewness	0.1418	-0.7170	-1.4727	0.0000	-0.5821	0.4539	-2.6860	0.8328	2.0895	-1.3396
Kurtosis	2.4450	1.8060	3.2158	1.0000	2.1035	2.4620	11.3548	4.7611	9.2328	7.1758
Jarque-Bera	0.8092	7.25394	18.1720	8.3333	4.4978	2.3200	205.5477	12.2426	117.3204	51.2834
Probability	0.6672	0.0265	0.0001	0.01550	0.1055	0.3134	0.0000	0.0021	0.0000	0.0000
Sum	1383.000	32.1607	35.2853	25.0000	459.3932	9.2357	23.7738	205.0000	1.1412	298.0000
Sum.Sq.Dev.	133.2200	8.1756	5.8343	12.5000	15.8107	1.1315	0.8408	62.5000	0.0198	31.9200
Observn.	50	50	50	50	50	50	50	50	50	50

Source: Researchers' Computation (E-view 10) 2021

In Table 4, the mean of audit committee size (*sac*) is 5.96, this reveals that the DMBs have an average of 6 members which may include both board of director and shareholders (S. 359 of CAMA, 2009; PWC (2018) and KPMG (2017)). The mean of the audit committee meeting (*mac*) is 4.10 indicating an annual average of 4 meetings in a financial year. The mean of the audit committee gender (*gender*) is 0.1847, with a minimum index of 0.0000, maximum of 0.5000, this signifies that there is low participation of female in the audit committee. This low level of female gender presence may be explained, perhaps by absence of specific regulation promoting gender diversity in ACs in the country. The mean of the AC financial expertise (*fexp*) is 0.6432 with maximum index of 1.00 indicating that the committee has an average of one person with accounting and financial skill. The mean of the AC independence (*ind*) is 0.4754, indicating that generally,at least one non-independent executive director is present among the AC. With a minimum index of 0.0000, maximum of 0.7500. The mean of the CSR disclosure index (*CSRD*) is 27.66, indicating that an average number of 28 CSR was disclosed by banks. With a minimum index of 24, a maximum of 31 implies that banks without much disclosure disclosed 24 CSR items, while banks that disclosed lot of CSR disclosed 31 CSR index.

Further, the mean of financial leverage is 0.7057 which shows that most of the banks have high degree of financial leverage with minimum value of 0.0096 and maximum value of 0.938. The mean value of firm locality (*floc*) is 0.5 with minimum value of 0 and maximum value of 1, which indicate that most of the sampled DMBs have international affiliation hence, they generate revenue in more than one country. The Table revealed mean value of firm size (*size*) as 9.18, with minimum value of 9.11 and maximum value of 10.020. This suggests that majority of the sampled banks are relatively big in size. The mean value of return on asset (*roa*) is 0.0228, with minimum value of 0.00 and maximum value of 0.11, this signals that most of the sampled banks do not generate enough return on assets employed. Overall, each variable records low standard deviation implying stability of the data over the sampled period and signifying that the data disperses slightly from the mean.

Correlation Matrix for all Variables

Table 5 presents the result of correlation analysis to assess the nature of the association between the dependent, independent and control variables.

Table 5: Correlation Matrix

Correlation	CSRDI	FEXP	LEV	FLOC	SIZE	GENDER	IND	MAC	ROA
CSRD	1.000000								
FEXP	0.207240*	1.000000							
LEV	-0.162864	-0.382437	1.000000						
FLOC	0.183790	0.206967	-0.029098	1.000000					
SIZE	-0.040775	-0.241158	0.798667	0.326344	1.000000				
GENDER	0.059896	0.186247	0.199817	0.345352	0.179661	1.000000			
IND	0.092213	0.292600	-0.003502	0.211146	0.131664	-0.165561	1.000000		
MAC	-0.178633	-0.103565	0.094222	-0.411437	0.051545	-0.179191	-0.029067	1.000000	
ROA	0.067958	0.446952	-0.406712	0.516553	-0.085515	0.226720	0.233694	-0.059417	1.000000
SAC	-0.025763	0.143746	-0.227309	0.300376	-0.157441	-0.007464	-0.133556	0.071644	0.223469

Source: Researchers' Computation (E-view 10) 2021

The correlation between CSRDI and Financial expertise (*fexp*) is positive, low and significant (r = 0.21) at 5%. This indicates that financial expertise of the AC has low positive impact on the level of CSR disclosure by the bank. Financial expertise is found to have a negative, low and significant relationship with audit committee meeting, financial leverage and firm size (-0.10, -0.38 and -0.24) respectively. This means that the more the members with financial knowledge, the less audit committee meeting that would be conducted. CSRD is found to have a negative, low and significant relationship (r = -.16) with financial leverage. This means that the financial leverage of banks inversely affects the disclosure of CSR but at the low rate. Thus, highly geared banks report less CSR as consideration would likely be placed on how debt will be paid and not the level of CSR reported. Financial leverage has high and significantly positive relationship (r = 0.7) with firm size. This indicates that firm with large size are mostly funded with debt i.e they are highly geared. The result also show a positive, low and significant relationship (r = 0.18) between CSRD and firm locality, this means that the locality of a firm have a little positive impact on CSR disclosed, banks with international presence tend to disclose more CSR than local banks. Also, firm locality measures a moderately positive and significant association with ROA (r = 0.5) indicating that locations of banks have positive effect on the level of profitability hence, multinational banks tend to make more profit than local banks.

The result shows a positive, low and insignificant link between gender and CSRD(r = 0.05, p< 0.5). This weak and insignificant correlation indicates that the presence of women among the AC has minimal impact on CSRD. There is also a negative, low but significant relationship between gender and independence and meeting, while the relationship is low and insignificant with size of AC (-0.16, -0.17 & -0.006) respectively. This indicates that presence of women in the AC is inversely related with the frequency of meeting, size and independence of the AC.

Audit committee independence has a positive, low and insignificant relationship (r = 0.092) with CSRD. This implies that AC independence exerts no impact on the level of CSR disclosed. Also, the relationship between meeting and independence is negative (r = -0.029), showing that the level of audit committee independence inversely determines the numbers of meeting to be held, high independence means low meeting.

The result shows a negative, low and insignificant association between AC meeting (*mac*) and CSRD (r = -0.179), this means that frequency of meeting held inversely affect the level of CSR disclosed but at a very tiny rate. Banks that have frequent audit committee meeting might disclose lesser CSR, but the effect of the meetings on the disclosure is very insignificant. Also, the result shows a negative, low and insignificant relationship between size of AC and CSRD (r = -0.025). This means that the size of the committee have an inverse relationship with CSR disclosed, banks with large audit committee size might disclose less CSR, but the effect of the size on the disclosure is very little and insignificant.

Test of Multi-colinearity

Results in Table 6 show the result of multi-collinearity among the variables. Based on the collinearity statistics, the maximum variance inflation factor (centred VIF) is 5.4 and the lowest is 1.4, which is below the critical point of 10 (Chukwu & Nwabochi, 2019). This indicates that there is no severe multi-co linearity.

. Hence, there will be no unusual influence on the regression results.

Table 6: Test of Multi-co linearity of the Model

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	74.04757	1266.711	NA
FEXP	0.565706	5.586142	1.582372
LEV	2.708232	28.47888	5.405999
FLOC	0.813465	6.957861	3.478930
SIZE	0.969138	1404.771	5.242449
GENDER	4.315693	4.189669	1.670726
IND	5.068237	21.05913	1.457996
MAC	0.073064	22.57285	1.562351
ROA	319.8079	5.022139	2.171800
SAC	0.135102	83.57116	1.475438

Source: Researchers' Computation (E-view 10) 2021

Test for Heteroskedasticity

Table 7: Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.642487	Prob. F(9,40)	0.7540
Obs*R-squared	6.315071	Prob. Chi-Square(9)	0.7080
Scaled explained SS	2.841115	Prob. Chi-Square(9)	0.9703

Source: Researcher's Computation (Eview 10) 2021

Based on the result in Table 4, the Breusch-Pagan-Godfrey test reported a chi-square probability value of 0.7080 which is greater than 0.05. Thus, the presence of homoskedastic residuals is upheld which signifies unbiased variances and that the data set have similar dispersion and variability from the standard line.

Hausman Test

Decision on whether to use fixed or random effect for estimation of the panel regression model was based on Hausman test analysis. Where the Sig. value is less than 0.05, the random effect model is considered appropriate otherwise; the fixed effect model is preferred.

Table 8: Test cross-section random effects

Test Summary	Chi-Sq. Statistics	Chi-Sq. d.f.	Prob.
Cross-section random	20.166435	8	0.0097

** Note:: estimated cross-section random effects variance is zero.

Table 9 : Wald Statistics

Test Statistic	Value	Df	Probability
F-statistic	1309.351	(10, 40)	0.0000
Chi-square	13093.51	10	0.0000

Null Hypothesis: C(1)=C(2)=C(3)=C(4)=C(5)=C(6)=C(7)=C(8)=C(9)=C(10)=0
Null Hypothesis Summary:

Normalized Restriction (= 0)	Value	Std. Err.
C(1)	24.83397	8.605090
C(2)	0.689157	0.752134
C(3)	-1.734847	1.645671
C(4)	0.575429	0.901923
C(5)	0.546802	0.984448
C(6)	0.554390	2.077425
C(7)	0.336985	2.251275
C(8)	-0.088806	0.270303
C(9)	-18.91684	17.88318
C(10)	-0.196535	0.367562

Restrictions are linear in coefficients.

Source: Researcher's Computation (Eview 10) 2021

The result presented in Table 9 implies that fixed effect is appropriate for estimating the model. The result of Hausman test chi-square displayed p-value of 0.01, which is less than 5%. Thus, the fixed effect model is chosen to run the analysis.

Further, see Wald statistics to decide between using the fixed effect model (FEM) and OLS. The result shows that FEM is more appropriate as the model is statistically significant.

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.432633	Mean dependent var	27.66667
Adjusted R-squared	-0.077997	S.D. dependent var	1.363690
S.E. of regression	1.415873	Akaike info criterion	3.839900
Sum squared resid	40.09394	Schwarz criterion	4.650353
Log likelihood	-55.87804	Hannan-Quinn criter.	4.130683
F-statistic	0.847253	Durbin-Watson stat	2.610448
Prob(F-statistic)	0.035781		
Inverted AR Roots	-.30		

Source: Researchers' Computation (E-view 10) 2021

TEST OF THE HYPOTHESES

Table10: Regression Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28.66994	29.02668	0.987710	0.3351
FEXP	-0.425029	1.880314	-0.226041	0.8235
LEV	10.63292	25.87471	0.410939	0.6855
SIZE	-0.618826	3.856833	-0.160449	0.8741
GENDER	0.843703	3.535679	0.238625	0.8138
IND	-0.776445	3.792187	-0.204749	0.8398
MAC	0.281305	0.388680	0.723745	0.4776
ROA	-11.66839	19.84063	-0.588106	0.5630
SAC	-0.540995	0.720122	-0.751255	0.4612
FLOC	-0.299101	0.239962	-1.246452	0.2270

The coefficient of determination (R-square), a reflection of the proportion of the total change in the dependent variable possibly explained by the change in the independent variables is 43%. This suggests that AC characteristics could explain 43% of changes in CSR disclosure. F- statistics that tells the overall fit of the model. It shows the overall combined effect of the model with a prob. (F-stat) of 0.03< 0.05 indicating that the model is better. Standard error shows how much variation occurs from predicting the slope coefficient estimate, from table 4.8 shows a low standard. error of 1.36 which indicate that there is stability over the coefficient estimate.

Akaike/Schwartz/Hannan Quinn info criteria are used to select between competing models. From the result, Akaike info criterion (AIC) value of 3.83 is the lowest among the three and therefore signals that in this study, fixed effect model is the best model to adopt. Durbin Watson statistics value of 2.6104 indicates serial correlation in the residuals.

From the fixed effect regression results, it was observed that the explanatory variables do not have significant impact on the CSR disclosure of the sampled DMBs. For the independent variables, the coefficient of regression for FEXP, IND and SAC were all negative and these suggest existence of inverse relationship between each of these variables and CSRD. This would mean that the more financial experts and independent members and the larger the size of the AC, the less likely is for CSR information to be disclosed. However, the t-value for each of these variables are not statistically significant (-0.226041, -0.204749 and -0.751255; $p > 0.05$). Meanwhile, the regression coefficient of GENDER and MAC are both positive suggesting that the more female members in the AC and frequency of the AC are likely to promote CSRD. The t-value for each of these variables are not statistically significant (0.238625 and 0.723745, $p > 0.05$). Moreover, three of the control variables: ROA, FLOC and SIZE exhibit positive regression coefficient except LEV which shows negative coefficient. While banks with high return on assets ratio, international presence and larger size would not likely disclose CSR information, highly geared banks are more likely to disclose CSR. In addition, all the control variables have t-values that are not statistically significant at $p > 0.05$. Consequently, no sufficient statistical ground to reject any of the null hypotheses.

5. CONCLUSION

This study has assessed whether AC attributes impact CSR disclosure in the Nigerian banking sector. As a logical extension, the objective was earmarked to also evaluate the relationships between each of the AC meeting, size, financial expertise, gender, independence and CSR disclosure. Firstly, the result disclosed that AC meetings is not significantly related with CSR disclosure. This indicates that an increase in frequency of audit committee meeting does not lead to any significant change in corporate social responsibility disclosures. This outcome aligns with the findings of Ghabayen, Mohamad and Ahmad (2016). With regard to the connection between AC financial expertise and CSR disclosure, the finding here reveals that an increase in number of members with financial and accounting knowledge among the AC does not affect the disclosures of CSR. We therefore retain the second null hypothesis (H_{02}).This is in accord with the findings of Othman et al., (2014), Ibrahim, Alkasim and Onipe (2019), Joseph (2009) and Elfeky, Fang and Issa (2019). Thirdly, having examined the association between AC size and CSR disclosure of DMBs, the result indicated that AC size has no significant connection with their corporate social responsibility disclosure. Thus an increase or decrease in the AC size will not affect the level of corporate social responsibility disclosure. The null hypothesis H_{03} is therefore accepted. This outcome also agrees with the findings of Othman et al., (2014), Ibrahim, Alkasim and Onipe (2019) and Joseph (2009). However, the finding refutes the assertion of Joseph (2017) which showed a significantly positive association between AC size and CSR disclosure. The inconsistency in the findings may be due to differences in the country where the studies were carried out or differences in methodological approaches. Also, the possible link between AC independence and CSR disclosure was tested and the result showed an insignificant relationship exists. This suggests that an increase or decrease in audit committee independence will not affect CSR disclosure. The null hypothesis H_{04} is therefore retained. This study agrees with findings of Ibrahim, Alkasim and Onipe (2019) and Joseph (2009). The last objective examined the effect of AC gender on CSR disclosure. The result showed that AC gender has no relationship with corporate social responsibility disclosure. This suggests that diversity in AC gender will have no impact on From the results of the analysis it is concluded that audit committee (with adequate characteristics) can separately form part of internal monitoring process and CSR disclosure in the Deposit Money Banks (DMBs). Secondly, sufficient caution should apply in deciding the extent of CSR disclosure where AC with satisfactory attributes is non-existent. However, in extending application of the outcomes of this study, some reservations should plausibly be exercised. First, this study is limited to AC attributes of the DMBs listed on the Nigerian Exchange Group (NGX)only. Non-listed firms may have ACs with divergent attributes to improve the monitoring process and disclosure. Second, annual reports have been content-analysed to obtain data on CSR disclosure measures. Related data on CSR disclosure adventures may be provided by firms through other avenues such as corporate websites, newspapers and stand-alone reports. Lastly, other AC attributes capable of impacting CSR disclosure practices have not been considered. These include attitude and cultural difference of AC members. These concerns thus provide rationale and avenue for further studies.

Based on all the aforesaid, the study recommends the followings:

i. The central bank of Nigeria and other regulators should consider mandating disclosure of CSR activities by the DMBs via the watch of ACs in order to ensure meeting the growing call for CSR disclosure. Thus we agree with the null hypothesis H_{05}. This outcome tallies with the findings of Kengatharan and Sivakaran (2019).

ii. Transparency and credible CSR disclosure.

iii. Members of the AC should be required by policy-makers to acquire a mix of relevant expertise, in addition to the financial skill requirement, including skill in leadership, governance, legal, and technology. This should be brought to bear on deliberations in the AC meeting.

iv. On the whole, all monitoring mechanisms at relevant levels should be kept operational and a potent feedback scheme installed so as not to engender a free-for-all abuse of responsibilities.

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APPENDICES

Appendix 1: Checklist for Corporate Social Responsibility Disclosure

Categories	**CSR checklist**
Community involvement	Opening up or contributing toward educational institutions
	Aid to flood/drought/disaster victims
	Construction and maintenance of roads
	Construction for the promotion of art, culture and sport
	Provision of drinking water facilities
	Contributing towards healthcare.
	Construction of temples, community halls, parks, and so on
	Promotion of rural income generation schemes
Environmental contribution	Certified under ISO 14000 series
	Going for land reclamation and afforestation.
	Installed effluent treatment plant.
	Going for rain harvesting programmers
	Recycling of pollutants and wastes.
	Engaged in eco-friendly products/ process.
	Efficiency in paper using
	Power saving/energy conservation.
Workplaces	Providing better working environment to the employees–. –
	Retirement fund benefit plans, i.e., gratuity, provident fund.
	Proper safety measures for accident-prone activities.
	Frequent training/development programmes for employees.
	Spending for the welfare of employees.
	Providing medical facilities to employees.
	Profit sharing/share ownership programmes for employees
	Women Harassment at workplace
Diversity	Redress of grievance of workers/shareholders/ employees
	No child labor in employment
	Different training programs for empowerment of youth
	Welfare activities for SC/ST/ and disabled persons
	Providing agriculture guidance/schemes
	Financial inclusion schemes.
	Better customer service/customer guidance/after sale

Source: Shafat et al(2018).

Banks	Years	CSRD	Banks	Years	CSRD	Banks	Years	CSRD	Banks	Years	CSRD
Access Bank	2016	30	UBA	2016	26	First... Bank	2016	31	Fidelity Bank	2016	30
	2017	31		2017	28		2017	28		2017	27
	2018	29		2018	28		2018	28		2018	28
	2019	28		2019	26		2019	29		2019	28
	2020	30		2020	29		2020	27		2020	27
GTB	2016	26	**EcoBank**	2016	26	**Wema** Bank	2016	25	**Sterling** Bank	2016	27
	2017	29		2017	28		2017	25		2017	28
	2018	29		2018	26		2018	30		2018	27
	2019	30		2019	28		2019	27		2019	28
	2020	27		2020	25		2020	26		2020	30
Zenith Bank	2016	24	**FCMB**	2016	28						
	2017	26		2017	27						
	2018	27		2018	27						
	2019	26		2019	27						
	2020	27		2020	30						

No of CSR disclosed by sampled banks from 2016-2020.