



Effect of corporate social responsibility disclosure on financial reporting quality of deposit money banks in Nigeria

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Abstract

The study examined the effect of Corporate Social Responsibility (CSR) disclosure on financial reporting quality (FRQ) of listed commercial banks in Nigeria. The objective of the study was to investigate the effect of various dimensions of CSR disclosure such as Environmental CSR (ECSR), Social CSR (SCSR), and Board Gender Diversity (BGD), on the financial reporting quality of listed banks in Nigeria. Alongside these variables, the study employed firm size (FSIZE) and return on assets (ROA) as control variables. The study covered a period of 10 years ranging from 2015–2024. The study employed descriptive and inferential statistical tools in analyzing the secondary data sourced from the annual and sustainability reports of the sampled banks. The hypotheses stated were tested using the Ordinary Least Squares (OLS) regression model. The study findings revealed that ECSR, SCSR, BGD, FSIZE, and ROA maintained weak and statistically insignificant relationships with financial reporting quality of listed banks in Nigeria. The study concluded that despite theoretical emphasis on the importance of CSR disclosure in improving financial transparency and reducing information asymmetry, these variables were found to have limited direct effects on financial reporting quality in the Nigerian banking context.

Keywords: Financial Reporting Quality, CSR Disclosure, Firm Size, Return on Assets.

INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained significant traction globally, with increasing importance placed on its role in organizational reporting and its implications for the financial performance of firms, particularly in the banking sector. CSR is a vital component of a bank's strategy for managing its relationships with stakeholders,

including customers, employees, and regulators. Given the evolving regulatory environment and growing public interest in sustainability, CSR disclosures provide crucial insights into a bank's ethical conduct, governance structures, and its contribution to the socio-environmental landscape (Bădițoiu, Buglea, Gligor-Cimpoieru & Munteanu, 2020). Recent studies highlight the necessity for transparent and reliable CSR reporting, as it can mitigate information asymmetry and enhance investor confidence (Viviani, Touchias & Nguyen, 2022). However, despite the recognized importance of CSR, many banks still face challenges in providing disclosures that meet the necessary quality standards, which can affect their financial reporting quality and overall credibility.

The quality of financial reporting is equally pivotal, serving as a key determinant of how stakeholders perceive a bank's financial health and transparency. Financial reporting quality involves the accuracy, transparency, and completeness of the information disclosed in financial statements. It ensures that the information presented is reliable and reflects the true financial position of a bank. In this context, CSR disclosures are argued to have a direct relationship with the quality of financial reporting, with several studies showing that high-quality CSR disclosures can reduce information asymmetry and enhance financial transparency (Viviani et al., 2022). This is particularly relevant in the Nigerian banking sector, where robust financial reporting is essential for maintaining the confidence of investors, regulators, and the general public (Goodwill, Iteh & Idaka, 2022).

Recent research from various regions, including Indonesia and Philippines, demonstrates how CSR disclosure practices influence financial performance. In Indonesia, for example, it was found that CSR reporting practices, though in line with Global Reporting Initiative (GRI) standards, still suffer from inadequate assurance services, affecting the overall quality of CSR disclosures (Saraswati, Sukoharsono, Saraswati & Prastiwi, 2022). Similarly, a study by Bucala (2021) in the Philippines revealed that while CSR disclosure is incorporated into annual reports, the quality of these disclosures is often poor, with the social and environmental aspects being particularly under-represented. These findings suggest a global trend where CSR disclosure is implemented, but its quality often falls short, potentially diminishing its positive impact on financial performance.

Furthermore, the effectiveness of CSR disclosure regulations has been a key area of research. In the European Union, the implementation of the Non-Financial Reporting Directive (2014/95/EU) has been shown to improve the scope and quality of CSR disclosures in banks, thereby enhancing their financial stability (Loew, Erichsen, Liang & Postulka, 2021). However, despite the regulatory push, challenges remain in ensuring that these disclosures provide substantive, actionable insights rather than merely serving symbolic purposes (Goodwill et al., 2022). These findings are particularly relevant in Nigeria, where CSR reporting is evolving, but regulatory frameworks and enforcement remain inconsistent.

The relationship between CSR disclosure and financial reporting quality remains underexplored in the Nigerian banking sector, despite growing attention to CSR as an essential element of corporate governance and transparency. CSR disclosures play a pivotal role in shaping public perception of banks' ethical responsibility, but their impact on the transparency and quality of financial reports has not been extensively studied, especially in Nigeria. Although some studies indicate that CSR positively influences financial performance in various industries, the Nigerian banking sector presents a unique case due to its underdeveloped CSR reporting standards and the challenges faced by financial institutions in maintaining transparency in their disclosures. For instance, studies show a small positive effect of CSR disclosures on financial performance, but the effects are not statistically significant without the presence of board independence (Sweetwilliams, 2025). Additionally, while the banking sector in Nigeria has been encouraged to increase CSR activities, the actual

impact of these disclosures on financial reporting quality is yet to be fully understood (Bande, 2023).

Existing research reveals mixed results on the relationship between CSR and financial performance. For example, research indicates that CSR initiatives, particularly in community development and health, contribute positively to the financial performance of banks (Ogungbade, 2020), but other studies find a negligible or even negative impact when it comes to CSR spending in areas like education (Chondough, 2023). These conflicting findings suggest that CSR's influence on financial performance may vary depending on the nature and scope of CSR activities. Further, while CSR has been identified as a key strategy in fostering stakeholder trust, the financial benefits of such trust, particularly in terms of financial reporting quality, have not been clearly established in the Nigerian banking sector (Wisdom et al., 2022). The lack of robust data on CSR disclosures that are transparent, comprehensive, and consistent across banks, further complicates the relationship between CSR and the quality of financial reporting (Asemota, Eddo & Etale, 2024).

A significant gap in the literature exists in the lack of studies focusing on CSR disclosure quality and its direct impact on financial reporting quality within the context of Nigerian banks. While previous studies have explored the general link between CSR and financial performance (Chondough, 2023; Bande, 2023), few have focused specifically on the transparency and accuracy of financial reports influenced by CSR activities. This study aims to fill this gap by investigating the relationship between CSR disclosure practices and the quality of financial reporting in listed Nigerian banks. By focusing on how CSR practices influence financial transparency, accuracy, and the reduction of information asymmetry, this research will contribute new insights into how CSR disclosure could potentially improve financial reporting quality in the context of Nigeria's banking sector, ultimately enhancing investor confidence and financial stability.

Research Questions

The following research questions aim to explore how each category of CSR contributes to improving or altering the quality of financial disclosures, focusing on key aspects such as transparency, accuracy, and consistency in the reporting practices of Nigerian banks:

- i. How does the extent of environmental CSR disclosure impact the quality of financial reporting in listed banks in Nigeria?
- ii. To what extent does the disclosure of social CSR influence the quality of financial reporting in listed banks in Nigeria?
- iii. How does board gender diversity affect the quality of financial reporting in listed banks in Nigeria?

Research Objectives

The following research objectives aim to explore the contribution of each category of CSR to improving or altering the quality of financial disclosures in Nigerian banks, with a focus on key aspects such as transparency, accuracy, and consistency in reporting practices:

- i. To examine the impact of environmental CSR disclosure on the quality of financial reporting in listed banks in Nigeria.
- ii. To assess the extent to which the disclosure of social CSR influences the quality of financial reporting in listed banks in Nigeria.
- iii. To analyze the effect of board gender diversity on the quality of financial reporting in listed banks in Nigeria.

Research Hypotheses

The following null hypotheses assume that CSR disclosures do not significantly affect the quality of financial reporting in Nigerian banks.

H₀₁: There is no significant impact of the extent of environmental CSR disclosure on the quality of financial reporting in listed banks in Nigeria.

H₀₂: There is no significant impact of the disclosure of social CSR on the quality of financial reporting in listed banks in Nigeria.

H₀₃: There is no significant impact of board gender diversity on the quality of financial reporting in listed banks in Nigeria.

LITERATURE REVIEW

Theoretical Framework

Corporate Social Responsibility (CSR) is a broad concept that has been integrated into the corporate world with increasing prominence, especially in the banking sector. CSR disclosures are crucial as they provide stakeholders with insights into a bank's ethical and social actions, which may influence various aspects of its operations, including financial performance. The Legitimacy Theory is widely used to understand CSR disclosure practices, suggesting that companies engage in CSR activities and disclose them to gain legitimacy from society, especially when there is pressure from stakeholders (Bădițoiu et al., 2020). Legitimacy theory posits that organizations seek to ensure their actions align with societal values to maintain or improve their standing. In the context of Nigerian banks, CSR disclosure practices can improve stakeholder trust, thereby enhancing the quality of financial reporting. This relationship is seen in global studies, such as that of Loew et al. (2021), which demonstrates that transparency in CSR disclosures can complement financial reporting quality, aligning it with external expectations.

The Stakeholder Theory also plays a critical role in understanding CSR disclosures. According to this theory, organizations are seen as a nexus of relationships among various stakeholders, including investors, customers, and regulators (Jain & Jumde, 2020). These stakeholders require detailed, accurate, and transparent information regarding the CSR activities of banks. CSR disclosures not only enhance the relationship with stakeholders but also provide a platform for banks to showcase their commitment to societal issues. Recent studies support this by linking CSR disclosures with higher levels of transparency and accountability in financial reporting (Viviani et al., 2022). In this regard, the adoption of global CSR reporting standards, such as the Global Reporting Initiative (GRI), has been shown to improve the quality and comparability of disclosures, ultimately contributing to the reliability of financial reports. The findings of Saraswati et al. (2022) suggest that adherence to CSR reporting guidelines can significantly reduce information asymmetry, benefiting both financial performance and the quality of financial disclosures in the banking sector.

Furthermore, Agency Theory is relevant when examining the agency relationship between shareholders and management. This theory highlights the principal-agent problem, where the interests of managers (agents) may not align with those of the shareholders (principals). CSR disclosures can mitigate this issue by increasing the accountability of bank management and ensuring that they act in the best interest of shareholders (Rahman, Rasid & Basiruddin, 2020). By improving the quality of CSR disclosures, management can reduce potential conflicts and build trust, thereby enhancing the quality of financial reports. A study by Ernfjord and Voigt (2020) found that firms with high-quality CSR disclosures tend to have lower levels of earnings management, thereby improving the credibility of their financial reports. The integration of ESG (Environmental, Social, and Governance) factors into financial reporting practices offers an additional layer of transparency, ensuring that banks meet both regulatory and ethical standards in their operations.

Corporate Social Responsibility (CSR) Disclosure

Corporate Social Responsibility (CSR) disclosure has become an essential part of corporate strategy in various industries, including banking. CSR disclosures are used by banks to communicate their commitment to social, environmental, and economic concerns to stakeholders. These disclosures provide valuable insights into how a bank operates in a socially responsible manner, aligning its operations with the broader goals of sustainability

and ethical responsibility. Research on CSR disclosure in the banking sector has grown significantly, particularly after the global financial crisis. For example, Schröder (2021) examined the CSR disclosures of German banks and found that while customer-related disclosures are prominent, environmental and energy disclosures remain underrepresented. This highlights a key gap in CSR reporting, with banks focusing more on customer engagement and community involvement rather than environmental sustainability. Moreover, the study found that factors like bank size, government ownership, and media visibility significantly affect the extent of CSR disclosures, underlining the importance of external pressures in shaping reporting practices (Schröder, 2021).

The banking sector's CSR disclosure practices also reflect varying levels of engagement with sustainability reporting guidelines, such as those set by the Global Reporting Initiative (GRI). Banks, particularly in developed economies, have increasingly aligned their disclosures with these standards to ensure greater transparency and to respond to stakeholder expectations. De Andres, Polizzi, Scannella and Suarez (2023) conducted a qualitative review of CSR disclosure practices in the banking industry and highlighted a gap between the financial and CSR dimensions of bank disclosures. This study emphasized the need for more comprehensive research to understand the impact of national economic contexts on CSR transparency. The research identified that while CSR disclosures have grown over time, particularly in developed regions, less focus is placed on corruption-related disclosures, which could provide a more holistic view of a bank's social responsibility. These findings indicate that while CSR disclosure practices are evolving, there remains room for improvement in how banks disclose social and environmental performance (de Andres et al., 2023).

The impact of CSR disclosure on a bank's reputation and financial performance is a critical area of exploration. Banks' CSR disclosures often serve as a response to societal expectations, aiming to build trust and loyalty among stakeholders, including investors, customers, and regulators. De Oliveira, Lustosa, De Souza Freire and De Carvalho (2021) investigated the determinants of CSR disclosure in Brazil's banking sector and found a positive relationship between CSR disclosure and factors such as savings deposits and fee income. However, the study also revealed that the regulatory capital of banks had a negative relationship with CSR disclosure, suggesting that banks closer to the minimum regulatory requirements were more inclined to disclose CSR activities to bolster their public image. This underscores the potential benefits of CSR disclosures in enhancing financial performance, as CSR engagement can serve as a differentiator in the competitive banking industry. Therefore, while CSR disclosure is still a developing area, its potential to influence both reputation and financial outcomes for banks is significant (Vasconcellos de Oliveira et al., 2021).

Financial Reporting Quality

The quality of financial reporting in Nigerian banks is a critical concern for investors, regulators, and other stakeholders who rely on transparent, accurate, and timely financial statements to make informed decisions. Financial reporting quality is influenced by several factors, including corporate governance mechanisms, audit committee effectiveness, and adherence to accounting standards. A study by Ayinla, Aliyu and Abdullah (2022) examined the role of audit committee attributes, such as independence and expertise, on the financial reporting quality of Nigerian deposit money banks. The study found that stronger audit committee independence and greater expertise positively impact financial reporting quality, suggesting that a well-functioning audit committee is crucial for ensuring the accuracy and reliability of financial statements in the banking sector. Similarly, research by Madugba, Ben-Caleb, Okpe, Oludare, Ogochukwu and Mbamara (2020) highlighted the role of risk management committees, noting that while they do not directly affect liquidity, financial reporting quality is significantly influenced by effective governance and reporting standards, particularly regarding transparency in financial disclosures. Moreover, a study by Ojianwuna

(2024) linked financial reporting quality with stakeholders' investment decisions, emphasizing that high-quality financial statements, particularly in terms of timeliness and conservatism, positively affect investor confidence and market performance.

Several studies also point to the critical role of corporate governance in shaping financial reporting quality. A study by Ayodeji and Festus (2020) investigated the relationship between corporate governance mechanisms and financial reporting quality in Nigerian banks, finding that board size and the frequency of board meetings significantly impacted financial reporting quality. However, factors like board independence and female directorship did not have as significant an effect. This finding underscores the importance of governance structures in maintaining high-quality financial reporting. Additionally, research by Farouk and Barau (2021) explored how audit committee characteristics, such as size and frequency of meetings, impact financial reporting quality in Nigerian banks, concluding that a smaller, more independent audit committee is generally more effective in enhancing financial transparency. These studies collectively suggest that the improvement of governance practices, particularly in the areas of audit committee functioning and board oversight, is essential for improving financial reporting quality. The integration of innovative practices like cloud computing, as noted by Akai, Ibok and Akininnyi (2023), further complements these efforts, showing that technological advancements can enhance reporting accuracy and timeliness by streamlining financial data processing.

RESEARCH METHODOLOGY

This study employed a cross-sectional research design to investigate the effect of CSR disclosure on financial reporting quality among listed commercial banks in Nigeria. A sample of 10 commercial banks with comprehensive and up-to-date annual reports from the Nigerian Exchange Group for the period 2015 to 2024 were selected. The independent variables in the study included environmental CSR, social CSR and board gender diversity, while the dependent variable was financial reporting quality (FRQ). Firm size and return on assets were employed as the control variables. Descriptive statistics (mean, standard deviation, minimum, maximum, skewness, and kurtosis) were used to summarize the characteristics of the sample. A correlation matrix was applied to examine the relationships between the variables, and diagnostic tests, including the variance inflation factor (VIF) and the Breusch and Pagan Lagrangian Multiplier test, were conducted to ensure the robustness of the data. Finally, an ordinary least square regression model was employed to assess the impact of CSR disclosure on financial reporting quality, while also ensuring model fit and addressing potential biases in the analysis.

Model Specifications

$$FRQ = f(ECSR, SCSR, BGD, FSIZE \& ROA) \quad - \quad - \quad - \quad - \quad - \quad Eqn 1$$

$$FRQ_{it} = a_{0it} + a_1ECSR_{it} + a_2SCRS_{it} + a_3BGD_{it} + a_4FSIZE_{it} + a_5ROA_{it} + U_t \quad - \quad - \quad Eqn 2$$

Table 1

Measurement of Variable

Variables	Symbols	Measurement
<i>Financial Reporting Quality</i>	FRQ	FRQ is measured using Jones Modified Model
<i>Firm Size</i>	FSIZE	Log of total assets of firm.
<i>Environmental CSR</i>	ECSR	Measured by the extent of environmental impact disclosures, such as emissions reduction efforts using dummy variables “0” & “1”
<i>Board Gender Diversity</i>	BGD	Measured as the number of female directors in corporate board divided by total number of board members.
<i>Social CSR</i>	SCSR	Measured by the bank’s involvement in community development projects or philanthropic initiatives using dummy variables “0” & “1”.
<i>Return on Assets</i>	ROA	Measured as net income divided by average total assets.

Source: Authors’ Compilation, 2025.

RESULTS AND DISCUSSION OF FINDINGS

Description Statistics

Table 2

Summary of Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Skewness	Kurtosis
FRQ	-0.00821	0.08010	-0.2167	0.1819	0.11347	2.83494
ECSR	0.12813	0.21961	0.0000	0.725	1.69196	4.84108
SCSR	0.70000	0.46018	0.0000	1.0000	-0.87287	1.76191
BGD	17.25045	10.98353	0.0000	60	0.57148	3.85010
FSIZE	9.24010	0.41166	8.1945	10.0694	-0.19019	2.41016
ROA	1.67121	2.24916	-9.5318	9.5364	-1.19213	11.46231

Source: Authors' Collation, 2025.

The descriptive statistics table provides an overview of the central tendencies and distributional properties of the variables used in the study. The Financial Reporting Quality (FRQ) variable has a mean of -0.00821, indicating that, on average, the financial reporting quality is slightly negative. The standard deviation of 0.08010 suggests moderate variation in financial reporting quality across the sample. The values for FRQ range from a minimum of -0.2167 to a maximum of 0.1819, showing that the data points span both negative and positive values. The skewness value of 0.11347 indicates that the distribution of FRQ is relatively symmetric, with a slight positive skew, while the kurtosis of 2.83494 suggests a distribution that is less peaked than a normal distribution (platykurtic).

For the Environmental CSR (ECSR) variable, the mean value is 0.12813, indicating a relatively low level of environmental CSR disclosure on average, with a large standard deviation (0.21961), reflecting high variability in the data. The values of ECSR range from 0 to 0.725, and the skewness of 1.69196 points to a distribution that is positively skewed, meaning that a few observations report higher levels of environmental CSR disclosure. The kurtosis of 4.84108 indicates a leptokurtic distribution, meaning that there are more extreme values in the data than would be expected in a normal distribution. Social CSR (SCSR) has a mean of 0.70000, with a wide range from 0 to 1.0000, suggesting that the disclosure of social CSR varies considerably across the sample, and the negative skew of -0.87287 suggests that most values are clustered towards the higher end of the range. The board gender diversity (BGD) variable has a mean of 17.25045, with a large standard deviation of 10.98353, indicating that there is significant variability in BGD, ranging from 0 to 60. The positive skew (0.57148) and high kurtosis (3.85010) suggest that the distribution is moderately skewed to the right and has some extreme values. The control variables, Firm Size (FSIZE) and Return on Assets (ROA), show a mean FSIZE of 9.24010 and ROA of 1.67121, with standard deviations of 0.41166 and 2.24916, respectively, indicating moderate variability in firm size and profitability. The negative skew in ROA (-1.19213) and its high kurtosis (11.46231) suggests that the data for return on assets is heavily influenced by outliers, with a few extremely high values driving the distribution.

Correlation Analysis

Table 3

Correlation Analysis Result

Variable	FRQ	ECSR	SCSR	BGD	FSIZE	ROA
FRQ	1.0000					
ECSR	-0.1595	1.0000				
SCSR	-0.0825	0.3835	1.0000			
BGD	-0.09440	0.2152	-0.0359	1.0000		
FSIZE	-0.1673	0.0464	0.3422	0.2223	1.0000	
ROA	-0.1616	0.0734	0.1280	0.0918	0.2810	1.0000

Source: Authors' Collation, 2025.

The correlation analysis results show that Financial Reporting Quality (FRQ) has a weak negative correlation with all the independent variables. Specifically, ECSR (Environmental

CSR) and FRQ are negatively correlated at -0.1595, suggesting a small inverse relationship between environmental CSR disclosures and financial reporting quality. SCSR (Social CSR) also shows a weak negative correlation with FRQ (-0.0825), while BGD (Board Gender Diversity) has an even weaker negative correlation with FRQ (-0.0944), indicating no significant impact of governance CSR on financial reporting quality. Firm size (FSIZE) exhibits weak negative correlations with both FRQ (-0.1673) and BGD (-0.0944), implying that larger firms may report lower financial reporting quality. The Return on Assets (ROA) also shows a weak negative correlation with FRQ (-0.1616), suggesting that banks with higher profitability may have slightly lower financial reporting quality. ECSR, SCSR, and BGD are positively correlated with each other, particularly SCSR and ECSR (0.3835), indicating that banks with higher social CSR disclosures tend to report higher environmental CSR disclosures. Finally, ROA has moderate positive correlations with FSIZE (0.2810) and weak correlations with other variables, suggesting that larger and more profitable banks are somewhat more likely to disclose social CSR.

Table 4

Test of Multicollinearity

Variables	SCSR	FSIZE	ECSR	BGD	ROA	Mean VIF
VIF	1.41	1.32	1.29	1.16	1.09	1.25
1/VIF	0.708531	0.756383	0.775576	0.861069	0.916850	

Source: Authors' Collation, 2025.

The results from the multicollinearity test show that the Variance Inflation Factor (VIF) values for all the independent variables (SCSR, FSIZE, ECSR, BGD, and ROA) are well below the threshold of 10, with the highest VIF being 1.41 for SCSR and the lowest being 1.09 for ROA. This indicates that there is no significant multicollinearity issue among the variables, meaning that the independent variables are not highly correlated with each other. The Mean VIF of 1.25 further supports this conclusion, suggesting that the model is free from multicollinearity concerns, and the relationships between the variables can be interpreted without the risk of inflated standard errors. Additionally, the 1/VIF values, which range from 0.708531 to 0.916850, all indicate that each variable's contribution to the model is relatively stable and not overly influenced by other variables.

Table 5

Test of Heteroscedasticity

Breusch and Pagan Lagrangian Multiplier test

Decision Rule	If p-value is statistically significant, then reject H_0 and accept H_A
Result	$\chi^2(1) = 0.57$; $\text{Prob} > \chi^2 = 0.4502$

Source: Authors' compilation, 2025.

The results of the Breusch and Pagan Lagrangian Multiplier (LM) test for heteroscedasticity indicate a chi-squared value of 0.57 with a p-value of 0.4502. Since the p-value is greater than the commonly used significance level of 0.05, we fail to reject the null hypothesis (H_0). This suggests that there is no evidence of heteroscedasticity in the model, meaning that the variance of the error terms is constant across observations. Therefore, the assumption of homoscedasticity holds, and the model's estimates are not biased due to unequal variances.

Hypothesis Testing

The study focused on one dependent variable (FRQ) the study adopted the OLS regression analysis in stating the stated hypothesis. The result of the simple regression analysis is displayed below.

Table 6
Ordinary Least Square Regression Analysis

Financial Reporting Quality (FRQ)					
Variables	Symbols	Coefficient	Std. Err.	t-stats	p> t
Environmental CSR	ECSR	-0.05664	0.03751	-1.51	0.134
Social CSR	SCSR	0.00660	0.01873	0.35	0.725
Board Gender Diversity	BGD	-0.00013	0.00071	-0.19	0.852
Firm Size	FSIZE	-0.02661	0.02026	-1.31	0.192
Return on Asset	ROA	-0.00409	0.00336	-1.22	0.227
Constant	_cons	0.24942	0.17937	1.39	0.167
F (5, 114)					1.58
Prob > F					0.1711
R-squared					0.0648
Adj R-squared					0.0238

Source: Researcher's compilation, 2025.

H₀₁: *There is no significant impact of the extent of environmental CSR disclosure on the quality of financial reporting in listed banks in Nigeria.*

The coefficient for ECSR is -0.05664, with a t-statistic of -1.51 and a p-value of 0.134. This indicates that Environmental CSR has a weak negative relationship with financial reporting quality (FRQ), but the p-value exceeds the 0.05 significance threshold, suggesting that this relationship is not statistically significant. The findings support previous studies such as Bucala (2021), which found that environmental CSR did not significantly influence financial performance, especially in emerging markets. On the contrary, studies such as Riskos et al. (2019) highlighted that environmental CSR practices can improve financial reporting quality by demonstrating transparency and contributing to the sustainable development goals of the banking sector.

H₀₂: *There is no significant impact of the disclosure of social CSR on the quality of financial reporting in listed banks in Nigeria.*

The coefficient for SCSR is 0.00660, with a t-statistic of 0.35 and a p-value of 0.725, suggesting a very weak positive relationship with financial reporting quality. However, the relationship is not statistically significant. This finding aligns with Bucala (2021), who also observed that social CSR, although important, had a negligible impact on the financial performance of banks. However, studies such as Gambetta, Garcia-Benau and Zorio-Grima (2017) suggest that social CSR activities, particularly those related to community engagement, can enhance the bank's public image and may indirectly influence investor confidence, but this effect is not always immediate or direct.

H₀₃: *There is no significant impact of board gender diversity on the quality of financial reporting in listed banks in Nigeria.*

The coefficient for BGD is -0.00013, with a t-statistic of -0.19 and a p-value of 0.852, showing a very weak negative relationship with financial reporting quality, which is not statistically significant. The lack of a significant impact of board gender diversity on financial reporting quality contradicts findings in Saadaoui & Ben Salah (2022), which suggested that governance CSR, particularly in terms of transparency and anti-corruption measures, could significantly enhance a bank's financial stability and reporting practices. In contrast, Gambetta et al. (2017) found that banks with stronger governance structures reported better CSR disclosures, suggesting that governance aspects might have an indirect effect on financial reporting quality.

Firm Size (FSIZE): The coefficient for FSIZE is -0.02661, with a t-statistic of -1.31 and a p-value of 0.192. This suggests a negative but statistically insignificant relationship between firm size and financial reporting quality. Larger banks in this sample tend to report lower financial reporting quality, although this finding is not significant. Studies like Farouk & Barau (2021) found that firm size often affects the complexity of financial reporting, with

larger banks potentially having more resources to disclose CSR-related information but also more room for earnings management, which could lower reporting quality.

Return on Assets (ROA): The coefficient for ROA is -0.00409, with a t-statistic of -1.22 and a p-value of 0.227, suggesting a weak negative relationship between profitability and financial reporting quality that is not statistically significant. This result is consistent with Ojianwuna (2024), who noted that the profitability of banks, as measured by ROA, does not always correlate with the quality of financial disclosures. However, Bucala (2021) observed that higher profitability could sometimes incentivize banks to disclose more detailed financial information, which could improve transparency and financial reporting quality.

The overall model has an R-squared of 0.0648, indicating that only about 6.48% of the variability in financial reporting quality is explained by the independent variables in the model. The Adjusted R-squared of 0.0238 suggests that the model does not have strong explanatory power, implying that other factors not included in the model may be influencing financial reporting quality.

CONCLUSION

This study explored the relationship between Corporate Social Responsibility (CSR) disclosure and financial reporting quality (FRQ) in Nigerian commercial banks, with a focus on environmental CSR (ECSR), social CSR (SCSR), and board gender diversity (BGD) as independent variables. The results indicated weak and statistically insignificant relationships between the different CSR dimensions and financial reporting quality. Specifically, ECSR, SCSR, and BGD were found to have little to no significant impact on the quality of financial reporting, as evidenced by their low coefficients and high p-values in the regression analysis. The control variables, including firm size (FSIZE) and return on assets (ROA), also showed weak relationships with FRQ, further emphasizing the complexity of factors influencing financial reporting quality.

Recommendations & Suggestion for Further Studies

The study's findings are consistent with previous research, which suggests that while CSR disclosures are increasingly recognized for their potential to improve corporate transparency, their direct impact on financial reporting quality remains limited in the context of Nigerian banks. Notably, the lack of significant findings may be attributed to the relatively low level of adoption and quality of CSR reporting in the Nigerian banking sector, as well as the challenges of aligning CSR activities with financial performance metrics. These results highlight the need for future research to explore additional factors, including regulatory influences and industry-specific characteristics, that may better explain the determinants of financial reporting quality in emerging markets like Nigeria. Furthermore, enhancing CSR disclosure practices and ensuring their alignment with financial reporting standards could potentially improve the transparency and reliability of financial statements in the future.

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