The Value-Adding Potentials of Corporate Social Responsibility Report Audit to Corporate Reporting in Nigerian Banks

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Abstract
The increasing trend in the clamour for a more responsible business has necessitated organizations publishing their social responsibility investments. This nonfinancial form of companies' disclosure of their activities has further evolved concerns about the truth and fairness of the content of the social responsibility reports. This paper explores relevant literature, theories and provides empirical evidences in expressing the importance of social responsibility disclosure and the need to address the concerns about the truth and fairness of its content. Mean scores of responses were used in answering the research questions while binary logistic regression was adopted in the test of hypotheses. Perceptual evidence from stakeholders shows a positive response in favour of CSR report audit. The paper concludes that auditing CSR report will add value to the entire corporate reports in the Nigerian banking industry.

Key words: Audit, Cost-benefit, Corporate Social Responsibility Report, Value-Adding

Introduction

Background to the Study

The shareholder value maximisation as the sole objective of corporate existence has attracted criticisms from many corners. Opponents of this view (Friedman 1970; Epstein 1987; Davis and Blomstrom 1966 and Galan 2006) have argued that organisations should be equally concerned about the interests of all other parties affected by its action or inaction (stake-

holders) (Freeman, 1984). These opponents of shareholder maximisation theory opine that the success or otherwise of a firm is not primarily dependent on the availability of fund that is provided by the stockholders. All stakeholders have a reason to be treated fairly as they are key figures in realising a company's goal. A firm cannot maximise value if it ignores the interest of its stakeholders (Jensen, 2001). This view point of merging interests has evolved a drastic change in corporate reporting which now takes cognisance of both financial and non-financial performance indicators. While the financial aspects of a company's report explain the way in which funds have been managed to ensure short-term profitable existence and predict long-term survival, the non-financial performance indicators substantiate these claims by describing the extent of incorporation of the stakeholders' interest into a company's strategy (Get Through Guides, 2011). "A key feature of doing business successfully into the future will be the attainment of approval, cooperation, and satisfaction (though not necessarily formal) of a widening body of stakeholders" (Loftus and Purcell, 2010, p. 4).

A way of providing non-financial information to stakeholders is through the production of corporate social responsibility report which is often produced together with the year-end financial statements or separately in some cases (Glautier, Underdown and Morris, 2011).

Major reasons for the corporate social responsibility agitation are actually tilted in a different direction from the pure financial benefits commonly ascribed to corporate social responsibility investment. A major argument is that ethics demands that corporations should be concerned about the interest of non-stockholders as a result of their direct or indirect impact or a desire to do good.

Statement of the Problem

In the recognition of the fact that users are becoming interested in how responsible a business is, companies now produce corporate social responsibility reports to communicate their responsible engagements. However since the reports are majorly produced by the companies' staff without any external vetting, users' trust in the report is lacking. It is now accepted that non-financial issues can be material. Therefore the need to ensure that they are presented properly is growing (ACCA, AccountAbility and KPMG, 2009). The current practice of CSR reporting in Nigeria neither has a systematic framework nor subjected to a third party confirmation (audit) of the trustworthiness of its content. Hence a need arises to ensure the contents of this reports are trusted by users.

It is a well established notion that the purpose of reporting corporate activities is to facilitate the decision making endeavours of stakeholders. Thus organisations have to create a firm assurance in the minds of stakeholders that all material information are included in corporate reports and this is usually ascertained through independent audit by external auditors. However, as this is limited in most cases to financial reports, the non-financial aspect of corporate reports should be given equal treatment. This study examines the need for conducting assurance or audit on the reporting of nonfinancial information in the form of corporate social responsibility report. The corporate social responsibility reporting is examined in the context of Nigerian commercial banks which is a major shift from common

industries like the oil and gas industry that are perceived to have more influence on the environment.

Research Objectives

The main objective of this study is to determine the effect of corporate social responsibility report audit on the overall reliability of the corporate financial report. This is met by the following specific objectives:

i) To ascertain whether higher cost than benefit of social responsibility investment has any effects on the value adding potentials of CSR audit
ii) To ascertain whether higher cost than benefit of CSR report audit has any effects on the value adding potentials of CSR audit
iii) To ascertain whether audit efficacy has any effect on the value adding potentials of CSR audit

Research Questions

The following are the relevant research questions to be answered by the findings of this research work:

i) Do users value CSR report as they value financial statements?
ii) Is the cost of CSR investment greater than its benefits?
iii) Is the cost of CSR report audit greater than its benefit?
iv) Do users perceive audit as an efficient way of enhancing stakeholders' confidence in companies' reports?

Research Hypotheses

Hypothesis I

H_0: higher cost than benefit of social responsibility investment has no effect on the value adding potentials of CSR audit

Hypothesis II

H_0: higher cost than benefit of CSR report audit has no effect on the value adding potentials of CSR audit

Hypothesis III

$H_{0:}$ audit efficacy has no effect on the value adding potentials of CSR audit

Scope and Limitations of the Study

In this study, the concept of corporate social responsibilities is examined in the context of financial services industry understanding and practices. More so, the coverage of this industry is limited to commercial banks alone as they seem to be the major participants (in the industry) whose impacts are felt by many. This study relies on theories and empirical findings from prior literatures in reaching a conclusion that audit of corporate social responsibility report enhances the reliability of information provided therein to the users. However as users of financial statements is a large population almost approximating to an infinite population, examining a representative sample of the population will be daunting or unachievable. Thus, only bank employees' perceptions were gathered for analysis.

Review Of Related Literature

Empirical Framework

According to Küskü (2007), legal obligations, the common practice within a sector and the institutional pressures of the foreign markets or foreign partners are the main institutional factors influencing companies' social responsibility practices in developing countries. However, regardless of the forces influencing companies' social responsibility practices, the market rewards firms for these practices (Dowell et al., 2000; Konar and Cohen, 2001; King and Lenox, 2002; Schnietz and Epstien, 2005). This conclusion is equally consistent with the findings of Wahba (2008) and Gimenez et

al. (2003).

Recent debates have been on whether the investment in social initiatives negatively or positively affects the firm's bottom line. According to Callan and Thomas (2009), corporate social performance and corporate financial performance should not be seen as antagonistic issues. Firms measurably benefit from their socially responsible decisions, if these decisions are recognized and rewarded by relevant stakeholders (Callan and Thomas, 2009). Some authors have equally found out that social responsibility has positive financial performance implications. These authors include: Graves and Waddock (1994), Hart and Ahuja (1996), McWilliams and Siegel (2000), Bagnoli and Watts (2002) and Siegel and Vitaliano (2005).

Regardless of the positive rewards attributable to social responsibility investments, firms' reporting practices have been found to be determined by a number of factors. According to Adams (2002), company size is an important variable that influences CSR disclosure. This is consistent with the findings of Adams et al (1998); Cowen et al (1987); Hackston and Milne (1996); Patten (1991); Trotman and Bradely (1981). Based on the findings of Adams et al (1998), Cowen et al (1987), Deegan and Gordon, (1996) and Roberts (1992), there is strong evidence that industry membership affects disclosure. Roberts (1992) also found that corporate age might influence the level of social disclosure. The country of origin of a company is influential in determining both the nature and extent of disclosure (Adams 1999; Adams and Kuasirikun 2000; Belkaoui and Karpik 1989; Guthrie and Parker 1980). According to Adams and Kuasirikun (2000), culture is a determining factor that influences CSR reporting. More so, Lewis and Unerman (1999) conclude that ethical relativism has a relationship with CSR reporting. A host of some internal factors have also been linked to social responsibility disclosure. According to Campbell (2000) and Ditlev-Simonsen and Midttun (2011), managers' motivation influences social disclosure. In recent years, organisations worldwide have increasingly adopted varying levels of corporate social reponsibility disclosure, ranging from simple narrative paragraphs within an entity's annual reports to elaborate standalone reports (Owen and O'Dwyer 2004; Mock et al. 2007). However, despite this progress, Dando and Swift (2003) state that the growing trend of sustainability reporting is not being accompanied by increased levels of public trust. According to Adams and Evans (2004), and Frost et al (2005a, 2005b) sustainability reports often lack consistency and completeness thereby affecting public trust in the reported content.

In response to this problem, the number of companies now involved in CSR assurance has been on the increase. Mock et al (2007) conducted a survey of 130 sustainability reports from 2002 - 2004 and found out that 18% of the reports were audited. Hodge, Subramaniam and Stewart (2009) conducted a research on whether assurance, the type of assurance and the type of assurance practitioner affect users' perceptions of reliability of sustainability reports. Their findings concluded that sustainability assurance increases report users' perceptions of the credibility of information in sustainability reports. A similar conclusion was also reached by Moroney et al (2011).

Conceptual Issues

Rationale for Undertaking Corporate Social

Responsibility Investments

The definitions posited by various authors and organizations suggest some links between long-run profitable survival of the business and corporate social responsibility investment. It is argued that the motive for investing in social goods is not to enhance social welfare but rather to further increase an organisation's selfish pursuit of profit (Friedman 1970; Rodgers 2005; Baron 2001; Bagnoli and Watts 2003; Siegel and McWilliams 2001). To Friedman (1970), the end is profit and social responsibility as may be remonstrated by any agent of a corporation operating within capitalism is merely a means towards achieving the ultimate end (profit). Corporate social responsibility is rather a way of dispensing revenues that would otherwise be taxed. Among other benefits ascribed to social responsibility are: reputation enhancement or image improvement, morale enlivenment, brand strengthening, share price maximization, attraction and retention of excellent workforce, opportunity to input premium into prices, customer loyalty and secured long-term survival of the business (Friedman 1970; Siegel and Vitaliano 2006; Matute-Vallejo, Bravo and Pina 2011). Porter and Kramer (2006) noted that the current practice of social responsibility, as advocated by various schools of thought, suffers a common weakness- the focus on the tension between business and society. In their own opinion, such disconnectedness of social involvement of business organizations and their strategies, a product of a focus on tension between business and society, neither yields a desired social impact nor provokes long-term competitiveness of a firm. “The mutual dependence of corporations and society implies that both business decisions and social policies must follow the principle of shared value”, (Porter and Kramer, 2006, p. 5).

Behaving in a socially responsible manner has been seen to be crucial in sustaining the long-term survival of the business (Adams and Zutshi, 2004). Societies are increasingly exerting a great influence on firms' profitable survival as they are becoming more aware of the effect organizations have on them through their actions or inactions.

Globalisation has increased the power of companies and the influence or impacts they have on the political, social, and ecological environment of companies in which they operate. This increasing growth in companies' expansion across borders has created, in return, an increasing expectation from societies for companies to act responsibly and be accountable for the impacts they have on the society (Adams and Zutshi, 2004).

An increasing influence of non-government organizations on organizations' strategy formulation or decision making process (for example through the purchase of shares that entitles them to vote) has equally reoriented companies toward recognizing and admitting their responsibilities to the society (Adams and Zutshi, 2004).

Lastly, for most multinational companies (MNCs), engagement in corporate social responsibility is dependent on peculiar factors. Below is the viewpoint of Amaechi et al (2010) in relation to MNCs:

> *As typical of MNCs, the motivations to engage in CSR are varied – response to market forces, globalization, consumer and civil society pressures, etc. The activities of these firms are therefore visible because of their global reach. As such, there is a*

> *higher incentive to protect their brands and investments through CSR. (p. 8)*

The Need for Corporate Social Responsibility Reporting

Corporate social responsibility reporting is basically a non-financial reporting endeavour as identified by Glautier et al (2011). The inadequacy of the traditional financial reporting method to sufficiently explain the information need of relevant stakeholders is no longer unknown.

> *Market capitalisation is rarely, if ever, totally explained by traditional accounting methods, which largely lack information on non-financial assets that are playing an increasingly significant role in value creation. Therefore additional information is needed to complement and supplement that contained in the financial statements*
>
> *(International Corporate Governance Network in ACCA et al, 2009).*

As stakeholders' interest in non-financial details is growing, Corporate Social Responsibility reporting is becoming a more prominent issue. Increase in corporate social responsibility reporting has also been heightened by the desire to improve corporate image with customers, state authorities, journalists and the press (Adams and Zutshi, 2004). Research has shown that customers are no longer interested in just buying products from companies. Some customers' interests are growing in the social responsibility involvement of companies. Such involvement may be strategically linked to a company's profit maximisation objective (Siegel and Vitaliano 2006; Bagnoli and Watt 2002; Baron 2005; McWilliams and Siegel 2001) and are often vivid in products packaging, ingredients or perhaps a way that those efforts are clearly noticeable by the intended stakeholders.

Corporate Report Relevance

The relevance of corporate reports is determined by its ability to provide needed information to stakeholders. Users on their own part will only rely on corporate reports that show evidence of truth and fairness. It is broadly affirmed, however, arising from information asymmetry and agency issues, that the fairness of a report should be justified by independent examination of an external party to the business. This is crystal clear in the words of Glautier et al (2011):

> *Although both financial and corporate social responsibility reports are published in combined annual reports to shareholders, financial reports using exclusively financial measurements are audited for truth and fairness, whereas corporate social reports are formulated generally in terms of non-financial measurements. These are not subject to formal audit and are prepared by public relations rather than accounting personnel. As such, they are an evaluation of corporate social performance that is partly influenced by the desire to create a favorable public image (p. 3).*

The fact here is that auditing social report should enhance its usefulness to stakeholders. However, as auditing the CSR report is yet a new concept, although this is needed (Glautier et al, 2011), the framework within which such audit or verification should be conducted is still vague, unclear and bias (Porter and Kramer, 2006).

Theoretical Framework

This study is based on the stakeholder theory. The theory was propounded initially by Edward Freeman in 1984 in his

book, "Strategic Management: A Stakeholder Approach". The stakeholder theory "argues that because a business organisation is a citizen of the society, enjoying its protection, support and benefits, it has a duty to recognise a plurality of claims in the same way that an individual might act as a 'responsible citizen'. In effect, this means recognising claims in addition to those of shareholders when reaching decisions and deciding on strategies" (Campbell, 2008. p. 64). A firm cannot maximize value if it ignores the interest of its stakeholders (Jensen, 2001). The stakeholder theory is an extension of the legitimacy theory as it broadens the scope of an organisation's responsibility beyond giving to the society alone to giving to the individual group of stakeholders. Suchman (1995, p. 574) defines legitimacy as "…..a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." Stakeholders are individuals or groups of individuals that can affect the achievement of an organisation's objective or are affected by an organisation's actions or inactions (Freeman, 1984). The idea of stakeholder having claims is still an unclear issue. What this claims are, is still dependent on a number of factors and hence an organisation's action may be perceived as either right or wrong by different individuals or groups.

The ethical branch of the stakeholder theory assumes that all stakeholders should be treated fairly and the issue of stakeholder power is not relevant (Tilt, 2010). Ethical CSR advocates an impartial moral reflection that preaches altruism (Windsor, 2006). "Economic CSR restricts purely fiduciary agents to computing net market gains on jointly utilitarian and investor property right rationales" (Windsor, 2006). The economic CSR or the shareholder approach (Marrewijk, 2003) or the classical view (Quazi and O'Brien, 2000) advocates a profit maximizing social responsibility. It follows that corporation invest in social responsibility activities to increase their profit (Friedman, 1970) or maximize shareholders' wealth (Jensen, 2000). This idea or view point is consistent with the 'expedient' (Gray, Owen and Adams, 1996) who invest in the CSR only to that extent that it is consistent with the long – term objective of the firm, wealth maximization. Gray Owen and Adams (1996) further explain the various perceptions of decision makers that direct, motivate or demotivate them from investing or disinvesting in a corporate social responsibility investment. The Pristine Capitalist shares the shareholders approach. Social responsibility investments are construed as a misuse of shareholder investment, profit is the end and social responsibility investment is not a means to achieving this end. The expedient follows the instrumental view of stakeholders.

> *The instrumental view of stakeholder relations is that organisations take stakeholder opinions into account only insofar as they are consistent with other, more important, economic objectives (e.g. profit maximisation, gaining market share, compliance with a corporate governance standard). Accordingly, it may be that a business acknowledges stakeholders only because acquiescence to stakeholder opinion is the best way of achieving other business objectives" (Campbell, 2008, p. 64)*

The social contractarians (Campbell, 2008) hold that businesses are licensed to operate in an environment as long as the

norms of the society are still being abided by such business. An attempt to act otherwise (against the contract terms) may lead to the withdrawal of license. The social ecologist according to Campbell (2008) holds that businesses through their operations have some social and environmental footprints. Hence, they should admit the responsibility to minimize such footprints.

Furthermore, "agency theory is the recognition that the inclination of agents, in this case the directors or managers of the business, is to act rather more in their own interests than those of their employers, the shareholders" (Millichamp and Taylor, 2008, p. 1). According to the Institute of Chartered Accountants in England and Wales (ICAEW) as cited in Millichamp and Taylor (2008):

> *The origin of auditing goes back to times scarcely less remote than that of accounting….Whenever the advance of civilization brought about the necessity of one man being entrusted to some extent with the property of another the advisability of some kind of check upon the fidelity of the former would become apparent (p. 2)*

"The research undertaken shows that while a variety of stakeholder groups have an interest in the CSR activities of businesses, most consider their voluntarily produced reports to lack credibility and are generally skeptical of firms' social responsibility reporting" (Tilt, 2009, p. 9). Thus, a way of ensuring the credibility of the CSR report is through a conduct of assurance on its contents (ACCA *et al,* 2010; Owen, Chapple and Urzola, 2009).

Corporate Social Responsibility in Nigerian Banks

CSR in Nigeria is perhaps a new concept. The area of discourse on this topic has basically been towards the responsibility of the IOCs (International Oil Companies) to their immediate environment. Edoho (2007), Idemudia and Ite (2006) and Ite (2004) are some of the major contributors regarding corporate responsibility in Nigeria. Observations regarding the social responsibility of TNCs (Trans-National Companies) have centered on the development of CSR influence on the immediate community of the TNCs' operations. Shell's CSR programme according to Idemudia and Ite (2006) has been in a form of one-off corporate philanthropic gesture. The shift by Shell from its previous community assistance mode to community development is a recent development beginning around 1998 (Ite, 2004). It is obvious that the development of CSR in Nigeria is a recent occurrence and academics and other non-governmental organizations have predominantly taken fewer rigours to consider its adoption in other industries in Nigeria. This trend however, is taking a new dimension. According to Simon, (2009) "the erosion of the financial sector's image has prompted a feeling of fear among customers about the security of their savings, which in turn has favoured the adoption of switching behaviours" (p. 4). "In a world where consumer confidence in the banking industry has been bruised over the last few years, searching for solutions to rebuild trust and maintain clients' loyalty is a critical task not only for bank managers but also for strategic management and marketing research" (Matute-Vallejo, Bravo and Pina, 2011, p. 1). The global financial crisis has posed much threat to several economies especially their financial sectors. The result of the stress test conducted by the Central Bank of Nigeria in 2009 is a pointer to this fact. The test revealed a shocking fact that many Nigerian banks have been operating

under a condition of health imbalance as a consequence of the global financial crisis. The recent take-over of Afribank, Spring Bank and Bank PHB (see The Punch, August 6, 2011) equally testifies to aftermath of the global financial crisis in Nigeria. Otusanya and Lauwo (2010) have proved that a clean bill of health issued by the accounting firms operating in Nigeria to these banks were mere actions that will enable them protect their limited market and not necessarily the true position of their status. Issues germane to these have created a loss of confidence in the customers of the affected banks and a way to build public trust and enhance a firm reputation is to engage in CSR.

> *For Nigerian financial institutions, awareness and proper management of non-financial issues and reputation is of increasing importance. Negative non-financial reputation presents "real" consequences for both financial institutions and their officers. Management of such matters is critical; it is preferable to catch non-financial issues before they become headline news*
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> *(Osuji, 2009, p. 58).*

The perception of corporate social responsibility tends to vary in different environments and are most times dictated by the type of business and the level of societal awareness (Amaechi et al, 2010). Corporate social responsibility is mostly perceived by Nigerian banks as a form of philanthropy. Writing on its CSR practice and philosophy, one of the first four banks in Nigeria states:

> *At Zenith, Corporate Social Responsibility is not just a buzzword; it is a way of life. To emphasize this belief, Zenith Bank set up Zenith Philanthropy, a fully functional department responsible for identifying areas, sectors and causes deserving of philanthropic aid…. Zenith philanthropy is the channel through which Zenith Bank gives back to society. One would invariably ask why we have to set up a department just to give money out? At Zenith Bank, we see giving back to society as a serious and passionate cause (www.zenithbank.com)*

CSR as perceived as a form of philanthropy in Nigeria has been linked to some factors including, traditional socio-cultural heritage of the indigenous firms and religious influences (Amaechi et al, 2010). However, regardless of this general inclination towards philanthropy, the wave of the development actions in line with awareness is distributed among low, medium and high. According to the interview conducted by Amaechi et al (2010), 85 percent of the respondents said that there is an awareness of CSR in Nigeria but without significant actions, while 7.7 percent either claimed there is almost no awareness of CSR or there is high awareness with significant actions.

Social Responsibility Reporting and Audit

Information provisions are not without their attendant problems often caused by information asymmetry arising from the agency relationship between savers and entrepreneurs (Healy and Palepu, 2001). Managers are mostly perceived to be self-interest pursuers leaving out the reason for their employment as protectors of investors' interest. The agency problem in most cases lead to trust deficit and the help of information intermediaries is often sought to obviate this trust gap. Information intermediaries that are often employed include regulators, standard setters, auditors and other capital market intermediaries (Healy and Palepu, 2001).

Corporate social responsibility reporting is becoming an important factor in enhancing corporate reputation (Porter and Kramer, 2006) while maximising profit or shareholders' wealth still stands as the primary purpose of corporate investment. CSR involves the sacrifice of profits and organizations may not be very comfortable giving out their hard earned money without gaining some returns. This profit seeking tendency puts a doubt in the mind as to the reliability of the information provided by organizations regarding their social responsibility investment. The doubt is heightened by the fact that profit maximisation is achieved whether through revenue maximisation or cost minimisation and since CSR involves contribution from the two mutually exclusive endpoints, a conflict of interest always follows. An example of such conflict of interest has been cited by Otusanya (2010). Otusanya (2010) cited the case of Chevron where it employed the same cost of corporate social responsibility investment (a deductible expense) in evading taxes over more than one year. Corporations are basically willing to earn all the benefits associated with CSR investment at the least cost and the aim at the onset is to improve profit and not the welfare of the society (Friedman, 1970).

It follows therefore from the foregoing that it is imperative to conduct a review or an audit of the information provided by the management regarding CSR to establish reliability and credibility.

Methodology

This section presents the data collected and the result derived from the analysis of data. Both descriptive statistics and inferential statistics were adopted in presenting and analyzing the data. Mean as a measure of central tendency was adopted in ranking questionnaire items in relation to each of the research questions.Items having mean scores higher than 0.5 were considered high. Means scores considerately lower than 0.5 are considered low while those approximating 0.5 are considered moderate in answering the research question they relate to. 0.5 was set as a basis of judgement as responses to the questionnaire items were coded 0 and 1. The study equally adopts the binary logistic regression in testing the hypotheses. The choice of the binary logistic regression was informed by the categorical data that were sourced. Finally, the overall analysis was conducted using the SPSS software and the version used was IBM SPSS Statistics version 20.

Analysis of Respondents' Demographic Information Class of the Bank

Table 1: Distribution of Banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	first generation	17	17.5	18.1	18.1
	second generation	77	79.4	81.9	100.0
	Total	94	96.9	100.0	
Missing	System	3	3.1		
Total		97	100.0		

The table above depicts the class of banks sampled. In total, a hundred and ten copies of questionnaire were distributed based on to ten banks of which 20 copies were distributed to two of the first generation banks representing 20% of the population. Out of the 20 copies distributed, 17 copies were returned and used in the study. The

remaining 90 copies were distributed to the second generation banks representing 80% of the population. Out of these 90 copies, 77 were valid. Overall, 97 copies of the questionnaire were used in the study. This distribution depicts the stratified random sampling technique adopted in this study thus concluding that the responses were solicited from respondents free from the researcher's influence. Therefore, this implies the study is free from bias.

Ranking of Means of Questionnaire Items in relation to Research Questions

Research Question 1: Do users value CSR report as they value financial statements?

Table 2: Ranking of Meanscores for Research Question 1

Descriptive Statistics			
	N	Mean	Std. Deviation
Users of the financial statements value corporate social responsibility report as much as they value the financial statements	95	.6526	.47866
Investors are now willing to know how responsible the bank is to all stakeholders and not just how much profit is being made	94	.7660	.42567
Overall mean score		.7093	
Valid N (listwise)	94		

In answering the research question above, items 6 and 12 of the questionnaire were identified as relevant to the research question.The above indicates that users value CSR report as much as they value the financial statement because all the items have means greater than 0.5. The overall mean score of the items is .7093 which is substantially above moderate level.

Research Question 2: Is the cost of CSR investment greater than its benefits?

Table 3: Ranking of Meanscores for Research Question 2

Descriptive Statistics			
	N	Mean	Std. Deviation
There are no benefits gained by the bank for investing in corporate social responsibility projects	93	.2688	.44575
The cost of investing in corporate social responsibility is more than the benefits involved	92	.4239	.53931
Overall mean score		.3464	
Valid N (listwise)	91		

The first question in the table above is the first item in the questionnaire. It has a mean of 0.2688 which is below the benchmark average of 0.5. This implies that respondents agree that banks derive benefits from investing in corporate social responsibility activities. The second item (item 2 of the questionnaire) highlights the degree of respondents' perception of benefits gained by the banks from

investing in CSR activities. Having a mean of 0.42 which is less than the average 0.5 implies that respondents do not agree that the cost of investing in CSR is greater than the benefits derived there from. Hence it can be agreed that the benefits of investing in CSR outweigh its cost. With an overall mean score of .3464, the respondents are of the opinion that the cost of CSR investment is less than the benefits therefrom.

Research Question 3: Is the cost of CSR report audit greater than its benefit?

Table 4: Ranking of Meanscores for Research Question 3

Descriptive Statistics			
	N	Mean	Std. Deviation
If the corporate social responsibility is audited, users will rely on its content	94	.829	.37783
Auditing corporate social responsibility report will add value to the whole financial statement of the bank	95	.842	.36658
The cost of auditing the CSR report is likely to be more than the benefits to stakeholders and the company at large	90	.466	.50168
Overall mean score		.7123	
Valid N (listwise)	88		

The questionnaire items (items 9, 10 and 11) above relate to research question three. Item one has a mean of 0.83 which is sunstantially above 0.5. Thus there is strong evidence that auditing the CSR report will increase users confidence and equally add value to the whole financial statement as question two gives a mean of 0.84 which is greater than the average of 0.5. The third question has a mean of 0.47 which is the average of 0.5. This signifies that respondents agree that auditing the CSR report has higher benefits than the associated costs. The degree of this agreement is evident by the overall mean score (.7123) of the three items which shows substantially high above the average of 0.5. This testifies that CSR report audit has lots of benefits

Research Question 4: Do users perceive audit as an efficient way of enhancing stakeholders' confidence in companies' reports?

Table 5: Ranking of Meanscores for Research Question 4

Descriptive Statistics			
	N	Mean	Std. Deviation
Without auditing the CSR report, users may not rely on the report's content	87	.7241	.44954
Auditing has been an effective tool in soliciting the trust of users of the financial statement	95	.8421	.36658
Overall mean score		.7831	
Valid N (listwise)	87		

The above questionnaire items (items 8 and 16 in the questionnaire) show that auditing has been an effective tool in soliciting users trust and confidence in reports (financial and non-financial). Thus supporting the notion that users' reliance on the CSR report is a function of auditing of the report. The overall mean score is .7831

Test of Hypothesis

Restatement of Hypotheses

(i) H_0:$\beta_1 = 0$ (i.e. higher cost than benefit of social responsibility investment has no effect on the value adding potentials of CSR audit)

(ii) H_0:$\beta_2 = 0$ (i.e. higher cost than benefit of CSR report audit has no effect on the value adding potentials of CSR audit)

(iii) H_0:$\beta_3 = 0$ (i.e. audit efficacy has no effect on the value adding potentials of CSR audit)

The above hypotheses are tested using binary logistic regression. The methodology was informed by the ability of the model to account for variables that are basically categorical (i.e. nominal and ordinal variables) and are structured in a binary form.

Test of Model Fit

$$\text{Logit}\ [P(y = 1)] = \alpha+\beta_1 c+\beta_2 b+\beta_3 a+\varepsilon$$

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	61.724	.159	.271

The table above explains the degree to which the independent variable explains the dependent variable. The Cox & Snell R Square is used in this regard and as depicted above, approximately, 16% of the changes in the dependent variable is explained by the independent variables. This is fairly large for this study as a host of other factors are not included yet the explanatory variables account for 16% of the changes in the independent variable. The Nagelkerke R Square equals approximately the square of Cox & Snell R Square. The Nagelkerke R Square is a more optimistic explanation of the variation in the dependent variable that may be explained by the independent variable. This gives an approximate estimate of 27% of variation in the dependent variable that is explained by the independent variables. This is equally fairly large and both measurements explain the fitness of this model.

Result of Binary Logistic Regression

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	Q2	-1.198	.612	3.825	1	.050	.302
	Q8	1.113	.784	2.015	1	.156	3.043
	Q11	-1.452	.733	3.920	1	.048	.234
	Constant	2.325	1.065	4.768	1	.029	10.226

The table above presents the result of the binary logistic regression analysis.

Hypothesis I (higher cost than benefit of social responsibility investment has no effect on the value adding potentials of CSR audit) is tested by item two (The cost of investing in corporate social responsibility is more than the benefits involved) in the questionnaire. The regression result gives a p-value of 0.05 which is not less than 0.05 (i.e. 5% level of significance) thus the null hypothesis is rejected at 5% level of significance. This means that cost benefit comparison of corporate social responsibility investment does have an impact on the value adding potentials of auditing corporate social responsibility reports.

Hypothesis II (higher cost than benefit of CSR report audit has no effect on the value adding potentials of CSR audit) is tested by regressing item eleven (The cost of auditing the CSR report is likely to be more than the benefits to stakeholders and the company at large) in the questionnaire against item ten. The regression table gives a p-value of 0.048 which is less than 0.05 (5% level of significance). Thus, the null hypothesis is rejected which means that the cost of auditing the CSR report is a determining factor in assessing the value adding potentials of auditing corporate social responsibility reports.

Hypothesis III (audit efficacy has no effect on the value adding potentials of CSR audit) is tested by regressing item eight in the questionnaire (Auditing has been an effective tool in soliciting the trust of users of the financial statement) against item ten. The result of the regression table gives a p-value of 0.156 which is greater than 0.05 (5% level of significance). The null hypothesis is therefore accepted. Thus it can be concluded that the efficacy of auditing does not impact on the value adding potentials of CSR report audit to the entire corporate reports.

Summary of Logistic Regression Model

$$\text{Logit}\{P(y = 1)\} = 2.325 - 1.198c + 1.452b + 1.113a + \varepsilon$$

Given that c = 1 for higher cost than benefit of CSR investment, the negative coefficient of c implies that the estimated odds of value adding potentials of CSR audit to the overall corporate report is lower for higher cost of CSR investment than benefits. Since b = 1 for higher cost than benefit of CSR report audit, the negative coefficient of b means that the estimated odds of value adding potentials of CSR audit to the overall corporate report is lower for higher cost of CSR report audit than benefits. Lastly, since a = 1 for audit efficacy, the positive coefficient of a implies that the estimated odds of value adding potentials of CSR audit to the overall corporate report is higher when audit is efficacious.

Conclusion and Recommendations

Empirical conclusions from prior literature as reported herein have shown that corporate social responsibility reporting is now an important part of companies' reporting practices, often separately or jointly with the usual financial statement. The reporting of these nonfinancial information is often motivated by a number of factors ranging from enhanced reputation of the company to increased

market valuation of the company. These reporting practices are however not accompanied by public trust (Mock et al, 2007; David et al 2009). Hence, the need for CSR report audit is adopted to summon public trust (Mock et al, 2007; David et al 2009; Moroney et al 2011; ACCA et al 2009).

The fact that corporations should be responsible, against the backdrop of several debates, for their footprints is no longer a vague proposition. However, companies are now seen to be employing their corporate social responsibility engagements as a means towards achieving the ultimate end-profit (Friedman, 1970). Information asymmetry also arises as a result of separation between corporate ownership and management. These two basic factors have rendered the truth of the information contained in a social responsibility report questionable. To confirm the truth of the content of this report and satisfy stakeholders, an independent assurance is being supported and proposed (Moroney, Windsor and Ting Aw, 2011; ACCA, AccountAbility and KPMG, 2009). This will enhance and create a reserved feeling in corporate social responsibility reporting by organizations as they are aware that the truth of their claims will be verified. This will equally enhance users' reliance on the report content as evident herein from our analysis.

To facilitate this suggestion, it is recommended that a framework for corporate social responsibility reporting in Nigeria is developed by professional bodies (e.g. the Institute of Chartered Accountants of Nigeria) or the state. Furthermore, it is suggested that such framework should be industry based such that the development agenda of the government is facilitated by channeling the social responsibility efforts of companies to government identified priority areas and also police the tendencies of organizations evading taxes by hiding under the pretext of corporate social responsibility.

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