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SOCIAL AUDITING AND CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE OF LISTED COMPANIES IN NIGERIA

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ABSTRACT

Corporate social responsibility (CSR) performance is a flawed concept in Nigeria as many companies are not performing this responsibility. Really, Nigerians need corporate accountability from operating companies in Nigeria. Social auditing proxied by compliance audits, performance audits and impact audits are set out as the possible solution. Ex-post facto research design was used in the study. The population was made up of one hundred and forty-seven (147) companies from twelve actively sub-sectors listed firms in the Nigerian Exchange Group (NGX) with traded stocks on floor of the Nigerian Exchange Group (NGX) from 2018 financial year to December 31, 2024. Judgement sampling technique was used to select the sample size of ninety-two (92) companies. Annual reports and accounts of the sampled companies were the main sources of data. The data were encoded extracted, computed and reviewed for the required data. Content analysis method was deployed to extract data for the independent variables. Multiple regression model was used to test the hypotheses. Results showed that social auditing [compliance audits, performance audits and impact audits] have positive significant influence on corporate social responsibility (CSR). The findings also showed that CSR performance is low although there are slight increasing trends by the listed companies in Nigeria over the periods. It was concluded in the study that social auditing is key to excellent CSR performance and corporate accountability from operating firms in Nigeria. It was recommended that government and regulatory authority should facilitate the practices of corporate social responsibility through social auditing, ensuring mandatory reporting framework practices requirements for all operating companies in Nigeria and the best CSR performer should rewarded.

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KEYWORDS: - Social auditing, Corporate social responsibility (CSR), Mandatory reporting framework practices.

1.0 INTRODUCTION

Corporate social responsibility in Nigeria presents an ambiguous landscape, resulting in inconsistent practices, poor performance and a lack of accountability among businesses. This may be due to lack of standardized reporting framework that might cause firms operating in Nigeria not be responsible or accountable to their social responsibilities. But no firms can boost of no harm, populism and negative externalities in our society. Over a decade, even many religious organizations like the Redeemed Christian Church of God (RCCG), Winners Chapel, Salvation Ministry among others have highly involve in social responsibility tagged Christian Social Responsibility (CSR), all in the way of touching the lives and for the betterment of the citizenries.

Corporate social responsibility (CSR) is not only obligation but a strategy that has given a global concern for companies to act in a sustainable manner in the sense of taking ethical and social responsibility. CSR challenges companies to address current social, environmental, and societal issues and to broaden the focus of their own profit maximization. For instance, in Algeria, Cheikh(2020) established that the basics and developments of corporate social responsibility, the connection to social challenges as well as social auditing as helpful strategy to confront populism and negative externalities. Hoffman (2025) expressed that corporate social responsibility has become a flawed concept since it lacks corporate accountability. Corporate accountability captures a company's obligation to ensure its operations enrich society by compensating the society for their externalities. That is why stakeholders must revamp the necessary scope of companies' obligations by changing social responsibility to social accountability. In Accounting, 'social auditing' is synonymous with social accountability, auditing, social accounting, social assurance, social control or social reporting.

Social auditing is a process for evaluating, reporting on, and improving an organization's performance and behaviour, and for measuring its impacts on society. The social auditing can be used to produce a measure of the social responsibility of an organization. It considers any internal code of conducts as well as the views of all stakeholders and draws on best practice factors of total quality management and human resource development. Like internal auditing, social auditing requires an organization to identify what it is seeking to achieve, who the stakeholders are, and how it wants to measure performance as well as what has been given to the society. Social auditing provides an assessment of the impact of an organization's nonfinancial objectives through systematically and regularly monitoring its performance and the views of its stakeholders.

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Social Auditing is meant to cross beyond normal auditing as it examines the impacts of specific activities over particular field related to society. These activities are performed by an organization appointed by the government. Social audit as a term was used as far back as the 1950s. There has been a flurry of activity and interest in the last seven to eight decades in India and neighboring countries. Melissa (2025) expressed that with effect from April 1, 2014 in India, CSR has become a mandatory requirement for certain companies under section 135 of the Companies Act, 2013, which compels them to engage in activities that contribute to the social, environmental, and economic development of the country. Voluntary development organizations are also actively involved. Social audit is based on the principle that democratic local governance should be carried out, as far as possible, with the consent and understanding of all concerned.

Social auditing is link to process that enables an organization to assess and demonstrate it's social, economic and environment benefits and limitations. It is a way of measuring the extent to which an organization lives up to the-shared values and objectives it has committed itself to. A social audit is a way of measuring, understanding, reporting and ultimately improving an organization's social and ethical performance. A good social auditing helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness. It is a technique to understand, measure, verify, report on and to improve the social performance of the organization (Srivastava, 2004). Social auditing provides an assessment over the impact caused by non-profit objectives organization not only by monitoring its performance the organization but also involving the stakeholders and other parties with their view and opinion which should be done regularly and systematically.

Social auditing provides an assessment over the impact caused by non-profit objectives organization not only by monitoring its performance the organization but also involving the stakeholders and other parties with their view and opinion which should be done regularly and systematically. Evaluating an organization's social and ethical performance to ensure accountability and transparency can be made possible through social auditing. This because, it assesses how well a company, government, or institution adheres to social, environmental, and ethical standards. Unlike financial audits, which focus on financial records, social audits examine factors like labor conditions, environmental impact, corporate social responsibility (CSR) initiatives, and stakeholder engagement.

Statement of the Problem

The risk of non-compliance to CSR activities is raising significant concern in Nigeria as many companies behave as not knowing that this non-compliance can cause reputation damages, lawsuits, and government sanctions. The poor performance of CSR in Nigeria has awakened the government to establish the Corporate Social Responsibility (CSR) Bill 2023 proposing

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companies to allocate 2 - 5% of their net profits over three years to CRS, with education, health, sanitation and rural development remained key focus areas of CSR initiatives. Mr. Ratan Tata, a former Chairman of the TATA Group in 2017opined, that businesses need to go beyond the interests of their companies to the communities they serve. Over the years, it seems that the approach to CSR performance and actions in particular considerations into health, safety, environmental, reputational and business probity lack meaningful performance in the Nigerian Society. Studies in developed nations have proved that social auditing ensures increasing CSR performance and accountability. Social audit assessment of a company's social, environmental and ethical impact can be categorized into different types, to include compliance audits, performance audits and impact audits, each serving a distinct purpose. To ascertain listed firms in Nigeria effective CSR performance, practices and culture, the notion of social auditing of organizations is becoming key. Many of the studies have been conducted to investigate whether companies are meeting their mandatory spending requirement of 2% of profits; there is an immediate need to focus on whether these investments are in compliance, meeting performance benchmark or making social impact. With this in view, this study set to examine social auditing in terms of compliance audits, performance audits and impact audits in context of CSR in Nigeria from 2018 – 2024 financial accounting years.

Objectives of the Study

The main objective is to examine Social Auditing and Corporate Social Responsibility (CSR) Performance of Listed Companies in Nigeria. Specific objectives were to:

i. Examine the effect of Compliance Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria.
ii. Assess the influence of Performance Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria.
iii. Determine the contribution of Impact Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria.
iv. Examine the joint influence of Compliance Audits, Performance Audits and Impact Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria.

Research Questions

These questions were raised to guide this study:

i. What is the effect of Compliance Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria?
ii. What is the influence of Performance Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria?
iii. How do Impact Audits contribute to Corporate Social Responsibility Performance of Listed Companies in Nigeria?

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iv. What is the joint influence of Audits, Performance Audits and Impact Audits on Corporate Social Responsibility Performance of Listed Companies in Nigeria?

2.0 REVIEW OF RELATED LITERATURE

Igbekoyi et. al. (2019) opined that social auditing plays a pivotal role in enhancing corporate social responsibility (CSR) performance by providing a structured evaluation of an organization's social and ethical conduct. This process ensures that companies are accountable and transparent in their interactions with stakeholders, including employees, customers, suppliers, and the broader community. Social auditing involves an independent evaluation a company's social, environmental, and ethical impact. It can be categorized into compliance audits, performance audits, and impact audits, each serving a distinct purpose.

I. Compliance Audits

Focus: These audits assess whether a company is adhering to relevant laws, regulations, and industry standards related to social, ethical practices and sustainability.

Key Areas:

i. Ensuring compliance with labor laws, such as fair wages, working hours, and child labour prohibitions.
ii. Verifying adherence to environmental regulations and standards.
iii. Checking compliance with ethical trading practices and codes of conduct.

II. Performance Audits

Focus: These audits evaluate a company's performance against its own social and ethical goals and targets.

Key Areas:

i. Measuring the effectiveness of a company's diversity and inclusion initiatives.
ii. Assessing the impact of a company's community engagement programs.
iii. Evaluating the company's efforts in promoting sustainable practices.

III. Impact Audits

Focus: These audits examine the broader social, environmental, and ethical impacts of a company's operations and activities.

Key Areas:

i. Assessing the impact of a company's products or services on consumers or communities.
ii. Evaluating the environmental consequences of a company's operations.

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iii. Examining the social and economic effects of a company's business activities.

Key Aspects of Social Auditing Include:

- Accountability: Ensuring that an organization meets its social and ethical responsibilities.
- Transparency: Providing clear and honest reporting to stakeholders.
- Stakeholder Involvement: Engaging employees, customers, suppliers, and the community in the audit process.
- Impact Assessment: Evaluating the organization’s contribution to social and environmental well-being.
- Social audits are commonly used by businesses, NGOs, and governments to measure their impact on society and improve policies and practice.

Impact of Social Auditing on Corporate Social Responsibility (CSR) Performance

Social auditing plays a significant role in enhancing corporate social responsibility (CSR) performance by providing a structured way to assess, monitor, and improve a company’s social and ethical impact. Here is how it influences CSR according:

i. Enhances Transparency and Accountability: Social audits help organizations track their social and environmental impact, making CSR efforts more transparent. It holds companies accountable for their claims, ensuring they meet their ethical and sustainability commitments.

ii. Improves Compliance with Regulations and Standards: Many industries have regulations regarding labor rights, environmental protection, and fair trade. Social auditing ensures companies comply with these laws and industry standards.

iii. Identifies CSR Gaps and Areas for Improvement: By assessing supply chains, labour practices, and environmental policies, social audits highlight weaknesses that need attention, helping companies refine their CSR strategies.

iv. Boosts Stakeholder Confidence and Trust: Investors, consumers, and employees are increasingly concerned about corporate ethics. Social audits demonstrate a company’s commitment to responsible business practices, improving brand reputation.

v. Encourages Ethical Business Practices: Social audits prevent unethical behaviors like child labor, unsafe working conditions, and unfair wages, fostering a responsible corporate culture.

vi. Drives Long-term Sustainability: Companies that undergo regular social audits are more likely to develop sustainable policies and business models, ensuring long-term positive impacts on society and the environment.

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vii. Enhances Employee Relations and Productivity: By addressing workplace concerns like fair wages and safe conditions, social audits contribute to employee satisfaction and productivity, which are key to CSR success.

viii. Improved Stakeholder Engagement: Social audits often involve gathering feedback from various stakeholder groups. This engagement ensures that diverse perspectives are considered, leading to more inclusive and effective CSR strategies.

ix. Identification of Social and Environmental Costs: Through social accounting, companies can identify the broader impacts of their operations, including externalities that may not be immediately apparent in financial statements. Recognizing these costs allows for more sustainable decision-making.

x. Benchmarking and Continuous Improvement: Regular social audits enable organizations to benchmark their CSR performance against industry standards and best practices. This continuous evaluation fosters an environment of ongoing improvement and adaptation to emerging social concerns.

xi. Risk Mitigation: By proactively identifying potential ethical or social issues, companies can address them before they escalate, thereby reducing the risk of reputational damage and associated financial losses.

xii. Improves Financial Performance: Companies that demonstrate strong CSR performance often attract socially responsible investors and customers, leading to better financial sustainability.

Challenges of Social Auditing in Nigeria

i. Lack of Enforcement – Weak regulatory enforcement limits the effectiveness of social audits.

ii. High Costs – Conducting social audits can be expensive, especially for SMEs.

iii. Resistance from Businesses – Some companies view social audits as a threat rather than an opportunity for improvement.

In summary, social auditing can strengthen CSR performance in Nigeria by holding businesses accountable for their social and environmental impact. While challenges exist, stronger enforcement, stakeholder engagement, and incentives for responsible business practices can enhance its effectiveness.

Social Audit is conducted to check how well the concerned organization has performed in meeting the needs of target beneficiaries of a given CSR project and the improvements required, if any, and thereby to increase the efficacy/effectiveness of concerned development programmes carried out by the company.

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It will aid companies to understand the current impact and limitations to expected impact. It will also provide multi-stakeholder perception of CSR projects and inputs to CSR policy. Internally, it helps ensure greater verifiability of data and accountability. It's important to have strict and accurate monitoring and evaluation plan as part of any successful project implementation and CSR projects are no exception. It not only helps to be assured of implementation of policies as planned but also helps address intense public scrutiny and legal compliance. Social Audit should:

- Assess the physical and financial gaps between needs and resources available for local development.
- Create awareness among beneficiaries and providers of local social and productive services.
- Increase efficacy and effectiveness of local development programmers.
- Scrutinize various policy decisions, keeping in view stakeholder interests and priorities, particularly of rural poor.
- Estimate opportunity cost for stakeholders of not getting timely access to public services.
- Track, assess and report the progress of sponsored project and undertake course corrections.
- Facilitate CSR team to understand how each stakeholder has met assigned responsibilities.
- Assist CSR sub-committee plan and execute CSR activities in a transparent and fair way
- Assess the capabilities of implementing partners and plan future CSR projects based on their strengths.

Advantages of Corporate Social Audits

If conducted, Social Audit of CSR is advantageous as follows:

- It provides information about organization’s ethical performance ad stakeholders' perception which in turn is helpful to organization in reshaping its priorities in tune with people's expectations. It promotes community participation, social awareness and local democracy resulting in company's fulfillment of social responsibility, accountability, and thereby the reputation and financial performance of the concerned company also increases.
- It identifies certain improvement goals and emphasizes progress on the same, leading towards positive organisational changes.
- It helps organization to act with greater confidence in social areas neglected so far or having been given low priority.
- Corporate Social Audits are often pursued by key management personnel in the organization who seek details about its operations. Such an audit ensures safer working environments and employees gaining motivation.
- Customers view organisations more favourably that appear to be ethically conscience. These companies, for instance, don't exploit children for manufacturing their products.

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Social Auditor

The auditing procedure may be conducted internally by the company contributing. However, it is advisable to be conducted by an outside adviser, including Practicing Chartered Accountant, or Company Secretary or Cost Accountant to reduce biases. It could be a not for profit organization or a private entity specialized in conducting social audits having a general understanding of social responsibility issues that affect their organization and industry. Consider the fact that as with a financial audit, an outside auditor brings credibility to evaluation. This credibility is essential if management is to take the results seriously and if the general public is to believe company's public relations, social cause activities, and social cause marketing.

It would be appropriate to hire an agency that has worked with United Nation bodies or World Bank or large scale organization that has undertaken impact assessments as they have one of the strongest and detailed social audit tools built in to undertake audits. The audit report also helps in drafting Board of Directors report in compliance to Companies Act, 2013 and an integral part of company's annual report devoted to social responsibility activities.

Steps to conduct Social Audit

Social Auditor should consider following components for audit of CSR project:

1. Collecting primary information of concerned CSR programmer, its objectives, delivery system, budgets and allotment of responsibility for conducting the social audit.
2. Determining purpose, key issues and stakeholders for consultation.
3. Deciding about the use of existing data, additional data to be collected, selection of performance indicators for social accounting and preparation of social accounting plan and timeline.
4. Based on data collection, views of stakeholders, social accounts to be prepared with key issues for action and future targets.
5. Presenting social accounts to social auditors for their verification, recommendations and then to disseminate the social auditor's consolidated report.
6. Feedback to fine-tune the CSR policies-programmer towards social ends, follow up actions, reviewing stakeholder's reports for their participation ultimately resulting in institutionalization of social audit process.

Corporate Sector on its own can decide the depth of social problem and can select any of these social activities but after considering the amount to be spent as per Section of Companies Act, 2013. The implementation of programme can also be as per the discretion of Management of companies. They may take into confidence the relevant stakeholders and the areas for implementation of such social activities and programmes. All these programmes and activities are required to be disclosed by Management of company in its Annual Report to Shareholders.

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The management of company is also required to take into account the likely benefits of such social programmes and activities to the relevant stakeholders. For that purpose, each and every activity is required to be properly planned. It should go into details of requirements as stated in Section 135 and activities that are clearly stated in said section. This will help the company to concentrate on particular areas where it can effectively contribute.

After going through above points, Social Auditor should make summary of findings/observations he has confronted while carrying out the audit of Social and CSR activities of corporate sector. The conclusion of this type of audit can be in form of sensitivity of corporate sector about the social problems of India and their contribution to these problems to solve the same to some extent alonwith the Central Government. The conclusion of this Audit shall be addressed to the Shareholders of company as well as to Central Government in form of a Report as is now mandatory for companies which are covered under Section 135 of Companies Act, 2013.

Different Levels of CSR Performance Adopted by Corporate Organization

CSR programs can operate at different levels according to the policy adopted by the organization. **At the basic level,** organizations have some level of community awareness, public service, or charitable contributions as part of good corporate citizenship. Examples include scholarships for students, adoption of parks or highways, sponsorship of charity events, and gifts to arts. Such initiatives are also subject to internal controls and should be considered for periodic review of their accounting and oversight processes. CSR activities cover a variety of additional issues including:

i. Protection of human rights: Denial or prevention of legal or social rights of workers. Examples include fair wages for factory workers with reasonable work conditions, including restrictions on child labor.

ii. Destruction of Natural Habitat or Resources: Depletion of natural habitats, wildlife, and large surfaces. Examples include strip mining, protection of endangered species, deforestation and pollution.

iii. Free Market Development: The Mega Corporation that significantly impact developing market economies are under fire regarding fair trade policies. Less developed countries and their marketplace communities should have opportunities for healthy economic growth that do not exacerbate wealth disparities or exploit people. Examples include exploitation of poor country labor or agricultural markets.

At the highest level, CSR strategy is closely integrated with business objectives, creating 'virtuous circle' for all the stakeholders. This is a highly sustainable model as the success of business is integrated with CSR initiatives and there is high commitment from the business at all levels.

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Concepts of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) means the voluntary contributions made by companies to a better society and a cleaner environment. It is a concept whereby companies integrate social and other useful concerns in their business operations for the betterment of their stakeholders and society in general.CSR is an immense term that is used to explain the efforts of a company in order to improve society in a significant manner. Below reasons reflect why CSR is important in today's society namely;

- CSR improves the public image by publicising the efforts towards a better society and increasing their chance of becoming favourable in the eyes of consumers.
- CSR increases media coverage as media visibility throws a positive light on the organisation.
- CSR enhances the company's brand value by building a socially strong relationship with customers.
- CSR helps companies to stand out from the competition when companies are involved in any kind of community.

Dimensions of Corporate Social Responsibility (CSR) Performance

a) Total CSR performance measures (based on databases)b) Environmental performance
c) Social performance d) Governance performance e) donations f) Reputation (score)

Measurement of Corporate Social Responsibility

How is CSR obligation determined? The CSR Universe Team (2021) as well as Bhattacharyya and Rahman (2020) opined that India has mandated CSR Expenditure under Section 135 of the Indian Companies Act, 2013 – the first national jurisdiction to do so.CSR Expenditure of a company for a particular year is determined as 2 per cent of the average profit over preceding three financial years. As per the CSR laws, the 2% of the average profit is calculated as profit before tax. Further, the expenses in salaries and other administrative work towards CSR function are also considered as legitimate part of CSR expenditure by a company.

In Nigeria, the Nigerian Exchange Group (NGX) brought-out CSR reporting principles in December 2016, seeking to improve corporate reporting after Sustainable Development Disclosure Discussion on 8 June, 2016, with interested parties concerning the sustainability reporting guides. The disclosures pattern, coupled with the factual value system of reporting as well as the commencement of mandatory sustainability reporting were to take effect from financial year ended December 31, 2018. Hence, this study covered the 2018 to 2024 financial years of the companies.

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Theoretical Framework

Stakeholder Theory: Stakeholder theory was developed by Freeman R. in 1984. Stakeholder theory is of opinion that, organisation would try to satisfy the concerns and aspirations of powerful interested party, and some of the responses will be in the form of strategic reporting. The theory implies that disclosures of corporate social responsibility information by organisation are as a result of the pressure from interested parties. Stakeholders' theory offers an in-depth understanding of the factors that encourage decision-making and performances in relation to the social and environmental disclosure practices of business organisations. Businesses are thus responsible to these stakeholders and depend upon their continued support to sustain a successful operating environment. Stakeholder theory is highly relevant to Corporate Social Responsibility (CSR) because it emphasizes that businesses should consider the needs and interests of all groups affected by their operations, not just shareholders. CSR, in turn, acknowledges the responsibility of businesses to contribute to society and the environment beyond their legal obligations. By understanding and addressing the concerns of various stakeholders, businesses can improve their CSR initiatives and build stronger, more sustainable relationships with all groups they interact with

Empirical Review

Nicolas et al. (2025) examined the growing interest in the social impact assessment of corporate social responsibility (CSR) initiatives. Using the benefit (value) transfer approach, this study seeks to demonstrate how the social return on investment (SROI) of a CSR inclusion initiative promoting disability sport participation can be assessed. Literature on CSR inclusion initiatives, social impact measurement, disability sport participation and disability interventions/organizations were reviewed and compared. This helped identify the stakeholders and social outcomes to include, and the assumptions for the financial proxies and beneficiary percentages. Based on data provided by the Rugby Football League in England, an application to Inclusion Rugby League— a CSR inclusion initiative promoting disability sport participation— was then conducted. The SROI of Inclusion Rugby League is 3.39:1 - a social return of £3.39 for £1 invested. The research quantifies the positive social impact of a CSR inclusion initiative in monetary terms, providing insights for assessing SROI. This study informs future research on the social impact assessment of CSR initiatives, offering valuable guidance for organizations and their managers in making a case for further investments in CSR. Moreover, it encourages potential funders to engage in CSR initiatives.

Igbekoyi et al. (2019) assessed the trend of compliance of manufacturing firms in Nigeria to Corporate Social Responsibility (CSR). This is done with a view to assess the ratio of funds committed to CSR from Total Income (TI) and the explanatory power of the latter on the former. The population of the study comprised of 74 manufacturing firms quoted on the Nigerian Stock

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Exchange. A sample size of 25 firms was selected using purposive sampling technique so as to capture only firms that are in existence consistently within the time frame of this study. Data were collected from annual reports of the selected firms for the period of 2002-2016.Data collected were analysed using tables, graphs and cross-sectional regression trend analysis with the aid of E-view statistical package. The findings of this study revealed that the rate of compliance of Nigerian manufacturing firms to CSR is more than the rate of non-compliance. However, it was found that the firms' engagement in CSR was unstable over the period under review and statistically insignificant at certain point in time. It was also found that the ratio of funds committed to CSR is relatively small compared to the total income derived in a given year even though TI largely explained cross-sectional changes in CSR. Hence, as a matter of policy, this study advances that government should put monitoring agency in place to track corporate compliance on CSR, using a specified threshold (or rate) of the entity's total income that should be set aside for CSR purpose.

Dakhli (2022) investigated the relation between corporate social responsibility (CSR) and firm financial performance, and how audit quality moderates this relationship. This study uses panel dataset of 200 French firms listed during 2007–2018 period. The direct and moderating effects were tested by using multiple regression technique. The authors found that CSR has a positive impact on firm financial performance proxy with return on assets (ROA), return on equity (ROE) and Tobin's Q (TQ), suggesting that investment in social activities helps firms to achieve better financial results. The authors also find that the improvement effect of CSR on corporate financial performance is more pronounced for firms audited by Big 4 auditors.

Cheikh (2020) examined the impact of social audit in social performance an applied study of the views of a sample of managers and staff of Algerian business organizations. This research aims at clarifying the concept of social auditing, which is one of the most important reasons for its emergence is social responsibility accounting and its role in measuring the social performance of enterprises. The study also aimed to know how social auditing has impacted and its role in improving the social performance of business organizations, and the research refers to testing the hypotheses of an impact of social auditing on social performance through a commitment to social responsibility. The research sample consisted of 200 individuals from 20 Algerian business organizations and represented individuals who were researched in managers and employees of these organizations, and to achieve research objectives the survey was a tool for collecting information and relying on the partial micro square method using the PLSPM package in the programming of the R. The results of the field study showed that there is interest on the part of Algerian organizations in social scrutiny by improving its social performance, despite its lack of practice, it is necessary to take care of the subject of social scrutiny by scientific and professional

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organizations in Algeria by teaching it at the universities and relevant institutes and encouraging research on the subject.

3.0 METHODOLOGY

Ex-post facto research design was employed in the study. The design was considered best for the study as it allows for the use of existing data that the researcher cannot be manipulated. The population was the one hundred and forty-seven (147) companies from twelve actively sub-sectors listed firms in the Nigerian Exchange Group (NGX) and traded stocks on floor of the Nigerian Exchange Group (NGX) from 2018 financial year to December 31, 2024. Judgments sampling technique was used to select sample size of ninety-two (92) companies as follows; Alternative Security Market (AseM, 9 companies), agriculture (5 companies), Conglomerates (6 companies), Construction/ Real Estate (9 companies), consumer goods (9 companies), Financial Services (9 companies), Health (8 companies), Information Communications Technology (6 companies), Industrial Goods (9 companies), Oil and Gas (9 companies), natural resources (4 companies) and Services (9 companies) at error term of 6.38% . The choice of the period was based on the Securities and Exchange Commission (SEC) issuing mandatory reporting guidelines for listed companies in 2018. Secondary sources of data were used consisted of the annual reports and accounts of the selected companies and formed the main sources of data of this study. Content analysis method was deployed to extract data for the independent variables. In order to test the research hypotheses, multiple regression model (functional form and econometrical) was used as:

$\mathbf{SA_{it} = f\,(CSR_{it})}$ **Functional Relationship Equation I**
$\mathbf{Y_{it} = \alpha_0 + \alpha_1 X_{1it} + \alpha_2 X_{2it} + \alpha_3 X_{3it} + \alpha_4 X_{4it} + \varepsilon_{it}}$ **Econometric Equation II**
$\mathbf{SA_{it} = \alpha_0 + \alpha_1 CA_{it} + \alpha_2 PA_{it} + \alpha_3}$ **IAit Model Equation III**

Where; **SGR = Sustainable Growth Rate**
CA = Compliance Audits (X_1) PA = Performance Audits (X_2)
IA = Impact Audits (X_3)
$\alpha_1, \alpha_2, \alpha_3$ = estimated coefficients of the independent variables
α_0 = constant term; ε = error term; i,t = company i in year t.

Description and Measurement of Variables

Variable	Description	Measurement	Aprori Sign
Corporate Social	Total financial commitment (expenditure) to ethical, social,	CSR Expenditure = 2% of Company's PBT + CSR Audit Fees (in $\log_{10}$)	

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Responsibility (CSR)	environmental, and economic stewardship yearly.		
Compliance audits (CA)	Compliance audits in Corporate Social Responsibility (CSR) are measured by assessing a company's adherence to relevant regulations, standards, and internal policies related to its CSR activities. This involves evaluating whether the company's actions and processes align with ethical and legal requirements in areas like labour practices, environmental protection, and human rights. The audit process includes reviewing documentation, interviewing employees, and evaluating standards adherence. social, environmental, and cultural aspects of the community.	CA_{it} = $\frac{\sum_{it}(\text{company's compliance})}{\sum_i\sum_t(\text{all compliance programs of all companies for period})}$ '0' for non-compliance; '½' for partial compliance; and '1' for full compliance	+
Performance audits (PA)	Performance audits in Corporate Social Responsibility (CSR) measure a company's efforts and impact related to social, environmental, and ethical issues. These audits evaluate the effectiveness, efficiency, and economy of CSR programs, plus using a combination of quantitative metrics and qualitative assessments.	PA_{it} = $\frac{\sum_{it}(d_{it}\ \text{company's total performance})}{\sum_i\sum_t(d_{it}\text{all performance of all companies programs for period})}$ 0' for non-performance; '½' for partial performance; and '1' for full performance	+
Impact Audits	Impact auditing measures the	IA_{it} =	+

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(IA)	effectiveness of a company's social responsibility initiatives by evaluating their social, economic, and environmental impacts. This process involves analyzing the effects of these initiatives on various stakeholders, including employees, customers, communities, and the environment.	$\sum_{it}$(d_{it} Social impactful items) $\sum_i\sum_t$(d_{it}all Social impactful items of all companies impactful programs for period) 0' for non-impact; '½' for partial impact; and '1' for full impact	

***Source*: Researchers' Compilation (2025).**

Descriptive and inferential statistics were used to analyse the data. Multiple regression technique was adopted to analyse the data. This was carried out with the help of Statistical Package for Social Sciences (SPSS) Version 22.0 at 5% level of significance in order to reach valid conclusions for the study.

4.0 RESULTS AND DISCUSSIONS

Table 4.1: Descriptive Statistics for the Research Variables

	n	Min.	Max.	Mean	Std. Dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CA (%)	644	4.05	59.70	13.40	17.11	2.23	0.20	7.21	0.39
PA (%)	644	4.01	24.55	6.95	0.82	1.90	0.20	3.73	0.39
IA (%)	644	0.12	22.51	1.40	0.40	2.72	0.20	9.13	0.39
CSR $_{(log\ 10)}$ [₦]	644	-9. 17	13.31	1.46	3.92	-3.23	0.20	9.97	0.39

***Source:* Researchers' Computation (2025).**

Table 4.1 is presentation of the descriptive statistics for the research variables. Result reveals mean values of 13.40, 6.95, 1.40 and 1.46 for CA, PA, IA and CSR with standard deviations of 17.11, 0.82, 0.40 and 3.92 respectively. The Shapiro-Wilks test was used to examine the normality of these variables and the results obtained are presented in Table 4.2.

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Table 4.2: Summary of Normality Test using Shapiro-Wilk test for the Research Variables

Variables	Shapiro-Wilk		
	Statistic	df	P-value
CA	0.995	644	0.881
PA	0.603	644	0.000
IA	0.760	644	0.000
CSR	0.366	644	0.000

Source: Authors' Computations (2025)

Table 4.2 is the presentation of the summary of the results of the normality of the research variables using Shapiro-Wilk test. Result shows p-values of 0.881 for CA (p-value >0.05), 0.0000 for PA (p-value <0.05), 0.0000 for IA (p-value <0.05) and 0.0000 for CSR (p-value <0.05). The summary of the multiple regression models showing the influence of social auditing on listed companies' corporate social responsibility as presented in Table 4.3.

Table 4.3: Regression summary showing the influence of Social Auditing (SA) Corporate Social Responsibility (CSR) of listed companies in Nigeria

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate	Durbin-Watson
1	0.699	0.558	0.531	3.1497525	1.918

Source: Authors' computations (2025).

Table 4.3 is the presentation of the summary result of the influence of social auditing on corporate social responsibility of listed companies in Nigeria. Result shows multiple correlation of 0.699 was obtained, which means that 69.9% was the overall contribution of the model independent variables to the dependent variable. Results also show R-Square (R^2) of 0.558 which means that 55.8% of the variation in the companies' corporate social responsibility (CSR) of listed of the listed companies in Nigeria was accounted for by corporate social responsibility (as measured by CA, PA, IA and CSR. To examine whether there is presence of autocorrelation, the Durbin Watson test was used and the result yielded Durbin Watson statistic of 1. 918 was obtained which is greater than 1 and less than 3.00 meaning that there is no evidence of autocorrelation. Result of Analysis of Variance (ANOVA) showing whether there is a regression relationship between the dependent variable (corporate social responsibility) and social auditing (CA, PA, IA and CSR) is presented in Table 4.4.

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Table 4.4: ANOVA result summary of CSR, CA, PA and IA of the listed companies in Nigeria

Model	Sum of Squares	df	Mean Square	F-calc.	F-crit.	p-calc.
Regression	841.285	3	410.321	57.802	2.691	0.000
Residual	4506.513	640	30.111			
Total	5347.798	643				

Source: Researchers' Computations (2025) Using SPSS.

Table 4.4 is the ANOVA result summary showing the impact of social auditing on corporate social responsibility of listed companies in Nigeria. From Table 4.4, the F-calculated of 57.802 was obtained with P-value of 0.000 as against the F-critical of 2.691 at 0.05 level of significance. Result shows that the F-calculated (57.802) is greater than F- critical (2.691), which means that there is a significant regression relationship between the dependent variable (CSR) and the independent variables (social auditing – CA, PA and IA). This result also indicates that CA, PA and IA jointly accounted for significant variation incorporate social responsibility (CSR) of listed companies in Nigeria. Parameter estimates of the multiple regression models as well as the significance of each of the parameter in the multiple regression models is as presented in Table 4.5.

Table 4.5: Coefficients of the regression CSR with CA, PA and IA of listed Coys in Nigeria

Model	Unstandardized Coefficients		Standardized Coefficients	t-calc.	p-value	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant	0.519	6.593		0.079	0.937		
CA	2.496	0.938	0.181	2.661	0.005*	0.929	1.077
PA	1.499	0.353	0.333	4.244	0.000*	0.699	1.430
IA	1.068	0.355	0.256	3.009	0.003*	0.596	1.679

*Significant at 5% (P<0.05). t-cri. = 1.97. ***Source: Author s' computations (2025)***

In Table 4.5, the regression coefficients for the model parameters were computed showing the influence of social auditing on corporate social responsibility of listed companies in Nigeria. The results show that CA – Compliance Audits (β = 0.181, Std Error = 0.938, t-calc = 2.661 and p-value = 0.005, PA – Performance Audits (β = 0.333, Std Error = 0.353, t-calc = 4.244 and p-value = 0.000), IA – Impact Audits (β = 0.256, Std Error = 0.355, t-calc = 3.009, and p-value = 0.003) all have positive significant influence on corporate social responsibility (CSR). This implies that as CA, PA and IA increase, CSR increases and vice versa.

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Result in Table 4.5 reveals tolerance of 0.929, 0.699 and 0.596 for CA, PA and IA and Variance Inflation Factor (VIF) of 1.077, 1.430 and 1.679 respectively as a check for the possible presence of multicollinearity. The tolerances were all greater than 0.1 while VIFs were all less than 10 indicating that there is no evidence of multicollinearity.

In summary, the predicted model therefore construed as:
$$CSR_{it} = N0.519 + N0.181CA + N0.333PA + N0.256IA + \varepsilon_{it}$$

Test of Hypotheses and Discussions of Findings

Hypothesis One was tested and the multiple regression results in Table 4.5 reveals that Compliance Audits, CA ($\beta = 0.181$, S E = 0.938, t-calc. = 2.661, P-calc = 0.009, P-value<0.05) has significant positive influence on the corporate social responsibility (CSR) of listed companies in Nigeria. Result also reveals standardised beta coefficient of 0.181 which implies that if other variables are held constant, for every 1% increase in Compliance Audits (CA), CSR performance of the listed companies in Nigeria will increase by ₦0.181. Result also reveals that the absolute value of the t-calculated (2.661) is greater than the t-critical (1.98) at the 0.05 level of significance. The null hypothesis is rejected which means that compliance audits significantly affect corporate social responsibility (CSR) of listed companies in Nigeria. This is in line with the findings of Igbekoyi*et al.* (2019) that found that there is the slight compliance trend of manufacturing firms in Nigeria to corporate social responsibility (CSR).

Hypothesis Two was tested and the result in Table 4.5 reveals that Performance Audits (β = 0.333, S E = 0.353, t-calc. = 4.244, P-calc = 0.000, P-value<0.05) has positive influence on corporate social responsibility of listed companies in Nigeria. Result also shows standardized beta coefficient of 0.333 which implies that if other variables are held constant, for every 1% increase in performance audits (PA), the corporate social responsibility (CSR) performance of listed companies in Nigeria will increase by ₦0.333. Result also reveals t-calculated of 4.244 and t-critical of 1.98 at the 0.05 level of significance. The t-calculated (4.244) is greater than the t-critical (1.98) at the 0.05 level of significance. The null hypothesis is rejected which means that there is a significant influence of performance audits on corporate social responsibility of listed companies in Nigeria. The values of the standardised beta (0.333) as well as the t-calculated were positive meaning that performance audit (PA) has significant positive influence corporate social responsibility of listed companies in Nigeria. This is in line with the findings of Cheikh (2020) that opined that social performance scrutiny on the part of Algerian organizations improves its social activities, despite its lack of practice framework.

Hypothesis Three was tested and the results in Table 4.5 reveal that impact audits (β = 0.256, S E = 0.355, t-calc. = 3.009, P-calc = 0.003, P-value<0.05) has significant positive contribution on

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corporate social responsibility of listed companies in Nigeria. Result also shows standardised beta coefficient of 0.256 which implies that if other variables are held constant, for every 1% increase in impact audits, the CSR of listed companies in Nigeria will increase by ₦0.256. Result also reveals t-calculated of 3.009 and t-critical of 1.98 at the 0.05 level of significance. The t-calculated (3.009) is greater than the t-critical (1.98) at the 0.05 level of significance. The null hypothesis is rejected which means that there is a significant influence of impact audits (IA) on corporate social responsibility (CSR) of listed companies in Nigeria. This result implies that a significant increase in the impact assessment audits will result in significant increase in corporate social responsibility of listed companies in Nigeria. This is collaboration with the findings of Nicolas *et al.* (2025) that found that impact assessment improves CSR.

Hypothesis Four was tested and results of ANOVA result in Table 4.5 shows the joint influence of social auditing [compliance audits, performance audits and impact audits] on corporate social responsibility (CSR) of listed companies in Nigeria. Results reveals F-calculated of 57.802 and F-critical of 2.391 at 0.05 level of significance. The F-calculated (57.802) is greater than F-critical (2.691) which means that there is significant joint influence of social auditing on corporate social responsibility of listed companies in Nigeria. This agrees with the opinions of Cheikh (2020) and Nicolas *et al.* (2025) that stressed that social auditing is the solution to corporate social responsibility.

5. CONCLUSION AND RECOMMENDATIONS

Social auditing and corporate social responsibility of listed companies in Nigeria was examined. It was concluded that social auditing significantly influences corporate social responsibility of listed companies in Nigeria despite low CSR performance between 2018 - 2024. It was recommended among other that:

i. Listed companies in Nigeria should build stronger relationships by actively engaging with and addressing the concerns of stakeholders. This can lead to increased trust, improved reputation, and long-term sustainability.
ii. Improving CSR initiatives by operating firms in Nigeria. Stakeholder theory helps businesses to design and implement CSR initiatives that are more aligned with the needs and expectations of stakeholders. This can lead to more impactful and sustainable CSR programs.
iii. Firms should Aligning CSR with business goals by considering the interests of all stakeholders. Companies can align their CSR initiatives with their overall business goals, such as improving profitability, enhancing brand reputation, and increasing employee engagement.

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iv. Government and regulatory authority should facilitate the practices of corporate social responsibility by ensuring mandatory reporting framework practices requirements for all operating companies in Nigeria and the best CSR performer should rewarded.

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