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Impact of Corporate Governance on Sustainability Reporting: A Study of Deposit Money Banks in Nigeria (2012-2021)

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Abstract: *This study examined the impact of corporate governance on sustainability reporting of deposit money banks in Nigeria. Specifically, the study assessed the effect of Audit Committee Activities (ACA), Independent Directors (IND), and Gender Diversity (GDT), respectively, on sustainability reporting of deposit money banks in Nigeria. The dependent variable of the study is Social Sustainability Reporting (SSR), used to proxy sustainability reporting, while corporate governance mechanisms are the independent variables. Ex post facto research design was used with a sample of ten (10) deposit money banks in Nigeria obtained from annual time series data of NSE facts books from 2012 to 2021. Data was analyzed with the use of descriptive statistics. At the same time, a multiple regression model was applied to determine the extent of the effect exerted on sustainability reporting by these corporate governance mechanisms. Findings revealed that audit committee activities have a positive and significant effect on social sustainability reporting, while both independent directors and gender diversity have insignificant effects. The study concluded that corporate governance promotes social sustainability reporting. It was recommended that the shareholders of deposit money banks should appoint experienced independent directors with shareholding interests and include more females on the board as they boost social sustainability reporting.*

Keywords: *Corporate governance; Sustainability reporting; Audit committee; Independent director; Gender diversity*

Introduction

The banking crisis of 2009 in Nigeria has been related to unprofessional conduct of governance among the consolidated banks. This includes attitudes of executive management in acquiring unsecured loans misleading attitudes by executive management participation in acquiring loans that are not secured to the detriment of depositors, board incompetence in enforcing excellent governance in managing the banks, abuse of power, recklessness in the handling of finances leading to financial misappropriation, inability to follow laid down internal control system as a result of lack of credible organizational leadership especially as it affects hiring of manpower, floating of laid down policies that should act as a guide in achieving organizational goals. This poor corporate governance has resulted in a decline in shareholders' wealth and corporate failure (Turrent and Ariza, 2016).

Corporate governance is particularly of great importance in the Nigerian banking sector as it stands as a tool through which investors' confidence can be rebuilt after a number of recent financial failures, frauds, and

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questionable business practices meted on investors by the boards of these firms.

According to Kwaghan (2015), Sustainability reporting has been acknowledged to be beneficial to the corporate performance of organizations. It is conceived as the act of publicizing information about how an entity has socially, economically, and environmentally contributed to sustainable development. Through sustainable reporting, information is disclosed on the social, economic, and environmental performance of an entity towards promoting sustainable development. It ensures that opportunities open to an entity are fully exploited and risks inherent in social, economic, and environmental development are mitigated. It overtly or subtly affects the performance of an organization.

A business cannot separate sustainability reporting from its operations if it wants to remain in business, attract investors, and protect its future (Asogwa, 2017). Stakeholders, especially shareholders, need more information about the company’s involvement and operations within the environments in which they operate. Thus, the need for an entity to be transparent and effectively respond to its social responsibilities geared toward the concept of sustainability reporting.

Corporate governance is the combined statutory and non-statutory framework within which boards of directors exercise their fiduciary duties to the organizations that appoint them. The key issue is that directors owe to shareholders, or perhaps the corporation, two basic fiduciary duties, which are the duty of loyalty and the duty of care. Unfortunately, the board of directors, instead of exercising this duty, became a magnet for unethical practices as they were carried away by the rapidly growing stock market, pressured by stockholders for ever-increasing returns, and led by executives seeking to maximize bonuses based on stock performance. This led to corporate failures and financial crises, especially the collapse of some banks in the past years. This facilitated the need for corporate governance in banks to be strengthened with the aim of boosting public confidence as well as ensuring that the banking sector functions effectively and efficiently (Garuba & Otomewo, 2015).

Corporate governance is concerned with ways in which all parties interested in the well-being of the firms ensure that managers and other insiders take measures or adopt mechanisms that promote accountability. It is designed to check abuse arising from conflict of interest whereby management acting as the agent deploys the organization's resources to advance its interests rather than that of the stockholders (Principals) (Okoye, Olokoyo, Okoli, Ezeji & Uzohne, 2020). Corporate governance is defined as the performance of the task of administration in corporate entities to enhance shareholders' value without jeopardizing other interest groups’ legitimate expectations, thereby promoting firm sustainability. The underlying principle is to resolve the agency dilemma prevalent in many organizations by ensuring strict adherence to corporate governance mechanisms, which is a mechanism put in place to bridge the gap that can occur between managers and owners of the company as a result of the negative practices that could harm the company (Abu, 2015). Corporate governance mechanisms include ownership concentration, CEO duality, board size, gender diversity, independent directors, directors' shareholdings, board members' expertise, and audit committees (Mudiyanselage & Swarnapali, 2018).

On the other hand, the survival and continuity of an organization is an important goal that every organization struggles to attain. This is only possible based on the extent of the relationship existing between organizations and the environment. Kwaghfan (2015) revealed that this adaption of the organization to their environment exemplifies a symbolic relationship between both parties in which the benefits flow from and to each other. They are expected to manage their social, economic, and environmental impact effectively. Also, investors amidst the financial information they receive continued to increase the demand for non-financial information, one of which is a company’s sustainability report.

Sustainability is the combination of the words “Sustain” and “Ability,” thus meaning “the ability to sustain.” At present, the most serious global issues, such as poverty,

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climate change, human rights violations, and legal compliance, have also compelled corporations to consider the social and environmental effects of their operations. Elkington (2007) described sustainability as the integration of reporting and accounting for social, environmental, and economic issues in corporate reporting or simply the 'Triple bottom line reporting.' An organization will be able to measure, feel, and convey its environmental, economic, social, and corporate government traditions. Reporting on the organization's sustainability performance will give a clear idea of its impacts on the internal and external stakeholders (Amim, Islam & Halim, 2022).

Sustainability reporting has recently attracted global attention in the business sector and generated a merited global focus. Chikwendu, Okafor & Jesuwunmi (2019) opined that sustainability reporting has become a strategic agenda for businesses in many countries such that recently, businesses in developed countries have started to disclose information on environmental, community involvement, professional development of employees, among other related sustainability disclosures in annual financial reports. The main aim of establishing a business is to improve the quality of life in society, in addition to the principal objective of maximizing returns to its shareholders. Therefore, the necessary gauge should be taken to determine and report the degree to which the firm has impacted society from period to period. Sustainability reporting appears to be the best option for resolving all the questions and information needs of the stakeholders of an entity.

According to the global reporting organization, a sustainability report is a report published by a company or organization about the economic, environmental, and social impacts caused by its everyday activities. It also presents the organization's values and governance model and demonstrates the link between its strategy and its commitment to a sustainable global economy. Sustainability reporting can help organizations measure, understand, and communicate their economic, environmental, social, and governance performance and then set goals to manage change more effectively. The concept of sustainability reporting maintains that while a firm strives to achieve its traditional objectives of profit maximization, it is important that its profit is maximized through activities that seek to integrate social and environmental considerations into the decision-making process. An organization being part of a large system has both direct and indirect influences on its operation, and continued survival must effectively consider the social, environmental, and economic effects of its activities. Thus, sustainability reporting, which centers on the disclosure of non-financial information about companies' activities, consists of environmental sustainability reporting, social sustainability reporting, and economic sustainability reporting.

Otekunrin, Fagboro, Nwanji, Asamu, Ajiboye & Falaye (2019) averred that the Nigerian banking system is highly evident with poor liquidity management. This was the core reason why the Central Bank undertook a recapitalisation process which raised the minimum capital base of banks from N2 billion to N25 billion. This reform compelled banks to partake in merger/amalgamation in order to obtain the needed capital and acquire sound liquidity in 2005. Over time, not all banks were able to maintain the required capital standing, and some had to merge with others or were liquidated. In 2018, for instance, Skye Bank transferred its assets and liabilities to Polaris Bank because of its inability to maintain sound financial performance, evident by its failure to meet liquidity requirements.

Numerous studies have been conducted, though, on fixed findings. Nnamani, Onyekwelu & Ugwu (2017) discovered that sustainability reporting has positive and significant effects on the financial performance of listed firms, while Ashok (2018) & Olayinka (2021) established that corporate governance practices of firms are rarely associated with the profitability of listed companies. Few examined boards' impact on sustainability reporting in the environmental aspects of sustainability without considering the social and economic aspects. Hence, this research addresses this gap to explore the impact of audit committee activities, independent directors, and gender diversity as corporate governance mechanisms on the

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social sustainability reporting of deposit money banks in Nigeria.

The rest of the paper is structured as follows: section 2 is the literature review, section 3 is the data and methodology, section 4 is the findings and discussion, and section 5 is the conclusion and recommendations for further studies.

Review of related literature

Corporate Governance

According to Chen (2019), corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. It is the method by which concerns are measured and absorbed. It especially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, government, and the community.

Murijithi, Mwikamba & Rosana (2016) defined corporate governance as a framework that seeks to give guidelines and principles to the board of directors to effectively fulfill their obligations and shareholders' expectations by minimizing corporate scandal and fraud. Corporate governance is the key to transparent corporate disclosure and high-quality accounting practices. It ensures the conformance of corporations with the interests of investors and society by creating fairness, transparency, and accountability in business activities among employees, management, and the board (Abdullah, 2014).

Corporate governance is a system that can direct and control companies and increase economic efficiency. The link between the implementation of corporate governance and sustainability reporting is the application of corporate governance, which will make investors respond well to company performance and can increase the company's market value (Asang, Retnowati & Noviandari 2017). In addition to good corporate governance, corporate sustainability will also be guaranteed if the company pays attention to social and environmental dimensions. This causes the company as an economic entity to be not only responsible to shareholders but also to the wider community (Dirman, 2019).

Corporate Governance Mechanism: Audit Committee activities

The need for auditing evolves to ensure transparency and accountability in corporate affairs where owners appoint professional management to look after the business on their behalf. Normanton (1996) noted that "without audit, no accountability, no control, and if there is no control, where is the seat of power." This famous quotation crystallizes the idea that the audit is a necessary independent attestation of accountability to the stakeholders by the stewards of the enterprise, that is, by the board of directors.

Putri (2020) has it that the role of the audit committee is quite important in improving performance as it enhances its report, especially in the aspect of control. Companies that have an audit committee are usually more transparent with open company management so that corporate governance can be implemented well and company performance can be improved.

The audit committee is expected to be able to oversee financial and non-financial reports and supervise external audits and internal control systems. In carrying out its duties, the audit committee needs to hold a meeting that functions as a medium of communication and coordination among the members in implementing the reporting and supervision functions of the company (Widyatama, Santosa & Wibwo, 2015). Therefore, the number of audit committee meetings affects the supervisory process within the company, thereby increasing the company's performance. Thus audit committee activities are measured by the number of meetings held by the committee during the year.

Corporate Governance Mechanism: Independent director

The number of independent directors that sit on the board to monitor managerial decisions and bank operations contributes to the effective and efficient management of the

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bank. It ensures that the corporate governance of the bank is implemented. This will include outside directors, executive directors, and non-executive directors. The Board has the overall responsibility for driving the bank's governance structure as well as setting the bank's strategic direction and oversight of Senior Management. It also ensures that corporate governance processes and best practices are implemented across the banks (Ezejiofor, Raymond, John & Chigbo 2016). In addition, with the presence of independent non-executive directors, they act in good faith with due diligence and skills and in the overall best interest of the banks and relevant stakeholders. It is measured by the number of independent directors on the board.

Corporate Governance Mechanism: Gender diversity

Gender diversity is the ratio of women on the board to the total number of board members or the total number of women serving on the board. Gender diversity in the workplace can bring both benefits and costs to the firm. Damagum, Chima & Ibikunle (2017) state that gender diversity on the board influences the quality of financial reporting. This could largely be attributable to female executive socio-psychological characteristics that are obviously reflected in their aversion to fraud, risk, and earnings manipulations. This inclusion of female directors on the board enhances the quality of the board and leads to the effectiveness of the management.

Mahmood, Louser, Ahmad, and Salman (2018) posited that female directors are less economically inclined and more prone to helping mankind than their male counterparts, thereby making female directors less driven by shorter selfish agendas. Since sustainability reporting is a long-term phenomenon, the inclusion of women can positively impact the social sensitivity of an organization. Gender diversity, in fact, contributes to management teams by bringing a diversity of life experiences and providing extra insights into some strategic issues, particularly those involving female clients, collaborators, and business partners (Dezso & Ross, 2018).

Sustainability Reporting

Some of the useful definitions of sustainability reporting include those given by the Global Reporting Initiative (GRI). According to Putri (2020), the Global Reporting Initiative (GRI) defines sustainability reporting as a measurement, disclosure, and accountability effort of the performance of an organization in achieving sustainable developmental goals and responding to internal and external stakeholders. He further stated that the World Council for Sustainable Development has the following as the benefits of sustainability reporting:

1. Provide information for stakeholders.
2. Help build a reputation.
3. To represent the company in managing risk
4. As stimulation of thought and leadership performance
5. Develop and facilitate the implementation of a better management system for managing environmental, economic, and social impacts.
6. Describe directly the ability and readiness of the company to meet the wishes of shareholders.
7. Build shareholder ownership.

Sustainability reporting disclosure is a form of communication and awareness of the company towards the community. Companies that disclose sustainability reporting tend to provide more information to the public so that they can improve the company's "image" and "trust" of the community (Renalita & Wahyudi, 2019). Disclosure of sustainability reports has a positive relationship with financial performance because the information disclosed in the report can ensure the potential of competitive capital resources with a low level of risk to stakeholders. This will affect the sustainability report on increasing profits, and with increasing profits, performance will also increase.

Disclosure standards in Sustainability reporting according to GRI-G3 Guidelines consist of:

1. Economy: this focuses on the impacts of firms' operations on the economic state of the firms' stakeholders and on economic systems at the national and international levels.

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2. Environment: this focuses on the effects of firms' activities on the lives of living things and the environment, which is made up of ecosystems, land, air, and water.
3. Human rights: this concerns the principle of fairness and equality in the dealings and transactions of a company.
4. Community: this deals with the level of influence the firms' actions have on their host communities and the risks that might spring up from interaction with other social institutions.
5. Product liability: this reveals information concerning products that are produced by firms and services that directly impact customers.
6. Social: this concerns social activities carried out by the firm, what and how it has been carried out.

Sustainability reporting consists of social sustainability reporting, economic sustainability reporting, and environmental sustainability reporting. Social sustainability is about identifying and managing business impacts, both positive and negative, on people. The quality of a company's relationships and engagement with its stakeholders is critical. Directly or indirectly, companies affect what happens to employees, workers in the value chain, customers, and local communities, and it is important to manage impacts positively. Rodrigues & Fernandez (2015) stated that the company's concern increased in focus on social issues while maximizing the economic performance to satisfy shareholders and undertake social responsibility for the benefit of society.

By revealing the social aspects of the sustainability report, the company will also support many issues of international concern. Social responsibility is not only for external but also internal stakeholders. The responsibility to the internal side means the company is required to pay attention to employee health and safety, equality of opportunity in competition between male and female employees, and human rights aspects. Meanwhile, to external parties, the company is required to promote anti-corruption policies, anti-competitive and monopolistic practices that can harm the stakeholders, and labeling products for the health and safety of customers.

Deposit Money Banks

Deposit Money Banks are resident depository corporations and quasi-corporations that have liabilities in the form of deposits payable on demand, transferable by cheque or otherwise for making payments. It is a financial institution licensed by the regulatory authority to mobilize deposits from the surplus unit, channel the funds through loans to the deficit unit, and perform other service activities. The role of deposit money banks as a critical component of the financial intermediary of the financial system for the benefit of their shareholders and the economy at large has become more pronounced in recent times (Olukayode, Bamidele & Lateef, 2019).

Empirical Review

Ong & Djajadikerta (2022) analysed the impact of corporate governance reporting by investigating companies operating in Nigeria. Specifically, this study investigates the relationships between total disclosures and separately the three aspects of sustainability disclosures: economic, environmental, and social, and various attributes of board composition, including independent directors, multiple directorships, and women directors. Significant positive correlations were found between sustainability disclosures and the proportion of independent directors, multiple directorships, and women directors on the board. Companies without CEO duality and those with sustainability committees disclosed more sustainability information. These results provide empirical evidence to support that companies with greater board diversity that promotes more effective corporate governance are providing a greater extent of sustainability disclosure.

Atanda, Osemen & Ogundana (2021) studied the effect of sustainability disclosure on the firm value, drawing data from ten randomly selected listed deposit money banks covering the period 2014 – 2018. Quantitative content analysis was employed using the information obtained from audited reports and accounts to measure the overall sustainability disclosure index and its three dimensions (environmental, social, and economic). It used descriptive tools, an ordinary least square fixed-effects regression, for analysis. Findings

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disclosed consistent and strong evidence that banks with high overall sustainability and environmental sustainability disclosure tend to have low firm value. It concludes that environmental sustainability disclosures were detrimental rather than beneficial to firm value.

Ashok (2018) reviewed the impact of corporate governance and sustainability performance. Specifically, it aims to gain insights into the relationship between board structure, disclosure-related party transactions, shareholders rights, board procedure, sustainability performance, economic performance, environmental performance, and social equity performance for the company in the Indian FMCG industry. For the study, 122 companies from among the 159 companies listed in the CMIE Prowess database for the industry are considered. The study covers a detailed analysis of corporate governance in these companies based on established theory and the structure of sustainability. The result suggests that companies with high corporate governance indexes are associated with superior sustainability performance.

Nnamani, Onyekwelu & Ugwu (2017) evaluated the effect of sustainability accounting on the financial performance of listed manufacturing firms in Nigeria. Firms used for the study were chosen from the Nigerian brewery sector. Data were sourced from the financial statements of three sample firms. Data were analyzed using ordinary linear regression. The study reveals that sustainability reporting has a positive and significant effect on the financial performance of the firms studied. Following the findings, the study recommends that firms in Nigeria should invest a reasonable amount of their earnings in sustainability activities. At the same time, specific accounting templates are articulated by professional accounting regulating bodies to guide firms' reportage on sustainability activities. The Financial Reporting Council of Nigeria (FRC) and others alike should make sustainability reporting compulsory. At the same time, adequate sanctions are spelled out and enforced on defaulting organizations to serve as a deterrent.

Okoye, Erin, Ahmed, and Isibor (2017) examined the nexus between corporate governance and the financial sustainability of microfinance institutions in Nigeria using the generalized least square method. The study shows the significant positive impact of board size on financial sustainability. Return on assets and operating self-sufficiency were adopted as proxies for financial sustainability, while board independence, gender diversity, and board size were adopted as proxies for corporate governance.

Theoretical Framework

Stakeholders' theory

This study was theoretically underpinned by the stakeholders' theory, which was propounded by Dr. F. Edward Freeman in the year 1984. Stakeholders' theory is a theory of organizational management and business ethics that accounts for multiple constituencies impacted by business entities like employees, suppliers, local communities, creditors, and others. It addresses morals and values in managing an organization, such as those related to corporate social responsibility, market economy, and social contract theory. One common version of stakeholder theory seeks to define the specific stakeholders of a company (the normative theory of stakeholder identification) and thus examine the conditions under which managers treat these parties as stakeholders (the descriptive theory of stakeholders' salience).

Stakeholders' theory suggests that stakeholders' needs should be put at the beginning of any action and that the organization will respond to the concerns and expectations of powerful stakeholders, and some of the responses will be in the form of strategic disclosures. It provides rich insight into the factors that motivate managerial behavior in relation to the social and environmental disclosure practices of the organization. It is based on the assumption that businesses can only be considered successful when they deliver value to the majority of their stakeholders. This implies that profit alone cannot be considered as the only measure of success.

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King (2002) argues that sustainability reporting improves the efficiency of the firm to stakeholders because it reminds and motivates the firm's actions and operations towards improving their impact on the community. In essence, being unconcerned about stakeholders' interests may diminish a firm's reputation, which ultimately reduces its financial performance. On the other way, careful consideration of diverse stakeholders' interests in a firm would definitely improve the financial performance of a firm.

Thus, it is relevant to this work as the firms' relationship with investors and other stakeholders can improve in line with the demand for transparency and accountability. Thus, as the firm makes proper and necessary disclosures in its reports, the stakeholders can conveniently and easily assess the impacts of the firm's operations. More so, sustainability reporting strengthens and increases the confidence of stakeholders in the firm as the confidence of stakeholders means improved financial performance for the firm.

Methodology

Research Design

The research design adopted for this study is *ex-post facto* design, which includes time series data generated from published annual reports for the period 2012 to 2021. This is to enable us to use quantitative data to describe and investigate the relationship between a dependent variable (sustainability reporting proxy by social sustainability reporting) and independent variables (Audit committee activities, Independent Directors, and Gender diversity).

Area of the Study

The study covered the impact of corporate governance on sustainability reporting using a total of ten (10) of the banks studied. They include Access Bank, Fidelity Bank, First Bank of Nigeria, First City Monument Bank, Guaranty Trust Bank, United Bank of Africa, Union Bank, Zenith Bank, Wema Bank, and Sterling Bank.

Sources of Data

The data source for the study was purely secondary, obtained from published audited annual reports and accounts of ten (10) deposit money banks in Nigeria for the period of ten (10) years (2012 – 2021) ended 31st December 2021. They include Access Bank, Fidelity Bank, First Bank of Nigeria, First City Monument Bank, Guaranty Trust Bank, United Bank of Africa, Union Bank, Zenith Bank, Wema Bank, and Sterling Bank.

Techniques for Data Analysis

The analytical tools used in analyzing the data collected for this study were Regression analysis techniques. The justification for adopting was based on the premise that the least square estimate is assumed to be the best linear unbiased estimator and it has minimum variance.

Model Specification

Basically, this study adopted the models used by Duke and Kankpang (2011). The models seek to link corporate governance and sustainability reporting. Thus the models are specified as follows: $Y = f(X_1, X_2, X_3 \ldots\ldots\ldots. Xn)$. To empirically evaluate the relationship between sustainability reporting proxy by SSR and corporate governance proxy by ACA, IND and GDT, thus; Sustainability reporting is a function of corporate governance. This can be represented functionally as;

SR = fCG ……………………………… (1)

But Corporate Governance (CG) indicators include ACA, IND and GDT

Where:
SSR = Social Sustainability Reporting
ACA = Audit Committee Activities
IND = Independent Directors
GDT = Gender Diversity
SR = Sustainability Reporting
fCG = function of Corporate Governance

Substituting these on equation 1, we have:

SR = f(ACA, IND & GDT)…….. ……...(2)

Where SR is measured by SSR

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Therefore, SSR = $b_0 + b_1ACA + b_2 IND + b_3GDT$ ….. ………………….…………….. (3)

Result

Data Presentation

Annual data obtained on the variables of the study for the period 2012 to 2021 are presented in Table 1 for Social Sustainability Reporting (SSR), Audit Committee Activities (ACA), Independent Directors (IND), and Gender Diversity (GDT).

Table 1. Descriptive statistics of the variables

	N	Minimum	Maximum	Mean	Std. Deviation
SSR	110	0.078	0.740	0.298	0.142
ACA	110	0.520	100.000	91.677	10.787
IND	110	0.067	0.556	0.208	0.101
GDT	110	0.000	0.300	0.115	0.114

Table 1 shows the summary of descriptive statistics and normality tests for all the variables of interest adopted in the model of the study. The mean value of the social sustainability reporting is 0.298, with the lowest value as 0.078. The standard deviation is 0.142 lower than the mean value, which indicates that the level of social sustainability reporting is relatively low. Also, the mean value of the audit committee activities is 91.677, with a minimum value of 0.520 and a maximum value of 0.740, which shows that the audit committee meets regularly. This is an indicator that the bank's audit committee is fulfilling the regulations in implementing good corporate governance. It also shows how active the audit committee is in supervising and overseeing management to act by the bank’s goals. Further, the minimum value of the independent directors in the study is 0.067, and the maximum value is 0.556. It can be seen that the mean value of independent directors on the board is 0.208, which implies that the average percentage of independent directors is about 2 out of 10 board members. The standard deviation of 0.101 is smaller than the mean value, so it can be said that the deviations in the data are relatively small. The mean value of gender diversity on board is 0.115. The minimum value is 0.000, while the maximum value is 0.500. This implies that some banks do not have female directors on board while some banks have less than half of the board members as female. The deviation of 0.114 shows a relatively low variation in the gender diversity of the sampled bank.

Diagnostic test results

To ensure that there is no multicollinearity problem in the model, the VIF (Variable inflation factor) and Tolerance test were employed, and the results are shown in table 2 below.

Table 2. Multicollinearity Test

Variables	Tolerance	VIF
ACA	0.758	1.350
IND	0.922	1.054
GDT	0.731	1.308

Due to the fact that serious multicollinearity leads to large standard errors as well as false regression results, it, therefore, becomes very necessary to check for the presence of multicollinearity among the repressors. The existence of a linear relationship between two or more explanatory variables is known as multicollinearity. Multicollinearity does not exist if the following conditions are met: first, correlation coefficient of less than 0.9. Second, the Tolerance value is above 0.2 and the VIF below 10. Based on the two assumptions, our results satisfy that we do not have the presence of multicollinearity issues in our model as the

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coefficient is less than 0.9 for all the variables, tolerance values are above 0.2 while VIF is all below the threshold of 10. Hence we proceed with our further empirical tests.

Regression Results

Table 3 shows the regression coefficient of the independent variables. The results show that some of the coefficients of the results are positive and statistically significant in explaining our apriori expectations. This implies that a one percent increase in all the variables will lead to a corresponding increase in the dependent variable for ACA, IND, and GDT.

Table 3. Empirical Result of the Regression Analysis

Variables	Coefficient	t-test	Probability	Decision
Constant	-0.036	-1.02	0.275	
ACA	0.171	3.579	0.011	Accept H_1
IND	0.069	1.243	0.16	Reject H_1
GDT	0.078	1.015	0.311	Reject H_1

Test of Hypotheses Result

The broad objective of this study is to evaluate the effect of corporate governance on sustainability reporting with particular reference to the deposit money banks in Nigeria.

*The effect of audit activities on social sustainability reporting of deposit money banks in Nigeria***.** The result of the regression analysis revealed that the activities of the audit committee have a positive and significant effect on the social sustainability reporting of deposit money banks in Nigeria. This implies that the more active the audit committee is in holding meetings, the higher the social sustainability reports of deposit money banks in Nigeria. Thus the hypothesis was accepted.

*The effect of independent directors on social sustainability reporting of deposit money banks in Nigeria***.** The hypothesis testing result showed that the hypothesis was rejected. It can be said that the proportion of independent directors has a positive but insignificant effect on the social sustainability reporting of deposit money banks. This implies that there are still some deposit money banks that have a proportion of independent directors below half of the total number of the board. As such, the application of corporate governance is not optimal, especially in preventing operational activities that may not benefit all stakeholders.

The effect of gender diversity on the social sustainability reporting of deposit money banks in Nigeria. The result of the hypothesis was rejected as it is an indicator that the majority of the board members are male in proportion to the female members. This implies that most of the deposit money banks are yet to implement corporate governance regulations fully.

Summary, conclusion, and recommendations

This section showcases the key findings of the study, which explains how this research work has assisted in meeting its set objectives. Based on the outlined findings, requisite conclusions and recommendations were made.

Summary of findings

Findings arising from this research were summarized as follows:

1. Results revealed that ACA influenced SSR. This exerted a significant and positive influence on SSR. It implies that a unit increase will exert a corresponding increase on the SSR of the deposit money banks in Nigeria.
2. Results indicated that IND influenced SSR. The extent of the influence exerted on SSR by IND is not significant. This implies that there is a need to increase the number of INDs of the deposit money banks in Nigeria.

3. Results showed that GDT influenced SSR, but the extent of its influence is insignificant. This implies that there is a need to increase the number of female directors as board members of deposit money banks in Nigeria.

Conclusions

The study appraises the impact of corporate governance on the sustainability reporting of deposit money banks in Nigeria. It specifically examined the effect of ACA, IND, and GDT, respectively, on the social sustainability reporting of money deposit banks in Nigeria. These corporate governance incorporate all significant and relevant mechanisms for sound and strategic sustainability reporting, which invariable will enhance the decision-making purposes of deposit money banks in Nigeria. The literature reviewed by the researcher indicated that the development and operation of deposit money banks such as Access Banks, Fidelity Bank, First Bank of Nigeria, First City Monument Bank, Guaranty Trust Bank, United Bank of Africa, Union Bank, Zenith Bank, Wema Bank, and Sterling Bank have their SSR affected by ACA, IND, and GDT. The empirical results showed a clear and strongly expressed impact of corporate governance on sustainability reporting as explanatory variables showed a relationship on SSR of deposit money banks in Nigeria. However, one common observation across the classifications of deposit money banks is that ACA is found to be the most influencing variable on the SSR of deposit money banks in Nigeria. The researcher, therefore, concludes that corporate governance enhances the social sustainability reporting of deposit money banks in Nigeria.

Recommendations

Based on the findings of this study, the following recommendations were made:

1. The Shareholders of deposit money banks should appoint board members with diverse backgrounds that will promote social sustainability reporting.
2. More experienced independent directors should be appointed so as to influence the robustness of social sustainability reporting.
3. Shareholders are encouraged to appoint more directors with shareholding interests and include more females on the board as they boost social sustainability reporting.

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