

## Corporate Social Responsibility Disclosure Quality and Quantity and Its Effect on Firm Value in Ghana

Ahassan Musah<sup>1</sup> \*  | Mohammed Abdulai<sup>2</sup> | Bismark Okyere<sup>3</sup>  | Abigail Padi<sup>4</sup>

<sup>1</sup>Takoradi Technical University, Ghana

<sup>2</sup>University of Ghana, Ghana

<sup>3</sup>Ho Technical University, Ghana

<sup>4</sup>Takoradi Technical University, Ghana

\*Correspondence to: Ahassan Musah, Takoradi Technical University, Department of Accounting and Finance, Ghana.

E-mail: alaye88@gmail.com

**Abstract:** This study investigates the nature of Corporate Social Responsibility Disclosure (CSRD), the location of CSRD in annual reports, and identifies sectors that disclose more CSRD information among listed firms in Ghana. The study also investigated the quality and quantity of CSRD with its consequence in terms of quality and quantity of the impact on firm value. The study sampled 33 listed firms over 10 years, from 2011 to 2020. Data were analyzed using descriptive statistics, correlation analysis, and panel regression analysis. The results of the study showed the weak relationship between the quality and quantity of CSRD. Regarding the nature of CSRD, community information was disclosed more often than any other category of information was. In addition, this research study demonstrated that a separate section for CSRD information was much preferred. Further, the financial sector disclosed more CSRD information than any of the other sectors did. On the consequences of CSRD, the results showed no significant impact of CSRD on firm value in terms of either quality or quantity of CSRD. The results suggest that investors in Ghana do not pay attention to the quality and quantity of firms' CSRD in making their investment decisions.

**Keywords:** CSRD, firm value, quality, quantity.

**Article info:** Received 13 September 2021 | revised 7 April 2022 | accepted 2 June 2022

**Recommended citation:** Musah, A., Abdulai, M., Okyere, B., & Padi, A. (2022). Corporate Social Responsibility Disclosure Quality and Quantity and Its Effect on Firm Value in Ghana. *Indonesian Journal of Sustainability Accounting and Management*, 6(1), 1-12. <https://doi.org/10.28992/ijSAM.v6i1.462>

## INTRODUCTION

The effect of organizational activities on the environment is a global concern which has resulted in some countries mandating companies to disclose the impact of their activities to their stakeholders as through the annual report or through sustainability report (Musah, 2020; Khelif et al., 2015, Coffie et al., 2018). The nature of these disclosures differs from country to country depending on the legal and regulatory environment affecting corporate social responsibility disclosures (CSRD). Fifka (2013) reviewed empirical studies on CSRD and concluded that a significant gap exists between developed and developing countries. Khelif et al. (2015) in their study on South Africa and Morocco also supported this argument and further stated that African countries have been less represented in terms of CSRD research. According to Coffie et al. (2018) there are very few studies on CSRD in developing countries, especially Africa as most of the studies have focused on developed and emerging economies in Europe, America, and Asia.



In Ghana, there have been some recent research in corporate social responsibility activities, but these studies have not focused on disclosures (Abukari & Abdul-Hamid, 2018; Hinson et al., 2010; Essah & Andrews, 2016; Patnaik et al., 2018). The closest among these studies to CSRD is Hinson et al. (2010) who examined CSR reportage on banks website in Ghana and recently Coffie et al. (2018) whose study examined determinants of CSRD using corporate governance and degree of multinational activity.

The question as to what companies should disclose as CSRD remains unanswered and the nature and form of such disclosure remains debatable in literature (Dagiliene & Gokiene, 2011; Damoah et al., 2019). The medium of disclosure is still also datable in literature even though some prefer annual reports because of its credibility (Coffie et al., 2018; Hassan, 2014). Previous studies on CSRD in developed economies have focused mostly on the quantity of CSRD to the neglect of the quality of such disclosures (Hassan, 2014; Coffie et al., 2018). According to Dhaliwal et al. (2012), one great characteristic in corporate disclosure is that a company generally provides information to release specific obligations: to society, investor, supplier, creditors, and legal authorities. These stakeholders are more demanding for listed firms than non-listed firms and as such this study will focus on listed firms in Ghana. Fu et al. (2012) also argued that financial statements filed with the Securities and Exchange Commission (SEC) are accorded a substantial degree of prominence and attention than other firm and hence the need to use listed companies and their annual report.

The disclosure of corporate social responsibility activities of corporations provides information to the public regarding corporate activities that relate to the society, such as about reducing environmental impact, improving waste management, compliance with environmental regulations, and efforts to protect employees (Sharif et al., 2021; Damoah et al., 2019; Nyarkou & Hinson, 2017). CSRD provides companies an opportunity to use Corporate Social Responsibility (CSR) as a powerful marketing tool that can be used to engage with stakeholders and also to enhance firm value and brand image (Patnaik et al., 2018; Abukari & Abdul-Hamid, 2018). According to Hoeffler & Keller (2002), when CSR initiatives have been reported and disclosed, it has favourable impact on how stakeholders think, feel and act toward the company concerned and its brand. Even though there is recognition of CSRD and reporting to operationalize CSR, whether and how CSR reporting impacts on corporate social and financial performance is still open to debate (Fifka, 2013; Coffie et al., 2018). Khelif et al. (2015) and Sharif et al. (2021) argue that the consequence of CSRD has received little attention in literature compared to other aspects of CSRD studies.

Several studies have paid attention to studying the market reaction to CSRD (Sharif et al., 2021; Butt et al., 2020; Dhaliwal et al., 2012; Buchanan et al., 2018; Khelif et al., 2015). It can be argued that despite the growing importance of corporate social responsibility practices, suggesting that the investors could draw attention to the social responsibility information in the investment decision-making process, the studies conducted to examine the extent of investor interest in social disclosure provided mixed results (Butt et al., 2020; Damoah et al., 2019). This inconsistency could be attributed to the differences in regulatory regimes as well as the differences in the sophistications of investors. In the light of the above arguments, this study seeks to examine CSRD on listed firms in Ghana and the effect of their disclosures on firm value.

The study makes significant contributions to research, policy and practice. The study is among the few studies that have examined the nature of CSRD and its consequence on firm value in developing countries and Ghana in particular. The study extends previous studies on the subject matter to include both the quality and quantity of CSRD disclosures. The results of the study provided useful lessons to policy makers and regulatory bodies on the need to properly regulate CSR reporting in Ghana and other developing countries where there are no policy guidelines for such disclosures. In the area of practice, the findings of the study are relevant to managers of these firms as it gives them an idea as to the potential benefits of being socially responsible and

disclosing quality CSR information in their annual report. The findings could also be useful to policy makers in the area of improving voluntary disclosures in Ghana and providing a framework for reporting same.

## METHODS

The study relied on secondary data from the annual reports of listed firms in Ghana. The data used for this study was collected through “content analysis” of annual reports of these companies. A study of prior literature on social responsibility disclosures revealed that majority of studies on corporate social responsibility disclosure used content analysis of annual report (Gray et al., 1995; Hackston & Milne, 1996; Guthrie & Parker, 1990; Hassan, 2014; Khlif et al., 2015).

White & Hanson (2002) justifies the extensive use of annual reports by researchers when they stated that no other medium offers the same blend of consistency, accessibility, and wide applicability like the annual report. They further argue that no other medium yields the same access to corporate communication with key audiences. Majority of research in the area of CSRD use the annual report as the principal focus of disclosure and some of the justifications citing its credibility and accessibility as the reasons despite some companies now reporting CSRD on stand-alone report (Musah, 2020; Coffie et al., 2018).

The study sampled firms listed on the Ghana stock exchange. The study chose listed firms because they are the largest firms in Ghana and according to Brammer & Pavelin (2006), the larger the firm, the more likely they will disclose voluntary social information and because of public availability of data. The sample was drawn from listed companies because complete data was relatively available for listed firms as compared to their non-listed counterparts. Copies of the annual reports of listed firms are deposited at the stock exchange and one could secure copies. The selection criteria were based on firms listed on the Ghana stock exchange from the year 2008. This is because research has established that the adoption of IFRS leads to an increase in voluntary disclosures (Coffie et al., 2018) and all companies on the stock Exchange fully complied with the adoption by the end of 2008. Since social disclosures are also an aspect of voluntary disclosure, it is important to examine companies' social disclosures after the adoption of IFRS. In all, 33 firms made the sample selection criteria over a nine-year period from 2011 to 2020. This added up to 330 sample year observations.

The research method that is commonly used in literature to assess the quantity of CSRD is content analysis. Studies in this area use a disclosure index as a guide to quantify social information. To achieve this objective, the study also adapted a comprehensive disclosure index from literature to quantify CSRD. Based on some previous studies, the study adapts the disclosure index by Hackston & Milne (1996) as adapted by Deegan (2002), Hassan (2014) and Coffie et al. (2018) in similar studies. These authors argue that this index is the most comprehensive in literature and were applied in a similar study in New Zealand. To operationalize the index, a pilot study was conducted to examine the reliability of the disclosure index. To achieve this, the study randomly sampled companies from each industrial sector listed on the Ghana stock exchange. A modified social responsibility disclosure was constructed based on information from annual reports of listed firms on the Ghana stock exchange which was used to measure CSRD for the study.

After the index, the study determined the unit of analysis which served as the basis for measuring CSRD (Table 1). Corporate social responsibility disclosure studies have used various units of analysis including number of characters, words, sentences, pages, and proportion of volume of CSRD to total disclosure (Hassan, 2014). Recent studies have indicated the weaknesses in using number of words as words in themselves do not convey any meaning (Hackston & Milne, 1996; Coffie et al., 2018; Hassan, 2014). These studies advocate for the use of sentences, graphs, and photos to quantify CSRD. For this study, the measurement of the quantity of CSRD in

annual reports was done using the number of sentences as well as graphs and photographs that represent CSR disclosures. The objective of this choice is to reduce the weaknesses in relying on only written words to the neglect of photos which is argued to be an effective way of CSR. Also, the study did not use the number of pages because CSR reports in annual reports are not always presented in a structured and presented in a stand-alone manner. Sometimes they are contained in the directors' reports or other reports which cannot be isolated in terms of number of pages (Hassan, 2014).

On the measure of the quality of CSR, previous studies have relied on scoring method to measure the quality of CSR (Hassan, 2014; Coffie et al., 2018). These studies have argued that social information that is quantified, graphed, or disclose a specific measure that has been taken by companies is of higher quality. From the discussion above and in line with previous literature and especially the work of Hassan (2014), the study used a 2-point scale system to assess the quality of social disclosure in annual reports which was presented as follows, 1 if disclosure is quantified, graphed or narrative disclosure which reports the policies and activities of the company with respect to social responsibility; 0, otherwise. The quality score was measured by evaluating each sentence on social disclosures in accordance with previous rating by Hassan (2014) and calculated as the average score using (total score/number of sentences).

The study employed the following econometric models to test the hypotheses formulated.

$$TQ_{it} = \beta_0 + \beta_1 CSRQuantity_{it} + \beta_2 CSRQuality_{it} + \beta_3 CS_{it} + \beta_4 AFM_{it} + \beta_5 LEV_{it} + \beta_6 PRO_{it} + \beta_7 IG_{it} + \beta_8 ID_{it} + \beta_9 DMA_{it} + \beta_{10} AUD_{it} + \epsilon_{it}$$

**Table 1 Variable Measurement**

Variable	Meaning	Measurement
TQ	Firm value	Tobin's q = Market value of assets/Book value of assets
CSRQuantity	Quantity of CSR	No. of sentences & photographs
CSRQuality	Quality of CSR	Total score/No. of sentence
DMA	Degree of multinational activity	Number of countries a firm operates
CS	Corporate size	Natural logarithm of total assets
AFM	Access to financial market	Dummy, 1 if firm paid dividend, 0 otherwise
LEV	Leverage	Total debts/total assets
PRO	Corporate profitability	Return on assets
IG	Investment growth	Ratio of capital expenditure to sales
ID	Industry diversification	Dummy, 1 if firm operates in more than one industry, 0 otherwise.
AUD	Auditor type	Dummy, 1 if firm is audited by big 4, 0 otherwise.

## RESULTS AND DISCUSSION

The first objective of the study was to examine the nature of CSR disclosure in the annual report of listed firms in Ghana. In line with previous literature on the nature of CSR, the study examined the type of CSR information that has been disclosed using descriptive statistics. The major categories of CSR extracted from the annual report based on a framework developed by Hackstone & Milne (1996) as adopted and applied by Hassan (2014) and Coffie et al. (2018). The results of the descriptive statistics are presented in Table 2.

**Table 2 Descriptive Statistics on the Nature of CSRD (Quantity)**

Variable	Mean	Std. Dev.	Min	Max
Environmental	6.751	5.236	0	75
Community	10.8542	7.4526	0	86
Employees	6.215	4.1456	0	65
Customer	3.1895	2.5265	0	30
Ethics	4.6526	3.526	0	75
Products	2.8965	3.0607	0	25
Health and safety	4.856	4.0575	0	50
Others	2.3156	4.4175	0	36

Table 2 gives a descriptive statistic of the nature of CSRD for the period being understudied. Relating to quantity of CSRD in annual reports, it can be observed that some companies did not disclose any information whatsoever in their annual report which explain the minimum score of 0.

The study measured the quantity of CSRD using the number of sentences. The minimum number of lines was 0 whereas the maximum number of lines was 86. Community information disclosure was more in quantity with an average of 10.8542 with a corresponding maximum line of 86. The second quantity is environmental information which has an average of 6.751 and maximum lines of 75 followed by Employee information with an average of 6.215 and 65 maximum lines. Preceding Customer information is Ethical related information with an average of 4.6526 and 75 maximum lines whereas Customer information has an average of 3.1895 and 30 maximum lines. After this, come Products and Services, with an average of 2.8965 and maximum lines of 25. Other activities on the other hand recorded an average of 2.3156, being the lowest with maximum lines of 36.

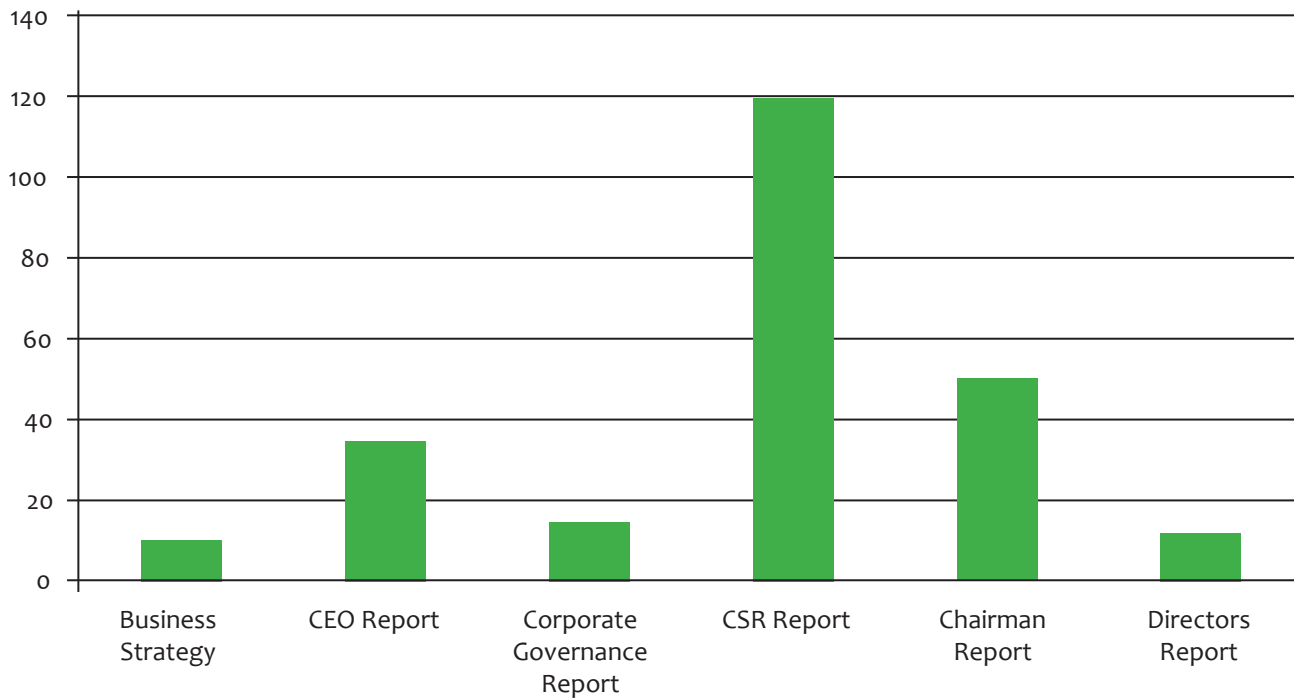
Other research works like that of Hackston & Milne (1996) in New Zealand revealed that employee and community information were the most disclosed. According to the research findings of Rizk et al. (2008) in Egyptian firms, it was revealed that, employee information was most disclosed. Also, in Hong Kong, Lynn (1992) concluded that, employee information was the most disclosed as well. Companies in Bangladesh also think that employee information is of greater importance (Sobhani et al., 2009). Another important research carried out by Guthrie & Parker (1990) discovered that employee information was 40%, environmental, community and products were 13%, 31%, and 7% respectively.

However, since Community information has the highest average (Table 2 and 3), it can be concluded that, companies listed on the Ghana Stock exchange are more concerned with giving back to society than any other thing.

**Table 3 Disclosure Categories of CSRD by Companies**

Variable	Frequency	Percentage (%)
Environmental	85	38.85
Community	155	65.10
Employees	120	55.45
Customer	76	29.28
Ethics	60	27.78
Products	78	35.48
Health and safety	74	30.31
Others	80	38.40





**Figure 1 Location of CSRD Disclosure**

Figure 1 is a graphical representation of the Location of CSR disclosure in annual reports of all listed firms in Ghana. Analyzing the figure above, it is evident that CSR disclosure is mostly reported in a separate section of the annual report with a frequency of 120. This shows that, CSR information is mostly segregated from other information in annual reports of listed companies in Ghana which makes it quite easy to locate other than being mixed up with other bits of information. The result of the study is similar, to some extent, to the findings of Holland & Foo (2003), which revealed that the separate section is the most noticeable means of disclosing CSR information in UK companies. The fact that majority of firms have a separate section for CSRD shows how the importance listed firms in Ghana place on CSRD. The next part of annual reports that CSR information is mostly located in is in the Chairman's report followed by the CEO report each with a frequency of 50 and 38 respectively. The reason why some firms on the GSE use the chairman section for social disclosure is because mostly, they are non-executive director, and it is prudent that they show more initiative in CSR activities. This is not the best since the Chairman or CEO's report contains other types of information, hence being crowded and making it difficult to locate CSR information. Corporate governance and Director's report are the next part of annual reports that CSR information can be located also with frequency of 18 and 14 respectively. The findings of Yusoff et al. (2006) which reported that director's report and separate section tends to be the obvious locations for Australian companies and an operations review and separate section for Malaysian companies which is to an extent inconsistent with this study since the separate section and Chairman's report are the dominant factors. Business strategy is the least place where CSR information is located with a frequency of 10.

Table 4 is a descriptive analysis of the various categories in the Economic sector. It basically gives an analysis of which sector discloses what and more information in the various categories. Analyzing from the table 4, looking at environmental disclosure, manufacturing and mining sector has a percentage of 65.22%, finance has a percentage of 27.54%, trading and retail has a percentage of 7.25% whereas other services have 0%. From this

it can be concluded that manufacturing companies disclose more environmentally related information than the other sectors which goes on to imply that, they put priority on taking care of the environment within which they operate.

Community wise, the manufacturing and mining sector has a total percentage of 38.58%, finance has a percentage of 43.31%, trading and retail also has a percentage of 9.45% while other services has a percentage of 6.66%. In this regard, it can be deduced that the finance sector has a priority of giving back to society more than the other sectors. They focus on caring for the people other than taking care of the environment. Other works have attributed this to the fact that they are part of the most profitable sector in recent times.

Looking at employee related activities, manufacturing and mining sector has a score of 48.15%, finance sector has a score of 37.04%, trading and retail has a score of 9.60% and the other service sector has a score of 5.56% unlike the environmental analysis where other service had a score of 0%, employee related disclosure has 5.56%. This analysis shows that at least all the sectors care about the welfare of their employees in as much as there is still a lot of improvement needed in the trading and retail sector as well as other service sector. This result distribution may be because of the level of risk associated with the various sectors. There is a high occupation risk in the mining and manufacturing sector which may have resulted in managers making provision to cover these risks.

On the of customer related disclosure, manufacturing and mining sector had 23.21%, 53.57% for finance sector, 12.50% for trading and retail whereas other service sector had 6.91%. This reveals which sector of firms listed on the GSE have their customers at heart. There are many banks in Ghana now. As a result, most of these banks are fighting for the limited number of customers in the system. As such, most banks are focused on winning the heart of customers so that they can transact with them.

When it comes to ethical concerns, manufacturing, and mining sectors as well as finance sectors have a higher responsibility due to the nature of their operations. Inasmuch as being ethical is a basic requirement for all sectors, priority is placed on these firms to avoid severe and negative repercussions. The analysis revealed that, manufacturing and mining sector had a percentage of 49.15%, the finance sector had a percentage of 40.50%, trading and retail sector had a percentage of 7.12% and other service sector had a percentage of 3.25%.

The analysis of products and services disclosure is in connection with customer related disclosure. In this analysis, the manufacturing and mining sector had a percentage of 40.00%, the finance sector has a percentage of 45.30%, trading and retail sector had a percentage of 14.71% and other service sector had a percentage of 0%. In this regard the struggle for limited customers amongst both the manufacturing sector and finance sector is high. Within the manufacturing sector, there is a struggle for customers and within the finance sector, there is a struggle for customers. As such each of these sectors lures their respective customers by paying attention to the products and services they render.

The issue of health has become an increasing demand on all sectors particularly in the manufacturing and mining sector. This is due to both the effect of operation on the environment and health risk associated with heavy duty equipment, dangerous landscape in the aspect of mining and many other factors. The findings of the analysis showed that the manufacturing and mining sector had a percentage of 75.81%, the finance sector had a percentage of 12.90%, trading and retail sector had a percentage of 11.81% and other service sector had a percentage of 0%.

Other disclosures that are not specifically related to the categories given were placed under others. The manufacturing and mining sector had 48.72%, 21.79% for the finance sector, and 11.54% for trading and retail whereas other service sector had 17.95%.

**Table 4 Disclosure Categories in the Economic Sectors**

Variable	Manufacturing	Finance	Trading & Ret.	Other Service
Environmental	65.22%	27.54%	7.25%	0%
Community	38.58%	43.31%	9.45%	6.66%
Employees	48.15%	37.04%	9.60%	5.56%
Customer	23.21%	53.57%	12.50%	6.91%
Ethics	49.15%	40.50%	7.12%	3.25%
Products	40.00%	45.30%	14.71%	0%
Health and safety	75.81%	12.90%	11.81%	0%
Others	48.72%	21.79%	11.54%	17.95%

The result from the descriptive analysis in table 5 shows that the average level of disclosure for the sampled firm is 65 while the maximum amount of CSR disclosure by a company over the study period is 520 sentences and photographs. The minimum disclosure of 0 suggests that some firms did not disclose any form of CSR information in their annual report.

**Table 5 Descriptive Statistics of Quality and Quantity of CSRD**

Variable	Mean	Std. Dev.	Min	Max
Quantity of CSRD	65.385	8.2567	0	520
Quality of CSRD	0.754	2.5642	0	1

**Table 6 Correlation Analysis between Quality and Quantity of CSRD**

	Quantity of CSRD	Quality of CSRD
Quantity of CSRD	1.000	
Quality of CSRD	0.212	1.000

There results in table 6 show a weak correlation between the quantity of CSRD and the quality of CSRD even though the relationship is positive. The results show that there is a weak correlation between the quantity of CSRD disclosure and the quality of their disclosures.

To examine the consequence of CSRD quality and quantity on firm value in Ghana, the study adopted both correlation analysis and panel regression analysis. The results of the correlation analysis are presented in table 7. The results of the correlation analysis show that there is a positive correlation between the quantity of CSRD and firm value and the correlation is significant at 10% significance level. The results suggest that an increase in the quantity of CSRD in the annual report of listed firms in Ghana is associated with improvement in firm value. On the other hand, the quality of CSRD was negatively correlated with firm value but statistically insignificant.

On the control variables, there was a negative correlation between firm size and firm value and the results were significant at 5% significance level. Access to financial market (AFM) was also negatively associated with firm value and statistically significant at 1% significance level. Finally, profitability (ROA) is negatively correlated with firm value and statistically significant at 10% significance level. The rest of the independent variables were



not statistically significant. The results confirm the general findings that CSRD improves firm performance (Butt et al., 2020; Platonova et al., 2018) even though the correlation is weak in the Ghanaian context as illustrated in table 8.

**Table 7 Correlation Analysis of the Consequence of CSRD**

	TQ	CSRD quantity	CSRD quality	SIZE	AFM	LEV	ROA	IG
TQ	1							
CSRD quantity	0.147*	1						
CSRD quality	0.06	0.212	1					
SIZE	-0.378**	0.6328	0.4263	1				
AFM	0.507***	0.2098	0.25	0.4818	1			
LEV	-0.0157	-0.0766	-0.2015	-0.2195	-0.1903	1		
ROA	-0.2301*	-0.0185	-0.0233	0.0652	0.1563	-0.0166	1	
IG	0.12	-0.9274	0.0216	0.0197	0.0513	0.022	-0.0091	1

(\*\*\* significant at 0.01level, \*\* significant at 0.05 level, 0.1 significance level)

**Table 8 Panel Regression Analysis**

Variable	Coefficient	Std. Error
CSD quantity	0.016205	0.0172274
CSD Quality	0.3725974	0.9828823
SIZE	-1.896288***	0.541192
AFM	1.1695959***	0.3850303
LEV	-0.1500945**	0.036084
ROA	0.0897572	0.1268001
IG	0.224464***	0.105704
Ad. R <sup>2</sup> within	0.562	
Between	0.6687	
Overall	0.5644	
Wald Chi2 (8)	45	
Prob>Chi2	0	

(\*\*\* significant at 0.01level, \*\* significant at 0.05 level, 0.1 significance level)

The results of the correlation analysis showed little or no evidence of multicollinearity as the correlation coefficient of the independent variables were below 0.8 in line with the rule of thumb. The study further conducted a variance inflation factor test and the results showed that the values of the VIF were less than 2 showing that there is no problem of multicollinearity. Finally, to correct for autocorrelation and heteroskedasticity, the study used the standard corrected output which was largely consistent with the general findings of the study. The Hausmann test results revealed a Chi2 (9) = 4.31 and a probability of 0.8901 which suggests that the test is not

significant and as such the random effect model be adopted for the study. The Adjusted R-Square for the study is 56% which suggests that the independent variables can explain 56% of the changes in the dependent variable. Also, Wild Chi2 was statistically significant at 1% significance level which shows that the model is well fit.

The results of the panel regression analysis show that there was a positive association between firm value and the quantity of CSRD. However, the relationship is statistically insignificant. Also, the relationship between the quality of CSRD and firm value was positive but statistically insignificant. The results show that corporate social responsibility disclosures in Ghana in terms of quality and quantity have no significant impact on firm value. The results are inconsistent with hypothesis 1a and 1b which predicted a positive and significant association between the quality and quantity of CSRD and firm value. The results show that customers do not reward firms in Ghana for disclosing socially responsible activities in their annual report and that firm only do that to legitimize their operations. The results are consistent with the expectation of the legitimacy theory which sees CSRD to legitimize the operations of firm with no direct financial consequence. The result is consistent with the findings of Khlif et al. (2015) who reported no significant association between CSRD and listed firms in South Africa and Morocco. However, the result is inconsistent with the findings of Murray et al. (2006) who also reported a significant association between CSRD and firm value or performance. The result is also inconsistent with the findings of Butt et al. (2020) who reported a positive and statistically significant association between CSRD and firm value. The bottom line is that investors in Ghana are not interested in the quality and quantity of CSRD in their investment decisions.

On the control variables, there was a negative association between firm size and firm value. The relationship is statistically significant at 1% significance level suggesting that the bigger the assets size of the business, the lesser its market value. The result also revealed a negative and statistically significant association between leverage and firm value. The result was significant at the 5% significance level. The result shows that the more leverage the firm has, the higher the risk and the lesser its market value. In addition to the above, the results revealed a positive association between a firm's access to finance and firm or market value. Finally, growth in investment was positively associated with firm value and statistically significant at the 1% significance level.

## CONCLUSION

In conclusion, CSRD is still voluntary in Ghana like in many developing countries and as such the motivation to engage in it is limited. The results of the study justify entities having little interest in CSRD in terms of the quality and quantity of reporting as it has no consequence on their firm value. The study found that the most preferred location for disclosing CSR information in the annual report is having a separate CSR information section in the annual report. The study also found that financial institutions disclose more CSR information than all other firms and community information is the most disclosed CSR information in the annual report of listed firms in Ghana. This result is consistent with the arguments of the legitimacy theory which posits that firms will undertake CSRD based on the degree of pressure they face of the level of scrutiny. Financial institutions are the most visible entities in Ghana and as such suffers more scrutiny in terms of how socially responsible, they are as compared to other entities. The study found that there is no significant impact or effect of the quality and quantity on CSR disclosure on firm value. Investors of stocks of shares of listed firms on the Ghana Stock Exchange are clearly not influenced by social and environmental disclosure by listed firms when making investment decisions. Firms only do this to legitimize their operations. The results of the study are consistent with the legitimacy theory which sees CSRD to legitimize firms' operations and not for may direct financial gain. Since there is a weak correlation but a positive relationship between the quality and quantity of CSRD, it would be wise to set yardsticks and

certain standards that will monitor, analyze, and improve the reporting and evaluation of CSR reports of firms on the Ghana Stock Exchange. Also, the financial sector discloses more information than the other sectors, but they should improve on ethical, environmental and health and safety related disclosure so as to make society a better and safer place to live.

## ORCID

Alhassan Musah  <https://orcid.org/0000-0003-1107-522X>

Bismark Okyere  <https://orcid.org/0000-0002-7266-8005>

## REFERENCES

- Abukari, A. J., & Abdul-Hamid, I. K. (2018). Corporate social responsibility reporting in the telecommunications sector in Ghana. *International Journal of Corporate Social Responsibility*, 3(1), 1-19.
- Brammer, S., & Pavelin, S. (2006). Voluntary Environmental Disclosures by Large UK Companies. *Journal of Business Finance and Accounting*, 33(7-8), 1168–1188. <https://doi.org/10.1111/j.1468-5957.2006.00598.x>
- Buchanan, B., Cao, C. X., & Chen, C. (2018). Corporate social responsibility, firm value, and influential institutional ownership. *Journal of Corporate Finance*, 52, 73-95.
- Butt, A. A., Shahzad, A., & Ahmad, J. (2020). Impact of CSR on Firm Value: The Moderating Role of Corporate Governance. *Indonesian Journal of Sustainability Accounting and Management*, 4(2), 145-163. <https://doi.org/10.28992/ijSAM.v4i2.257>
- Coffie, W., Aboagye-Otchere, F., & Musah, A. (2018). Corporate social responsibility disclosures (CSR), corporate governance and the degree of multinational activities. *Journal of Accounting in Emerging Economies*, 8(1), 106-129.
- Dagiliene, L., & Gokiene, R. (2011). Valuation of corporate social responsibility reports. *Economics and Management*, 16(1), 21-27
- Damoah, O. B. O., Peprah, A. A., & Cobla, G. M. (2019). The state of corporate social responsibility research in Ghana: A synthesis of literature. *Business Strategy & Development*, 2(4), 303-314.
- Deegan, C. (2002). Introduction: the legitimising effect of social and environmental disclosures-a theoretical foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282-311.
- Dhaliwal, D. S., Radhakrishnan, S., Tsang, A., & Yang, Y. G. (2012). Nonfinancial disclosure and analyst forecast accuracy: International evidence on corporate social responsibility disclosure. *The Accounting Review*, 87(3), 723-759. DOI:10.2139/ssrn.1596458
- Essah, M., & Andrews, N. (2016). Linking or de-linking sustainable mining practices and corporate social responsibility? Insights from Ghana. *Resources Policy*, 50, 75-85. <https://doi.org/10.1016/j.resourpol.2016.08.008>
- Fifka, M. S. (2013). Corporate Responsibility Reporting and its Determinants in Comparative Perspective—a Review of the Empirical Literature and a Meta-analysis. *Business strategy and the environment*, 22(1), 1-35.
- Fu, R., Kraft, A., & Zhang, H. (2012). Financial reporting frequency, information asymmetry, and the cost of equity. *Journal of Accounting and Economics*, 54(2), 132-149.
- Gray, R., & Milne, M. (2002). Sustainability reporting: who's kidding whom?. *Chartered Accountants Journal of New Zealand*, 81(6), 66-70.
- Guthrie, J., & Parker, L. D. (1990). Corporate social disclosure practice: a comparative international analysis. *Advances in public interest accounting*, 3, 159-175.

- Hackston, D., & Milne, M. J. (1996). Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing & Accountability Journal*, 9(1), 77-108.
- Hassan, N. T. (2014). Corporate governance, degree of multi-nationality, and corporate social responsibility disclosure: evidence from the UK. *Journal of Empirical Research in Accounting & Auditing*, 1(1), 1-18.
- Hinson, R., Boateng, R., & Madichie, N. (2010). Corporate social responsibility activity reportage on bank websites in Ghana. *International Journal of Bank Marketing*, 28(7), 498-518.
- Hoeffler, S., & Keller, K. L. (2002). Building brand equity through corporate societal marketing. *Journal of Public Policy & Marketing*, 21(1), 78-89.
- Holland, L., & Foo, Y. B. (2003). Differences in environmental reporting practices in the UK and the US: the legal and regulatory context. *British Accounting Review*, 35(1), 1-18.
- Khlif, H., Guidara, A., & Souissi, M. (2015). Corporate social and environmental disclosure and corporate performance: Evidence from South Africa and Morocco. *Journal of Accounting in Emerging Economies*, 5(1), 51-69. <https://doi.org/10.1108/JAEE-06-2012-0024>
- Khlif, H., Samaha, K., & Azzam, I. (2015). Disclosure, ownership structure, earnings announcement lag and cost of equity capital in emerging markets. *Journal of Applied Accounting Research*, 16(1), 28-57.
- Lynn, M. (1992). A note on corporate social disclosure in Hong Kong. *British Accounting Review*, 24(2), 105-110.
- Murray, A., Sinclair, D., Power, D., & Gray, R. (2006). Do financial markets care about social and environmental disclosure? Further evidence and exploration from the UK. *Accounting, Auditing & Accountability Journal*, 19(2), 228-255.
- Musah, A. (2020). Corporate social responsibility spending of commercial banks: determinants and consequence. *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah*, 8(5), 431-446.
- Nyarku, K. M., & Hinson, R. E. (2017). Corporate social responsibility reporting of banks operating in Ghana. *African Journal of Business Ethics*, 11(2). DOI: <https://doi.org/10.15249/11-2-146>
- Patnaik, S., Temouri, Y., Tuffour, J., Tarba, S., & Singh, S. K. (2018). Corporate social responsibility and multinational enterprise identity: insights from a mining company's attempt to localise in Ghana. *Social Identities*, 24(5), 604-623. <https://doi.org/10.1080/13504630.2017.1386369>
- Platonova, E., Asutay, M., Dixon, R., & Mohammad, S. (2018). The impact of corporate social responsibility disclosure on financial performance: Evidence from the GCC Islamic banking sector. *Journal of Business Ethics*, 151, 451-471.
- Rizk, R., Dixon, R., & Woodhead, A. (2008). Corporate social and environmental reporting: a survey of disclosure practices in Egypt. *Social Responsibility Journal*, 4(3), 306-323. DOI:10.1108/1747110810810892839
- Sharif, H. P., Johari, J., Fadzilah, W., & Theng, L. W. (2021). Impact of Integrated Reporting Quality Disclosure on Cost of Equity Capital in Australia and New Zealand. *Indonesian Journal of Sustainability Accounting and Management*, 5(2). <https://doi.org/10.28992/ijSAM.v5i2.400>
- Sobhani, F. A., Amran, A., & Zainuddin, Y. (2009). Revisiting the practices of corporate social and environmental disclosure in Bangladesh. *Corporate Social Responsibility and Environmental Management*, 16(3), 167-183
- White, R., & Hanson, D. (2002). Corporate self, corporate reputation and corporate annual reports: re-enrolling Goffman. *Scandinavian Journal of Management*, 18(3), 285-301. DOI:10.1016/S0956-5221(01)00013-6
- Yusoff, H., Lehman, G., & Mohd Nasir, N. (2006). Environmental engagements through the lens of disclosure practices: a Malaysian story. *Asian Review of Accounting*, 14(1/2), 122-148. <https://doi.org/10.1108/13217340610729509>