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Sustainability Disclosure: The Associated Effect on Market Value of Non-Financial Companies in Nigeria

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ABSTRACT
The study centres on sustainability disclosure: the correlating effect on the market value of non-financial companies in Nigeria Specifically, the study investigates the effect of environmental sustainability and social sustainability on market value of non-financial companies in Nigeria. Extant literature was reviewed and the study was anchored on the stakeholder's theory. This study adopted ex post facto research design. The study population comprises fifty-two (52) non-financial companies listed on the Nigerian Exchange Group and forty-six (46) non-financial companies were systematically selected for a period of eleven years from 2013 to 2023 as the sample of this study using Taro Yamane formulae. The study utilized secondary data obtained from the company's annual report, and the website of Nigerian Exchange Group and the data about sustainability index was constructed by checking the conformity of the information submitted in companies' sustainability reporting with the information items required by the GRI (Global Reporting Initiative). The study employed descriptive statistics, correlation and multiple regression techniques for data analysis with the aid of STATA 13.0 statistical software. The findings from the test of hypotheses unveiled that environmental sustainability disclosure exerts positive significant effect on the market value of non-financial companies in Nigeria. Equally, the study finding upholds that social sustainability disclosure has a negative and significant effect on the market value of non-financial companies in Nigeria. Based on the findings, the study therefore, recommends that there should be a promotion of environmental policies through direct regulations to encourage energy/resource savings through innovations in technology and management, thereby reducing the cost of environmental measures in general and also stimulating improvements in market value. Equally, the study recommends the immediate identification of bottlenecks in service delivery processes and urgent implementation of improvement strategies and that firms should employed uniform reporting and disclosure standards of environmental practices for the purpose of control and measurement of performance.

Keywords: Sustainability Disclosure, Environmental Disclosure, Social Disclosure, Market Value

I. INTRODUCTION

Sustainability disclosure is a form of non-financial reporting that enables companies to convey their progress toward goals on a variety of sustainability parameters, including environmental, social and governance metrics, as well as risks and impacts they may face, at the moment or in the future. The primary objective of sustainability disclosure is to drive concrete actions toward efforts. Sustainability disclosure helps companies communicate both positive and negative impacts of their actions on the environment, society as well as economy, and accordingly set priorities (Alkababji, 2014). To provide complete transparency in communicating the progress and efforts in sustainability, the disclosure format could include photographs, numbers, charts, infographics, etc. In the long term, sustainability disclosure helps companies assess risks and opportunities and helps them drive green operations, align with corporate social responsibility goals and increase cost saving opportunities. Sustainability disclosure has no set format, but broadly involves disclosure of a company's environmental, social, and governance (ESG) goals and communicating the company's disclosure and efforts to reach those goals.

Environmental sustainability disclosure simply refers to self-reporting of firms' environmental impact information to stakeholders. The communication of this information is done in a variety of different forms and mediums such as the annual reports, stand-alone environmental reports, pamphlets, documentaries, brochures etc. (Larrinaga and Bebbington, (2021).Emeka-Nwokeji and Osisioma (2019) assert that social sustainability disclosure encompasses a wide-ranging and contested concept that combines principles of social justice and environmental protection. The utilization of social sustainability disclosure by business directors serves as a means to communicate their social performances to a diverse array of stakeholders who may notbe directly engaged in the firm's operational activities or policy- making processes.

Along with ESG initiatives, sustainability disclosure includes financial elements. Sustainability disclosure provides stakeholders valuable information about a company's performance beyond just traditional financial measures. Sustainability disclosure is valuable not only because it enables a business to identify risks and opportunities that may impact its long-term performance, but also because it can help improve transparency and enhance brand image (Alkababji, 2014). By disclosure on sustainability, companies can mitigate impacts from potential ESG risks, reduce waste and thereby increase cost savings, ensure they are in compliance with regulatory requirements and make more effective strategic decisions. However, sustainability disclosures and its disaggregated dimensions of environment and social seems to affect the market value of companies in Nigeria as an emerging economy.

Market value is the price an asset would fetch in the marketplace, or the value that the investment community gives to a particular equity or business. Uyar (2016) described market value as the price at which a product or service could be sold in a competitive, open market. It is essentially a function of supply and demand, since an item in high demand for which there is minimal supply will sell at a high price - and vice versa. The market value concept is the basis for several accounting analyses to determine whether the book value of an asset should be written down. Market value can be determined most easily when there are a large number of willing buyers and sellers that engage in purchases and sales of similar products on an ongoing basis.

However, the greatest difficulty in determining market value lies in estimating the value of illiquid assets like real estate and businesses, which may necessitate the use of real estate appraisers and business valuation experts respectively (Yossi, 2018). Market value can give an indication of whether a company's shares are over- or undervalued, depending on the difference between market value and the fair value.

Non-financial companies' performance has evolved to sour the interest of a growing wide range of business experts, who recognize that market value is insufficient for a firm's long-term progress. Sustainability disclosure improves business transparency, strengthens risk management, promotes stakeholder involvement, and improves interactions with stakeholders by going beyond economic, strategic, and operational issues to incorporate environmental and social considerations (Laskar and Maji, 2018). The greater disclosure of a company's encompassing financial, environmental and social (ES) activities is motivated not only by new rules and laws, but also by the influence it has on a company's corporate value and financial performance. Stakeholders currently value sustainability highly and as a result the company increases their focus on it as they want to attract the goodwill of their stakeholders (Tapaninaho & Kujala, 2019). Therefore, companies that want to retain their market value must invest in the best possible Corporate Social Responsibility (CSR) and report it visibly to their stakeholders.

Despite the fact that sustainability disclosure has experienced tremendous increase in its relevance over the last several decades, the quality of studies that describesthe effect of sustainability disclosure on market value of non-financial companies remains ambiguous and inconclusive. The rise in popularity of sustainability disclosure may be attributed to the creation of corporate social and environmental disclosures (Uyar, 2016). Because of its popularity, investors have begun to recognize the importance of sustainability disclosure. With growing focus, shareholders are more inclined to prefer companies that provide stronger sustainability reporting while deciding to invest (Cormier & Magnan, 2007). Furthermore, increased public knowledge of corporate environmental and social concerns has necessitated corporations disclosing their projects and initiatives on these matters. These data transparency initiatives address the interests of a broad variety of users, especially investors (Yu, Wang and He, 2015).

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Moreover, in Nigeria, sustainable disclosure policies are still optional, and the degree of disclosures is quite low. Organizations in Nigeria disclose sustainability concerns in multiple ways and adhere to diverse reporting frameworks, culminating in the creation of several forms of assessments. It's no surprise that Nigeria is ranked worst in the CSR practices assessed by KPMG in 2011 (KPMG, 2011). Most Nigerian corporations declare some sustainability strategies. Similarly, Isa (2014) presents verifiable research that just 2% of company disclosures in Nigeria are about sustainability. On the basis of the above premise, the study examined the effect of sustainability disclosure on market value of non-financial companies in Nigeria.

Statement Of The Problem

The greatest problem with sustainability disclosure is that it is not mandatory and corporate bodies and choose what to declare which is always the positive aspect in order to amplify the company's reputation, picture and prestige. Effiong, Oti & Akpan, (2019)debated that the accomplishment and attainment of sustainability success requires sound comparison or balance among economic, environmental and social performance. Consequently, the financial reports are no more adequate for the investors and other interested parties owing to the fact that financial reports onlydo not accommodate satisfactory or detail information concerning the environmental and social dimensions of the company's activities. correspondingly, companies need to make voluntary reports about financial or non-financial and several other additional information which may exert influence on the performance of the company. Sustainability disclosure had experienced significant investigation as a result of its relevance to sustainable development. Examining prior written work, majority of the studies on sustainability employed diverse proxies or measures to evaluate performance like return on asset (ROA), cash flow return on investment (CFROI), return on equity (ROA), net profit ratio (NPM) and gross profit ratio (GPM), but the prominent or most significant measurement of performance indicators such as managerial ownership (MGER), block-holder ownership (BLCK),institutional ownership (INST), investor structure index (ISI) and size of total assets (FSIZ)seem to be ignored.

Regrettably, the report or data that will allow investors evaluate, analyse and assess all the notable risks of the company's actions are not incorporated into the traditional financial statements. several measures or drivers of value are not considered or disclosed in the traditional financial statements. There has been rising interest that absence of clarity and transparency exist in the extant or surviving structure of corporate reporting and no longer make the required information by stakeholders available to evaluate the effectiveness and worth companies. Meanwhile, Uwuig be, Peter, and Oyeniyi (2014) bring to light that global climate crises or change and the resulting diminution of natural resources; financial and economic crises or calamity has raised vital questions with regards to the role of the capital markets and the degree to which surviving corporate reports identify unavoidable risks and the real cost of transacting business in today's world. Garba, Sokoto and Maishnu (2014) make known that the apex of the attack or criticism is the failure trust, integrity and reliability that marked investment scene following the failure of notable companies globally both in advanced andthird world nations and subsequently, theloss of assurance in capital market.

Several studies have been done in developing and developed countries to investigate the effect of sustainability disclosure on firm's market value. However, findings or results from previous studies are inconsistent or contradictory, although such is expected in the research world. Some of the previous studies found that social sustainability disclosure exerts negative significant influence on value of quoted manufacturing companies in Nigeria and ownership structure is found to significantly moderate the relationship (Teryima, Ibrahim and Muhammad, 2022). A study from Yossi (2018) revealed that higher liquidity emboldens management to convey further sustainability report, greater sustainability report notably improves the value of companies. Zhongfei and Guanxia (2022) in their study unveiled that the positive effect of ESG disclosure on the financial performance of companies is more pronounced in companies with ESG investors and companies with longer inception, high media attention, and high agency costs. A study by Dewi and Widyawati (2023) revealed that sustainability performance disclosure and financial performance do not show a significant relationship unless the sustainability report is externally assured. The findings from a study by Mahfoudh and Ebrahim (2022) shows that the direct coefficient between sustainability reporting, investment decisions and share prices is negatively significant before and after including moderation interaction variable.

Although many studies have been done on the correlation between sustainability disclosure and the market value of firms, but to the researcher's knowledge no study has been done on the mediating effect of investors on the relationship between sustainability disclosure and market value of non-financial companies in Nigeria. This is the gap this study wants to fill in literature.

Objectives of the Study

The study majorly investigates the effect of investor son the relationship between sustainability disclosure and market value of non-financial companies in Nigeria. Specifically, the study seeks:

1. To determine the effect of environmental sustainability disclosures and market value of non-financial companies in Nigeria
2. To ascertain the effect of social sustainability disclosures on and market value of non-financial companies in Nigeria

II. LITERATURE REVIEW

Theoretical Framework

Stakeholder Theory

Freeman in 1984 and developed the stakeholder theory in this study is anchord. To Freeman, a stakeholder is a person or group that affect or be affected if the firm achieves its objectives. The theory demands the participation of the interest of the relevant stakeholders before deciding including those related to disclosure. The theory emphasized on how connections or associations with stakeholders are guided and controlled by firms in terms of recognition, clarity and accountability. Freeman (1984) debated that companies owe stakeholders the right to be fairly and reasonably treated. Most researchers submitted to his notion on the responsibility of the company to the entire stakeholders instead of shareholders, whereas in 2002, Friedman resists the proposition. Dixon-Fowler et al. (2017) in their declaration asserts that sustainability disclosure takes into account the interests of various stakeholder groups about sustainability challenges. Further, they submitted that sustainability practices may create or institute a favourable recognitionin the midst of workers, customers, and other public groups, which do not only improve the value of firms, but also results in a remarkable improvement in the firm's market value and competitive edge.

The anxiety of the stakeholder's theory is to determine which of the stakeholders that are too important to the business organization and this is exceptionally relevant to the management of the organization since it is trusted organization's success with regards to performance is a function of different stakeholders' contribution (Rahman and Rahman, 2020). This notion is consistent with the submission Okafor, Adeusi& Adeleye, (2021) that asserts that stakeholders are recognized by businesses to determine which groups require to be controlled and guided to promote the organization's interest.

Consequently, the stakeholder's theory suggested that environmental awareness should be intensified in order to institute or establish the need for entities to increase corporate design to include non-traditional stakeholders to be familiar with changes in social demands.

The stakeholder's theory is meaningful and appropriate to this study since it is based on the assumption that the anticipation of stakeholders is that companies are socially and environmentally accountable so that there is a market premium in improved economic environmental and social performance which, consecutively magnify the value of shareholders. It is an accepted fact that the shareholders are the dominant and notable stakeholders of the organization.

Conceptual framework

Sustainability Disclosure

Sustainability disclosure is the fundamental technique to share objective information or knowledge concerning the organization in an informative way. Users of financial statements reports employs business reports to make rational economic decisions. Corporate sustainability represents the adaptation of corporate procedures and strategies to sustainable development. Communicating on how a company present itself accountably regarding environmental, social, and governance activities is what sustainability disclosure is all about. Khan, Serafeim and Yoon, (2015) stated that sustainability disclosure was used initially to explain firms deliberate efforts to lower its environmental and social influence while equally enhancing its positive contribution to society. Both qualitative and quantitative information are regularly incorporated in sustainability disclosures. There are numerous principles, regulations laws and standards by different corporations with regards to the form and attribute of sustainability disclosure in order to enhance comparability and dependability of sustainability disclosures. Cortez & Cudia (2011) postulates the companies communicate their sustainability activities through a variety of structures has not only resulted in absence

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conformity or consistency, but equally a notable diversity in the framework and significance of such reports. Sustainability issues are complex, sophisticated and complicated and their measurement poses several difficulties, as there are no standard measurements available, like those for financial transparency; however, previous works have used different indicators and regulations. The intention of this is to measure sustainability employing environmental, social and governance (ESG) dimension.

Environmental Disclosure

The potential of the environment to continue to function represents appropriately in perpetuity represents environmental sustainability. Ezeabasili, (2009) asserts that publication to display that a company is meeting its current demand without destroying the environment is known as environmental disclosure. Global Reporting Inde (2011) defined environmental disclosure as the practice of assessing, evaluating, disclosing, and communicating to stakeholders both inside and outside the organizational environmental performance in order to realise the objective of sustainable development. Gatimbu and Wabwire (2016) maintains that corporate environmental reporting involves the declaration on the influence offirm's operations on the natural environment which include waste management, recycling, carbon management, emission, pollution, wetland and wildlife conservation among others. Dibia & Onwuchekwa (2015) defined environmental disclosure as the manner and procedure by which a firm conveys the effects of the environmental activities to specific interest groups within organization in particular and the society generally.

It entails the recognition, evaluation and apportionment, of environmental costs, and incorporating the costs into business and embraces the manner in which such information is communicated to the stakeholders of the firmss (Bassey, Effiok, & Eton, 2013). Papang, Bassey, and Bessong (2012), submitted that environmental disclosure allows firmsto be cognizant of costs that are connected to the environment and seek ways to decrease or control it.Latridis (2013) noted that of particular interest are the disclosures which associates to changes of environmental policies, impairment. liabilities and costs. The disclosure of environmental information aid companies to address the information demands of interested parties and provides a foundation for negotiation between companies and those that contribute to the business success (stakeholders).

The objective of environmental disclosure is the provision of information to stakeholders concerning the effect of the environment a company's operations have and of any initiatives that have been embraced to reduce the effect (Oba, Fodio, and Soje, 2012). While the information demands of all stakeholders on economic relevance of firm approach to the environment are different, effort is made via environmental reports to assist users in the filling of information demands for the measurement of environmental behaviour of the firm and its economic consequences.

Commenting on the extent of environmental disclosure in developing economy like Nigeria, Emeakponuzo and Udih (2015) noted that the issue of environmental disclosure is an emerging issue in developing economies like Nigeria with companies disclosing on several aspect of environmental issues and differing in their mode of reporting which resulted in a lack of comparison. Most companies show one of environmental reporting or the other as part of the annual report, but the reports on environmental issues as shown by the annual reports are not elaborate and do not follow a particular standard or guideline. Supporting these views, Bhattacharyya (2014) asserts that the amount of voluntary environmental disclosures in Australia is typically low and the disclosures are typically self-laudatory. The low level of environmental disclosure is attributed to weak government regulations and lack organized pressure groups and consumer awareness to influence corporate behaviour. In their view, Oti, Effiong, & Tapang (2012) opined that many corporations in developing countries such as Nigeria behave in a manner that suggests that they can achieve corporate goal even if environmental responsibility are trampled upon. This is because environmental disclosure still heavily relies on voluntary initiatives of the reporting entities. Commenting on the extent of environmental disclosure in developing countries, Jankovic, Peršic, and Zanini-Gavranic (2011) noted that the current level of environmental accounting in Croatian is not well developed, and high-quality environmental accounting information for managerial decision-making process is therefore lacking.

Social Sustainability Dimension

Social sustainability disclosure represents the communication of companies' actions structured to earn regards for humanity. Social disclosure is a cross-functional concept covering a wide range of issues in operating business. Given the variety of measurements employed to give explanation to social responsibility in the literature of economics, it becomes cumbersome to define the concept of social responsibility accurately. Servaes and Tamayo (2013) supported this view when they found that a public general agreement as to what operations are included under the corporate social responsibility practice has not been arrived at. Comincioli, Poddi, and Vergalli (2012) submitted that even if there is complexity in the measurement of social disclosure performance, it can be converted into variables that can be evaluated. Social sustainability disclosure therefore, can be viewed as method to realize the protection, preservation and promotion of social values for generations to come. Being accountable or responsible socially implies taking into consideration the interest of the community in the company's activities. This comprises preservation of diversity, human rights, health and safety protection and improvement of intra and intergenerational equality and fairness among many others (Widok, 2009).

Alkababji (2014) postulated that social responsibility indicates that companies take into account the interest of stakeholders which include owners of business, customers, investors, employees, suppliers, government and the society generally and incorporate principles of social fairness and sustainability into the business process. He further argued that firms typically invest in socially responsible practices, both in ways that solve pressing social issues and promote the firms 'competitive advantage employing the same frameworks that regulate their key business decisions, are discovering that corporate social responsibility can be much more than a cost, a constraint or a charitable deed; it can be an enabler for competitive advantage.

The capacity of the company to be concerned with corporate social responsibilities may cause the community to see the see the companies in terms of trust worthiness favourable image, that can affect the company's fame and performance indirectly (Adeneye and Ahmed, 2015). In addition, Simionescu and Gherghina (2014) concluded that the management of environmental concerns proactively can reduce the cost of complying with existing and subsequent environmental laws, notwithstanding, it may result to a rise in the cos of operation in the short run. To justify the argument that being socially accountable is in the interest of a company, Manchiraju and Rajgopal (2015) postulated thatan immense commitment to corporate social responsibility is connected with attracting and retaining higher qualitystaff which progressively guaranteed the survival of the corporation in the long run. Absence of social responsibility practices can influence the flow of cash and cost of capital by rising attrition with stakeholders. El Ghoul, et al (2010) as cited in Gregory, et al (2012) submitted that companies with a high degree of corporate social performance enjoy a lower cost of capital, indicating that such companies are viewed and considered as having a lower market risk (i.e., systemic risk).From this standpoint, it is attainable that the move to or exit from CSR can remarkably improve or decrease intrinsic staff motivation, thereby influencing their productivity either favourably or unfavourably.

Nevertheless, the appreciation and culture of corporate social responsibility and practice in Nigeria is still largely humanitarian and charity. No wonder there are disparity on the scope of operations ns incorporated into companies' corporate social responsibility scheme resulting to diverse definition of corporate social responsibility. Subjective measurements are employed by different companies and this may have contributed to unfavourable outcome diverse on research on corporate social responsibility and market value. Some indicators employed in prior studies are not significantly clear as to what they assessed. Marfo, et al (2015) debated in favour of this notion when they found in their study that there is lack of agreement in measurement methodology for CRS bring about further difficulties and complications. Globally, most developed economies have witness increasein the production of corporate social responsibility reports (Bebbington, Larrinaga, & Moneva, 2008). Commenting on the of level of social reort in Nigeria, Ebimobowei (2011), concluded that whereas developed nations are responding to increasing demand to communicate several operations in their annual report that influence the society but that is manifesting in Nigeria. The view of Iyoha (2010) supported this notion when he stated that social issues have not received significant consideration as honest business policy or operation and community participation in the company's annual report in Nigerian. Supporting this debate Ekineh (2009) as cited in Uzonwanne, et al (2014) submitted thatin Nigerian, public companies tend to announce little CSR disclosure. However, social sustainability disclosure has experienced notable attention in literature in the developed world and developing economies.

Empirical Review

Onoh, Kayadi and Ndubuisi (2023) carried out a study on sustainability reporting and firm value of listed oil and gas companies in Nigeria. The expost facto research design was adopted for the study. The study population comprises ten (10) listed oil and gas firms in Nigeria quoted in the period within 2010 and 2020 and has remained unaltered over the years in Nigeria Stock Exchange (NSE) was used. The study population was also used as the sample of the study because of its manageable size. The findings of the study revealed that environmental sustainability reporting has a positive significant effect on the value of listed oil and gas firm in Nigeria. Also, economic sustainability reporting has a negative significant effect on the value of listed oil and gas firm in Nigeria. The result also showed that firm characteristics proxied by sales growth and leverage exerts a negative significant effect, whereas, firm size exerts a positive significant effect on sustainability reporting and firm value of oil and gas companies in Nigeria.

Okutu and Adegbie (2023) conducted a study on sustainability reporting and financial performance of oil and gas companies listed in Nigeria. The study used an ex-post facto method for its research. The population of the study was all Nigerian oil and gas firms that are traded on public markets. The sample for the study was 10 Nigerian oil and gas firms that are traded on public markets. The findings of the study revealed that CSR reporting increases ROA by a small but favourable amount. The return on equity, however, was shown to be positively correlated with environmental sustainability. Finally, a statistically insignificant positive correlation was found between social sustainability and return on investment (ROI).

Nwankwo (2023) carried out a study on effect of sustainability reporting on corporate financial performance of oil and gas companies in Nigeria. The ex-post research design was adopted for the study. The population of the study was all the oil and gas companies listed on the Nigerian Exchange Group (NGX). The sample of the study was six (6) of these companies selected using stratified random sampling technique. The study revealed that environmental information disclosure has insignificant and negative effect on profit for the year andsocial information disclosure exert insignificant positive effect on profit for the year. However, economic information disclosure has very significant and positive impact on profit for the year of the sampled oil and gas companies in Nigeria.

López-Toro, et al., (2021), assessed the relationship between environmental, social, governance, and controversy (ESGC) indicators and financial performance, measured through return on equity (ROA), return on assets (ROE), and Tobin's Q, which are applied to the listed companies in the Nasdaq US Smart Pharmaceuticals Index. The study specifically examines the influence of indicator controversies (CONT) on ROA, ROE and Tobin's Q and to ascertain how the construct ESG influences ROA, ROE and Tobin's Q. The index comprises 30 international companies with a presence at the global level. The study data was extracted from the Thomson Reuters database using secondary source in 2018 for independent variables and 2019 for dependent variables. The analysis of data was done using structural equation modelling implemented with partial least squares.The findings of the study reveals that there is a positive relationship between the construct comprises environmental, social, and governance (ESG) indicators and the ROA, ROE and Tobin's Q. Again, the results disclosed that relationship of the controversy indicator with Tobin's Q is positive.

Nzekwe, Okoye, and Amahalu (2021) investigated the effect of sustainability reporting on financial performance of quoted industrial goods companies in Nigeria (2008-2019). The study specific objectives are: to determine the effect of environmental reporting, economic reporting and social reporting on cash value added. The study employed content analysis and ex-post facto research designs, in order to explain the relationship between sustainability reporting and financial performance. The population of the study comprises fifteen (15) Industrial Goods companies listed on Nigerian Exchange Group Ltd. as at 31st December, 2019 and a sample of eleven (11) industrial goods firms selected using purposive sampling technique. The research adopted secondary data sourced from fact books and annual reports and account for the period of twelve (12) years. Descriptive statistics of the dataset from the sample firms were described using the mean, standard deviation, minimum and maximum values of the data for the study variables. Inferential statistics using Pearson correlation coefficient, Panel least square regression analysis, granger causality test and Hausman test were applied to test the hypotheses of the study. The study results indicate that environmental reporting, social reporting and economic reporting significantly and positively affect cash value added.

Dura et al. (2021) examined the Effect of Disclosure of Economic, Social, Environmental Performance Sustainability on Financial Performance and Its Implications on Company Value with the Triple Bottom Line Approach. The study aims to examine the effect of sustainability disclosure on economic, social, environmental performance on financial performance and its implications for firm value. The research is a quantitative study that analyses the relationship between sustainability disclosure of economic, social, environmental performance on financial performance and its implications for firm value. The sample size of the study comprises 171 manufacturing companies listed on the Indonesia Stock Exchange 2017-2019. Analysis of the data used in the study was path analysis. The study results disclosed that economic, social and environmental performance exerts positive significant effects on financial performance.

Umar, Mustapha and Yahaya (2021) carried out research on sustainability disclosure and financial performance listed consumer goods firms in Nigeria. The correlational research design was adopted for the study. The target population of the study composed of 26 listed consumer goods firms and a census sampling technique was employed and all the 26 listed consumer goods were selected as sample size for the study. Secondary data source was used to obtain data from the annual reports and accounts of the firms for a period of 10 years (2009-2018). The study data was analysed using multiple regression technique and diagnostic checks and post estimation tests were carried out on the data. The study findings confirm that both social performance and environmental performance has significant positive effect on financial performance. However, the findings indicate that economic performance has a significant negative effect on financial performance.

Bustan, Said, and Kusumawati (2021) examined the effect of corporate social responsibility and good corporate governance on the financial performance of Indonesian mining and chemical firms listed in the country’s stock exchange. Secondary data reported between 2017 and 2019 was used, and multiple linear regression analysis was applied to the data collected. The study determined that adoption of Corporate Social Responsibility and Good Corporate Governance does not impact businesses’ financial performance, but they impact firm value.

Yang, Wen and Li (2020) carried out a study on the effect of environmental information disclosure on the value of listed manufacturers in China, noting increased public concern over environmental problems. Based on a panel dataset comprises the listed manufacturing firms in China during 2006–2016, the study employs the diference-in-diferences (DID) model and the propensity score matching (PSM) method to investigate whether the Environmental Information Disclosure Measure (for Trial Implementation; EIDMT) affects the firm value and to determine association between EID and the firm value. The study collected panel data reported between 2006 and 2016 and used the difference-in-differences model and the propensity score matching (PSM) method in analysis. The study findings revealed that EIDMT exerts a positive significant impact on the listed manufacturing firms’ value. Taking into account the firm’s ownership, EIDMT plays a more vital role in the firm value of non-state-owned firms than state-owned firms. In addition, employing a PSM–DID model for eastern, central, and western China, the study results found that EIDMT significantly affects the firm value in eastern and western China but has little impact on central China.

KaoDui, Muyun, and Mandella (2019) determined the effects of social and environmental accounting disclosure on the financial performance of companies registered on the Ghana Stock Exchange (2015- 2017). The study applied a correlational descriptive survey design, using both secondary data and questionnaires. Questionnaires were utilized to collect primary data and secondary data were obtained from the company’s annual financial report on the Ghana Stock exchange as at 2015-2017. The study employed cross-sectional multiple regression model and t-test for data analysis. The study findings confirm that there is a positive relationship between CSR score measuring the social and environmental accounting practices and the company's financial performance registered on the Ghana Stock Exchange. Thus, the effects are insignificant.

Longoni & Cagliano (2018), examined inclusive environmental disclosure practices and firm performance: The role of Green Supply Chain Management (GSCM) in Spain. The study employed both primary and secondary data sources, collecting data on environmental disclosure practices, green supply chain management practices and environmental performance, annual published reports. The study population comprises 134 Top Italian Food

Producers' and the Italian Association of Food Producers. Only food processors were included in the sample. Based on the response rate a sample of 110 firms that filled all the information needed was selected for the study. The study performed regression analyses which showed that inclusive environmental disclosure practices positively impact financial performance but has an insignificant effect on environmental performance

III. METHODOLOGY

This study employed ex post facto research design. This design is suitable for study because it is a category of investigation design in which the investigation begins after the event has occurred without the interference of the investigator. The study population was made up of the fifty-two (52) non-financial companies listed on the Nigerian Exchange Group Limited and forty-six (46) non-financial companies were systematically selected for a period of ten years from 2013 to 2023 as the sample of this study using Taro Yamane (1967). The technique of data analysis used in this study were descriptive statistics, correlation and multiple regression techniques. All analyses, including descriptive, correlation and multiple regression were done with the aid of STATA 13.0 statistical software.

3.5 Variable Specification/Model Specification

$TQ_{i,t} = \beta_0 + \beta_1 ESDI_{i,t} + \beta_2 SSDI_{i,t} + \beta_4 FSIZ_{i,t} + \beta_5 LEV_{i,t} + \beta_6 D_1 + \beta_7 D_2 + \beta_8 D_3 + \beta_9 D_4 + \beta_{10} D_5 + \beta_{11} D_6 + \beta_{12} D_7 + \varepsilon_{i,t}$

$TQ_{i,t=}$ The dependent variable of the study is market value, proxied by Tobin's Q (TQ)
ESDI = environmental sustainability disclosure index SSDI = social sustainability disclosure indexD1 = AgricultureD2 = ConglomerateD3 =Consumer Goods D4 = Healthcare D5 = IndustrialGoods D6 = Natural ResourcesD7 = Oil and GasFSIZ = size of total assetsLEV = ratio of a company's debt capital to its equity capital

IV. RESULTS AND DISCUSSION

Descriptive Statistics

Table 4.1.1: Variable Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
TQ	49.1	9.685178	35.3	61.96
SSDI	20.61818	18.7576	3	64
FSIZ	10	9.746794	1	31
LEV	87.11891	69.32468	10.326	185.122
D1	.6363636	.504525	0	1
D2	.7272727	.4670994	0	1
D3	.7272727	.4670994	0	1
D4	.6363636	.504525	0	1
D5	.7272727	.4670994	0	1
D6	.8181818	.4045199	0	1
D7	.9090909	.3015113	0	1
ESDI	.049431	.2847285	-.35865	.641317

Source: Authors' calculations from data available using STATA 13.0 statistical software

The statistics provide insights into the central tendency and variability of the data. Therefore, on the variable descriptive analysis, TQ (Tobin's Q) mean is 49.1, standard deviation (Std. Dev.) is 9.69, while its range is 35.3 (Min) and 61.96 (Max). This implies that the average Tobin's Q is 49.1, indicating that, on average, firms are valued significantly above their asset replacement costs. The standard deviation suggests moderate variability in the values, with the lowest value at 35.3 and the highest at 61.96. Further, the social sustainability disclosure index (SSDI) possesses a mean of 20.62, Std. Dev. of 18.76, and a range of 3 (Min) to 64 (Max). These results imply that the mean suggests a low to moderate level of social development, but the high standard deviation indicates a wide disparity in social development across different companies and/or observations. In addition, size of total assets (FSIZ) showed a mean of 10, Std. Dev. of 9.75, and a range of 1 (Min) to 31 (Max). Therefore, the mean size of total assets (FSIZ) is just 10, but with a very high standard deviation, indicating that while most companies are around this size, there are outliers with much larger sizes. The ratio of a company's debt capital to its equity capital (LEV) has a mean to the tune of 87.12, Std. Dev. of 69.32, and range of 10.33 (Min) to 185.12 (Max). This high mean ratio suggests that

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companies are heavily reliant on debt. The substantial standard deviation indicates that ratio of a company's debt capital to its equity capital varies widely among companies, which may impact their risk profiles.

For dummy variables, D1 to D7, representing agriculture, conglomerate, consumer goods, healthcare, industrial goods, natural resources, and, oil and gas, suggests that the values of these variables are represented by categorical data, with means suggesting the proportion of companies belonging to certain categories 1, and 0 otherwise. The means across these dummy variables range from approximately 0.64 to 0.91, indicating varying levels of presence in specific categories, with d7 showing the highest proportion.

Environmental sustainability disclosure index (ESDI) revealed that the mean is 0.049, Std. Dev. is 0.285, and the range runs from -0.359 (Min) to 0.641 (Max). These results imply that the mean indicates low environmental sustainability disclosure index, with negative values showing that some companies may have detrimental impacts. The high standard deviation reflects significant disparities.

4.1.2 Integration Test

Table 4.1. 2: Unit Root Test

Panel A: Unit Root Test					
Variables	**Test Statistic**	**1%Critical Value**	**5%Critical Value**	**10%Critical Value**	**Remarks**
TQ	-6.750	-3.750	-3.000	-2.630	I(0) (level)
SSDI	-4.643	-3.750	-3.000	-2.630	I(0) (level)
FSIZ	-4.160	-3.750	-3.000	-2.630	I(0) (level)
LEV	-5.642	-3.750	-3.000	-2.630	I(0) (level)
D1	-4.886	-3.750	-3.000	-2.630	I(0) (level)
D2	-5.820	-3.750	-3.000	-2.630	I(0) (level)
D3	-4.000	-3.750	-3.000	-2.630	I(0) (level)
D4	-4.414	-3.750	-3.000	-2.630	I(0) (level)
D5	-5.618	-3.750	-3.000	-2.630	I(0) (level)
D6	-5.441	-3.750	-3.000	-2.630	I(0) (level)
D7	-4.000	-3.750	-3.000	-2.630	I(0) (level)
ESDI	-4.614	-3.750	-3.000	-2.630	I(0) (level)
Panel B: Cointegration Test					
Resid (-1)	-2.357	-3.750	-3.000	-2.630	Not cointegrated

Source: Authors' calculations from data available using STATA 13.0 statistical software

The results in panels A and B of Table 4.1.2 present the test statistics for various variables compared to critical values at different significance levels (1%, 5%, and 10%). Therefore, in panel A, all these variables of the model (TQ, SSDI, FSIZ, LEV, D1, D2, D3, D4, D5, D6, D7 and ESDI) have test statistics that are significantly higher than the 1%, 5%, and 10% critical values (that is; /-3.750/, /-3.000/, and /-2.630/) in absolute terms. This suggests that the study automatically rejects the null hypothesis of a unit root for all these variables. This by implication means that each of these variables is stationary at level (that is, I(0) – integrated of order zero). Since all the variables are I(0), it suggests that they do not require differencing to achieve stationarity. This is a crucial finding for further analysis, especially if the next step involves regression analysis or time series modelling, as non-stationary data can lead to misleading results.

Panel B, which is the cointegration test, assesses whether a linear combination of non-stationary variables is stationary, indicating a long-term equilibrium relationship among them. The results indicates that the test statistic for the residuals is -2.357, which in absolute terms, is less than the 1%, 5%, and 10% critical values (that is, /-2.357/ < /-3.750/, /-3.000/, and /-2.630/) respectively. This means that the study fails to reject the null hypothesis of no cointegration. In other words, the variables of the model are not cointegrated. This suggests that while individual

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variables are stationary, there is no long-term equilibrium relationship among them. Hence, there is no need for the short rum model (that is, the error correction model).

4.1.3 Multiple Regression Results

Table 4.1.3: Results from the Multiple Regression Technique (Dependent Variable = TQ)

Variables	Coef.	Std. Err.	T	P>|t|
SSDI	-.4734201	.0462227	-10.24	0.000
FSIZ	.5398895	.0932715	5.79	0.010
LEV	.2250460	.0222534	10.11	0.000
D1	-.2823911	.0592242	-4.77	0.010
D2	.6951016	.0854803	8.13	0.001
D3	-.4143025	.062389	-6.64	0.004
D4	-.4380336	.1141283	-3.84	0.006
D5	-.7270342	.7210254	-1.01	0.497
D6	-.3150589	.1113355	-2.83	0.024
D7	-.1603922	.0358457	-4.47	0.013
ESDI	.5035364	.0618054	8.15	0.000
_cons	40.33083	4.888681	8.25	0.000

Source: Authors' calculations from data available using STATA 13.0 statistical software

Table 4.1.3 results indicate that the social sustainability disclosure index (SSDI) has a coefficient of -0.4734, the standard error (Std. Err.) is 0.04622, the t-statistic (t) is -10.24, while the p-value (P>|t|) is 0.000. This result suggests that a percentage increase in the social sustainability disclosure index (SSDI) is associated with about 47.34% decrease in market value (TQ) of companies in Nigeria. This negative significant relationship ($p < 0.001$) suggests also that higher social sustainability disclosure index may correlate with lower companies' valuations, potentially reflecting negative investor perceptions. Further, with respect to the finding on size of total assets (FSIZ), it was revealed that its coefficient is 0.5399, standard error (Std. Err.) is 0.09327, the t-statistic (t) is 5.79, while that of the p-value (P>|t|) is 0.010. The implication of this result is that larger companies (as measured by size of total assets – FSIZ) have a market value (TQ) that increases by about 53.99% for each unit increase in size of total assets. The result is statistically significant ($p < 0.05$), indicating that larger companies are generally valued higher in the market.

On the ratio of a company's debt capital to its equity capital (LEV) it was found that its coefficient is 0.2250, standard error (Std. Err.) is 0.02225, the t-statistic (t) is 10.11, whereas the p-value (P>|t|) is 0.000. This implies that debt capital to its equity capital (LEV) positively and significantly influence market value. By implication, an increase in the ratio of a company's debt capital to its equity capital (LEV) by one percent corresponds to a 22.50% increase in market value (TQ) of companies. This significant result ($p < 0.001$) suggests that the ratio of a company's debt capital to its equity capital may be perceived as companies having higher growth potential or better investment opportunities.

Results on the dummy variables show that D1 (comprising 4 agriculture firms) was revealed to possess coefficient of -0.2824, t-statistic (t) of -4.77, and p-value of 0.010. This implies that D1 (which comprises 4 agriculture firms) indicates that it has negative significant impact on market value (TQ). Again, putting this differently, it was discovered that listed non-financial agriculture firms in the stock exchange market does not support sustainability disclosure since it significantly reduces the market value (TQ) of these firms by about 28.24%. This may be true since majority of the listed non-financial agriculture firms in Nigeria operate below capacity and lacks government support even as they are listed in the stock exchange market.

As for the dummy variable D2, comprising 3 conglomerates, it was indicated that its coefficient of 0.6951, with a t-statistic (t) of 8.13, and p-value of 0.001. This implies that D2 (which comprises 3 conglomerates) positively and significantly impacts market value (TQ). In other words, having conglomerates listed in the stock exchange market significantly encourages sustainability disclosure since it significantly increases the market value (TQ) of these firms by about 69.51%. This may be true since majority of the listed conglomerates in Nigeria operate within an acceptable capacity and/or above capacity, which in turn enhances their market value.

Again, D3 (comprising 16 consumer goods firms) shows that its coefficient is -0.4143, t-statistic (t) of -6.64, and p-value of 0.004. The implication of this result is that D3 (which comprises 16 consumer goods firms) has negative significant impact on market value (TQ). Hence, the results suggest that listed non-financial consumer goods firms in the stock exchange market does not support sustainability disclosure since it significantly reduces the market value (TQ) of these firms by about 41.43%. This result is not surprising since some of these firms operate in small scale and/or as micro firms that have limited capacity for expansion and production of consumer goods that can be exported to other countries. Majority of these firms even deal on intermediate products which cannot also be exported, thereby limiting their market value.

Healthcare firms (D4 – comprising 8 healthcare firms) results also revealed that it has a coefficient of -0.4380, t-statistic (t) of -3.84, and p-value of 0.006. This also indicates that it has a negative significant effect on market value (TQ). Therefore, the results suggest that listed non-financial healthcare firms in the stock exchange market do not also encourage sustainability disclosure since it significantly shrinks the market value (TQ) of these firms by about 43.80%. This result is also not surprising since some of these healthcare firms operate below and/or limited capacity due to lack of health infrastructure, even in government owned healthcare firms. Again, due to poor remuneration to healthcare personnel, they find it difficult to give in their best and feed. As a result most of them usually engage in different hospitals which tend to reduce their efficiency level and market value when they are around. Other would as result of the poor conditions of service, leave the country entirely for greener pastures abroad. This will lead to brain drain and therefore leaving the market value of these healthcare firms reduced.

In terms of industrial firms (D5 – which comprises 11 industrial goods firms), it was shown in Table 2 above that it has a coefficient of -0.7270, t-statistic (t) of -1.01, and p-value of 0.497. This result has no statistically significant impact on market value, although non-financial industrial goods firms listed in the stock exchange market reduces the market value (TQ) of these firms by about 72.70%. This result is surprising since it is expected that non-financial industrial goods firms listed in the stock exchange market would on the average encourage, market value significantly due to their size. However, the reason for this results may be that there are a lot of unfavourable business environmental factors in Nigeria that limit the operation, production, and expansion of these non-financial industrial goods firms listed in the stock exchange market, and as such, militate against their market value, although insignificantly.

Further on natural resources firms (D6 – which comprises 3 natural resources firms), it was discovered that it has a coefficient of -0.3151, t-statistic (t) of -2.83, and p-value of 0.024, which indicates that it has a negative significant impact on market value (TQ). The implication of this result is that listed non-financial natural resources firms in the stock exchange market do not also encourage sustainability disclosure since it significantly diminishes the market value (TQ) of these firms by about 31.51%. This result is also not surprising since some of these listed non-financial natural resources firms in the stock exchange market are usually based on intermediate production which they sell at very cheap rate to foreign manufacturing firms, who will further process these intermediate goods and resell to these local firms at higher prices as imports. This has significant deleterious impact on market value (TQ) of these firms in Nigeria.

A look at the oil and gas firms (D7 – which comprises 7 oil and gas firm), it was shown by the results that it has a coefficient of -0.1604, t-statistic (t) of -4.47, and p-value of 0.013, which depicts that it has a negative significant impact on market value (TQ). The implication of this result is that listed non-financial oil and gas firms in the stock exchange market significantly discourages sustainability disclosure and also the market value (TQ) of these firms by about 16.04%. This result is also not surprising since almost, if not all the listed oil and gas firms in the Nigerian stock exchange market usually rely on imported products for resale to Nigerians after selling their crude products at very cheap rate to these foreign manufacturers, who will further refine these crude products and resell to them at exorbitant prices. This also would inflict significant deleterious impact on market value (TQ) of these firms in Nigeria. It is important to note here that out of the seven (7) dummy variables D2 stands out with a strong positive relationship with market value (TQ), while D1, D3, D4, D6, and D7 have significant negative relationships with market value (TQ).

Environmental sustainability disclosure index (ESDI) results indicate that the coefficient is 0.5035, with standard error (Std. Err.) of 0.06181, t-statistic (t) of 8.15, and a p-value (P>|t|) of 0.000. This result by implication suggests that each

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percentage increase in the environmental sustainability disclosure index (ESDI) increases market value (TQ) significantly by about 50.35%, thereby indicating a positive relationship. This significant result ($p < 0.001$) implies that firms with better environmental sustainability practices are valued higher.

A look at the intercept term (cons) which controls for the unobservable factors in the model possesses a coefficient of 40.3308, standard error (Std. Err.) of 4.88868, t-statistic (t) of 8.25, and a p-value (P>|t|) of 0.000. This finding reveals on the intercept term indicates the estimated market value (TQ) when all independent variables are zero. However, while the coefficient is substantial and statistically significant ($p = 0.000$), it suggests that caution should be taken while interpreting its standalone value. Thus, a unit increase in the unobservable factors in the model exerts about 40.3308-unit significant positive impact on market value.

4.1.4 Correlation Analysis Results

Table 4:1.4 Correlation Analysis Results

	Tq	Ssdi	fsiz	lev	D1	D2	D3	D4	D5	D6	D7	esdi
tq	1.0000											
Ssdi	-.1591	1.0000										
Fsiz	.4309	-.0169	1.000									
Lev	-.453 4	-.0110	-.2860	1.000								
D1	.2194	-.2835	.2034	-.3279	1.0000							
D2	-.2785	.3670	-.4393	.0338	-.4629	1.0000						
D3	.2392	.1889	.1538	-.2406	.8101	0.3750	1.0000					
D4	-.3287	.4403	.1830	.0088	.2143	.-.0386	.3858	1.0000				
D5	.5241	-.2060	-.0879	-.1853	-.0386	.0833	.0833	-.4629	1.0000			
D6	.1621	.4341	.3804	-.5517	.6236	-.2887	.7698	.6236	-.2887	1.0000		
D7	-.3031	.2585	.1361	.3557	-.2390	-.1936	-.1936	-.1936	-.1936	-.1491	1.0000	
esdi	.4418	.6925	-.0443	-.3420	-.0331	.2106	.4093	.33324	.3324	.4039	.0095	1.0000

Source: Authors' calculations from data available using STATA 13.0 statistical software

Table 4.1.4 reveals that the market value (TQ) has mild positive correlation with FSIZ (0.4309) and D5 (0.5241), suggesting that larger firms tend to have higher market values due to their quality metrics. It also exhibits a significant negative correlation with LEV (-0.4534), indicating that higher ratio of a company's debt capital to its equity capital may negatively impact overall market value and/or quality of the company or firm.

The size of total assets (FSIZ) has mild and/or strong positive correlation with TQ (0.4309) and D5 (0.5241), but possesses moderate negative correlation with LEV (-0.2860), suggesting that larger firms may operate with lower ratio of a company's debt capital to its equity capital.

The ratio of a company's debt capital to its equity capital (LEV), shows a negative correlation with both TQ (-0.4534) and FSIZ (-0.2860), indicating the complexity of the ratio of a company's debt capital to its equity capital impact on firm performance and/or market value. Dummy variables (D1 to D7) revealed varied relationships. Thus, these variables show mixed correlations with other variables, often indicating specific classifications or conditions that influence the broader metrics. For instance, D1 has a strong negative correlation with BE (-0.4945), suggesting poor efficiency might be associated with the opening book value of equity of companies.Environmental sustainability disclosure index (ESDI) has positive correlation with market value (TQ). It also has strong positive correlation with SSDI (0.6925), suggesting that environmental sustainability is closely linked to social sustainability disclosure indicators.

Discussion of Findings

1. The first objective of the study determined the effect of environmental sustainability disclosures on market value of non-financial companies. The study finding upholds that environmental sustainability disclosure has positive and significant effect on market value of non-financial companies in Nigeria. This result, significant at 5% level, indicates that a rise in environmental sustainability disclosure is associated with a remarkable or significant enhancement in market value. The study finding resonates the postulations of Yang, Wen and Li (2020), Dura et al. (2021), López-Toro, et al., (2021) that affirmed that environmental information disclosure significantly

affects firm value. Furthermore, the observed finding aligns with the conclusions drawn by Obiora, Onuora, and Sandra (2022) and Onoh, Kayadi and Ndubuisi (2023) that make known that environmental accounting disclosure exerts significantly affect return on assets and return on equity of quoted firms in Nigeria. However, the findings negate the submission of Longoni and Cagliano (2018) and Nwankwo (2023)who asserts that environmental disclosure exert insignificant influence on financial performance.

2. The study second objective examined the effect of social sustainability disclosures on market value of non-financial companies. From the study findings, social sustainability disclosure has a negative and significant effect on market value of non-financial companies in Nigeria. The result specifically indicates a negative and significant effect at 5% level, suggesting that an increase in social sustainability disclosure brings about a notable reduction in market value. The findings echoed the affirmations of Okutu and Adegbie (2023) and Nzekwe, et al (2021) who in their studies submitted that corporate social responsibilty (CSR) reporting increases ROA by a small but favourable amount. The study findings is consistent with the declarations of López-Toro,et al (2021) and Umar, Mustapha and Yahaya (2021) that underscore the relevance of social sustainability disclosure in enhancing financial performance of firms. However, the study finding is inconsistent with the affirmation of Bustan, Said, and Kusumawati (2021) and KaoDui, Muyun, and Mandella (2019) whoannounced that corporate social responsibility exertsin significant effect on company's financial performance.

V. CONCLUDING REMARKS AND RECOMMENDATIONS

Conclusion

This study investigated the sustainability disclosure and market value of listed non-financial companies and the mediating effects of investors with respect to Nigeria. Based on the findings, the study concludes that environmental sustainability disclosures exert positive significant impact on market value of non-financial companies by about, thereby indicating that firms with better environmental sustainability practices are valued higher. Again, the study concluded that social sustainability disclosure index has a negative significant effect on market value of non-financial companies in Nigeria, hence suggesting that higher social sustainability disclosure index may correlate with lower companies' valuations, potentially reflecting negative investor perceptions in the country within the study period.

Recommendations

Based on the findings and conclusion, the study recommended that non-financial companies in Nigeria should make public disclosure of their sustainability efforts a top priority if they desire to increase market value, that non-financial companies should strictly adhere to the principles and laws regulating sustainability disclosure to enhance the company's market value in the long run and that there should be a promotion of environmental policies through direct laws and regulations to encourage energy/resource savings through innovations in technology and management, thereby reducing the cost of environmental measures in general and also stimulating improvements in market value. Compliance in the industry as a whole can be improved if policymakers and standard-setting organizations work together to make it easier for industries to design and execute sector-specific reporting regulations. Equally, the study recommends the immediate identification of bottlenecks in service delivery processes and urgent implementation of improvement strategies. This based on the fact that social sustainability disclosure index has negative impact on the market value, hence suggesting inefficiencies in service delivery and hence adversely affecting market value.

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