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EFFECT OF SUSTAINABILITY REPORTING ON FINANCIAL PERFORMANCE OF LISTED NON-FINANCIAL FIRMS IN NIGERIA

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ABSTRACT

The study evaluated the effect of sustainability reporting on financial performances of non financial firms listed in Nigeria. Specifically, the study ascertained the effect of economic sustainability reporting practices on financial performance of listed non-financial firms in Nigeria. It further analyzed the effect of social sustainability reporting practice on financial performance of listed non-financial firms in Nigeria. Sampling a total of 55 non financial firms selected from ten sectors, the secondary data collated from the firms' audited annual report of 2015 – 2024 were subjected to relevant hypotheses analysis using Robust Least Squares Regression Model operated with E-Views 12. It was found that Economic sustainability reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria (β = 1.11; p = 0.0000). Moreso, the study discovered that Social sustainability reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria (β = 0.27; p = 0.0000).). In conclusion, there is evolving expectations within Nigeria's investment and regulatory environment, where stakeholders now regard sustainability disclosures as indicators of operational efficiency, risk mitigation, and future profitability. The study recommends that Executives should institutionalize regular and comprehensive reporting on economic contributions—such as value-added statements, local sourcing, employee compensation, and infrastructure investments—to demonstrate long-term financial resilience and value creation to investors and regulators. Also, the HR and CSR units should design measurable social programs—such as employee development schemes, community health initiatives, and inclusive workplace policies—and ensure their timely disclosure in annual reports to reflect the firm's commitment to societal well-being and its alignment with stakeholder expectations.

***Key words:** Economic Sustainability Reporting Practices, Financial Performances, Social Sustainability Reporting Practice, Sustainability Reporting.*

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INTRODUCTION

The increasing awareness of environmental and social issues has led to growing interest in sustainability accounting practices worldwide. Sustainability also known as environmental, social, and governance (ESG) reporting, involves the disclosure of a company's non-financial performance in addition to its financial performance (Loannou & Serafeim, 2017). Traditionally, a corporation's main objective is to grow, survive and maximize value for its owner. To meet these objectives, they prepare conventional financial reports to investors, potential investors, shareholders, and other stakeholders which shows only their financial performance, Therefore, conventional financial reporting has been criticized for not representing multiple dimensions of a corporation's value. Also, the increasing need for non-financial disclosures and the growth of global ecological awareness and the movement for sustainable economic growth are bringing the attention of firms towards making its operations sustainable and ecological sensitivity.

Romero (2018) asserted that sustainability reports have become a tool to provide information on intangible resources to stakeholders. Any issue that affects business stakeholders including employees, community, government, shareholders, finance providers, amongst others is what sustainability reporting is concerned with. These issues include environmental protection, environmental liabilities, renewable and recycled materials used, energy consumption, defined benefit plan obligations, structure and composition of the board, competencies of members of highest governing body, tenure on governance body, conflicts of interest, among others. Environmental protection policies are within the purview of sustainability disclosures. It is particularly useful because investors and other business stakeholders can have a holistic view of a company's performance (Asuquo, 2018). Some of these issues highlighted can reduce profits while demonstrating a company's responsibility to the stakeholders and its use of resources and commitment of the governancebody to transparency.

Corporate sustainability reporting involves firms publicly reporting about their environmental, social, and governance measures and their ability to deal with the related risks of these factors (Bartlett, 2012). This type of reporting, which was virtually non-existent thirty years ago, has become a major factor in a company's public reports because internal and external stakeholders are increasingly demanding this information. Maximizing shareholder value continues to be an overriding concern even as companies will not be able to do that over the long term if they do not meet other key stakeholder interests (Ballou et al., 2006). While some studies suggest that sustainability reporting enhances financial performance by improving corporate reputation, stakeholder trust, and operational efficiency, others argue that the associated costs may negatively impact profitability, particularly in developing economies like Nigeria, where firms face significant economic and infrastructural challenges. However, companies may be unsure how the market will react to their corporate sustainability reporting. If the initiatives are favourable, this may theoretically boost firm value or stock price. On the other hand, some firms may be hesitant to release information because of a possible negative reaction to the firm by the market (Bartlett, 2012). Hence, this study was also motivated to expand sectoral coverage of prior related studies such as Adejola, Joseph and Ojuola (2024) ; Okutu and Adegbie (2024); Akinadewo, Adebayo, Oluwagbade, Ogundele and Jabar (2023); Onoh, Kayadi and Ndubuisi (2023); Akhor and Oroboh (2023); Tracy and Sunday (2023)

Objectives

The main objective of this study is to investigate the effect of sustainability reporting practices on financial performance of listed non-financial firms in Nigeria. The specific objectives of the study are to:

1. ascertain the effect of economic sustainability reporting practices on financial performance of listed non-financial firms in Nigeria.
2. analyze the effect of social sustainability reporting practice on financial performance of listed non-financial firms in Nigeria.

LITERATURE REVIEW

Sustainability Reporting Practices

The concepts that relate to economic sustainability reporting, social sustainability reporting, environmental sustainability reporting, and corporate governance reporting as well as the interactions between these concepts were discussed in this section. Thus, helped to evaluate the relationship and associations that exists between the sustainability reporting practices and firm financial performance in Nigeria.

Erhirhie and Ekwueme (2019) described sustainability reporting as corporate disclosure made available by corporate organizations concerning company's economic, environmental, and social effects instigated by daily operations of corporate organizations. Sustainability reporting also portrays corporate worth and control model and displays the connection between its approach, policy and its obligation to a sustainable worldwide market. This explanation points out that sustainability is not a one-time activity; corporate organizations must make it mandatory and make it part of corporate general philosophy, viewpoint and policy. A critical examination of sustainability accounting definition by Syder, et al. (2020) one would recognize fundamental substance as pointers of both qualitative and quantitative adequate production of significant sustainability data to shareholders for the purpose of investment decision making.

Sustainability reporting (SR) is a new phenomenon in research due to the pressure on environmental resources. Sustainability Reporting practices is a new paradigm shift that is not only related to disclosure but also integrates with the communication process between companies and stakeholders. This provides stakeholders with an opportunity to determine if the company has taken their interests into account when making decisions. A sustainability report discloses how non-financial issues such as; employee job satisfaction and performance, external stakeholder's position, and climate change contribute towards value creation and also a corporate governance which is a paramount factor explored by managers to enhance firm value (Fatma & Chouaibi, 2021). For the purpose of this study, sustainability reporting practices on financial performance of non financial firms in Nigeria was proxied using economic sustainability reporting, social sustainability reporting, environmental sustainability reporting and corporate governance reporting.

Economic Sustainability Reporting

Economic sustainability refers to the practices that ensure long-term financial viability while balancing social and environmental responsibilities. Economic sustainability reporting is seen as a process of corporations achieving the goals and progress of business operations today without compromising the business operation of the immediate future (Boudreau & Ramstad, 2023). The core aim of economic sustainability is to expand the creation of products and services and reduction of poverty level among the host community. The effect of economic sustainability reporting (ECSR) rationality seems to have held sway as the inducement to corporate social donations and its increasing growth especially within the context of voluntary corporate social responsibility. ECSR is therefore considered as the profitability and viability of a business organization.

According to Eshra and Beshir (2021) economic sustainability reporting is simply the organization's effort to utilize available resources efficiently and add value. The study argued that ECSR relates more to the production of goods and services needed for exchange and transaction purposes at fair prices for the satisfaction of corporate profit objectives as an obligation to investors, through the satisfaction of identified target market. However, firm achieved economic responsibility through society and community relation, employee relation, and environmental performance. The motivation for the economic dimension is perceived as a purely endogenous function of a company's evaluation of the cost-benefits of such responsibility and other associated firm-specific factors. Atanda, Oseneme and Ogundana (2021) noted that economic sustainability is the use of existing resources in an optimal way using various strategies so that a responsible and beneficial balance can be achieved in the long-run. It may not only address the financial performance of the reporting company but also the company's effects on the economic circumstances of its stakeholders and on the local, national and global economic systems in which it operates. In this study,economic sustainability reporting was proxied by using traditional financial indicator such as profitability Ratio (Return on Assets).

H_{01}: *Economic sustainability reporting has no significant effect on financial performance of listed non-financial firms in Nigeria.*

Social Sustainability Reporting

According to the European Commission (2021), social sustainability disclosure is the responsibility of enterprises for their impact on society'. Companies can become socially responsible by following the law, as well as by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategies and operations. These companies inform stakeholders about their corporate social responsibility achievements (i.e., companies' social and environmental performance) in their annual, integrated, and social reports, as well as on their corporate websites. Adejola, Joseph and Ojuola (2024) described social sustainability reporting as a reporting category that comprises information on jobs, careers, training and education, diversity and opportunity, community involvement, employee health and safety, and consumer health and safety. This implies that it provides information on social responsibility policies and practices that have the potential to improve a business's standing while reducing potential legal risks and associated costs. When a corporation shares its social engagement, investors are better able to make decisions.

H_{02}: Social sustainability reporting does not significantly affect the financial performance of listed non-financial firms in Nigeria.

Firm Performance

A firm's performance is a measure of how well it generates revenues from its primary mode of business. There are a multitude of measures used to assess a firm's performance, with each group of stakeholders having its own focus of interest (Dev & Rao, 2020). According to Ali (2022), the financial performance of firms can be measured in terms of growth of its size (total assets), profitability (return on assets, return on equity, earnings per share) and market-based proxies (market price per share, net assets per share etc.). For the purpose of this study, firm financial performance was measured using a market based measurement of net assets per share. This is expressed as net assets measured by number of ordinary shares issued.

i.e. NAPS = Net Assets

Theoretical Framework

Signaling Theory

Signaling theory originated in economics (Spence, 1973) and was later applied to sustainability reporting (Clarkson et al., 2011). Signaling theory in the context of Sustainability reporting suggests that companies use sustainability report to signal their commitment to stakeholders about their environmental, social, and governance (ESG) performance.

Signaling theory basically describes the means a company uses to compensate for the asymmetry of information between two sides. For companies, it is a good strategy to create a competitive advantage by delivering some good information to the stakeholders, while also preventing any misinterpretation. In this case, a company will give a signal to the stakeholders by issuing a sustainability report to help them make better decisions. This may lead to better financial performance for the company (Levy, 1995).

Empirical Review

Adesami, Timothy and Boluwatife (2024) examined the effect of sustainability reporting and financial reporting quality of listed consumer goods firms in Nigeria. Ex-post factor research design was employed for the study and data were obtained from secondary source through the annual reports of sampled firms for the period of 2012 to 2022. Twenty-one (21) consumer goods firms listed on the Nigerian stock exchange group as at 31st December 2022 were sampled using census sampling technique. The independent variables, sustainability reporting, was measured with environmental sustainability reporting, social sustainability reporting and economic sustainability while the dependent variable, financial reporting quality, was measured using Jones Discretionary Accrual Scores. Data were analyzed using descriptive statistics and panel corrected standard errors regression. The findings revealed that environmental sustainability reporting has a positive and insignificant effect on the financial reporting quality of listed consumer goods firms in Nigeria. Social sustainability reporting has a negative and insignificant effect on the financial reporting quality of the sampled firms. Economic sustainability reporting has a negative but significant effect on the financial reporting quality of the sampled firms. The study recommended that relevant stakeholders should look into the regulatory provision of accounting guidelines regarding environmental reporting to improve on it due to its benefit and positive influence on sustainability reporting.

Akinadewo, Adebayo, Oluwagbade, Ogundele and Jabar (2023) evaluated the impact of sustainability reporting on the financial performance of Nigerian listed industrial goods enterprises. Panel data analysis and descriptive statistics such as mean, standard deviation, minimum and maximum values were employed to analyze the correlations between the variables. The study found that economic sustainability practices have a significant positive association with changes in stock price and total assets, while environmental sustainability practices have a positive and significant impact on financial performance. Community involvement sustainability practices have a positive but less significant impact. The study suggests that environmental sustainability reporting can boost firm profits by encouraging managers to adopt sustainable techniques. The findings highlight the importance of sustainability reporting in enhancing the financial performance of listed enterprises in Nigeria.

Okechukwu and Ugwu (2023) examined the effect of corporate sustainability on firms' performance in Nigeria covering the period ten years ranging from 2011 to 2020. The study adopts ex-post facto research design as past data in the form of secondary data was used to investigate the effect of corporate sustainability on performance of firms. Four (4) major high sustainability firms were purposively selected based on the complete availability of data for the period under review and their greatest effect on environment in Nigeria namely; Julius Berger Nigeria Plc, Conoil Plc., Nigeria Breweries Plc and Dangote Cement Plc. Panel data regression method was used to estimate the parameters of the model. The major findings of the study were that economic, environmental and social sustainability which implies that they have non-significant impact on profit for the year of selected firms in Nigeria.

Anumaka (2023) investigated the effect of economic sustainability reporting on the financial performance of selected quoted industrial goods sector in Nigeria. The study examined the extent to which Economic Sustainability Disclosure Index affects financial performance proxies (return on assets (ROA), return on equity (ROE), and earnings per share EPS) of selected industrial goods sector quoted on the Nigerian Stock Exchange (NSE). Content analyses were employed in determining the Economic Sustainability Disclosure Index (used as proxy for economic disclosures).The pooled regression, and correlation random effect models were used for data analysis. The study revealed that economic sustainability disclosures index of industrial-goods sector have a negative but insignificant relationship with performance indices on return on asset (ROA), negative relationship and significant on return on equity (ROE) and positively and insignificant related to earnings per share (EPS). Based on the findings, it is recommended that, corporate organizations should have positive disposition towards their capital providers and other important stakeholders for more general economic distribution operating costs, employee salaries and wages and other community investment and disclose more of this information in their annual reports.

Owolabi et al (2023) study examined how sustainability reporting affected the value of accounting data for listed deposit money banks in Nigeria from period of 2004 to 2018. Ex-post facto research design was used in the study. Twenty-one listed deposit money banks in Nigeria form the population of the study with sample size of 13 listed deposit money banks. Data was obtained from the annual reports of the selected banks. The data were analyzed using multiple regression analysis. The study discovered that the relevance of accounting is significantly and positively impacted by sustainability reporting metrics.

Sebrina et al (2023) investigated the impact of sustainability reporting quality on corporate social responsibility of companies listed on the Indonesia Stock Exchange from 2016 to 2019. To ensure the quality of individual reporting from a sustainable development perspective, disclosures of three main components (economic, environmental, and social) were used in this study. The results show that all variables have a significant impact on corporate social responsibility.

Okon, Philip and Okpokpo (2023) evaluated the impact of sustainability reporting on the financial performance of listed oil and gas firms in Nigeria between 2012 and 2021. The Nigeria Exchange Group reports, annual reports, and retrospective studies were all consulted. Panel least squares regression was employed in the study to evaluate the three research hypotheses. The study found that Nigerian oil and gas businesses' return on investment is increased by social, health, and environmental transparency. The study found that Nigerian oil and gas businesses' return on investment is impacted by sustainability reporting. According to the study, petroleum corporations should mandate sustainability reporting for the entire industry and use a standard sustainability index to assess compliance.

Githaiga and Kosgei (2023) investigated the influence of board characteristics on sustainability reporting among listed firms in East Africa. The study uses a sample of 79 listed firms drawn from East African securities exchanges and data from 2011 to 2020. Sustainability reporting is measured using Global Reporting Initiative, and the data is analyzed by using three-panel data estimation models – fixed effect, random effect and the generalized method of moments. The results reveal that board gender diversity, board financial expertise and board independence are positively and significantly associated with sustainability reporting. Conversely, board size has a negative and significant effect on sustainability reporting.

Osamuedeand Akadiri (2022) investigated the effect of corporate characteristics on environmental reporting of beverage companies in Nigeria. Firm age, firm size and ROA were used to proxy corporate characteristics, while employee health and safety cost disclosures, waste management and remediation cost disclosure and donations and charity contribution cost disclosures served as proxies for the dependent variable – financial performance. The study selected all 3 companies out of four (4) quoted beverage companies in Nigerian Exchange Group (NGX) as at 2021. Ex Post Facto research design was adopted and the secondary data were collected from annual reports of sampled firms from 2010 to 2019 through content analysis. The data were analyzed with descriptive statistics and regression analysis. E-view version 8 was applied in testing the hypotheses. The study showed that Sustainable firm age has a significant positive effect on employee health and safety cost disclosures, while firm size has a significant positive effect on waste management and remediation cost disclosure. The study also revealed that ROA has no significant positive effect on donations and charity contribution cost disclosures. This implies that the government and its agencies are enforcing strict environmental regulations.

Ismail, Saad, Lode and Kustiningsih (2022) analyzed corporate sustainability reporting and firms' financial performance in 14 emerging nations from 2011-2018. Weighted least square regression and correlation research design were used in the study to analyze the data. The dependent variable was ROA, while sustainability was measured using factors like size, leverage, litigation, market to book value, age, logarithm of GDP, and fixed effects. The findings suggest that sustainability reports significantly enhance the financial success of emerging markets, emphasizing the importance of businesses in developing nations reporting on sustainability.

Zimon. D.,Tyan, J., and Sroufe, R. (2022) studied how sustainability reporting and corporate reputation moderated CEO opportunistic behaviour. The study gathered information from the annual reports of 173 companies listed on the Tehran stock exchange. The findings revealed that NFSR improves corporate reputation. Additionally, ESR, SSR, ETSR, and GSR all have a beneficial impact on corporate reputation. Furthermore, CEO authority influences the link between NFSR/ESR/SSR/ETSR and corporate reputation.

Olayinka (2022) examined the impact of corporate governance on sustainability reporting of listed firms. This study explored the effect of corporate governance dimensions on sustainability reporting. The study adopted ex-post facto research design. The population of the study comprised 169 quoted companies on the Nigerian Stock Exchange (NSE) as at December 31, 2019. A sample of 42 quoted companies that had complete and relevant data for the period of study (2010-2019) was selected through stratified and purposive sampling techniques. Data were extracted from published audited annual reports of firms and listed on the Nigerian Stock Exchange (NSE) between 2006 and 2020. The study population comprised of (113) listed non-financial firms. The sample size was made up of (76) listed non-financial firms out of the total population. Yero Yamane technique was employed in the determination of the sample size.Global Reporting Initiative (GRI-4) performance indicators. Data were analyzed using descriptive and multiple regression. The findings revealed that corporate governance had positive and significant relationship with sustainability reporting of selected quoted companies in Nigeria. This implies that, board size, board independence, female directorships and board ownership are significant factors influencing changes in sustainability reporting. However, CEO duality does not significantly influence changes in sustainability reporting. The study concluded that corporate governance affects sustainability reporting.

Alhassan et al, (2021) examined how sustainability reporting affects the performance of listed industrial goods companies in Nigeria. For a period of ten years, from 2011 to 2020. The study used time-series and cross-sectional analysis of selected listed industrial goods companies on the Nigerian Stock Exchange. Ex Post Facto research was used in the study. Data were gathered from secondary sources such as fact books and financial statements of the companies in Nigeria. Using E-View 9.0 statistical software, the data were statistically analyzed using Pearson correlation coefficient and multiple regression analysis. The findings of the study demonstrated that, at a 5% level of significance, sustainability reporting (as measured by economic, environmental, and social performance indices) has a positive significant effect on return on assets, return on equity and earnings per share. The study proposes, among other things, that a standardized Sustainability Index be adopted, since this will assist to put pressure on firms to pay greater attention to their environment and take sustainable development issues more seriously.

Haidar and Sohail (2021) examined whether Sustainability Reporting (SR) contributes to the financial performance indicators of Saudi listed firms. The study's data are imperiled to regression analysis using the econometric model in computing the Tobin's Q value as proposed under the section on study variables. It also examined the value significance of SR on financial performance among the listed firms in Tadawul by determining whether Tobin's Q is statistically significant by specific firm's attributes, including firm size, leverage, and EPS. The outcomes indicate that Tobin's Q is statistically significantly influenced by leverage, EPS and firm size. Additionally, the study validates that no correlation occurs between the SR practices of the listed firms in Tadawul and the corporate financial performance.

Syder, Ogbonna, and Akani (2020) examine the effect of sustainability accounting report on shareholder value of quoted oil and gas companies in Nigeria. Cross-sectional and ex-post facto research designs were employed for the study. The population of the study was nine quoted companies on 2016/2017 fact book of the Nigerian Stock Exchange (NSE). The study sample was purposively selected to include only those companies that operated both on upstream and downstream sectors of the industry. Secondary data were obtained from the annual corporate reports of the concerned companies and Nigerian Stock Exchange from 2009 to 2018 by content analysis. Data analysis was with aid of E-view software version 7. It involved Autoregressive Distributed Lag (ARDL) bound test, descriptive statistic, model estimations and diagnostic analysis that adopted Augmented Dicky-Fuller Unit root test, error correction model and co-integration as well as multiple regressions. The findings of the study are: that employee training and community development expenditures had positive and significant effect on shareholder value added of the companies. However, the environmental compliance cost has no effect on shareholder value added. Predicated on these findings, it was concluded that sustainability accounting report has significant effect on shareholder value of quoted oil and gas in Nigeria, although the extent depend on the actual practice of the entity.

Yusuf, Emmanuel, Akpan and Odumegwu (2020) examined the impact of sustainability reporting on corporate performance of selected quoted companies in Nigeria. The specific objectives of this research was to ascertain the level of impact of sustainability reporting on Return on equity, Return on assets, Earnings per share and Net profit margin of companies listed on the Nigerian Stock Exchange. The study employed ex-post facto design. The sample for the study was made up of 64 companies selected from 76 non-financial companies quoted on the Nigerian Stock Exchange. This research utilized secondary data. A model specification based on regression model was used. The statistical technique employed in testing the hypotheses was the student t–test statistic. Findings from this study show that Sustainability Reporting impacted positively on financial performance of quoted companies in Nigeria Stock

Exchange. Companies are therefore encouraged to adopt this reporting system in order to account for it social, environmental and economic values which serve as tools for investment decision making.

Memed and Amir (2020) investigated the effect of sustainability reporting on the financial performance of the Indonesian mining sector from 2012-2016. To ascertain the effect of three dimensions of (economic, environmental and social) sustainability disclosure and financial performance ratios ((ROA, ROE and Tobin'Q). The multiple regression analysis was employed to analyze the data. Findings reiterated that sustainability reporting do not significantly influence ROA, ROE and Tobin Q.

MATERIALS AND METHOD

The study adopted an ex post facto research design, which is used to examine the effect of one or more independent variables on a dependent variable after the events have already occurred. A total of 55 non financial firms were sampled from 10 sectors of non-financial firms listed on the Nigerian Exchange Group (NGX) namely the agriculture sector, conglomerate sector, construction/real estate sector, consumer goods sector, health care sector, information communication technology (ICT) sector, industrial goods sector, natural resources sector, oil & gas sector and service sector. Relevant data were collected from the 2015 – 2024 audited annual reports and accounts of the sampled firms. The independent variable, Sustainability Reporting Practices, was measured with Economic Sustainability Reporting (ECSR) and Social Sustainability Reporting (SSR), while the dependent variable, financial performance, was measured with Net Assets Per Share.

To examine the effect of environmental sustainability practices on financial performance of listed non-financial firms in Nigeria, the study adapted and modified the model of Gabriel, Maurice and Bweseh (2020). This is shown below as thus:

$ROA_{1t} = \beta_{it} + \beta_1 ECONR_{it} + \beta_2 ENVR_{it} + \beta_3 SOCR_{it} + \beta_4 FS_{it} + \mu$….Equ1

The modified functional model for the study is expressed in a mathematical form as:

NAPS= F(ECSR, SSR,)……….Equ 2

The econometric form of the regression proposed and designed for the study is expressed as thus:

$NAPS_{it} = \beta_{0} + \beta_1 ECSR_{it} + \beta_2 SSR_{it} + \mu$ ……Equ 3

Where:

NAPS = Net Assets Per Share

ECSR= Economic Sustainability Reporting

SSR= Social Sustainability Reportingµ = Stochastic Term

$\beta_{1-}\beta_2$= Coefficient of Regression Equation

β_0= Constant coefficient (intercept) of the model

Data were collected and analyzed using Robust Least Squares Regression Model operated with E-Views 12. Thus, Ho (null hypothesis) is accepted if the P-value is greater than the 5% significance level adopted as a standard, or otherwise rejected where the P-value is less than the 5% significance level adopted. For example, where P> 5%, we accept null hypothesis and where P< 5%, we reject null hypothesis.

RESU.T AND DISCUSSIONS

Descriptive Analysis

Table 1: Descriptive Statistics

	NAPS	ECSR	SSR
Mean	14.77317	3.167273	3.243636
Median	4.508064	3.000000	4.000000
Maximum	165.1667	5.000000	5.000000
Minimum	-98.44769	1.000000	1.000000
Std. Dev.	26.77640	0.975670	1.217176
Skewness	2.298832	-0.610150	-0.631327
Kurtosis	10.03965	2.267094	2.243864
Jarque-Bera	1620.098	46.43563	49.63832
Probability	0.000000	0.000000	0.000000
Sum	8125.243	1742.000	1784.000
Sum Sq. Dev.	393619.5	522.6109	813.3527
Observations	550	550	550

Source: Authors' Computation, E-Views 12 (2025)

Table 1 shows that the mean value of NAPS is 14.77, suggesting that on average, each share held by shareholders is backed by about ₦14.77 in net assets. However, the median is 4.51, much lower than the mean, indicating a significant skew in the distribution — a few firms have very high values, pulling the average up. The maximum value is 165.17, while the minimum is a negative -98.45, implying that some firms have accumulated more liabilities than assets, which could indicate financial distress. The standard deviation of 26.78 reflects a wide variation in NAPS across the sampled firms. The positive skewness (2.30) confirms the right-tailed distribution, meaning that most firms have lower NAPS while a few have extremely high values. The high kurtosis value (10.04) suggests that the distribution is peaked with heavy tails. The Jarque-Bera probability is 0.000, indicating that NAPS does not follow a normal distribution.

The average ECSR score is 3.17, close to the maximum score of 5, suggesting a moderate level of economic sustainability disclosure among the firms. The median value is 3.00, very close to the mean, indicating a relatively balanced distribution. The minimum score is 1.00, and the maximum is 5.00, showing variability in how firms report economic sustainability. The standard deviation of 0.98 indicates moderate dispersion around the mean. The skewness is -0.61, indicating a slight leftward skew, meaning more firms score above the average than below. The kurtosis of 2.27 suggests the data distribution is relatively flat compared to a normal distribution. The Jarque-Bera probability (0.000) indicates that the distribution of ECSR scores significantly deviates from normality.

The mean score for SSR is 3.24, showing that firms, on average, disclosed more than half of the five social sustainability indicators. The median score is 4.00, higher than the mean, which implies that most firms performed better than the average in SSR, but a few low scores pulled the mean down. The maximum score is 5.00, and the minimum is 1.00, confirming a full range of disclosure practices across firms. The standard deviation of 1.22 shows a reasonable spread around the mean. The skewness is -0.63, which means the distribution is slightly left-skewed, with more firms scoring on the higher end. Kurtosis is 2.24, indicating a near-normal flatness in the distribution. The Jarque-Bera probability (0.000) confirms that the data is not normally distributed.

Test of Hypotheses

Robust Least Square Regression model was developed to test the linear relationship between the dependent and independent variables. It was operated using E-Views 12 as shown in the Table 2.

Table 2: Test of Hypotheses

Dependent Variable: NAPS
Method: Robust Least Squares
Date: 04/18/25 Time: 02:35
Sample: 1 550
Included observations: 550
Method: M-estimation
M settings: weight=Fair, tuning=1.4, scale=MAD (median centered)
Huber Type I Standard Errors & Covariance

Variable	Coefficient	Std. Error	z-Statistic	Prob.
ECSR	1.110531	0.000214	5192.254	0.0000
SSR	0.273543	0.000155	1768.153	0.0000
C	-6.571895	0.000747	-8794.581	0.0000
	Robust Statistics			

Rw-squared	0.071736	Adjust Rw-squared	0.071736
Scale	7.616102	Rn-squared statistic	4.90E+08
Prob(Rn-squared stat.)	0.000000		

Source: Result Output from E-Views 12 (2025)

Table 2, which presents the results of the robust least squares regression analysis, evaluates the effect of sustainability reporting practices on the net asset per share (NAPS) of listed non-financial firms in Nigeria. The Adjusted Rw-squared value of 0.0717 indicates that the model explains about 7.17% of the variation in NAPS, which, while modest, still provides insight into how sustainability practices affect firm value. The Prob(Rn-squared stat.) of 0.0000 confirms that the overall model is statistically significant at the 5% level, suggesting that, jointly, the sustainability reporting variables have a meaningful effect on net assets per share. The constant term (C = -6.571895, *p = 0.0000*) is also statistically significant, implying that in the absence of all four reporting practices, the average net asset per share would be negative, underscoring the necessity of these practices in sustaining shareholder value.

Hypothesis One

H_{01}: Economic sustainability reporting has no significant effect on financial performance of non-financial firms in Nigeria.

H_{i1}: Economic sustainability reporting has significant effect on financial performance of non-financial firms in Nigeria.

Closer look at Table 2 showed that the coefficient of Economic Sustainability Reporting (ECSR) is 1.110531, meaning that for every additional point disclosed under economic sustainability reporting, the net asset per share increases by approximately 1.11 units. This shows a positive marginal effect, and the associated p-value (0.0000) is less than 0.05, indicating that the effect is statistically significant at the 5% level. Thus, the null hypothesis is rejected, and we conclude that economic sustainability reporting has a significant effect on the net asset per share of listed non-financial firms in Nigeria. Since the alternate hypothesis was accepted, it means that Economic sustainability reporting has a positive and significant effect on net asset per share of listed non-financial firms in Nigeria ($\beta = 1.11$; $p = 0.0000$).

This result may stem from the fact that economic transparency signals long-term viability and accountability to stakeholders, both of which are crucial in the Nigerian capital market. Moreover, such disclosures may improve a firm's access to financial capital and enhance stakeholder trust, especially when resources are allocated responsibly and investments are made in local communities or long-term infrastructure, thereby boosting the perceived value of the firm. This finding is consistent with Akhor and Oroboh (2023), who found that economic sustainability reporting had a positive and significant effect on firm value, and Akinadewo et al. (2023), who also reported a significant positive relationship between economic sustainability practices and firm performance. Nzekwe et al. (2021) further affirmed this by showing that economic reporting significantly enhanced cash value added for listed firms. Similarly, Al-Dhaimesh and Al-Zobi (2019) confirmed the positive influence of economic disclosures on financial performance among Jordanian banks. In contrast, Adejola et al. (2024) found a negative and insignificant impact of economic sustainability reporting on the financial performance of firms in the agriculture and natural resource sectors, suggesting that industry-specific dynamics may moderate this effect. Likewise, Anumaka (2023) found mixed results where ECSR negatively but insignificantly influenced ROA and was only significantly related to ROE, pointing to inconsistency across different financial performance proxies.

Hypothesis Two

H_{02}: Social sustainability reporting does not significantly affect the net asset per share of listed non-financial firms in Nigeria.

H_{i2}: Social sustainability reporting significantly affects the net asset per share of listed non-financial firms in Nigeria.

From Table 2, Social Sustainability Reporting (SSR) has a coefficient of 0.273543, suggesting a positive but modest marginal effect on net asset per share. This implies that an increase in social sustainability disclosures by one unit results in a 0.27 unit rise in NAPS. The p-value (0.0000) confirms this effect is also statistically significant at the 5% level. Therefore, the null hypothesis is rejected, and we affirm that social sustainability reporting significantly affects net asset per share in the firms studied. Since the alternate hypothesis was accepted, it means that Social sustainability reporting has a positive and significant effect on net asset per share of listed non-financial firms in Nigeria ($\beta = 0.27$; $p = 0.0000$).

Although the marginal effect is smaller than the other sustainability dimension, the significance suggests that investors recognize social responsibility as an indicator of ethical business conduct and long-term stability. Social reporting may reduce stakeholder conflicts, improve employee productivity, and enhance brand reputation, all of which support stronger asset positions. In a country like Nigeria, where socio-political stability is crucial, companies that actively engage in community development and human capital investment are likely to experience better stakeholder alignment, thereby enhancing their value. This result aligns with

Iliemena et al. (2023), who reported a significant positive effect of SSR on gross profit margin, and Akpan and Simeon (2021), who found that SSR had a positive significant effect on cash flow return on investment. Similarly, Al-Dhaimesh and Al-Zobi (2019) found a significant positive link between social reporting and firm performance in Jordan, while Nzekwe et al. (2021) also confirmed a significant positive effect of SSR on financial metrics. However, Adejola et al. (2024) and Okechukwu and Ugwu (2023) observed insignificant effects, suggesting that SSR may not universally translate to financial gains in all sectors or time frames. Additionally, Akhor and Oroboh (2023) found a negative but significant effect of SSR on firm value, hinting at the possibility that the cost of social investments may outweigh short-term benefits in some industries, especially when such initiatives are poorly aligned with strategic goals.

CONCLUSION AND RECOMMENDATIONS

The findings highlight the evolving expectations within Nigeria's investment and regulatory environment, where stakeholders now regard sustainability disclosures as indicators of operational efficiency, risk mitigation, and future profitability. The consistent significance of all four reporting dimensions suggests a shift in the business landscape where intangible factors such as environmental responsibility, social engagement, ethical governance, and economic contributions are becoming essential determinants of firm value. This reinforces the notion that sustainability reporting is not merely a compliance or public relations exercise, but a financial performance driver that reflects the firm's ability to integrate long-term societal and environmental considerations into core business strategy. The implications extend to capital allocation decisions, where investors may increasingly favor firms with robust sustainability disclosures, influencing firm behavior and the broader market dynamics within Nigeria's non-financial sectors.

Based on these, the following recommendations were made:

1. In light of the positive and significant effect of economic sustainability reporting on net asset per share, executives should institutionalize regular and comprehensive reporting on economic contributions—such as value-added statements, local sourcing, employee compensation, and infrastructure investments—to demonstrate long-term financial resilience and value creation to investors and regulators.
2. Given the positive influence of social sustainability reporting, HR and CSR units should design measurable social programs—such as employee development schemes, community health initiatives, and inclusive workplace policies—and ensure their timely

disclosure in annual reports to reflect the firm's commitment to societal well-being and its alignment with stakeholder expectations.

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APPENDIX A

Economic Sustainability Reporting (ECSR)

Economic sustainability reporting was measured using disclosure index adopted from the Global Reporting Initiative. The disclosure index is consists of 5 items as shown on the table below;

Table 3: Guidelines on Content Index (GRI) G4

S/N	Economic Sustainability Performance Indicator	Content Index	P.I Code
	Description	**Economic Sustainability**	
1	Report on Direct economic value generated and distributed.Targets for the next reporting period and medium term objectives and goals (that is, 3–5 years) related to key economic activities and opportunities	Economic Performance	G4-EC1
2	Financial implications and other risk due to climate change. Description of the most important risk and opportunities for the organization arising from sustainability trends	Risk Management, Tax governance and control	G4-EC2
3	Defined benefit plan obligations and other retirement plans	Wealth and income creation	G4-EC3
4	Financial assistant received from government	Government assistant	G4-EC4
5	Report on firms brand visibility in the market and audience interacts with the brand	Market Presence	G4-EC5
6	Proportion of Senior management hired from the local community at significant locations of operation	Employment and employment relationships, community involvement and development	G4-EC6
7	Report on development and impact of infrastructure investments and services supported	Social investment	G4-EC7
8	Report on the indirect economic impact, management of economic activities and opportunities.	Indirect Economic Impact	G4-EC8
9	Report on each of the activities in a firm's value chain to gain an insight on the proportion of spending on local suppliers	Value and Supply Chain	G4-EC9
10	Report on operations assessed for risks related to corruption	Anti-Corruption	G4-EC10
11	Communication and training about anti-corruption policies and procedures	Policies and procedures training	G4-EC11
12	Reports on confirmed incidents of corruption and actions taken	Actions taken against corruption	G4-EC12

13	Legal actions for anti-competitive behaviour,anti-trust, and monopoly practices	Anti-Competitive behaviour	G4-EC13
14	Approach to tax	Tax	G4-EC14
15	Tax governance,control and risk management	Corporate Governance	G4-EC15
16	Stakeholders engagement and management of concerns related to tax	Stakeholders engagement	G4-EC16

Source: Global Reporting Initiative (GRI) Reporting Principles and Standard Disclosure Requirements. See appendix 2

A dichotomous procedure by (GRI) was applied in scoring the items whereby specifically, a 1-point score was awarded for each item that is disclosed in the annual report and otherwise, a 0-point. Then, the sum of scores of all items was computed. The ECSR score for the company is derived calculating the actual sum of scores awarded to a company to a maximum of 10 years.

Social Sustainability Reporting (SSR)

Social sustainability reporting was measured using disclosure index adopted from the Global Reporting Initiative. The disclosure index is consists of the items as shown on the table below;

Table 4: Guidelines on Content Index (GRI) G4

S/	**Social Sustainability Performance Indicator**	**Content Index**	**P.I Code**
	Description	**Social Sustainability**	
1	The total number and rate of new employee hires during the reporting period, by age group, gender and region.	Employment	G4-LA1
2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation	Conditions of work and social protection	G4-LA2
3	Return to work and retention rates after parental leave, by gender.	Conditions of work and social protection	GA-LA3
4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Labor/Management Relations	GA-LA4
5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	occupational Health and Safety	GA-LA5
6	Type of injury and rates of injury, occupational diseases, lost days, and	health and safety at work	GA-LA6

	absenteeism, and total number of work-related fatalities by region and by gender		
7	workers with high incidence or high risk of diseases related to their occupation	Health and safety at work	GA-LA7
8	Health and safety topics covered in formal agreements with trade unions		GA-LA8
9	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious disease	Training and Education	G4-LA9
10	Programs for skills management and life long learning that support the continued employability of employees and assist them in managing career ending	Employment creation and skills development	G4-LA10
11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Human development and training in the workplace	G4-L11
12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Diversity and Equal Opportunity	G4-L12
13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operatio	Equal Remuneration for Women and Men	G4-L13
14	Operations and suppliers in which employee rights to exercise freedom of association or collective bargaining may be violated or at significant risk	Freedom of Association, Collective Bargaining	G4-HR4
15	The total number of identified incidents of violations involving the rights of indigenous peoples during the reporting period.	Indigenous Right	G4-HR8
16	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Local Community Engagement	G4-SO1

Source: Global Reporting Initiative (GRI) Reporting Principles and Standard Disclosure Requirements. See appendix 2

A dichotomous procedure by (GRI) was applied in scoring the items whereby specifically, a 1-point score was awarded for each item that is disclosed in the annual report and otherwise, a 0-point. Then, the sum of scores of all items was computed. The SSR score for the company is derived by calculating the actual sum of scores awarded to a company to a maximum of 10years.