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ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURES AND SHAREHOLDERS' WEALTH MAXIMIZATION AMONG LISTED INDUSTRIAL GOODS COMPANIES IN NIGERIA

Dorathy Christopher Akpan

Department of Accounting, Faculty of Management Sciences, Akwa Ibom State University, Obio Akpa CampusState, Akwa Ibom, Nigeria.

Email: dorathyakpan@aksu.edu.ng

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ABSTRACT

There is a global awareness that financial performance is not the only factor that influence shareholders' wealth as other non-financial elements such as environmental, social and governance impacts are equally important when assessing the value of the firm. The main objective of this study was to ascertain the effect of environmental, social and governance (ESG) disclosures on shareholders' wealth of listed industrial goods companies listed on the Nigerian Exchange Group from 2013 to 2023. Ex post facto research design was employed, secondary data were used and purposive sampling technique was adopted to select twelve industrial goods firms. The method of data analysis employed was ordinary least square regression analysis and the statistical software used was E-views version 10. The result of the data analysis revealed that environmental performance disclosure and governance performance disclosure have significant positive effect while social performance disclosure has no significant effect on economic value added of listed industrial goods firms in Nigeria. Thus, the study concluded that ESG disclosures have significant effect on shareholders' wealth of listed industrial goods companies in Nigeria. Based on the above findings, it was recommended that industrial goods companies should institute and disclose environmentally friendly policies since it portrays their commitment towards achieving the goal of sustainable development. It was also recommended that corporate governance mechanisms of the firms should be disclosed adequately in the annual report since it affects investors' evaluation of firm's capability to create wealth in future.

1. INTRODUCTION

Environmental, social and governance (ESG) disclosures are being gradually recognized by stakeholders as a strategy for risk mitigation and as well as a tool for wealth creation. Stakeholders and decision makers look beyond profitability and are increasingly making business decisions based on the ESG information of a particular company or organization. They believe that companies that integrate ESG risks and opportunities into their core operations and business strategies are more likely to deliver sustainable and long-term value to their stakeholders. According to Lubis and Rokhim (2021), a risk management approach that incorporates ESG considerations provides the company with useful data to identify emerging risks arising from mega trends such as climate change, new regulations, technology change; and develop internal responsibilities and systems to address these risks and improve performance over time. Today, investors and asset managers believe that ESG can have a material impact on the long-term performance of their investment portfolios and demand that ESG analysis forms part of the fundamental work of investment (OECD, 2017, Onoja, Okoye & Nwoye, 2021a). Most institutional and retail investors have integrated ESG considerations into their investment decision-making. Based on this, companies are moving their focus from short-term profit maximization to long-term environmental, social, and governance (ESG) objectives. Most business leaders are now cognizant of the growing importance of ESG concerns, which may have an effect on an organization's financial health as well as its reputation in the marketplace. ESG is an acronym for environment, social and governance; an investment concept and corporate evaluation standard that focuses on the environmental, social and governance performance of companies rather than financial performance. Hassani and Banini (2022) noted that investors can assess the contribution of companies in promoting sustainable economic development and fulfilling social responsibility by observing corporate ESG disclosures. Environment (E) focuses on the impact of enterprise operation and investment activities on the environment, such as resource utilization and pollutant emission. Social (S) focuses on the coordination and balance between the company and its stakeholders. Governance (G) focuses on the internal governance structure and governance rules of the company (Duuren et al., 2016; Onoja, Okoye & Nwoye, 2021b; Li et al., 2022).

The main reason professional investors consider ESG-related information is not to derive reputational benefit but to determine whether a company is adequately managing risk and aligning its strategy for long-term returns. In more recent investors' surveys, the pursuit of maximisation of financial returns and enhanced risk-management have been consistently highlighted as key motivating reasons for committing to ESG integration. The goal of business has shifted from focusing on only generating shareholder value to creating long-term stakeholder value and sustained growth that takes into consideration the environmental, social, and governance (ESG) performance of companies. Similarly, sustainability factors have evolved into a critical component of financial decision making across all asset classes

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(Everet & Neu, 2020). Wealth maximization is the primary objective of any entity and this is taken as maximizing the market value of the company. Shareholders' wealth is increased by dividend payments and higher share price. ESG practices can lead to innovation; and innovation can assist businesses in increasing their market share and lowering their costs, resulting in greater financial gains since investors prefer to invest in responsible companies (Amran et al., 2018; Bernardi & Stark, 2018). Companies that publish high quality information on ESG are improving their potential access to capital by enhancing the company's ability to attract a diverse range of longer-term investors, including development finance institutions and green investors.

Based on the series of scandals rocking major companies all over the world, it could be noted that financial performance is not the main factors by which the firm is valued. Other non-financial elements such as social and environmental and governance impacts are equally important when assessing the value of the firm (Klassen & McLaughlen, 2022, Okudo & Amahalu, 2023). ESG disclosures expose the risk and opportunities investors are exposed to, and investors confident of their return on investment can expand their investment in such entities. However, it is quite worrisome that most companies particularly in Nigeria are not fully committed to the environment and society where they derive resources for their economic activities and they do not also have the desire to empower and promote corporate responsiveness to other stakeholders. A firm's perceived negligence or irresponsible environmental behavior can lead to regulatory sanctions, hostility from host community, long-term negative reputation in the eyes of the investors, customers and the suppliers; and could ultimately result in the firm being less attractive in the market thus making investors to lose confidence in such firms (Indarawati *et al.* 2016. Despite the great interest in the issue of ESG disclosure and shareholders value, the results are still not unanimous as there is no consensus on the effect of ESG disclosure on firms' performance and shareholders' wealth. Several studies have indicated that more empirical studies should be conducted on the effect of ESG disclosure on shareholders' value of firms especially in a developing economy like Nigeria. As acknowledged by many scholars, the study on ESG practices among developing countries is considered scarce (Belal & Momin, 2019).

It is against this backdrop that this study was carried out to ascertain the effect of ESG disclosure on shareholders' wealth of listed industrial goods firms in Nigeria. Specifically, the study intends to:

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1. investigate the extent to which Environmental performance disclosures affects economic value added of listed industrial goods companies in Nigeria.
2. determine the effect extent of Social performance disclosures on the economic value added of listed industrial goods companies in Nigeria.
3. ascertain the effect of Governance performance disclosures on the economic value added of listed industrial goods companies in Nigeria.

1.2 Hypotheses

the following hypothesesx were formulated for this study:

$H_{o1:}$ Environmental performance disclosures have no significant effect on economic value added of listed industrial goods companies in Nigeria?

H_{o2}: Social performance disclosures have no significant effect on economic value added of listed industrial goods companies in Nigeria?

H_{o3}: Governance performance disclosures have no significant effect on economic value added of listed industrial goods companies in Nigeria?

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 ESG Disclosures

ESG is an investment concept and corporate evaluation standard that focuses on the environmental, social and governance performance of companies rather than financial performance only (Li et al., 2022). ESG disclosures refer to the disclosures of companies' footprints and investment on the environment, social, and governance issues. Thus, the investors can assess the contribution of companies in promoting sustainable economic development and fulfilling social responsibility by observing corporate ESG disclosures. In other words, ESG is an offshoot of sustainability without the economic performance aspect (CarniniPulino et al., 2020). Incorporating ESG practices into the financial system helps create an efficient and sustainable financial system for the long term. Today's financial markets attach great importance to companies that generate financial returns for investors, and those who create great value that help advance development. According to Nigeria Exchange Group (2018) ESG guidelines, the way firms manage their ESG performance can bring financial benefits to company such as access to capital, resource efficiency, cost savings, risk management, revenue growth and market access, brand value and reputation, license to operate, human capital- employee retention and recruitment, company value as an acquisition

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target and ability to acquire other high-quality companies. The major components of ESG are environmental, social and governance disclosures Environment (E) aspect of ESG focuses on the impact of enterprise operation and investment activities on the environment, such as climate change, carbon emissions, pollution, resource efficiency and biodiversity (Batra, 2020). The main take of this component of ESG is that companies should respect, protect, and make efforts to restore the environment. It measures organisation's impact on living and non-living natural systems, including ecosystems, land, air, and water. By this companies continuously improve their environmental performance by adopting cleaner production methods, promoting use of efficient energy and environment friendly technologies and use of renewable energy (NXG, 2018).Thus, to make stakeholders aware of these sustainable strides, companies thus report their environmental performance, including the assessment of potential environmental risks associated with their operations, to their stakeholders in a fair and transparent manner.

The Social (S) aspect of ESG disclosure has to do with disclosures about human rights, labor standards, health & safety, diversity policies, community relations and development of human capital. It focuses on the relationship and balance between the company and its stakeholders. WEF (2022) defined social performance as a business organization's configuration of principles of social responsibility, processes of social responsiveness and policies, programs and tangible outcomes as they relate to the firm's social relationships. It is a construct that emphasizes a company's responsibilities to multiple stakeholders, such as employees and the community as a whole, in addition to its traditional responsibilities to economic shareholders (Turban & Greening, 2017). The governance (G) aspect of ESG focuses on the internal governance structure and governance rules of the company (Duuren et al., 2016; Li et al., 2022). According to the Nigeria Exchange Group (2018), it has to do with corporate governance, corruption, rule of law, institutional strength and transparency. The corporate governance structure specifies the distribution of right and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. A good corporate governance system is an essential element in optimizing the performance of a business in the best interests of shareholders, limiting agency costs and favoring the survival of corporations (Fama & Jensen, 1983).

2.1.2 Shareholders' wealth

Adaramola and Oyerinde (2014) defined shareholders' wealth as the estimated future earnings, expressed in present value, that go to the company's owners. These anticipated future profits are typically given as dividends, which are paid out on a regular basis, and as revenues from the sale of shares. They also emphasized that common shareholders receive dividend payments from corporate profits. EVA can be defined as an economic benefit over profit that remains to the equity holders after considering all economic costs. It is a measure of performance that provides a useful assessment of how much wealth has been added to the shareholders during a period (ICAN, 2021). Its underlying premise focus on the fact that real profitability occurs when additional wealth is created for shareholders and that projects should create returns above their cost of capital. It was developed by Stern Steward in 1991 which he noted is the performance measure most directly linked to the creation of shareholders' wealth over time. Shareholders' wealth is increased by dividend payments and higher share price (ICAN, 2021). EVA is an estimate of true economic profit, or the amount by which earnings exceed or fall short of the required minimum rate of return investors could get by investing in other securities of comparable risk (Stewart, 1991). In this study EVA is calculated as PAT – (capital employed x WACC).

2.1.3 Relationship between ESG performance and economic value added (EVA)

ESG disclosures can provide shareholders with insights into how a company manages environmental and social risks, as well as governance practices. By understanding the company's efforts to mitigate risks related to climate change, social impact, and corporate governance, investors can make more informed decisions, potentially reducing the downside risk for their investments. ESG disclosures can attract a broader investor base, including those who prioritize sustainable and responsible investment strategies. By demonstrating a commitment to ESG factors, companies may attract capital from investors who specifically seek out businesses that align with their sustainability goals, potentially leading to increased demand for the company's shares and positively impacting shareholder wealth. These elements eventually have a favourable impact on EVA by improving the company's financial performance over the long run. The studies of Ogochukwu and Grace (2022); Wong et al. (2021) and Barth et al. (2016) revealed that ESG disclosures have a significant positive relationship on shareholders wealth shareholders wealth. However, negative relationship between ESG disclosures and shareholders wealth were found in the studies of Brammer and Pavelin (2006) and Sassen et al., (2016) who stated that investments in corporate ESG consume part of the firm's capital and, therefore, improving ESG performance is not conducive to enhancing firm value. On the other hands, the studies of Atan et al. (2018) and Clemons et al. (2022) revealed no relationship between ESG performance and shareholders value.

2.2 Theoretical framework

2.2.1 Stakeholder Theory by Edward Freeman (1984)

This study was anchored on the stakeholder theory which was propounded by Edward Freeman in 1984. It is one of the major approaches to social, natural and governance investigation. Scholars portray stakeholders as those people who can influence or be influenced by the activities associated with trade" or as the people who depend on the firm to attain their individual objectives and on whom the firm depends on for its existence (Cheng et al., 2023). The idea of stakeholder theory began to receive significant attention in organizational and management research after the publication of *Strategic Management: A Stakeholder A*pproach by Edward Freeman in 1984. The theory refers to how business works at its best, and how it can work. It is about value creation, trade and how to manage the business effectively. The stakeholder theory argues that firms have a moral obligation to consider and appropriately balance the interest of all stakeholders (Freeman, 1984). Successful firms protect the interest of different stakeholder groups such as: shareholders, creditors, employees, suppliers, customers, communities and the public (Howard-Grenville,, 2022). It has been recognized that organizations that consider stakeholders' requirements tend to show a better a performance than those who do not (Marsat & Williams, 2021). This theory relates to the study since ESG reporting is an aspect of an organization reporting practices that focus on a wider stakeholder base of the organization. This vital information proves to be a useful tool for promoting shareholders' value.

2.3 Empirical Reviews

ESG reporting disclosure is supported by various studies suggesting and some of these researches are reviewed below.

Shalhoob and Hussainey (2023) evaluated the impact of environmental, social and governance (ESG) disclosure practices on the ESG performance of small and medium enterprises (SMEs) in Saudi Arabia. The results indicated that SMEs in Saudi Arabia lack awareness of ESG practices and disclosures and, therefore, the extent of their importance to sustainability performance.

Nkanga et al (2023) examined the effect of voluntary disclosures on firms' value taking samples from deposit money banks listed on the floor of the Nigeria Exchange Group from 2012-2021. The research design adopted for this study was *ex post facto,* purposive sampling technique was employed and secondary source of data used was obtained from the studied companies' annual report and Nigeria Exchange Group fact book. Dummy Least Square Variable regression was adopted to analyze and test the two hypotheses formulated for the study. The findings of the study revealed that social donation and gifting disclosure has a positive significant effect on the market value of deposit money banks while employee health and safety disclosure has an insignificant negative effect on market value of listed deposit money banks in Nigeria. Cheng et al. (2023) examined the effects of ESG-related information disclosures on firm value utilizing a Chinese dataset. The findings indicated that the disclosure of ESG-related information led to a significant increase in firm value, with this relationship intensifying after the onset of the pandemic.

Gao et al. (2022) examined the link between ESG operations and financial indices in China's publicly traded firms using dynamic and static panel data analysis. The findings of the study revealed that ESG has a considerable influence on corporate value and profitability per share. The impact of ESG variables on the financial performance of the company in the event of a pandemic was analyzed using analytical methods such as Pearson correlation, logistic regression, and Fisher's exact test. Performance in ESG may boost financial performance, which could impact investors, business administrators, decision-makers, and industry regulations.

Akpan and Simeon (2021) examined the effect of sustainability disclosures on cash flow return on investment of shareholders of oil and gas companies in Nigeria. Secondary source of data was used and the research design adopted was *ex post facto*. The study adopted time series and cross-sectional analysis of selected oil and gas firms quoted on the Nigerian Exchange Group as at 31st December 2020 for a period of seven years spanning 2014-2020. Content analysis methodologies were employed to get data for the sustainability parameters. The researcher adopted the robust panel least square regression technique. The results from the study reveal that social sustainability disclosure have a positive significant effect on cash flow return on investment of listed oil and gas firms in Nigeria. Also, the results reveal an insignificant effect of health and safety disclosure as well as environmental disclosure on cash flow return on investment.

Lubis and Rokhim (2021) investigated the effect of environmental, social and governance (ESG) disclosure on company performance, moderated by competitive advantage. This study used a sample of 52 publicly listed companies on the Indonesia Stock Exchange that consistently disclose their ESG scores between 2015-2019. The results of this study indicated that ESG disclosure has a negative impact on company performance. When the moderating variable, competitive advantage, were introduced in the model, ESG disclosure has a positive impact on company performance, but it is insignificant. CarniniPulino, et al. (2020) analyzed the impact of the environmental, social, and governance (ESG) disclosure on the firm performance, given the stakeholders' increasing attention to the firm's ESG practices. By applying a panel regression analysis, using a sample of the largest Italian listed companies, and considering a time span of 10 years (from 2011 to 2020), this study found that there is a positive relationship between environmental, social, and governance disclosure and firm performance, measured by EBIT.

WanMohammad and Wasiuzzaman (2021) investigated the effects of firms' ESG disclosures on firm performance, moderated by firm competitive advantage. The sample of the data is 3966 firm- year observations from year 2012–2017 of 661 firms listed in the Bursa Malaysia. To improve the robustness of our analysis we adopt clustering techniques in our regression analysis. The findings of this research indicated that ESG disclosure improves firm performance even after controlling for competitive advantage. Kimilu (2021) investigated the link between environmental, social, and governance (ESG) disclosures and the firm value of firms listed on the Nairobi Securities Exchange (NSE). The study used annual ESG data from 62 Kenyan enterprises registered on the Nairobi Stock Exchange (NSE) from 2013 to 2020. The analysis showed a substantial link between regulatory agencies and stakeholder pressure, as well as the amount and reasons for ESG disclosures among NSE-listed companies. Oti e al. (2017) determined from accounting perspective, the environmental consequences of the operations of oil and gas companies in the Niger-Delta region of Nigeria. The study was motivated by the curiosity to explain what goes on in the Niger-Delta region in the light of environmental degradation and the continuous agitation for a sustainable approach to corporate social responsibility (CSR). The study adopted the ex-post facto research design. Questionnaires were used to collect data from primary sources while relying on previous studies for secondary data. The Yaro Yamani sampling determination technique was applied to a sample size of 300 respondents drawn from a population of three million.. These findings agree with Bauelleret al (2011), whose work indicates that the oil and gas companies in an

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attempt to respond to the needs of vulnerable communities adopt strategies that are largely short-term and unsustainable. The result of this study also aligns with the work of Christian (2014) which indicate that the CSR of the oil and gas companies are rather self-serving as they are targeted at corporate image laundering.

3. MATERIAL AND METHOD

This study adopted *ex-post facto* research and the data employed were secondary. This study focused on 12 purposively selected industrial goods firms listed on the floor of the Nigerian Exchange Group and it covered a period of 10 years from 2013 to 2022. The data for the ESG parameters were obtained using content analysis. The researcher designed a disclosure checklist developed based on the Global Reporting Initiative (GRI) guidelines. Environmental, social and governance disclosure indexes were calculated based on the number of occurrences and the level of disclosure. If there was an occurrence of an indicator in the company's financial statement, the researcher assigned the value of '1' but if there was no occurrence of such indicator, the researcher assigned '0'. The index score was arrived at by dividing the sum of occurrences by the total number of possible scores. The data employed were analysed using ordinary least square regression technique and the analytical software employed was E-views version 10.

The econometric model used in this study is as presented below;

Shareholders wealth = f(ESG disclosure)

EVA =f(Environmental performance disclosure, social performance disclosure, governance performance disclosure)

$EVA_{it} = \beta_0 + \beta_1 ENPD_{it} + \beta_2\, SOPD_{it} + \beta_3\, GOPD_{it} + \mu_{it}$ …………………..Eqn 1.

Where:

EVA = economic value added

ENPD = environmental performance disclosure

SOPD = social performance disclosure

GOPD = governance performance disclosure

β_0 = Constant

β_1- β_3 = Slope Coefficient

μ = Stochastic disturbance

i = i^{th} industrial goods firms

t = time period

4. RESULT AND DISCUSSIONS

4.1 Data Analysis

4.1.1 Descriptive Statistics

Table 1 Descriptive statistics

	EVA	ENPD	SOPD	GOPD
Mean	9044190.01	0.639636	0.665182	0.731727
Median	97090.3606	0.640000	0.670000	0.770000
Maximum	205005927.	0.820000	0.870000	1.000000
Minimum	-50376511.4	0.430000	0.470000	0.540000
Std. Dev.	31321021.1	0.122272	0.130058	0.128341
Skewness	3.89383822	-0.136925	0.046727	-0.041683
Kurtosis	21.2640430	1.798617	1.817826	1.961937
Jarque-Bera	1806.856	6.958944	6.445401	4.970741
Probability	0.000000	0.030824	0.039847	0.083295
Sum	9.95E+08	70.36000	73.17000	80.49000
Sum Sq. Dev.	1.07E+17	1.629585	1.843746	1.795372
Observations	110	110	110	110

Source: Author’s computation (20234

Table 1 above presents the descriptive statistics of the variables of this study. From the table, economic value added (EVA) shows a minimum of -N50,376,511,400; meaning that the lowest EVA in the industrial goods sector between 2013-2022 was -N50,376,511,400. The highest however, was N205,005,927,000 and the sector’s average came in at N9,044,190,010. The standard deviation which shows the degree of dispersion was N31,321,021,100 and indicated that economic value added in the industrial goods sector was relatively high. Environmental performance disclosure (ENPD), has a maximum disclosure score 0.82, the minimum score was 0.43 while the mean values was 0.64 Furthermore, social performance disclosure (SOPD) showed a minimum score of 0.47 a maximum of 0.87, an average of 0.67 and a standard deviation of 0.13 (2 items). Finally, the governance performance disclosure (GOPD) showed an average score of 0.73 a minimum of 0.54, a maximum of 1.00 and a standard deviation of 0.13 (2 items). With these statistics, it seems that the governance performance disclosure in the sector was relatively high during the period of the study.

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4.2 Test of Hypotheses

Table 2 Regression analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.969534	1.167500	4.256559	0.0000
ENPD	0.583528	0.979783	2.595569	0.0028
SOPD	0.377454	0.937384	0.402668	0.6880
GOPD	0.000531	0.939501	2.000565	0.0096
R-squared	0.304900	Mean dependent var		5.593597
Adjusted R-squared	0.285227	S.D. dependent var		1.230100
S.E. of regression	1.244825	Akaike info criterion		3.312533
Sum squared resid	159.6076	Schwarz criterion		3.412452
Log likelihood	-173.2205	Hannan-Quinn criter.		3.353039
F-statistic	7.169055	Durbin-Watson stat		2.379968
Prob(F-statistic)	0.000250			

Source: Author's computation (2024)

The pooled OLS regression in table 4.3 above shows an F-statistic of 7.169055 with p-value of 0.000250 indicating that the model is fit for statistical inference and that overall, ESG disclosures have significant effect on the economic value added of the companies of under study. The model gave an R-squared value of 0.304900 which means that 30% of the changes in the dependent variable can be explained by the independent variables of this study. However, the unexplained part is captured in the error term.

4.2.1 Hypothesis One

The results obtained from the regression model in table 4.3 revealed that environmental performance disclosure (coef. 0.583528; p value 0.0028; t stat 2.595569) has a significant positive effect on economic value added. Thus, the null hypothesis was rejected implying that environmental performance disclosure has a significant effect on economic value added of listed industrial goods firms in Nigeria. The rejection of the null hypothesis was further supported by the t-statistic of 2.595569 which was greater than the critical value of t; 1.982383. This implied that a unit increase in the disclosure of impact of business activities on environment and strategies adopted to combat environmental degradation significantly

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improved the shareholders' wealth of listed industrial goods firms in Nigeria during the period under study. This is because managing environmental risk can improve productivity and underpin a social license to operate which in turn enhance the shareholders' value. The impact of environmental degradation can be extensive and often unrealized, causing disruption to supply chains, increasing regulatory compliance costs and potentially eroding social license. The findings of this study was supported by Wang *et al* (2022) who noted that ESG disclosure can positively promote sustainable growth compared with companies that do not disclose ESG practice. CarniniPulino *et al.,* (2020) also supported our finding as they found a positive effect environmental of performance disclosure on firm performance, measured by EBIT. However, the finding of this study was negated by Nkanga et al., (2023) and Ogochukwu and Grace (2022).

4.2.2 Hypothesis Two

The result from the regression model in table 4.3 shows that social performance disclosure (Coef. 0.377454; p-value 0.6880; t-stat 0.402668) has an no significant effect on the economic value added of listed industrial goods firms in Nigeria. This implies that social performance disclosure has no significant effect on the economic value added of listed industrial goods companies in Nigeria. This could be due to the fact that social responsibility initiatives often involve non-financial considerations, which may not directly translate into immediate financial gains or losses. The findings of this study is supported by Lubis and Rokhim (2021) who in their study noted that that ESG disclosure has a no impact on company performance. Kimilu(2021) also noted that human rights and product safety indicators might be valuable, but they are not well incorporated into stock prices. However, Gao *et al.,* (2022) had a contrary findings when their studies revealed that comprehensive ESG disclosure has a considerable influence on corporate value and profitability per share. Indarawati (2016) also affirm our findings when they discovered that different aspects of social performance disclosure appeared to be linked to shareholder performance in a complex way.

4.2.3 Hypothesis Three

The results obtained from random effect regression model in table 4.3 revealed that governance performance disclosure [Coef.. 0.000531; p value 0.0096].}] has a significant positive effect on the economic value added of listed industrial goods firms in Nigeria during the period under study. The result implied that a percentage increase in the governance performance disclosure by listed industrial goods firms significantly improved their economic value added during the period under study. This could be because the disclosure of governance practices signals to the market the method and procedure put in place to achieve corporate objectives. The finding of this study was supported by Carnini Pulino et al., (2020) who found that there is a positive relationship between governance disclosure and firm performance.

CONCLUSION AND RECOMMENDATION

Based on the findings of this study, it was concluded that ESG disclosure significantly enhance the shareholders wealth of listed industrial firms in Nigeria. Thus the study recommended that industrial goods companies should institute and disclose environmentally friendly policies since it portrays their commitment towards achieving the goal of sustainable development. These policies should be backed up with the responsibilities that commensurate their negative footprint on the environment as this tends to enhance the shareholders wealth. Industrial goods firms should engage and disclosure socially responsible activities that would improve the social welfare of multiple stakeholders even though this seemed not to have significant effect in this study as the long term effect may impact the wealth of shareholders. Also, corporate governance mechanisms of the firms should be disclosed in the annual report since it affects how investors evaluate the firm's capability to create wealth in future.

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