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Value Relevance of Sustainability Reporting in Listed Manufacturing Firms in Nigeria

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Abstract

This study examined the value relevance of sustainability reporting in listed manufacturing firms in Nigeria. This study was motivated by the growing need for disclosures and accountability in the areas of social, environmental, and corporate governance from various stakeholders. The longitudinal research approach was employed because to its ability to explore connections between variables without necessitating researcher control or manipulation. Data were collected from secondary sources by utilizing the published annual reports of 35 listed manufacturing firms in Nigeria. The data collected covered a period of 2011-2021 were analyzed using descriptive statistics and pooled panel regression analysis. The result revealed that the disclosure of information pertaining to corporate governance, environmental impact, and social responsibility significantly influences the valuation of a company. The study recommends that sustainability report should be mandatory and regulated in listed manufacturing firms in Nigeria like the financial report in other to make the report credible, reliable and dependable since it carries the same or similar decision usefulness.

Keywords: Mandatory sustainability reporting, social responsibility reporting environmental impact reporting, corporate governance reporting, value relevance

1. Introduction

The commencement of the industrial revolution in Western societies, coupled with the subsequent increase in global population, led to substantial growth in enterprises. This growth prompted a competitive endeavor to capture a considerable share of the market, boost market value, and reduce costs. The emergence of the stewardship accounting theory and the shift from a traditional managerial heuristic to a structured and systematic approach have been noted by Popper (2022). The many factors mentioned in the study conducted by Meng and Zhao (2018) [28] have been found to have detrimental impacts on the ecosystem. These factors have also contributed to an increased level of public consciousness regarding the social and environmental issues arising from the expanding commercial operations and profit-driven endeavors of these firms. The emergence of sustainability reporting can be attributed to the growing demand for increased transparency in organizations' management of environmental, social, and economic aspects, as well as their governance practices. This expectation has necessitated the disclosure of an organization's social and environmental performance, alongside its economic and governance performance. According to Gay (2019) [29].

The need for sustainability reporting had a notable surge in Nigeria amidst the Niger Delta revolt, which targeted corporations that had previously been acknowledged for their contributions to economic and technological progress. The aforementioned corporations are currently being held responsible for their contribution to various issues such as pollution, waste generation, resource depletion, environmental degradation, fragmentation of natural habitats, loss of biodiversity, scarcity of freshwater resources, overfishing, global warming, occurrence of extreme weather events, air pollution, noise pollution, and a general lack of concern for safeguarding the immediate and future environment. These concerns have arisen as a result of increased business operations and advancements in production technology. Consequently, stakeholders who possess legally mandated or ethically anticipated

entitlements and perceive a lack of reciprocation from the companies investigating their surroundings not only withdraw their support but also actively undermine the company's activities. Consequently, the value of these firms experiences a corresponding decline (Jennifer, 2021) [30].

The escalating social and environmental influence wielded by large multinational corporations has led to a concomitant surge in calls for enhanced social and environmental responsibility. There has been a discernible rise in the voluntary disclosure of social and environmental concerns by major corporations in reaction to this development. The content of sustainability reports is often determined arbitrarily by top corporate management due to the absence of a mandatory reporting mechanism and the reliance on voluntary disclosure. Have raised concerns with the accountability provided by voluntary reports, leading to widespread skepticism and ambiguity. The mandatory sustainability reporting is a yearly report that encompasses disclosures regarding significant sustainability concerns for the organization. These concerns primarily encompass environmental, social, and employee matters, as well as diversity within the organization, human rights, and matters related to anticorruption and bribery. Furthermore, it will be imperative to provide disclosures relating to many aspects such as strategy, governance, policies, procedures, systems, and so forth.

The theory of signaling posits that the dissemination of information by firms has the potential to enhance investors' capacity to make impartial judgments regarding their investment choices. Earnings information is a crucial data point that investors utilize to evaluate the history and current performance of organizations. Furthermore, Gitahi *et al.* (2019) [31] have utilized it to make predictions about future performance. stakeholders require more information in order to make informed investment decisions in light of the escalating global warming phenomenon. Consequently, it becomes imperative to take into account environmental and social concerns. The inclusion of a company's sustainability impact is a prevalent non-financial data point employed in research examining its value-relevance (Halimah *et al.*, 2020; Sutopo *et al.*, 2018) [32, 33]. Investors employ the utilization of sustainability reports as a means of signaling and obtaining further information in order to assess organizations.

Previous studies have provided insight into the importance of sustainability reports in assessing a company's value. According to the research conducted by Halimah *et al.* (2020) [32], an examination of the value significance of sustainability revealed a significant positive correlation between sustainability and stock value. Nguyen (2020) [27] both observed a positive correlation within their respective nations of Indonesia and the United States of America. However, argues that based on the research conducted by Kezey and Uyan (2021) [34], investors do not perceive sustainability disclosure as a significant determinant of a company's value. However, a significant number of research studies in this particular area have consistently demonstrated a favorable association between sustainability reporting and the overall worth of a firm. This implies that disclosing information related to social and environmental aspects is indeed pertinent to determining a company's value.

The motivation for the study stemmed from the facts that while the financial reporting is mandatory highly regulated and structured, the non-financial one called sustainability reporting is voluntary and optional. The voluntary nature of it makes raised serious concern with the accountability provided by such report which he opined was majorly determined by arbitrarily the top corporate management leading to widespread skepticism and ambiguity. It is therefore necessary to determine the economic and decision usefulness of sustainability report in other to provide justification for its retention as a voluntary report or to be a mandatory one as enjoined by its financial counterpart. This general objective of the study is to examine the significance or value relevance of sustainability reporting for a diverse array of stakeholders. In other word to ascertain the extent of reliability, relevance, and motivational impact exhibited by sustainability disclosures across a diverse spectrum of consumers. The specific objectives are to ascertain the value relevance of social responsibility reporting to diverse stakeholders, the value relevance of environmental reporting to stakeholders and the value relevance of governance disclosure or reporting to divers stakeholders

This study is structured into four main sections, excluding the introduction. The second section provides a comprehensive review of the relevant literature. The third section outlines the research methods employed in this study. The fourth section encompasses the data analysis and interpretation of results. Lastly, the fifth section, serving as the conclusion, presents the final conclusions and recommendations derived from the study.

2. Literature Review

2.1 Conceptual Review

In this section, we want to provide a comprehensive explanation and enhance the understanding of the concepts of "value relevance" and "sustainable reporting." The three fundamental components of sustainability encompass corporate governance disclosure, social reporting, and environmental reporting. Subsequently, an examination of the theoretical framework and empirical analysis conducted by many authors pertaining to the subject matter is undertaken. This analysis serves as the basis for identifying gaps in existing literature, hence establishing the objective of this study to contribute significant insights.

2.1.1 Value relevance

Value relevance refers to the association between accounting figures and the market values of securities, as documented in the existing body of literature. The study conducted by Amir *et al.* (1993) [35] is recognized as the pioneering research that introduced the concept of value relevance to characterize this particular association. However, it is worth noting that scholarly analysis of similar associations can be traced back to a period of at least three decades prior to the publication of Amir *et al.*'s study. Beaver and Barth (2019) [36] offer a formal formulation that closely parallels the aforementioned concept. The fundamental focus of the concept lies in the notion that an accounting amount is deemed to possess value relevance when it exhibits a substantial correlation with the market value of the security. Value relevance refers to the capacity of financial statements to effectively capture and summarize the worth of a corporation. This statement discusses the

significance of accounting data and its potential influence on stock prices, as highlighted by Francis and Schipper (2018) [37]. The aforementioned statement has been employed to elucidate the extent to which investors consider accounting metrics derived from financial statements in their stock purchasing decisions, as well as the degree to which alterations in accounting figures can be utilized to account for swings in stock prices.

According to Barth *et al*. (2019) [36], the purpose of value relevance studies is to assess the extent to which certain accounting figures accurately represent the information that investors rely on to ascertain the value of a company's equity. Additionally, these studies provide valuable insights into topics that are of interest to standard setters and other non-academic stakeholders. Value relevance research is a method that applies key elements of the Financial Accounting Standards Board (FASB) theory to assess the significance and reliability of an accounting figure by utilizing a well-recognized valuation model.

That value relevance research has the potential to incorporate conservatism, an accounting practice that may conflict with the stated standards of the Financial Accounting Standards Board (FASB). Equity investment is a primary focal point for the Financial Accounting Standards Board (FASB) and other regulatory bodies worldwide. In order to tackle concerns related to value relevance, it is possible to empirically apply current valuation models, notwithstanding their reliance on simplifying assumptions. Econometric methodologies can be utilized to mitigate the influence of prevalent econometric challenges that emerge in investigations focused on value relevance. Finally, it is worth noting that there has been a substantial amount of scholarly literature on the subject of value relevance, which has been published in esteemed academic accounting journals. Additionally, the impact of value relevance research on both academic research and accounting practice is further evidenced by the incorporation of various studies into professional publications, including those by the Financial Accounting Standards Board (FASB).

Agarwal H *et al*. (2024) [38] assert that value relevance garners interest from diverse stakeholders, such as academic researchers, standard setters (e.g., the Financial Accounting Standard Board and the International Accounting Standards Committee), firm managers, users of financial statements (including financial and information intermediaries), and policy makers and regulators (such as the Securities and Exchange Commission and the Federal Reserve Board). Value relevance research primarily caters to the needs of academic researchers who seek to understand the influence of accounting information on capital formation and allocation.

2.1.2 Sustainability Reporting

As stated by Gray (2018) [39], sustainability refers to a form of development that effectively meets present needs while ensuring that the potential of future generations to fulfill their own desires is not compromised. Sustainability reporting is a strategic practice aimed at enhancing public perception and elevating the reputation of a firm. It involves the disclosure of pertinent information pertaining to the impact of policies on various dimensions, including the economy, the environment, society, and corporate governance. Gray (2018) [39] argues that providing information privileges can fulfill the non-financial needs of financial stakeholders and the organizations themselves.

According to Mahdi (2022) [14], the disclosure practices of companies indicate a division within sustainability reporting, with distinct non-financial and financial components. Non-financial reporting encompasses the disclosure of corporate, social, ethical, and environmental aspects, while financial reporting primarily focuses on the communication of economic success. The notion is commonly recognized as comprising of two distinct subconcepts: the conservation of the natural environment's capacity to sustain life, and a component of social justice that guarantees fair and inclusive access to environmental resources for all individuals.

2.1.2.1 Social responsibility reporting

The social dimension of sustainability encompasses the manner in which firms' impact individuals, their behaviors, and the broader society. This research considers several significant factors, namely labor standards, employee engagement, community relations, consumer satisfaction, and data privacy. Social disclosure is the term used to describe the performance of an organization in communicating information about its social programs. Companies are actively addressing societal demands and expectations about social transparency by publicly sharing information about their social efforts. The act of a firm systematically disseminating information regarding its social performance is commonly known as social disclosure. This practice primarily aims to engage external stakeholders, such as the general public, investors, and customers. In the year 2009, Craib conducted a study. Social transparency serves as a means of transmitting various signals to the market, eliciting corresponding responses. Therefore, social reports have a role in reducing information asymmetry in communication and facilitating the development of a competitive advantage and a favorable reputation, both of which are factors in maximizing value. The social disclosure obligation of a corporation can be employed to disseminate information to stakeholders and the wider public regarding its stance on matters pertaining to social policy. Once information has been disclosed to the public, stakeholders are able to utilize it in order to make informed decisions on their potential business engagements with a company.

2.1.2.2 Environmental Reporting

The primary objective of environmental disclosure standards is to assess the environmental impact of a corporation. The subject matter pertains to the utilization of resources such as fossil fuels, water, and forests within the context of the escalating focus on green energy. The imperative lies in the pursuit of reducing emissions, adopting sustainable social behaviors, and enhancing efficiency. The success of a corporation is contingent upon a minimum of three variables, namely profitability, social responsibility, and environmental responsibility. Environmental disclosure has several benefits for businesses. Claim that the disclosure of environmental information by firms to various stakeholders yields seven

distinct advantages. The aforementioned benefits encompass showcasing social responsibility, mitigating influence from certain interest groups, bolstering the company's standing, seizing opportunities to establish market leadership, gathering support, and aligning management ideals with societal values.

Companies are driven by several motivations to reveal their environmental initiatives. One potential benefit, as identified, the acquisition of an award, as it has the potential to bolster the company's reputation and status. Research findings have showed a strong correlation between the extent and quality of voluntary disclosures and the level of influence exerted by corporations on stakeholder management, as evidenced by the number of awards received. Provide evidence supporting the existence of a positive association between the incentive variable and disclosure procedures associated with corporate social responsibility. One further rationale for firms to disclose their environmental policies is the imperative to mitigate the risk to their organizational legitimacy. Organizations may choose to utilize this strategy in response to adverse publicity, undisclosed environmental or social incidents, or unsatisfactory evaluations from specific rating agencies.

2.1.2.3 Corporate Governance Reporting

Corporate governance disclosure (CGD) refers to the extent to which an organization transparently and truthfully communicates its governance policies and strategies to stakeholders (UNCTAD, 2011). Moreover, it elucidates the extent to which the discretionary obligations outlined in Part E of Schedule 11 have been implemented. This topic pertains to the realm of corporate governance best practices, which entails the provision of comprehensive information to facilitate decision-making by external parties. The five fundamental principles of corporate governance encompass transparency, impartiality, accountability, awareness, and responsibility. The significance of corporate governance has been amplified as a result of the downfall of major multinational firms such as Tycon and Eron, which can be attributed to deficiencies and insufficiencies in their corporate governance practices.

Corporate governance can be understood as a set of principles and regulations that guide the activities of the Board of Directors and independent committees in their oversight and management of the organization. In order to enhance the value for a company's owners or shareholders, it necessitates achieving a harmonious equilibrium among the diverse interests of several stakeholders. An organization's sustained financial stability, growth, and success are contingent upon the implementation of a resilient and adaptable governance model. According to Aimee, the present situation is as follows. With the aforementioned notion in consideration, delineated the subsequent constituents that are vital for effective corporate governance: The study focuses on the relationship between director independence and performance, with a particular emphasis on the importance of diversity. Additionally, it examines the significance of routine management and evaluation of compensation. The provisions concerning shareholder rights, transparency, and the acquisition of auditors the organization disseminates information regarding its financial status and operational practices to various stakeholders, regulators, and the wider public through the implementation and disclosure of transparent corporate governance policies and processes. This enhances the legitimacy of the organization and cultivates public confidence in it.

2.1.3 Sustainability Responsibilities Reporting and Value Relevance

This is an examination of the impact of a company's Corporate Social Responsibility (CSR) initiatives on its stock market valuation. Within the context of this relationship, two contrasting ideas emerge: the shareholder expense theory and the value enhancing hypothesis (Miguel, 2018) [23]. Based on the value enhancing principle, the integration of socially responsible activities into corporate plans and practices yields competitive advantages that facilitate the generation of enduring shareholder value. The aforementioned benefits encompass enhanced staff productivity, bolstered brand recognition, heightened operational efficiency, strengthened interactions with authorities, society, and stakeholders, alongside the acquisition of superior investment prospects and greater financial resources. Based on this proposition, it is anticipated that stock markets will assign a favorable and noteworthy valuation to corporate social responsibility endeavors carried out by publicly traded companies. The argument put up by shareholders regarding expenditures, however, posits that involvement in corporate social responsibility (CSR) initiatives leads to increased costs, so placing enterprises in a less competitive position and subsequently reducing market value. There exists a contention that a commitment to sustainability may lead to excessive expenditure and other suboptimal behaviors from the perspective of shareholders. Based on the argument, the implementation of sustainability initiatives may not yield financial benefits, perhaps leading to a negative impact on the company's value.

The purpose of environmental reporting is to shed light on the relationship between the market values of listed firms and the incorporation of environmental information. The significance and usefulness of environmental data that firms disclose, as well as the influence of environmental policy assurances, are of paramount importance. This study examines the correlation between environmental performance and disclosure, while also analyzing the financial attributes of companies exhibiting different levels of environmental disclosure. This study examines the correlation between corporate governance practices and the level of environmental disclosure. This study also examines the impact of effective environmental disclosure on investors' attitudes and the extent to which it contributes to value creation.

According to Daqian (2021) [9]. The discourse on the correlation between environmental performance and shareholder value is framed within two separate dimensions: the cost-concerned school of thought and the value creation school of thought. Empirical findings pertaining to this subject are located within these dimensions. In contrast, the perspective of the value creation school centers on perceiving endeavors as a mechanism to augment competitive advantage and enhance financial gains for stakeholders. The school, which prioritizes cost

considerations, argues that environmental efforts are merely additional expenses that result in reduced profits and diminished market value. Investigates the extent to which the quantitative and qualitative environmental disclosures of 45 polluting firms in India are associated with their value relevance. The findings of this study indicate that the inclusion of both quantitative and qualitative environmental disclosure practices has a notable impact on enhancing market value and differentiating the firm from its competitors. This conclusion is drawn through the utilization of a static and dynamic panel data regression approach.

The primary objective of a governance code is to ensure the implementation of effective governance practices, thereby safeguarding the company's operations in a manner that prioritizes the interests of its shareholders. Most codes of governance address six key issues: the delineation of responsibilities between the chairman and the chief executive officer, the inclusion of both executive and non-executive directors to maintain balance, the provision of timely and high-quality information to the board, the establishment of a formal and transparent process for appointing new directors, the presentation of balanced and comprehensible financial reporting, and the maintenance of a dependable internal control system. According to the research conducted by Gitahi (2019) [31] and the findings of Bushman, Piotraski, and Smith (2004), the act of disclosure not only reveals the individuals accountable for the governance of the organization, but also sheds light on the compensation structure and the allocation of financial resources inside the corporation. stakeholders of a corporation may lack access to information pertaining to the governance structure if it is not provided. Gitahi (2019) [31] assert that an essential aspect of corporate governance transparency pertains to the disclosure of the Board of Directors (BOD). This encompasses the disclosure of the board's dimensions and its independence.

The advantages associated with corporate governance disclosure encompass a reduction in information asymmetry, enhanced legitimacy, and decreased capital costs. According to the study conducted by Pallupu and Healy in 2001, credibility is a crucial factor for a disclosure to be deemed value relevant. This is due to the fact that stakeholders express a desire for this information in order to facilitate well-informed decision-making, as indicated by the International Integrated Reporting Council (IIRC) in 2013. The disclosures pertaining to the governance structure have a significant influence on readers' judgments of the overall trustworthiness of the disclosed information. This is mostly due to the indication of the firm's confidence in its capacity to uphold honesty, generate value through its business model, and furnish correct information. In response to instances of corporate scandal and corporate governance failure resulting from fraudulent activities and inadequate control mechanisms, regulatory bodies and standard setters have intensified their efforts to compel companies to provide greater transparency regarding their governance processes.

Numerous research endeavors have been undertaken to examine the extent to which corporate governance disclosure effectively elucidates or encompasses pertinent information that impacts a firm's worth, as evidenced by its market value. In a study conducted, it was found that there exists a positive correlation between the quality of corporate governance and the quality of information offered by financial analysts pertaining to future profitability. A study that revealed a positive relationship between enhanced corporate governance and improved reporting practices. Furthermore, they found that well-governed firms that provide forward-looking statements contribute to the stock market's ability to predict future earnings. These findings suggest that corporate governance disclosure plays a significant role in determining the value of firms.

2.2 Theoretical Review

Two theories are very important and relevant to this studies, these are: Agency theory, Stakeholders theory, and signaling theory.

2.2.1 Agency theory

The agency theory posits that management ought to prioritize the best interests of the company's shareholders, who serve as its financial owners, and so strive to enhance their wealth through informed decision-making and strategic initiatives. The fiduciary obligation of the entity towards its financial stakeholders, particularly the shareholders, encompasses the provision of the aforementioned financial information. Recent developments in the economy have brought to light the existence of non-financial owners and their consequential influence on a company's profitability through their decision-making and activities. Consequently, the agency hypothesis is seen to be inadequate.

2.2.2 Stakeholders' theory

In 1984, Freeman introduced the stakeholders' theory, shedding insight on its conceptual framework and implications. According to Igbekoyi *et al*. (2021) [16], their study focused on the perspective of business operations, specifically examining how companies' actions and inactions impact individuals and groups involved. The core principle of this concept posits that organizational activities have to be conducted in a manner that protects the non-financial interests of financial stakeholders, as well as the requirements of non-financial stakeholders (Gay, 2019) [29]. According to Gay (2019) [29], the actions and inactions of non-financial stakeholders, who do not have significant ownership stakes, have the potential to influence the objectives and performance of the organization. The significance of non-financial stakeholders and the non-financial needs of financial stakeholders has increased due to the rising public awareness and concern for social and environmental issues. This is further driven by the demand for social and environmental accountability, which is proportional to the influence that corporations hold over society (Gay, 2019) [29].

Nevertheless, a notable disparity in information exists due to the fact that stakeholders, who serve as the users of the report, and the management possess differing levels of access to the identical dataset. In order to mitigate this issue, the most efficacious approach is to employ signaling theory.

2.2.3 Signaling theory

The phenomenon of individuals or organizations exhibiting distinct behavior due to possessing different sets of

information can be elucidated through the signaling hypothesis. Both the one transmitting the information and the individual receiving it must collectively determine the necessity and manner in which the information is to be communicated or indicated, while the recipient must thereafter determine the appropriate method of interpreting the conveyed signal. This statement elucidates the manner in which management communicates information on its achievements and shortcomings to the proprietors. Signal theory is a valuable tool in the context of information asymmetry, since it demonstrates that enterprises possessing positive news for the market will distinguish themselves from those lacking such news. The concept of signaling holds significant importance in the field of financial management.

Investors perceive the signal as a kind of communication from the manager of the firm to individuals or groups outside of the organization who have a vested interest in its performance. The purpose of these signals is to insinuate certain implications with the intention of influencing the market or other relevant entities to modify the firm's valuation. It is crucial that the selected signals possess sufficient informational influence to effectively impact the external parties' assessment of the organization. There exists a correlation between signaling theory and a company's financial performance, as the former prompts increased disclosure to stakeholders, interested parties, and shareholders. The enhanced transmission of information would instill greater confidence among both shareholders and stakeholders in the organization. To enhance the company's profitability and return on equity (ROE), stakeholders exhibit their confidence in the organization by engaging in the purchase of its products.

2.3 Empirical Review

Conducted a research study examining the significance of corporate sustainability and sustainability reporting in Europe in terms of their value relevance. The researchers attempted to determine the degree to which company sustainability and sustainability reporting affect market value, employing Ohlson's valuation model as a framework. The study encompassed proxies that ascertain the presence of a corporate sustainability policy within a company entity, as well as the extent to which information pertaining to sustainability matters is disclosed. Based on their preliminary investigation, a change in perspective towards corporate sustainability and sustainability reporting was observed during the period spanning from 2003 to 2010. Rather than being perceived as a costly misallocation of resources, it is currently regarded as a strategic investment in forthcoming endeavors. The cross-sectional regression analysis yielded a statistically significant positive impact on market value, albeit to a small extent. Conducted a study to investigate the impact of intellectual capital on the financial performance, specifically earnings and market value, of companies operating within Nigeria's information and communication technology (ICT) industry. The objective of the study was to determine the relationship between these factors and intellectual capital. The measurement of a company's performance was based on its gross revenue and market price per share, while intellectual capital was represented by human capital, structural capital, and capital employed. The ex-post facto research approach was modified due to the utilization of secondary data derived from the annual reports and accounts of three distinct companies spanning the period from 2004 to 2013. The study posits that intellectual capital exerts a modestly favorable impact on the revenue generation of information and communication technology (ICT) firms operating in Nigeria.

A study was conducted in Igbekoyi (2021) [16], focusing on the environmental accounting practices employed by Nigerian industrial businesses listed on the stock exchange, as well as the corresponding expectations of stakeholders. A purposive sampling technique was employed to select a subset of 24 businesses out of the total 67 listed on the Nigerian Stock Exchange as of the conclusion of the year 2018. The selection was based on data obtained from the annual reports of these businesses. The study revealed a strong correlation between environmental accounting practices and various factors, including environmental objectives and policies, occupational health and safety, compliance obligations, and company environmental culture and policies. This correlation was established through the application of descriptive and inferential statistics on a sample of twenty-four firms.

In their study, examined the extent to which organizations with a robust sustainability reputation exhibit more value relevance compared to companies lacking such reputation. The investigation was conducted utilizing data sourced from Indonesia. An empirical examination was conducted on a sample of 99 firms from 2011 to 2015, utilizing the Ohlson price model and employing multiple regression analysis. The findings indicate that companies that own a well-established reputation tend to possess greater worth in terms of both earnings and book value, in comparison to those lacking such a reputation.

Aimed to examine the value relevance of fair value measurement for inventories, with the objective of determining its relevance in the valuation process. The researcher employed multivariate regression analysis to investigate a representative sample of businesses that provided data spanning the years 2009 to 2018 and were officially registered on the VIC platform. The findings indicate that the historical cost elements of inventories as presented on the balance sheet possess value relevance, while the component pertaining to company value does not exhibit such relevance. However, it is important to consider the impact of fluctuations in past cost earnings and the fair value of inventories on valuation. Therefore, it is imperative for investors to use historical cost earnings and fair value assessments when making judgements. In alternative terms, this study aims to achieve two objectives: firstly, to assess the influence of corporate governance on the value relevance of fair value disclosure that is less observable, specifically pertaining to levels 2 and 3. The study also examined the extent to which fair value measures are associated with the value relevance of financial disclosures at different levels of fair value disclosure. In their scholarly work titled "Assessing the Value Relevance of Fair Value Measures: A South African Perspective,"

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researcher employed multivariate regression analysis to investigate a representative sample of businesses that provided data spanning the years 2009 to 2018 and were officially registered on the VIC platform. The findings indicate that the historical cost elements of inventories as presented on the balance sheet possess value relevance, while the component pertaining to company value does not exhibit such relevance. However, it is important to consider the impact of fluctuations in past cost earnings and the fair value of inventories on valuation.

Therefore, it is imperative for investors to use historical cost earnings and fair value assessments when making judgements.

Examined the impact of sustainability reports on a firm's valuation and their significance to investors. Between the years 2016 and 2019, the researcher employed a sample including 38 publicly traded businesses and applied the Olson multiple regression model. The findings of the study suggest that investors incorporate sustainability reports as supplementary information when making investment decisions. Moreover, the individual argued that instead of solely emphasizing immediate financial gains, investors presently prioritize the enduring sustainability and profitability of the organization to fulfill the interests of all stakeholders.

Dewa and Nyanonan (2021) [11] conducted an independent investigation in Singapore to examine the extent to which sustainability reporting is associated with share value. Their findings revealed a significant positive relationship between these two variables. Additionally, Ali and Jadoon (2022) [3] utilized two research frameworks to examine the aforementioned association, specifically its influence on stock valuation and its importance to investors in the context of buying or selling shares. The second model examined the impact of sustainability reports on company value and assessed their significance, whereas the first model investigated the influence of earnings and book value on a firm's value. The research findings indicate that sustainability reports play a particularly valuable role in informing investment decision-making processes.

The study conducted by Igbekoyi *et al*. (2021) [16] examined the relationship between Environmental Accounting Disclosure and Financial Performance of Listed Multinational Firms in Nigeria. The primary objectives of the study were to evaluate the extent of compliance with environmental disclosure practices and to investigate the impact of environmental disclosure on financial performance. The researchers obtained their secondary data from publicly available corporate annual reports spanning the years 2011 to 2000. The acquired data was analyzed using descriptive statistics and panel regression analysis. The findings of the study indicate that the disclosure of environmental accounting had a notable and favorable effect on earnings per share, but a minor and unfavorable effect on returns on assets. The study revealed that the valuation of a company is influenced by its level of sensitivity towards environmental accounting disclosure.

Aimed to examine the value relevance of sustainability reports for investors and their impact on company value. The research utilized a sample of 38 publicly listed firms on the Indonesia stock exchange during the period of 2016 to 2019. The utilization of Ohlson's multiple regression models was employed for this purpose. It was found that investors actively sought value-added information pertaining to sustainability while making investment decisions.

The study conducted by Akhtar and Jadoon (2022) [3] investigated the contrasting corporate sustainability viewpoints that have been identified in existing scholarly literature. The study's sample consisted of 113 firms, and the evaluation of corporate sustainability reports was conducted using a sustainable index developed based on the GRI methodology. The aim of this study was to determine whether sustainability reports offer a meaningful avenue for generating long-term value for investors or if they just impose more responsibilities on shareholders and strain the resources of a limited company. The findings indicate that business Sustainability Performance (CSP) is valuable in facilitating the shareholders' efforts to enhance business sustainability by providing a substantial explanation for the variation in stakeholder pricing.

The study conducted by Atanda *et al*. (2021) [40] investigated the impact of sustainability disclosure on the valuation of firms. The researchers collected data from a sample of 10 deposit money banks that were listed on the stock exchange. The data covered the period from 2014 to 2018. Content analysis and data from audited reports and accounts were employed to assess the comprehensive sustainability disclosure index and its three constituent elements, namely the environment, society, and economics. In addition to their investigation, the researchers utilized ordinary least square fixed-effects regression and descriptive approaches. The findings of their study indicate that banks exhibiting lower firm values tend to report a significant level of sustainability. When examining the disclosure of social and economic sustainability, it becomes evident that the former has a more significant and favorable influence, indicating that enhancing it would not result in a rise in business value. The conclusive analysis shown that the divulgence of environmental sustainability and comprehensive sustainability yielded a contrary outcome by not augmenting the business value. In conclusion, the solvency ratio (SR) of Nigerian deposit money banks does not generate intrinsic value for the organization; rather, its primary function lies in validating the banks' operational activities.

In their study, Hariyani *et al*. (2021) [12] employed a purposive sample selection technique in conjunction with a qualitative research approach to identify eight state-owned firms (SOEs) listed in the IDX that satisfied the specified criteria. The results indicate that the disclosure of sustainability reporting has a notable negative impact on company value. Specifically, state-owned enterprises listed on the BEI experience a decrease in value when they publish their corporate social responsibility (CSR) activities.

In their study conducted in 2021, Jasoon, Ali, Ayub, Tahid, and Muntaz investigated the relationship between the quality of sustainability reporting and corporate sustainability. The primary objective of their research was to analyze the value relevance of corporate sustainability performance by examining its influence on sustainability reporting quality. The top 30 green capital economy index was generated using panel data from 247 companies during the years 2012 and 2016. The findings of the study indicate that investors place significant importance on the success of businesses in terms of sustainability, as well as the quality

of their sustainability reporting. The present study aimed to empirically examine the relationship between accounting prudence, profitability, and sustainability report disclosure. Purposeful sampling was employed to choose the sample, and Ohlson's multiple regression model was utilized for data analysis.

Employed the concept of value relevance of accounting information as an intervening variable within the context of industrial enterprises operating in the Indonesian capital market. The study shown that value relevance does not have the capacity to alleviate the impact of profitability or accounting prudence on the disclosure of sustainability reports.

Conducted a study to investigate the significance of obligatory sustainability reporting assurance in relation to its influence on business value. The fixed effect ordinary least squares (OLS) panel model was employed to examine the hypothesis over the period spanning from 2007 to 2018. The sample size consisted of 84 French listed businesses that were traded on the South African Stock Exchange. The Tobin's Q ratio was employed in the calculation of the valuation of the enterprise. The findings demonstrated a statistically significant positive correlation between the required SRA (Sustainable Resource Allocation) and the valuation of the firm.

The study conducted by Barth *et al*. (2022) [41] investigates the changes in the value relevance of accounting information, specifically focusing on its evolution throughout the emergence of the new economy. The primary objective of the research is to determine the impact of accounting information on stock prices. A tendency was observed towards a more intricate, yet stable, correlation between share price and accounting information. This was determined using a parametric approach that obviates the need to explicitly define the valuation relationship. Does the presence of assurance and the characteristics of the assurer play a significant role in determining the value relevance of sustainability reporting?

The purpose of this study is to examine the correlation between company value and sustainability reporting. The second objective of this study is to examine the impact of assurance on the association between corporate value and sustainability reporting, while also considering the kind of the guarantee provided. The sample of companies included in the study was drawn from the Johannesburg Stock Exchange, which is located in South Africa. The researchers employed the fixed effect panel data analysis method to estimate the coefficients of the variables. The findings suggest a significant positive association between the value of a firm and its practice of sustainability reporting. The concept of sustainability possesses the capacity to elucidate the worth of a corporation. However, the market lacks the ability to differentiate between the sustainability assurance services offered by the prominent audit firms known as the Big 4 and the services given by specialist consulting organizations.

The study conducted by Imhanzenobe (2022) [42] examined the relationship between value relevance and the implementation of International Financial Reporting Standards (IFRS). Nguyen, Dang, and Ta (year) conducted a study titled "Relationship between Sustainability Reporting and Firm's Value: Evidence from Vietnam." The researchers utilized a combined methodology to assess the extent of sustainability information disclosed by 360 enterprises in Vietnam. The study focused on the period between 2015 and 2019 and employed the Global Reporting Initiative (GRI) standards for evaluation. The primary goal of this study was to examine the relationship between the value of non-financial firms listed on the Vietnamese stock exchange and their sustainability reporting practices. A positive association was shown between the variables of social responsibility (SR) and financial value (FV) when SR was measured using the composite indicator that incorporated the dimensions of economy, environment, and social factors. The aforementioned analysis leads to the inference that enhanced stakeholder relationship publication practices will facilitate value creation for organizations.

The study titled "Quality of Sustainability Disclosure and Firm Value: Additional Evidence from Indonesia" was conducted by Arthaingan in 2022 [6]. The objective of this study was to examine the extent of social corporate responsibility (CSR) in both mandated and voluntary contexts, and to explore any significant associations between company value and the quality of CSR disclosure. This study examines the entirety of publicly listed non-financial firms in Indonesia that were published on SR during the years 2019 and 2020, employing a panel data regression technique. The findings of the study indicate that there was variability in the SCR (Sustainable Competitive Advantage) during the optional period of 2019. Furthermore, a positive association between SCR and company value was seen. In their study titled "The Impact of Voluntary Sustainability Reporting on Firm Value: Insights from Signaling Theory," the correlation between voluntary sustainability reporting and firm value. Tobin's Q is employed in the research to evaluate the sustainability aspect. Signaling theory was employed to construct and test three key presumptions. The Sustainability Reporting initiative for the period spanning from 2011 to 2020 witnessed the active participation of a diverse range of reporting and non-reporting entities. The findings of the fixed effects panel model indicate a significant negative association between the sustainability ratio (SR) and Tobin's q, suggesting an adverse relationship between these two variables. Nevertheless, the results also suggest that the correlation between social responsibility (SR) and Tobin's q is becoming more robust as time progresses.

Ayanda, Franklin, and Geafry (2022) [8] conducted a study to examine the relative value relevance of fair value measurements categorized as levels 1, 2, and 3 in a less active market. This study employs a qualitative methodology, namely regression analysis, to investigate the data from South Africa's less active financial market, drawing inspiration from agency theory. The observed result challenges the principles of agency theory, as it indicates that investors in a less dynamic market place a higher importance on management inputs compared to market information. Investors have less inclination towards firm governance.

Is there a correlation between a company's financial performance and its investment in corporate sustainability initiatives and the disclosure of sustainability reports? In the context of required Corporate Social Responsibility (CSR) regimes in India, the utilization of stock returns as a

surrogate for assessing corporate performance is observed. The study conducted by Arunesh and Pradeep in 2020 [7] sought to determine whether there is a correlation between voluntary sustainability reporting and compliance with corporate social responsibility (CSR) expenses, and the subsequent impact on systemic risk and stock returns for corporations. The findings unveiled the market valuation of enterprises that adhere to mandatory corporate social responsibility (CSR) spending criteria but abstain from engaging in voluntary social responsibility (SR) initiatives.
The primary objective of the study conducted by Dewi and Maulana (2022) [43] was to examine the correlation between financial performance and fair value, while also considering the potential influence of sustainability reporting as a moderating variable. Tobin's Q was employed in the computation of the company's valuation. The GRI G4 index is employed for the computation of sustainability disclosure. The primary emphasis of the study was on the companies included in the Asia Sustainability Reporting Rating (ASR RAT) from 2016 to 2020. The data sources utilized in this study encompassed annual reports, financial statements, and sustainability reports. The researchers employed purposeful sampling as the method for data collection, while the partial least squares (PLS) test was chosen as the data analysis approach. The findings indicate that companies exhibiting elevated levels of profitability and leverage may be motivated to actively participate in and reveal higher levels of social responsibility, with the aim of enhancing their reputation and image among stakeholders. The anticipation is that a heightened level of social responsibility will enhance the organization's value and cultivate a favorable perception among stakeholders towards the enterprise. Hence, when a corporation takes into account the social, environmental, and economic dimensions, it will experience a sustainable increase in its value.
In their study on the value relevance of sustainability reporting in the Nigerian oil and gas industry, Echobu *et al.* (2022) [13] found that both environmental disclosure and social responsibility disclosure serve as effective frameworks for assessing sustainability. In relation to the significance of sustainability, a substantial body of research has yielded conclusive and well-supported findings, establishing a prevailing consensus that the disclosure of a company's sustainability impact is positively associated with its value. Moreover, investors widely perceive this information to be highly valuable in guiding their investment choices.

2.4 Gap in Literature

The present study incorporates the research conducted by Echobu *et al.* (2022) [13]. However, to enhance the comprehensiveness of the study, an additional model named governance disclosure will be included. The preceding study was grounded in two theoretical frameworks: social responsibility disclosure and environmental disclosure. The Nigeria Stock Exchange Group has implemented a need for manufacturing enterprises to disclose their governance issue, hence necessitating the inclusion of governance disclosure. The present study is centered on manufacturing firms in Nigeria, in contrast to the previous study which specifically examined the oil and gas sector within the same country. The study will also aim at delving into the relevance of value relevance of sustainability reporting to a diverse group of individuals with vested interests, such as academic researchers, standard-setters, business managers, financial statement users, policy makers, and regulators to ascertain whether it carries the same decision usefulness as in financial report which is mandatory.

3. Materilas and Methods

The study employed a correlation research approach to elucidate the relationship between mandatory sustainability reporting and the value relevance of specific industrial companies listed in Nigeria. The population of this study consisted of forty-six (46) manufacturing firms operating in several sectors, including agricultural, consumer goods, healthcare, and industrial goods. These enterprises were registered on the Nigerian Exchange Group (NGX) as of the year 2021. A purposive sample technique was employed to select 35 organizations that conformed with the compliance status indicator over the study's coverage period, as depicted in Table 1. The data analysis involved the utilization of descriptive statistics and pooled panel regression analysis techniques.

Table 1: Selection Criteria Table

Inclusion criteria	No of firms
Companies must be listed on the Nigeria Exchange 2010-2021.	46
Companies with compliance status indicators issues within the period of study	11
Companies without compliance status indicators issues within the period of study and availability of annual report from 2010-2021	35

***Source*:** Researcher's compilation (2023)

3.1 Model Specification

To determine whether mandatory sustainability reporting impact value relevance of selected listed manufacturing firms in Nigeria, the model for this study was built on Echobu, *et al*., (2022) [13] model in the study on Value Relevance of Sustainability Reporting in the Oil and Gas sector in Nigeria. The basic model of Echobu *et al.* (2022) [13] is stated below;

$SHPR_{it} = f(SOCD_{it}, ENVD_{it})$ …. ….. …… (i)

Where; SHPR is share price, SOCD is social disclosures, ENVD stands for environmental Discl
In this study however, the adapted model was modified to incorporate Corporate Governance as the third model of the independent variable which was not in the existing study.
The inclusion of Corporate Governance was motivated its compulsory requirement for all listed companies on Nigeria exchange group.

Hence the new model is specified as;
VLR =f (SUR) ---(i)
SHPRit = f(ESD, SSD, CGSD)----------------------------(ii)

$SHPR_{it} = \beta_0 + \beta_1 SSR_{it} + \beta_2 ESD_{it}, + \beta_3$ CGSD $_+ e_{it}$-------(iii)

Where,
VLR = Share Price
ESR = Environmental Sustainability Reporting
SSR = Social Sustainability Reporting
CGSD = Corporate Governance Sustainability Reporting

In line with the result of existing studies, the stud a priori expectation is that sustainability reporting is of value relevance to listed manufacturing firm in Nigeria.
It is stated econometrically as $\beta_1 > 0$, $\beta_2 > 0$ and $\beta_3 > 0$

Table 2: Measurement of Variables

S/N	Variables	Measurement	Source
1	Value Relevance	Share Price (SHPR)	Echobu *et al.* (2022) [13], Sutopo, *et al.* (2018) [33],
2	Social Sustainablit y Reporting (SSD)	Index score generated from the score of 1 or 0 for disclosures or otherwise on community, donation, employee, health and safety and customer/complaints	Akhtar & Imran (2020) [3],
3	Environmental Sustainability Reporting (ESD)	Index score generated from the score of 1 or 0 for disclosures or otherwise on material, energy, water, biodiversity, emission/greenhouse gas, waste management, product services and compliance to laws.	Arunesh & Kumar (2020) [7]
4	Corporate Governance Reporting CGSD	The ownership structure: sum of the shares (% of total) that are owned by those who own 5% or more	Elham (2016) [44] Al Manaseer. (2012) [4].

Source: Researcher's compilation, (2023)

4. Data Analysis and Discussion of Findings

4.1 Descriptive Statistics: Based on the observation, it may be concluded that all variables within the sample were in a state of equilibrium. This observation implies that there are no missing years in the sampled data. The share price (SHPR) exhibits the highest percentage when considering the mean value. The findings suggest that throughout the period of analysis, the selected firms saw positive effects on their share prices as a result of each variable in the model. Consequently, these share price movements had an impact on the investment decisions made by the firms regarding their equity. Additionally, the share price (SHPR) exhibited the highest percentage based on the estimation of standard deviation. The implication is that yearly advancements in corporate governance (COPG), environmental disclosures (ENVD), and social disclosures (SOCD) provide assistance to governments, cooperative entities, and individual investors in their financial decision-making processes. Moreover, the minimal value suggests that each independent variable has a positive impact on the share price (SHPR), and the inclusion of these independent variables significantly contributes to the substantial percentage increase in the share price.

Table 3: Descriptive Statistics of the Variables

Variable	Obs.	Means	Std. Dev.	Min	Max
SHP	420	44.5345	31.4389	0.0010	3460.882
SOCD	420	0.5142	0.5003	0.0000	1.0000
ENVD	420	0.0361	0.0993	0.0000	0.4383
COPG	420	0.1017	0.2203	0.0000	0.8390
Note: All the co-efficient value approximate to 4 decimal place					

Source: Researcher's computation (2023)

4.2 Test of Variables

4.2.1 Hausman Test

The p-value of the Hausman test was found to be greater than 5%. Based on the results obtained at a significance level of 5%, it may be inferred that the random effect was deemed suitable for elucidating the considerable influence of the independent factors on the dependent variable. Consequently, the study employed a random effect estimate in order to explain its findings.

Table 4: Hausman Test

Test Summary	chi2(2)	Prob.
Model i-V	13.01	0.2871

Source: Researcher's computation (2023)

4.2.2 Correlation Matrix

All of the variables utilized in the analysis satisfied the Pearson's correlation assumption, as seen by the estimated correlation matrix, indicating a perfect correlation among the variables. This implies that, under the condition of controlling for other variables, each independent variable has the potential to influence the share price (SHPR) in proportion to its rate of rise. Therefore, there exists a significant positive relationship between the increase in share price (SHPR) and the increase in corporate governance (COPG), environmental disclosures (ENVD), and social disclosures (SOCD). Furthermore, a direct relationship exists between the value of shares and the quality of corporate governance (COPG), as well as the extent of environmental disclosures (ENVD) and social disclosures (SOCD). The subject of historical preservation and restoration (SHPR) is a field that focuses on the decisions regarding equity investments are influenced by several factors. These include the timely disclosure of social programs that benefit the host communities and other stakeholders, the maintenance of positive externalities, and the presence of a functional corporate governance structure inside the selected manufacturing businesses.

Table 5: Correlation Matrix

Variable	SHPR	SOCD	ENVD	COPG
SHPR	1.0000			
SOCD	0.0870	1.0000		
ENVD	0.0486	0.3534	1.0000	
COPG	0.0630	0.4495	-0.0701	1.0000

Sources: Researcher's computation (2023)

4.2.3 Diagnostic Tests

The p-value of the normality test, as determined by the Shapiro-Wilk test, was found to be more than 0.05. The suggestion is made that the residuals of the population satisfy the requisite conditions for a suitable regression line,

as they exhibit a uniform distribution. According to the Ramsey RESET test, a p-value greater than 5% suggests the absence of any missing variables. The decision to accept the null hypothesis, which posited the absence of heteroscedasticity in the estimated data, was made due to the Breusch-Pagan heteroskedasticity test yielding a p-value greater than 0.05. At the conventional level of significance, the f-statistics, which yielded a p-value of 0.0090, demonstrate statistical significance. Proposing that it exhibits a high degree of coherence and enables the derivation of logical deductions.

Table 6: Diagnostic Tests

Test Specification	Chi2	P-value
Normality Test (Shapiro-Wilk W test for normal data)	9.898	0.8711
Model Specification Test (Ramsey RESET test)	2.34	0.4521
(Breusch-Pagan/Cook-Weisberg test for heteroskedasticity)	2.31	0.3461
Prob > F	5.06	0.0054

***Sources*:** Researcher's computation (2023)

4.2.4 Sustainability Reporting and Value Relevance

It was proven that social a disclosure (SOCD) was significant and had an indirect influence on share price (SHPR). This reveals that social disclosures (SOCD) were significant factor that influence the value relevance of Nigeria's listed manufacturing firms. Also, environmental disclosures (ENVD) and corporate governance (COPG) proved significant and directly related to share price (SHPR) at 5% significant level.

Table 7: Panel Pool Result (N = 420)

POOL OLS						
Variable	**Coefficient**	**Std. Err**	**t-Value**	**Prob.**	**95% Conf.**	**Interval**
SOCD	0.131498	0.037557	3.50	0.001	0.576717	0.205325
ENVD	0.424489	0.169325	2.51	0.013	-0.757304	-0.911491
COPG	0.237600	0.079998	2.97	0.003	-0.394852	-0.803480
Constant	0.164158	0.216984	0.76	0.450	-0.262363	0.590680
Random-Effects GLS Regression						
SOCD	0.283156	0.040184	7.04	0.000	-5.044511	1.070764
ENVD	0.825621	0.188870	4.37	0.000	-4.527409	2.871167
COPG	0.559652	0.111357	5.03	0.000	-0.274222	1.622916
Constant	0.386493	0.460428	0.84	0.401	-5.159298	1.288911

Overall R-squared: 0.61352
Adj R-squared: 0.5283
Prob > F: 0.0054
Number of groups: 35
** & * indicate statistically significant at the 0.05 and 0.1 level; value approximate to 4 decimal place
***Sources*:** Researcher's computation (2023)

4.3 Discussion of findings

4.3.1 Social Responsibility Reporting and Share Price

The findings from Table 4 demonstrate that the panel pool data analysis reveals a statistically significant and positive relationship between social disclosures (SOCD) and share price (SHPR). This discovery has two economic implications for the share price (SHPR). The provision of various social programs and their inclusion in the financial statements of selected publicly traded manufacturing companies serves to facilitate informed assessments of equity investments in these operations by the government, individual investors, and other relevant stakeholders.

Moreover, the fulfillment of the social disclosure obligation serves to mitigate information asymmetry by granting interested parties and stakeholders the opportunity to obtain information regarding a company's position on matters pertaining to social policy. This data empowers these stakeholders to make well-informed judgments on their investment in the organization. Asserts that the utilization of social reports serves to mitigate information asymmetry in the context of communication, while also contributing to the development of a favorable reputation and a competitive advantage that ultimately enhances value. Social transparency serves as a means of conveying various signals to the market, which then elicits corresponding responses.

Furthermore, a number of scholarly investigations carried out, Dewa and Nyanonan (2021) [11], and consistently arrived at the same finding, namely, the significance of social disclosures in relation to share price (SHPR). These studies also reached the consensus that sustainability reports serve as a valuable information resource for investors. In contrast, Barth, Li, and McClure (2022) [41] discovered a positive correlation between the variables, although it did not reach statistical significance. Conversely, Hariyani, identified a significant negative association between the two factors. The observed variation in outcomes may be attributed to factors such as the employed research methodology, the magnitude of the sample, and disparities among the nations studied, among other potential influences. The present study utilized a panel pool data strategy, while Hariyani *et al.* (2021) [12] adopted a qualitative research approach using purposive sampling as their selection technique.

4.3.2 Environmental Impact Reporting and Share Price

Moreover, the environmental disclosure (ENVD) exhibited

a statistically significant positive association at a rate of 5%. This exemplifies the significance of the correlation between share price (SHPR) and environmental disclosures (ENVD). Based on statistical data, there was an observed increase of 82.5% in the rate at which investors consider investing in selected firms, which can be attributed to the augmented level of environmental disclosures made by these enterprises. This finding gives rise to two policy implications concerning share price (SHPR). To begin with, a company's standing among diverse investors is bolstered by a strong commitment to corporate responsibility towards the local community, aimed at mitigating the adverse effects of externalities. The necessity for this requirement arises from the investors' willingness to allocate their readily available financial resources towards productive endeavors within a corporate environment that is devoid of internal divisions or external influences. Enumerate seven benefits that firms might derive from the disclosure of environmental information to various stakeholders. The advantages encompassed in this context comprise the alignment of management principles with societal values, the ability to circumvent influence from particular interest groups, the enhancement of the company's reputation, the opportunity to assume a leadership position in the market, the acquisition of support, the demonstration of robust management principles, and the exhibition of social responsibility.

Furthermore, it is imperative to maintain the green energy policy by promoting the significance of value relevance through the adoption of renewable energy sources and the implementation of emission reduction strategies within a selected cohort of manufacturing firms. The aforementioned studies undertaken by Igbekoyi *et al*. (2021) [16] have substantiated a clear association between the disclosure of environmental accounting information and the process of making financial decisions. The aforementioned studies have reached the conclusion that the valuation of a firm is impacted by its level of responsiveness towards environmental accounting disclosure.

In contrast, the study conducted by Atanda *et al*. (2021) [40] revealed an inverse relationship between the two variables. The researchers concluded that disclosures pertaining to environmental sustainability had a detrimental rather than beneficial impact on business value. The observed discrepancy could perhaps arise from variations in the chosen subject of study. In the present study, manufacturing companies were utilized, whereas Atanda *et al*. (2021) [40] employed deposit money institutions as their subject of investigation.

4.3.3 Corporate Governance Reporting and Share Price

In addition, the corporate governance (COPG) had a substantial and positive effect on the share price (SHPR). In terms of policy implications, this indicates that the decisions made by different market participants regarding equity investments are affected by the public disclosure of the roles and responsibilities of shareholders and the board of directors in the financial statements of the selected manufacturing company. Several studies, including those conducted by Jennifer (2021) [30], Kezey and Uyan (2021) [34], Halimah *et al*. (2020) [32], have shown evidence supporting a strong association between share price and corporate governance. Corporate governance disclosures offer several supplementary advantages, such as enhanced legitimacy, reduced information asymmetry, and decreased capital costs. According to the study conducted by Pallupu and Healy in 2001, The credibility of the total set of disclosures is shaped by readers' impressions, which are in turn influenced by the disclosure of the governance structure. This disclosure serves as an indicator of the firm's confidence in its ability to create value through its business model, as well as its commitment to transparency and accurate information disclosure.

Regulators and standard setters have sought to mitigate the problems arising from corporate scandal and corporate governance failure resulting from fraudulent activities and inadequate control mechanisms by emphasizing the need of governance transparency.

5. Conclusion and Recommendations

The research conducted between 2010 and 2021 examined the impact of mandatory sustainability reporting on the value relevance of a specific group of industrial businesses listed in Nigeria. The study employed a correlation research approach to elucidate the relationship between mandatory sustainability reporting and the value relevance of specific industrial companies listed in Nigeria. The random-effects regression analysis yielded statistically significant findings at a 5% significance level, indicating a substantial association between share price (SHPR) and social disclosures (SOCD), environmental disclosures (ENVD), and corporate governance (COPG).

The study concluded that the inclusion of mandatory disclosures about social and environmental expenses in the annual financial statements of listed manufacturing businesses serves to emphasize the importance of selected manufacturing companies in Nigeria.

The study therefore, recommended the following

1. Listed manufacturing firms should ensure that their respective corporate responsibilities are duly carried out within their respective host communities, as well as, stating them in their respective annual financial statements in order to induce investors positively about their organizations.
2. Listed manufacturing firms are known to involve in the use of some chemicals, as well as, other toxic material; as such, the organizations must ensure that they reduce the negative impact of the external on the societal, as well as, the place of operations through the use of green energy and adhering the environmental sustainability policies.
3. The board of directors of manufacturing firms should ensure that they maintain the status quo of the current corporate governance through strictly complying with Companies and Allied Matters Act that acts as the fulcrum of corporate governance in Nigeria in order to increase the ownership structure of the listed manufacturing firms.

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