Value Relevance of Corporate Sustainability Reporting of Listed Industrial Goods Firms in Nigeria

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ABSTRACT

The study examines the effect of corporate sustainability on value relevance in Nigeria by employing samples from listed industrial goods firms in Nigeria from 2012 to 2021. Environmental sustainability (ENVI), social sustainability (SOCI) and governance sustainability (GOVI) are the proxies for the independent variable of corporate sustainability. On the other hand, share price (SHPR) is the proxy for the dependent variable. Furthermore, the study control's the model goodness of fits by employing the variable of market capitalization (MCAP). The population of this study is made up of all listed industrial goods companies on the Nigerian Exchange Group during a 10-year period i.e. between 2012 and 2021. As of 31st December 2021, there were seventeen (17) industrial goods firms listed on the floor of the Nigerian Exchange Group. However, the final sample size consist of ten (10) listed industrial goods firms in Nigeria. This study employed analytical software of Stata version 14 and Microsoft excel for the analysis. The secondary data collected was analyzed using descriptive statistics, correlation, and regression analysis. In this study, the researchers concludes that only the variable of social and governance sustainability reporting appears to significantly affect the value relevance of listed industrial goods firms in Nigeria. However, the researcher documents and insignificant negative effect of environmental sustainability on the value relevance of listed industrial goods firms in Nigeria. The study recommends that valuable financial, material, and human resources should be channeled on policies that relates to improving governance sustainability if the desire is to gain improved firm value.

Key words: *Environmental Sustainability, Social Sustainability, Governance Sustainability, Share Price*

1.0 Introduction

The objective of any organization is to consistently grow and survive on a long-term basis. Most managers are also aware that their organizations are part of a large system which has profound direct and indirect influence on their operations. This implies that if these organizations must effectively and efficiently meet their objectives, they should properly adapt themselves to their environments (Lee, Lee & Cho, 2022). Adapting organizations (especially firms) to their environments signifies a reciprocal or symbiotic relationship between the 'duos' as typified by systems model of viewing business. Considering the current environmental crisis, businesses must give more to their environment. In 2011, the International Federation of Accountants (IFAC) developed a sustainability framework, enabling business organizations to incorporate sustainability issues in their business approach, process, and reporting practices. The reporting aspect of IFAC's sustainability framework involves providing audit and assurance on sustainability performance to enhance the credibility of sustainability reports, incorporating sustainability impacts in financial statements, and employing narrative reporting to capture sustainability information not included in financial statements.

There is continuing concern about nature fragmentation and loss of biodiversity, shortages in freshwater availability, over-fishing of the seas, global warming, extreme weather events, air pollution, water pollution, environmental noise and utter neglect and disregard for the protection of the immediate environment, much more the future environment. This type of environmental unsustainability associated with continuously rising demand and a shrinking resource base now spills over into social and economic instability. Therefore, many are looking to business to be part of the solutions. For instance, Oprean-Stan, Oncioiu, Iuga and Stan (2020) maintains that business seems content to see the natural system on the planet disintegrating, people starving and social structures falling apart. Business is central to the problem and must be central to the solution. Indeed, the expectations of corporate sustainability responsibility in areas such as environmental protection, human rights, human capital, and product safety are rising rapidly. Key stakeholders such as shareholders, employees, and financial institutions want business to be responsible, accountable, and transparent. Unerman, Bebbington and O'Dwyer (2017) on the other hand states that human activities taking place today are regarded by some people as having a detrimental impact on the society, ecology, and economy which future generations will experience.

Many people argue that the growing social injustice experienced by ever larger numbers of people, and the growing damage to the ecosphere, are a result of a dominant – and almost unquestioned – objective of maximizing economic growth. In these terms economic growth (characterized by energy and material-intensive production and exploitative social relations) is socially and environmentally unsustainable. (Unerman *et. al.,* 2017). In the view of Hu, Du and Zhang (2020) responding to these issues by business leaders help companies to mitigate risks, protect corporate brand and gain competitive advantage while helping to reduce poverty and improve the quality of life for many. In some extreme cases, companies may see their licenses to operate threatened overnight if their key stakeholders perceived significant discrepancies between their own and the company's values. Unerman *et. al*., (2017) maintains that one way to look at these issues is in terms of long-term need to ensure that economic activity is socially, and

environmentally sustainable. In the short-term it may be possible to have economic growth, while damaging society and the environment. In the long-term this is impossible. For example, businesses need a stable society in which to operate profitably (although some business might generate profit from addressing the outcomes of social conflicts, such as businesses offering security service).

Presently, there is increase in number of firms providing sustainability information. This led to a considerable number of research on different aspect of sustainability reporting. Some extant studies focus on determinants influencing sustainability disclosures in firms (Sharma, Panday & Dangwal, 2020; Vitolla, Raimo, Rubino & Garzoni, 2020; Dyduch & Krasodomska, 2017; Kuzey & Uyar, 2017; Giannarakis, 2014; Hahn & Kühnen, 2013). Others focused on value relevance of sustainability disclosures (Aureli, Gigli, Medei & Supino, 2020; Cordazzo, Bini & Marzo, 2020; Baboukardos & Rimmel, 2016; Ntim, Opong & Danbolt, 2012). Another category of research on sustainability reporting are those that examined the link between sustainability disclosures and firm performance. This study relate closely to the second category of research. Existing research on the value relevance of sustainability disclosures tends to produce conflicting views. For instance. Albitar, Hussainey, Kolade and Gerged, (2020); Hongming, Ahmed, Hussain, Rehman, Ullah ans Khan (2020); Emeka-Nwokeji and Osisioma (2019); Amran and Siti-Nabiha (2017) Guthrie, Cuganesan and Ward (2016); Ifurueze, Lydon and Bingilar (2013) and Menassa (2010) document positive association between different measures of sustainability, social, governance, and environmental disclosures, and the value of firms in different countries. On the other hand, Ezejiofor, Rachael and Chigbo (2016); Dibua and Onwuchekwa (2015); Emeakponuzo and Udih (2015); Bessong and Tapang (2016), established a negative but insignificant link between sustainability disclosures and firm value. In the light of these contradictory results of existing literature, inability to obtain updated knowledge from Nigerian environment, this study is therefore set to examine the effect of corporate sustainability on value relevance of listed firms in Nigeria. The study contributes to knowledge by providing up to date knowledge and evidence from industrial goods sector that previous Nigerian authors did not consider.

2.0 Conceptual Literature and Hypotheses Development

Value Relevance

Firm value may be measured from two perspectives: from the point of view of accounting measure of profitability: return on assets (ROA), return on equity (ROE), Tobin's Q, Net Profit Margin; and from the stock market perspective, using the share prices from the stock exchange market. A firm's value (FV) as an economic concept reflects the value of a business entity, it is the value worth of a business at a particular date. Theoretically, it is an amount that one needs to pay to buy/take over a business entity. Like an asset, a firm's value can be determined based on either book value or market value. However, generally, it refers to the market value of a company. Firm value is the investor's assessment of a company's success, which is reflected in the company's share price. The rise in the share price demonstrates investors' confidence in the company, implying that they are willing to pay more in exchange for a larger return. Damodaran (2002) defines a firm's value as the market value of its shares and liabilities. A high stock price

might send a positive signal to investors who make investment decisions. The share price is the current price of the share listed/traded on the stock exchange as determined by market participants and the dynamics of demand and supply in the capital market. A firm's stock price indicates the value of the company to investors, hence high stock prices entice investors to invest capital in the company.

Corporate Sustainability Reporting

There is no single, generally accepted definition of sustainability reporting. It is a broad term generally used to describe a company's reporting on its economic, environmental, and social performance. It can be synonymous with triple bottom line reporting, corporate responsibility reporting and sustainable development reporting, but increasingly these terms are becoming more specific in meaning and therefore subsets of Sustainability Reporting (KPMG, 2008). Schaltegger (2004) defines Sustainability Reporting as a subset of accounting and reporting that deals with activities, methods, and systems to record, analyses and report, firstly, environmentally, and socially induced financial impacts and secondly, ecological, and social impacts of a defined economic system (example, a company, production site, and nation). Thirdly, Sustainability Reporting deals with the measurement, analysis and communication of interactions and links between social, environmental, and economic issues constituting the three dimensions of sustainability. Sustainability Reporting has its roots in environmental or non-financial reporting respectively. It describes a development path towards a concept of balanced reporting of an organization, often communicating the three pillars of environmental, social, and economic performance and its mutual interrelations what in business terms is called the triple bottom line approach, or corporate social responsibility reporting respectively.

Value Relevance of Social Sustainability Reporting

Although corporate social sustainability disclosure has only recently risen to prominence as a serious discipline in management, its contribution to the society is not a totally new concept for firms. In late 1770s, Adam Smith introduced the expression 'the invisible hand' to demonstrate how capitalists inadvertently brought about domestic economic prosperity even though their real intentions were the pursuit of self-interest. Smith argued that the metaphorical 'hand' helps produce benefits to the society even when the capitalists did not plan for such social benefits. The invisible hand produces outcomes that may not be consciously planned. To Smith, social welfare is a by-product of capitalists' activities. Hence, the impact of corporate activities on society has been thence debated by practitioners and researchers right up to this day. However, despite the many debates and discussions on social responsibility of firms, there remains a big question of what social sustainability actually is. In Kitchin (2002) 'in a one moment" social sustainability seems to mean the engagement of nongovernmental organizations (NGOs), the next moment it is all about charitable donations, and five minutes later it seems to mean the ethical treatment of employees. One minute the NGOs are calling the shots, the next the accountants are in the act of selling reputation assurance'.Furthermore, some authors argue that corporate social sustainability is an excellent tool to market the firm and should therefore be led by marketers (Lantos, 2001) or be used to enhance the company's brand (Lewis 2003). Others argued that firms should be socially responsible because that is the right way to behave (Novak,

1996; Trevino and Nelson, 1999). Hence, we hypothesize that:

$H0_1$: Social Sustainability reporting is not value relevance to existing and potential investors of listed industrial goods firms in Nigeria.

Value Relevance of Environmental Sustainability Reporting

Environmental reporting and its later development into sustainability reporting has been the most important aspect of accounting and the environment as well as responding to environmental issues, especially for in the last two decades (Gray, 2014). Environmental reporting provides a strategic framework for achieving a holistic re-appraisal of corporate performance. Although it is not a new concept, environmental reporting remains an interesting area of discourse for academics and an intensely debatable issue for business managers and their stakeholders. According to Deegan and Rankin (1996) corporate environmental reporting refers to the way and manner by which a company communicates the environmental effects of its activities to particular interest groups within society and to society at large. According to Schadewitz and Mikael (2010) the Legitimacy theory, requires the company to responds to public pressure by employing environmental disclosure. Environment category in GRI G4-2013 covers the impacts associated with inputs (such as energy and water) and outputs (such as emissions, effluent, and waste). The use of input and output generated by the company triggers a variety of environmental problems. However, the company is required to prevent, minimize, and repair the damage as a form of concern and responsibility to the environment. Transparency of the company's contribution to protect the environment will enable stakeholders know and understand what has been done as a form of concern and responsibility to the environment. Consequently, this yields recognition and support from its stakeholders. Hence, we hypothesize that:

$H0_2$: Environmental Sustainability reporting is not value relevance to existing and potential investors of listed industrial goods firms in Nigeria.

Value Relevance of Governance Sustainability Reporting

A Board of Directors assumes a central role in the governance of the corporation. While there are no universal standards for corporate governance, the board generally assumes three core responsibilities: oversight of strategic direction and risk management, ensuring accountability, and evaluating performance and senior level staffing (Epstein and Roy 2002). Boards must therefore pay close attention to concepts and issues that focus on the long-term health of the corporation, such as sustainable development (Ricart, Rodriguez and Sanchez 2006). Legal liabilities for board members vary by jurisdiction. Although board members are under no specific legal obligation to use sustainable development indicators, they are expected to exercise a duty of care to make decisions; prudently and on an informed basis (Fischer and Feldman 2002). Aras and Crowther (2017) argue that both corporate governance and sustainability is essential for the continuous operation of any corporation therefore much attention should be paid to these concepts and their applications. They also pointed out that the concept of sustainability is less clear than the concept of corporate governance, which is well established. According to them,

these two concepts are fundamentally related to each other such that good corporate governance is generally expected to have a positive impact on sustainability performance and disclosure (Gul; Muhammad and Rashid 2017). Sustainability performance of a firm is greatly influenced by its profile of corporate governance (Lawrence, Collins, and Roper, 2013). In another dimension, Hart (1995) noted that corporate governance plays a critical role in sustainability performance, owing to several reasons. Hence, we hypothesize that:

$H0_3$: Governance Sustainability reporting is not value relevance to existing and potential investors of listed industrial goods firms in Nigeria.

Theoretical Foundation

This study anchors on legitimacy theory propounded by Dowling and Pfeffer in 1975. Legitimacy theory is derived from the concept of organizational legitimacy. It posits that organizations continually seek to ensure that they operate within the bounds and norms of their respective societies. Legitimacy theory has often been invoked to explain corporate reporting practices. In accordance with this theory, external stakeholders require the enterprise to take such actions that will make its operations transparent, in line with the law and the principles of economics. The theory is hinged on the assumption that accounting for sustainable development and the associated role of management accountant in sustainable development is used as a communication mechanism to inform and/or manipulate the perception of the entity's actions (Mistry, Sharma & Low 2014). Among several theories that have explained various factors that influences sustainability disclosure, Legitimacy theory is key to this study because it describes the relationship between a company and the community; it explains companies' motivations for social, governance and environmental disclosures; present how companies can use legitimacy strategies; determine the impacts of social, governance and environmental disclosures on the society.

Empirical Review

Swarnapali (2020) studied sustainability reporting and market value. They used data of companies listed in the Colombo Stock Exchange (CSE) in Sri Lanka to evaluate whether corporate sustainability disclosure has any effect on the market value and earning quality of firm. The result of the study shows that sustainability reporting has a positive relationship with market value of firm. The study also revealed that sustainability disclosure and earnings quality proxies by discretionary accruals are negatively and significantly related meaning that increase in sustainability disclosure led to a decrease in discretionary accruals which result in high-quality earnings.

Wasara and Ganda (2019) explored the relationship between corporate sustainability disclosure and return on investment of ten Johannesburg Stock Exchange (JSE)-listed mining companies, for the period 2010 to 2014. Content analysis approach on the data set with a multi-regression analysis was used to show that there is a negative relationship between environmental disclosure and return on investment. On the other hand, the research reveals that there is a positive association between social disclosure and return on investment which implies that an increase in corporate reporting of social issues results in heightened financial performance through an

increase in return on investment. The study recommends the adoption of corporate social disclosure since it will encourage firms to be socially responsible, while also generating financial benefits.

Mahmood, Kouser, Ali, Zubair, and Salman (2018) concludes that a large board size consisting of a female director and a Corporate Social Responsibility Committee (CSRC) is better able to check and control management decisions regarding sustainability issues (be they economic, environment, or social) hence, better sustainability disclosure. Ordinary least-square regression analysis was used in analyzing the study data set.

Hasan, Kobeissi, Liu, and Wang (2016) aimed at decoupling the effects of corporate social responsibility on firm financial performance for US firms from year 1992 to 2009. Market performance measures of Tobin's Q was employed as its dependent variable while Index of Corporate Social Performance (CSP) evaluated in six major qualitative issue areas: environment, community relation, human rights, employee relations, diversity dimension, product quality and safety obtained from Compustat and KLD database were used as the independent variable. Mediation analysis of Total Factor Productivity (TFP) is moderated by firm discretionary cash and organizational risk. The study employed firm size, Leverage, assets tangibility, Sales growth, and industry competition as control variables. Regression analysis reveals significant positive effect of corporate social performance on Tobin's Q. Employee relations reveals a significantly positive relationship with TFP. Mediation analysis reveals a significant direct effect of CSP on TFP; as well as a significant partial mediation effect of TFP on CSP-CFP relationship. There is a significant and positive moderating effect of discretionary cash on the relationship between CSP and TFP. Organizational risk moderates the treatment effect of CSP on TFP. The authors concluded that CSR investment possesses instrumental value because it helps firms build productive intangibles that ultimately create value for shareholders.

Aditya and Juniarti (2016) aim to examine the effect of corporate social responsibility on accrual quality in Indonesia by exploring the topic "Corporate Social Responsibility (CSR) Performance and Accrual Quality. The study employed the ordinary least square regression data analysis technique and found that corporate social responsibility performance do not explain the changes in accrual quality. Hence the study concludes that miscellaneous industry in Indonesia will carry out corporate social responsibility only to comply to government regulation as formality but no moral justification for such action. Furthermore, the study recommends private debt financing for Indonesian firms since private lenders will have easier access to firm's business and financial information, and also have right to monitor management, so that management can't use accrual policy to manage earning.

3.0 Methodology

Ex-post facto research design and the descriptive research design have been employed in this study. However, the *ex-post facto* research design is employed base on two major reasons: First, the study relied on historic accounting data obtained from financial statements of the sampled companies; hence the researcher does not intend to control or manipulate the data of the study variables which is a basic feature of ex-post facto research design. Second, the ex-post facto research design is adopted for this study since we intend to determine cause-effect relationship

between the independent and dependent variables. The population of this study is made up of all listed industrial goods companies on the Nigerian Exchange Group during a 10year period i.e. between 2012 and 2021. As of 31st December 2021, there were seventeen (17) industrial goods firms listed on the floor of the Nigerian Exchange Group. This period is chosen with a view to cover range of observation unlike prior study on sustainability disclosure and firm value nexus in Nigeria. Particularly, the study draws the final sample size through a procedure of purposive non-probability sampling technique which takes cognizance of availability and accessibility of relevant information (data) needed for the study. First, the study deselect all industrial goods firms that joined the Nigerian Exchange Group after year 2012 which connotes the start period for this study. This will be done to ensure a balanced panel data structure via a homogenous periodic scope necessary for the estimation process. The study also deselect all firms lacking complete information (in relation to data requirements) needed for the estimation. Hence, the final sample size consist of ten (10) listed industrial goods firms in Nigeria. This study employed analytical software of Stata version 14 and Microsoft excel for the analysis. The secondary data collected was analyzed using descriptive statistics, correlation, and regression analysis. The descriptive statistics was used to evaluate the characteristics of the data: mean maximum, minimum, and standard deviation. Robust regression analysis technique was employed to find the cause effect relationship between the independent variables and the dependent variables. In order to test the three hypotheses formulated in the study and to achieve the objectives of the research, the following model is formulated.

$$SHPR_{it} = \beta_0 + \beta_1 ENDI_{it} + \beta_2 SOCI_{it} + \beta_3 GODI_{it} + \beta_4 MCAP_{it} + \mu_{it}$$

Where:

SHPR	=	Share Price
ENDI	=	Environmental Sustainability Disclosure Index
SOCI	=	Social Sustainability Disclosure Index
GODI	=	Governance Sustainability Disclosure Index
MCAP	=	Firm size
"{i}"	=	Cross Section (Sample Companies)
"t"	=	Time Frame (2012 to 2021)
e_{it}	=	Stochastic error Term

Measurement of Variables

Variable	Measurement	Sources
Share Price (Dependent variable)	December share price of the listed firms	Ioannou and Serafeim (2015)
Environmental sustainability disclosure (Independent variable).	Measured in line with GRI standard	Lo & Sheu, (2007)
Social sustainability disclosure (Independent variable).	Measured in line with GRI standard	Daniel, Mogaka, Makori, Ambrose and Jagongo,(2013)

Governance sustainability disclosure (Independent variable)	Measured in line with GRI standard	Dobbs and Standa (2016)
Firm Size (Control Variable)	Measured as the natural Logarithm of Market Capitalization	Dobbs and Standa (2016)

4.0 Results and Discussions

The researcher conducted pool Ordinary Least Square (OLS) regression and then proceeds to check for inconsistencies with the basic assumptions of the pool OLS regression. Succinctly, these diagnostics tests include test for multicollinearity as well as test for heteroscedasticity. Furthermore, as noted before, the study also performs preliminary pre-regression analysis such as descriptive statistics, correlation matrix and normality test, the results are analysed as follows.

Table 1: Descriptive Statistics

VARIABLES	MEAN	STAN. DEV.	MIN.	MAX.	NO OBS
SHPR	**35.17**	**59.42**	**0.46**	**257**	**99**
ENVI	**0.17**	**0.27**	**0**	**1**	**99**
SOCI	**0.35**	**0.16**	**0**	**0.86**	**99**
GOVI	**0.40**	**0.21**	**0**	**0.83**	**99**
MCAP	**6.78**	**1.31**	**4.98**	**9.64**	**99**

Source: Author (2023)

The table above shows the descriptive statistics for this study. The table shows that the mean of share price as the proxy of the dependent variable of value relevance was 35.17 and a standard deviation of 59.42. This implies that on the average, the unit price of the shares of the firms under study was N35.17K. However, the table shows that on the average, the highest share price was 257 and 0.46 as the minimum. In the case of the independent variable, the result shows that the mean of environmental sustainability was 0.17 with a standard deviation of 0.27. The result indicates that during the period under study, about 17% of the firms in the sample disclose information related to environmental sustainability in line with GRI. The result of the descriptive statistics also shows that the mean of social sustainability was 0.35 with a standard deviation of 0.16. This implies that on the average, about 35% of the firms in our sample disclose information related to their social activities. The result also shows that the mean of governance sustainability was 0.40 with a standard deviation of 0.21 indicating that on the average, about 40% of the firms in the study sample disclose information about their corporate governance set up or framework. For the control variable, the study shows that the mean of market capitalization was 6.78 with a standard deviation of 1.31. The table shows that the minimum and maximum value of market capitalization was 4.98 and 9.64 respectively.

Regression Analyses

Specifically, to examine the cause-effect relationships between the dependent variables and independent variables, this study employed the pool OLS results and proceeded to validate the estimates of the OLS results. The results obtained are presented below.

Table 4: Regression Results

	SHPR Model (Pool OLS)	**SHPR Model (Robust Regression)**
CONS.	**-220.759 {0.000} *****	**-108.450 {0.000} *****
BODS	**25.185 {0.178}**	**-7.322 {0.141}**
BOGD	**-3.290 {0.917}**	**-16.471 {0.053} ** **
CEOT	**-42.365 {0.106}**	**-25.553 {0.000} *****
EAPS	**39.779 {0.000} *****	**21.839 {0.000} *****
F-Stat	**60.34 {0.0000}**	**186.31 (0.0000)**
R- Squared	**0.7197**	**0.7197**
VIF Test	**2.35**	
Hettero. Test	**88.36 {0.0000}**	

Note: (1) bracket {} are p-values; (2) **, *, implies statistical significance at 5% and 1% levels respectively**

The table above represents the results obtained from the regression results for this study. The result indicates that the pool OLS regression had an R-squared value of 0.7197. This implies that the independent and control variables of the study could explain about 72% of the systematic changes in the dependent variable of value relevance when proxied using share price during the period under study. However, the unexplained part of value relevance has been captured in the error term. The result of the F-statistics (60.34) of the pool OLS regression model for the sample industrial goods firms with an associated p-value of 0.0000 indicates that the pool OLS regression model on the overall is statistically fit at 1% level of significance and can be employed for statistical inferences. However, to further validate the estimates of the pool OLS results, this study also tests multicollinearity and heteroscedasticity.

In this study, as in most others, we used the variance inflation factor (VIF) approach to determine whether the model had multicollinearity. The result from the VIF test shows a mean value of 2.25. Specifically, the result shows that the mean VIF is within the benchmark of 10 which is in line with the position of Gujurati (2004) indicating the absence of multicollinearity and further show that none of the independent variables should be dropped from the models respectively. On

the other hand, the absence of homoscedasticity is referred to as heteroscedasticity, and it is a constant variance assumption of OLS estimators. When the Breusch-pagan-Godfrey test is used, the decision rule is that there is no heteroscedasticity if the F-statistics and observed R-square values are larger than the critical values at the 5% level of significance. If, on the other hand, the crucial values at the 5% level of significance are bigger than the F- statistics and observed R-square values, we conclude that there is homoscedasticity. The result shows a chi2 value of 88.62 with a p-value of 0.0000. The result shows a significant p-values at 1% level indicating that the assumption of homoscedasticity of the pool OLS regression results have been violated. Hence, the study re- specifies the model to control for this violation by employing the robust regression technique as recommended by (Greene, 2003).

Discussion of Findings

This study provides evidence on the effect of corporate sustainability reporting on the value relevance of listed industrial goods firms in Nigeria. Since, the study is an extension of existing studies, only few findings in literature are not in agreement with the current positions of this study. Notably, the result suggest that more disclosure of environmental sustainability matters insignificantly decreases value relevance during the period the under consideration. This finding contradicts the findings of Ali (2015) whose study revealed a negative effect and linked it to high cost associated with environmental sustainability reporting activities which invariably lowers the quality and quantity of these reports. Furthermore, the researcher finds that the result from this study is not consistent with the findings of Plumlee, Brown Hayes and Marshall (2015) who assert that companies who provide report on environmental performance incurs more expenses hence would perform below expectation in the long run. They noted that companies who do not report nor carry out environmental responsibilities are likely to be surrounded with demonstrations and protests (like those prevalent in the Niger Delta area of Nigeria) and this goes a long way to hinder a free work environment which may consequently affect performance.

However, the result from the study shows that social sustainability reporting significantly decreases value relevance. This result is inconsistent with those of Asuquo (2012) who stated that although corporate social responsibility disclosure appears to be in its early stages in Nigeria, some firms have been recognized as being pro-active in this field while others are not. The results is inconsistent with those of Odetayo Adeyemi and Sajujigbe (2014) who reported that corporate social activities increases long-term profits or survival of a firm through positive public relations and high ethical standards reduces business and legal risk which also build shareholder trust. Odetayo et al. (2014) notes that in order to ensure sustainable growth, it is necessary for a company to make positive impact on the surrounding environment, as well as on its stakeholders, such as its consumers, employees, investors, communities, and others. The findings is also inconsistent with those of Margolis et al. (2007) who found that corporate social responsibility engagement helps firms to gain a competitive advantage while ensuring the protection of their stakeholders. They also note that socially responsible firms are more likely to survive in the long term. Specifically, our finding strongly support those of Nik Ahmad and Abdul Rahim, 2003; Rashid and Ibrahim, 2002 who noted that a proactive approach to corporate social responsibility may help a firm get access to pools of capital it might not otherwise be able to tap into. However, the result do not support that of Ndukwe Dibia and Nwakanma Nwaigwe

(2018) who documented a negative relationship suggesting that additional expenses in the form of employee welfare and training, occupational health and safety, pollution prevention, energy saving practices, and community support programs incurred by companies in pursuance of sustainable business practices erodes profit and place them at an economic disadvantage position relative to less sustainability friendly firms, at least in the short term.

Furthermore, the study shows that governance sustainability significantly decreases value relevance during the period under study. This result is consistent with the findings obtained from the studies of Haryono and Paminto (2015), Ioannou and Serafeim (2014), Bubbico et al (2012) and Gull et al (2013) who document that corporate governance has a significant effect on financial performance. It also agrees with the finding of Fallatah and Dickins (2012) who posited that corporate governance characteristics significantly relates to firm value measured by Tobin Q, leads to substantial growth specifically to increase shareholder's wealth, the economic value of the firms with higher productivity and lower risk (Hermalin & Weisbach, 2003; Walumbwa & Lawler, 2003). However, on the other hand, the result of this study contradicts the finding of Aggarwal (2013) who noted that corporate governance sustainability disclosure has an insignificant impact on profitability. Corporate governance elements are treated as the organization's checks and balances system because strategic policy regarding sustainability disclosure is imperative to management. Therefore, weak corporate governance results in lower market visibility and higher agency costs (De Villiers, et al 2011). The findings is also consistent with that of Mahmood (2018), Khan, (2013), Ullah, Rahman (2015) whose findings suggest that, in developing countries such as Nigeria, corporate governance is relatively weak and problematic due to the lack of stakeholders' engagement, family controlling businesses, lack of the rule of law, less corruption control, political interference, weak institutional environment, and the absence of knowledgeable people.

5.0 Conclusion and Recommendation

In this study, the researcher concludes that only the variable of social and governance sustainability reporting appears to significantly affect the value relevance of listed industrial goods firms in Nigeria. However, the researcher documents and insignificant negative effect of environmental sustainability on the value relevance of listed industrial goods firms in Nigeria. Following the findings of this study, the researcher recommends that valuable financial, material, and human resources should be channeled on policies that relates to improving governance sustainability if the desire is to gain improved firm value. This is due since the result from our analysis suggest a statistically weak effect running from governance sustainability on the value relevance during the period under consideration. The cost of environmental disclosure should be minimize as the study shows it is reducing the value of the firms under study. Policies on social disclosure should also be reevaluated as the study shows it is negatively affecting the performance of the firms under study. Upcoming research in this area may be conducted to compare other indicators that measure the efficiency of corporate sustainability reporting. Furthermore, related future research should do more in-depth investigations on different industries to enable wider spread of generalization. Moreover, further research can be conducted on the same topic in different countries.

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