



Shareholder Value Creation and Sustainability Reporting in Nigerian Manufacturing Industry

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Abstract

This study investigated the effect of shareholder value creation on environmental, social, and governance sustainability disclosures in emerging market firms. The study adopted an ex-post facto design, using data from 37 listed manufacturing firms in the Nigerian Exchange Group as at December 2024. Secondary data were extracted from published annual reports. The pooled panel regression technique was employed for analysis, enabling the study to handle data gaps and capture firm-level variations. The findings revealed that environmental sustainability disclosure did not significantly influence shareholder value. Social sustainability disclosure equally showed no significant effect on shareholder value proxies, while governance disclosure was statistically insignificant across all models. These results aligned with prior evidence from Nigeria and other emerging markets, suggesting that ESG disclosures were largely symbolic and not strongly integrated into investor decision-making process. Unlike developed economies, where ESG reporting often signaled firm value enhancement through institutional mechanisms, emerging markets demonstrated limited linkage between sustainability practices and shareholder wealth creation. The study concluded that ESG disclosure in the Nigerian primarily served compliance and reputational purposes rather than acting as a direct driver of shareholder value. The findings suggested implications for policymakers, regulators, and corporate executives seeking to enhance sustainability practices and align them more closely with investor expectations.

Keywords: Sustainability Reporting, ESG Disclosure, Shareholder Value, Corporate Governance, Value Creation

Introduction

Sustainability reporting has evolved into a critical dimension of corporate disclosure, particularly in the context of global calls for responsible business practices. The essence of sustainability reporting lies in communicating how firms address environmental, social, and governance (ESG) issues while pursuing long-term profitability and competitiveness. Freeman's (1984) stakeholder theory underscores the significance of aligning business objectives with the expectations of diverse stakeholders, as corporations are increasingly evaluated not only on financial outcomes but also on their broader societal impact. In this respect, sustainability reporting has emerged as a strategic mechanism through which firms enhance transparency, legitimacy, and ultimately, value creation.

In developed markets, empirical evidence demonstrates that sustainability disclosures strengthen firm reputation and financial outcomes through signaling effects (Friske, et al. 2023). However, in emerging markets, where institutional frameworks are weak and

regulatory enforcement is inconsistent, the relationship between sustainability reporting and shareholder value remains less clear (Ikpor, et al., 2022). Studies from Nigeria and other developing countries highlights mixed findings. For instance, Nzekwe, et al. (2021) observed that sustainability reporting improved financial performance among industrial goods companies, while Onoh, et al. (2022) found inconclusive results in the oil and gas sector. These inconsistencies suggest that the value relevance of sustainability reporting is heavily shaped by contextual and sectoral factors.

Recent studies have emphasized the multidimensional nature of sustainability disclosure, focusing on environmental, social, and governance aspects. Environmental disclosures address ecological impacts, resource efficiency, and climate-related risks (Kolawole, et al., 2023). Social disclosures involve corporate social responsibility practices, stakeholder engagement, and employee well-being (Kundayo, et al. 2020). Governance disclosures, on the other hand, reflect corporate governance structures, board

effectiveness, and accountability mechanisms (Ikumapayi, et al., 2018; Moses, 2021). Each dimension provides unique insights into how firms balance stakeholder interests and financial objectives. Despite the growing attention, gaps persist in understanding whether sustainability reporting translates into tangible shareholder value in emerging economies. Studies such as Lawal, et al. (2024) and Taiwo, et al. (2022) highlight the nascent stage of sustainability practices in Nigeria, where disclosure quality and enforcement remain uneven. Against this backdrop, this study seeks to investigate the effect of environmental, social, and governance sustainability disclosure on shareholder value creation, proxied by Tobin's Q, earnings per share (EPS), share price (SP), and price-to-earnings ratio (PER), using evidence from emerging market manufacturing firms.

Statement of the Problem

Sustainability reporting has emerged as a key mechanism for corporate accountability, with growing debates about its capacity to enhance shareholder value. Theoretically, effective environmental, social, and governance (ESG) disclosures reduce information asymmetry, build investor trust, and foster long-term value creation (Zumente & Bistrova, 2021; Ikpor et al., 2022; Friske, et al. 2023; Nuhu & Alam, 2024). However, empirical evidence is fragmented and inconclusive, particularly in emerging economies where institutional frameworks, disclosure standards, and enforcement remain weak.

In Nigeria, sustainability reporting is largely voluntary and inconsistent, lacking comparability and standardized frameworks (Onoh, et al. 2022). While some studies show a positive link between ESG disclosures and firm value (Igbinovia & Agbadua, 2023; Lawal, et al. 2024), others report weak or insignificant outcomes (Nzekwe, et al, 2021; Kolawole et al., 2023). This divergence questions whether current sustainability disclosures in Nigeria are sufficiently credible to influence shareholder value measures such as Tobin's Q, earnings per share, share price, and price-to-earnings ratio.

Several factors explain these inconsistencies. Regulatory weaknesses undermine disclosure credibility, as many Nigerian firms selectively report for reputational purposes rather than genuine transparency (Onoh et al., 2022). Weak governance frameworks and limited sustainability oversight reduce the informational value of reports (Nuhu, et al. 2024). Moreover, most studies are industry-specific and rely on narrow financial proxies, limiting generalizability (Taiwo et al., 2022). Finally, short-term investor behavior in Nigeria's capital market hinders the potential of ESG disclosures to translate into long-term valuation premiums (Ndanafu & Ojodi, 2023).

These gaps underscore the need for comprehensive, multidimensional studies that examine how ESG disclosures influence shareholder value in emerging market contexts through the following study objectives;

- i. To examine the effect of shareholder value creation on environmental sustainability disclosure.
- ii. To assess the effect of shareholder value creation on social sustainability disclosure.
- iii. To evaluate how shareholder value creation influences governance-related sustainability disclosure.

Literature Review

Concept of Sustainability Reporting

Sustainability reporting refers to the systematic disclosure of a firm's environmental, social, and governance (ESG) practices with the aim of enhancing transparency, accountability, and stakeholder trust (Wilky & Cole, 2020). It has evolved from voluntary corporate social responsibility communication to a more structured practice guided by international frameworks such as the Global Reporting Initiative and integrated reporting (Ikpor, et al., 2022). Scholars argue that sustainability reporting serves both signaling and legitimacy functions, providing investors and other stakeholders with relevant information on non-financial performance (Friske, et al, 2023; Zumente, et al. 2021). In emerging economies, however, reporting practices remain fragmented, often shaped by weak institutions, governance challenges, and inconsistent disclosure quality (Nuhu, et al. 2024; Onoh, et al. 2022). Despite these limitations, sustainability reporting is increasingly being recognized as a strategic tool for aligning corporate actions with sustainable development goals and enhancing long-term value creation (Lawal, et al. 2024).

Sustainability Reporting and Value Creation

Sustainability reporting provides stakeholders with transparent information on how firms integrate environmental, social, and governance (ESG) practices into operations. Empirical evidence shows that credible sustainability disclosures can enhance firm reputation, attract investors, and drive long-term shareholder value (Nazim, et al. 2017; Obinna & Onwe, 2024). In emerging markets, however, inconsistent reporting frameworks limit this potential, although studies in Nigeria and India highlight that improved sustainability disclosure strengthens financial performance and investor confidence (Emeke, et al. 2021; Adegboyegun, et al. 2020).

Shareholder Value Creation (Tobin's Q, EPS, Share Price, and P/E Ratio)

Shareholder value creation reflects a firm's ability to maximize returns through financial performance and market-based indicators. Tobin's Q, a ratio of market value to asset replacement cost, is widely employed as a measure of firm valuation and investment attractiveness (Zumente, et al. 2021). Earnings per Share (EPS) signals profitability and is closely followed by investors as a determinant of firm performance (Ikumapayi et al., 2018; Nzekwe, et al. 2021). Share price remains a direct market reflection of investors' expectations, linking sustainability practices to firm competitiveness (Taiwo, et al., 2022; Lawal, et al. 2024). The Price-to-Earnings (P/E) ratio captures growth expectations and market confidence, offering insights into long-term value creation (Friske, et al. 2023). Empirical studies in emerging markets suggest these metrics are increasingly shaped by sustainability disclosures, highlighting the evolving relationship between financial performance and non-financial reporting.

Theoretical frameworks

Stakeholder Theory

Stakeholder theory, advanced by Freeman (1984), posits that corporations exist to create value not only for shareholders but also for other stakeholders, including employees, customers, communities, and regulators. In sustainability reporting, this theory underpins the disclosure of environmental, social, and governance practices, as firms seek to balance diverse interests and enhance legitimacy through transparent communication.

Legitimacy Theory

Legitimacy theory by Dowling and Pfeffer, (1975) argues that firms disclose sustainability information to align with societal norms, values, and expectations, thereby securing their social license to operate (Ikpor et al., 2022; Moses, 2021). By reporting environmental, social, and governance activities, corporations demonstrate conformity with public expectations, reduce information asymmetry, and protect their reputation, ultimately safeguarding long-term value creation in emerging market contexts.

Empirical Review

Benali, et al. (2021) examined the relationship between corporate social responsibility (CSR) and financial performance (FP) among listed Moroccan companies from 2012 to 2017. Using panel data for analysis, the study produced mixed results. CSR was found to have a positive impact on financial performance when return on assets (ROA) was used as a proxy. However, when return on equity (ROE) was applied, CSR showed no

significant effect, indicating a neutral impact. The study highlighted the contextual nature of CSR–performance linkages and suggested that including both social and environmental reporting could have provided a more comprehensive perspective.

Nzekwe, et al. (2021) investigated the effect of sustainability reporting on the financial performance of quoted industrial goods companies in Nigeria between 2008 and 2019. The study specifically examined the effect of environmental, social, and economic reporting on cash value added. Using purposive sampling, eleven firms were selected from fifteen listed companies. Panel data from annual reports were analyzed with descriptive statistics, Pearson correlation, panel least squares regression, Granger causality, and Hausman tests. Findings revealed that environmental, social, and economic reporting each had a significant positive effect on cash value added. The study recommended stronger environmental policies and innovations.

Ikpor, et al. (2022) investigated the drivers of sustainability accounting and reporting in Nigeria as an emerging economy. Using data from annual accounts, sustainability reports, and company websites of the top 50 listed firms between 2015 and 2020, the study applied a fixed effects panel regression model. Findings showed that sustainability reporting was influenced by firm size, profitability, ownership structure, listing age, leverage, and auditor type. Size, profitability, and Big-4 auditors had positive effects, while ownership structure and leverage negatively affected reporting. The banking and oil and gas sectors reported more actively. The study offered implications for policymakers and researchers.

Onoh, et al. (2022) examined the effect of sustainability reporting on the firm value of listed oil and gas companies in Nigeria, using Tobin's Q as proxy. Relying on secondary data from annual reports, the study employed descriptive statistics, correlation matrix, and multiple regression analysis. Findings revealed that environmental sustainability reporting had a positive significant effect on firm value, while economic sustainability reporting showed a negative significant effect. Firm characteristics such as sales growth and leverage negatively affected value, whereas firm size had a positive effect. The study recommended full compliance with sustainability reporting regulations to attract investors.

Study Gap

Although sustainability reporting has gained prominence in developed markets, evidence on its relevance to shareholder value creation in emerging economies remains fragmented and inconclusive. Prior studies largely concentrate on developed countries where regulatory systems, institutional pressures, and investor sophistication foster stronger ESG–

performance linkages. In contrast, research in emerging markets is limited, often descriptive, and focused on disclosure levels rather than value implications. Moreover, existing studies frequently overlook firm heterogeneity, sectoral dynamics, and moderating institutional factors. This gap underscores the need for empirical investigation into whether sustainability disclosures meaningfully drive shareholder value within emerging market corporations.

Research Methodology

Research Design and sample size

The study adopted an *ex-post facto* research design, which enabled the investigation of sample units over a

defined period. This design allowed the study to examine changes, effects, and behavioral patterns across time. The population comprised 46 listed manufacturing companies on the Nigerian Exchange Group (NGX) as of December 2024. From this population, 37 firms across Natural Resources, Industrial Goods, Consumer Goods, Conglomerates, Health Care, and Agriculture were selected as the sample. The study relied on secondary data, validated by external auditors, eliminating the need for dependability testing. The pooled panel technique was applied to handle missing data and analyze relationships effectively.

Model Specifications

The model for this study will be stated in econometrics terms below as;

$$\begin{aligned}
 \text{Model I } SR &= f(\text{VALUE CREATION}) \\
 ESGSDI &= f(\text{TOBINSQ} + \text{EPS} + \text{SP} + \text{PER} + \text{FSIZE}) \\
 ESGSDI_{it} &= \alpha_0 + \beta_1 \text{TOBINSQ}_{it} + \beta_2 \text{EPS}_{it} + \beta_3 \text{SP}_{it} + \beta_4 \text{PER}_{it} + \beta_5 \text{FSIZE}_{it} + \varepsilon_t \quad \text{eq. I} \\
 \text{Model II } SR &= f(\text{VALUE CREATION}) \\
 SRDSDI &= f(\text{TOBINSQ} + \text{EPS} + \text{SP} + \text{PER} + \text{FSIZE}) \\
 SRDSDI_{it} &= \alpha_0 + \beta_1 \text{TOBINSQ}_{it} + \beta_2 \text{EPS}_{it} + \beta_3 \text{SP}_{it} + \beta_4 \text{PER}_{it} + \beta_5 \text{FSIZE}_{it} + \varepsilon_t \quad \text{eq. II} \\
 \text{Model III } SR &= f(\text{VALUE CREATION}) \\
 GOVSDI &= f(\text{TOBINSQ} + \text{EPS} + \text{SP} + \text{PER} + \text{FSIZE}) \\
 GOVSDI_{it} &= \alpha_0 + \beta_1 \text{TOBINSQ}_{it} + \beta_2 \text{EPS}_{it} + \beta_3 \text{SP}_{it} + \beta_4 \text{PER}_{it} + \beta_5 \text{FSIZE}_{it} + \varepsilon_t \quad \text{eq. III}
 \end{aligned}$$

Where;

ESGSDI = Environmentally Sustainable Disclosure index (measured as 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.

SRDSDI = Social Sustainable Disclosure index (measured as Index score generated from the score of 1 or 0 for disclosures or otherwise on community, donation, employee, health and safety and customer/complaints.

GOVSDI = Governance Sustainable Disclosure index (measured as measures the extent of corporate Governance, Social, and Environmental (GSE) information disclosure by companies related to their GSE performance.

Tobin's Q = Tobin's Q (measured as market capitalization plus total liabilities minus cash divided by total asset)

EPS = Earnings per Share (measured as net profit after tax divided by number of Total Outstanding ordinary shares).

SP = Share price (measured as the price as at the closing date of March_ June_ September and December of a stock).

PER = Price to Earnings Ratio (measured as year-end closing share price divided by earnings per share).

FS = Firm Size (Measured as the natural logarithm of total assets of firm *i* in year *t*)

f = functional relationship between dependent and independent variables

ε_t = error term

i = firm identifier

t = time variable (10 Years)

α_0 is the intercept of the regression.

$\beta_1 - \beta_5$ are the co-efficient of the regression equation.

The Apriori expectation: $\beta_1 - \beta_5$ is lesser or greater than 0.

Analysis and Discussion of Results

Descriptive Statistics Analysis and Discussion

Table 1: Summary of Descriptive for ESGSDI SRDSDI GOVSDI TOBINSQ EPS SP PER and FSIZE

VARIABLES	OBS	MEAN	STD. DEV	MIN	MAX
ESGSDI	370	.5298675	.508737	-.9811688	3.484753
SRDSDI	370	.31	.1646809	0	.79
GOVSDI	370	.3807027	.1983811	0	.83
TOBINSQ	370	1.01202	1.542856	.0008848	18.69163
EPS	370	3.752461	17.66875	-100.2626	202.5645
SP	370	61.83642	190.2861	.2	1555.99
PER	370	26.43458	349.6617	-504.1426	6686.345
FSIZE	370	16.80411	2.105189	12.83807	22.09412

Source: Regression Output, 2025.

The descriptive statistics provide insight into the distribution and variability of the variables used in assessing the link between sustainability reporting and shareholder value creation. The environmental disclosure index (ESGSDI) has a mean of 0.53, indicating moderate disclosure practices, although the wide range from negative to positive values suggests significant disparity in reporting quality among firms. Social disclosure (SRDSDI) records a mean of 0.31, reflecting lower emphasis relative to environmental practices, while governance disclosure (GOVSDI) averages 0.38, showing limited but notable integration

of governance reporting. For shareholder value proxies, Tobin's Q averages 1.01, close to unity, implying that many firms are valued near their asset replacement cost. Earnings per share (EPS) and share price (SP) display high volatility, with wide gaps between minimum and maximum values, reflecting performance differences across firms. Similarly, the price-to-earnings ratio (PER) shows extreme variation, highlighting diverse profitability expectations. Firm size (FSIZE) appears relatively stable, averaging 16.8, consistent with large listed corporations.

Normality Test

Table 2: Shapiro-Wilk W test for normal data for ESGSDI SRDSDI GOVSDI TOBINSQ EPS SP PER and FSIZE

VARIABLES	OBS	W	V	Z	PROB>Z
ESGSDI	370	0.86376	34.982	8.428	0.00000
SRDSDI	370	0.99349	1.672	1.219	0.11136
GOVSDI	370	0.96939	7.859	4.888	0.00000
TOBINSQ	370	0.51329	124.966	11.446	0.00000
EPS	370	0.37438	160.634	12.042	0.00000
SP	370	0.31469	175.958	12.258	0.00000
PER	370	0.06077	241.155	13.005	0.00000
FSIZE	370	0.97997	5.142	3.882	0.00005

Source: Regression Output, 2025.

The Shapiro-Wilk test results indicate that most variables deviate significantly from normality, as reflected in p-values of 0.00000 for ESGSDI, GOVSDI, Tobin's Q, EPS, SP, and PER, alongside FSIZE with $p < 0.01$. This suggests skewness and kurtosis in their distributions, consistent with the presence of outliers and extreme firm-level differences. Only the social

disclosure index (SRDSDI) fails to reject the null hypothesis of normality ($p = 0.11136$), implying it follows a near-normal distribution. These results highlight the need for robust regression techniques or data transformations to ensure reliable inference in subsequent econometric analyses.

Correlation Analysis

Table 3: Summary of Spearman Correlation Matrix for TOBINSQ EPE VAPEREMPL HCROI FSIZE, stats(rho p) star(0.05)

	ESGSDI	SRDSDI	GOVSDI	TOBINSQ	EPS	SP	PER	FSIZE
ESGSDI	1.0000							
SRDSDI	0.1832	1.0000						
	0.0004							
GOVSDI	0.1768	0.7096	1.0000					
	0.0006	0.0000						
TOBINSQ	-0.0087	-0.1535	-0.0921	1.0000				
	0.8675	0.0031	0.0767					
EPS	-0.0220	0.0766	0.0615	0.3326	1.0000			
	0.6726	0.1415	0.2383	0.0000				
SP	-0.1972	0.0431	0.0363	-0.0173	0.1289	1.0000		
	0.0001	0.4082	0.4863	0.7398	0.0131			
PER	-0.0387	-0.0375	-0.1143	0.3691	0.4484	-0.0367	1.0000	
	0.4578	0.4719	0.0280	0.0000	0.0000	0.4810		
FSIZE	-0.1188	-0.0276	-0.1384	0.1751	0.5158	0.0171	0.2738	1.0000
	0.0222	0.5970	0.0077	0.0007	0.0000	0.7425	0.0000	

Source: Regression Output, 2025.

The Spearman correlation results reveal important associations among sustainability reporting dimensions, shareholder value proxies, and firm size. Environmental (ESGSDI), social (SRDSDI), and governance (GOVSDI) disclosures are positively and significantly correlated, with the strongest link between social and governance reporting ($\rho = 0.7096$, $p < 0.01$), indicating that firms disclosing more in one area often extend efforts across others. Tobin's Q shows weak and mostly negative correlations with disclosure indices, although it is positively related to firm size ($\rho = 0.1751$, $p < 0.01$), reflecting that larger firms tend to achieve

higher market valuation multiples. Earnings per share (EPS) demonstrates a strong positive correlation with firm size ($\rho = 0.5158$, $p < 0.01$) and Tobin's Q ($\rho = 0.3326$, $p < 0.01$), underscoring the value relevance of firm fundamentals. Share price (SP) is negatively correlated with environmental disclosure ($\rho = -0.1972$, $p < 0.01$), suggesting possible investor skepticism toward costly environmental practices. Price-to-earnings ratio (PER) aligns positively with EPS and Tobin's Q, confirming profitability expectations as a driver of valuation.

Result of Multicollinearity Test Using Variance Inflation Factor (VIF)g

Table 4: VIF Test Result

MODELS	VARIABLES	VIF	1/VIF	MEAN VIF
1	ESGSDI			
	EPS	1.04	0.961111	1.02
	TOBINSQ	1.03	0.967123	
	FSIZE	1.03	0.974065	
	PER	1.01	0.994902	
	SP	1.00	0.995834	
2	SRDSDI			
	EPS	1.04	0.961111	1.02
	TOBINSQ	1.03	0.967123	
	FSIZE	1.03	0.974065	
	PER	1.01	0.994902	
	SP	1.00	0.995834	
3	GOVSDI			
	EPS	1.04	0.961111	1.02
	TOBINSQ	1.03	0.967123	
	FSIZE	1.03	0.974065	
	PER	1.01	0.994902	
	SP	1.00	0.995834	

Source: Regression Output, 2025

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Table 5: Breusch and Pagan Lagrangian Multiplier Tests fitted values

MODELS	VARIABLE	CHI2(1)	PROB > CHI2
1	ESGSDI	0.05	0.8185
2	SRDSDI	11.55	0.0007
3	GOVSDI	1.99	0.1581

Source: Regression Output, 2025.

The multicollinearity test results in Table 4 show that all explanatory variables have VIF values between 1.00 and 1.04, with mean VIFs of 1.02 across the three models. These values are far below the standard threshold of 10, indicating that the models are free from multicollinearity problems. The tolerance values (1/VIF) close to 1 further confirm that the independent variables are not excessively correlated, which ensures stable and reliable coefficient estimates.

The Breusch-Pagan/Cook-Weisberg test in Table 5 assesses heteroskedasticity. The results show that ESGSDI ($p = 0.8185$) and GOVSDI ($p = 0.1581$) models fail to reject the null hypothesis, suggesting homoskedastic residuals. However, the SRDSDI model ($\chi^2 = 11.55$, $p = 0.0007$) indicates significant heteroskedasticity. This implies that robust standard errors or alternative estimation techniques are required for the social disclosure model to ensure valid statistical inference.

Levin-Lin-Chu Panel Unit Root Test

Table 6a: Diagnostic Tests Results for all the variables

Variable	Statistics	P-value	Remarks	Implication
ESGSDI	Unadjusted t -11.6951	0.0000	1(0)	stationary
	Adjusted t -5.3861			
SRDSDI	Unadjusted t -7.3794	0.4631	1(0)	Non-stationary
	Adjusted t -0.0925			
GOVSDI	Unadjusted t -9.0091	0.0587	1(0)	Non-stationary
	Adjusted t -1.5655			
TOBINSQ	Unadjusted t -16.2265	0.0000	1(0)	stationary
	Adjusted t -14.0531			
EPS	Unadjusted t -6.9119	0.1187	1(0)	Non-stationary
	Adjusted t -1.1814			
SP	Unadjusted t -65.3419	0.0000	1(0)	Stationary
	Adjusted t -68.0090			
PER	Unadjusted t -12.5015	0.0000	1(0)	stationary
	Adjusted t -7.4427			
FSIZE	Unadjusted t -3.8435	0.1998	1(0)	Non-stationary
	Adjusted t -0.8425			

Source: Regression Output, 2025.

The diagnostic test results in Table 6a examined the stationarity of the study variables. Environmental sustainability disclosure index (ESGSDI), Tobin's Q, share price, and price-earnings ratio was found to be stationary at level, confirming their suitability for regression analysis without differencing. In contrast, social sustainability disclosure index (SRDSDI),

governance disclosure index (GOVSDI), earnings per share (EPS), and firm size (FSIZE) were non-stationary, indicating the presence of unit roots at level. This implies that these variables may require transformation, such as differencing or other unit root remedies, to ensure robust and valid estimations in the regression models.

Table 6b: Diagnostic Tests Results for all the variables at First Differencing

Test	Variable	Level/1st Diff. [1(1)]	Unadjusted t	Adjusted t	p-Value	Stationarity Conclusion
ESGSDI	DESGSDI	First Difference	-14.3345	-5.3428	0.0000	Stationary
SRDSDI	DSRDSDI	First Difference	-12.6437	-3.7339	0.0001	Stationary
GOVSDI	DGOVSDI	First Difference	-14.5918	-5.6088	0.0000	Stationary
TOBINSQ	DTOBINSQ	First Difference	-18.5409	-11.5773	0.0000	Stationary
EPS	DEPS	First Difference	-16.0678	-6.5322	0.0000	Stationary
SP	DSP	First Difference	-59.7409	-59.7073	0.0000	Stationary
PER	DPER	First Difference	-24.1196	-18.0087	0.0000	Stationary
FSIZE	DFSIZE	First Difference	-14.4980	-7.3976	0.0000	Stationary

Source: Regression Output, 2025

The diagnostic test results presented in Table 6b indicated that all the study variables attained stationarity at first differencing. The Augmented Dickey-Fuller statistics showed highly significant adjusted t-values with p-values less than 0.05 across all variables, confirming that the data were integrated of order one, I(1). Specifically, environmental sustainability disclosure index (DESGSDI), social disclosure (DSRDSDI), governance disclosure (DGOVSDI), Tobin's Q (DTOBINSQ), earnings per

share (DEPS), share price (DSP), price earnings ratio (DPER), and firm size (DFSIZE) all became stationary after differencing. This result implied that the series were free from unit root problems, making them suitable for regression analysis without the risk of spurious outcomes. The stationarity further validated the reliability of the panel regression framework adopted, ensuring robust interpretation of the relationship between ESG disclosures and shareholder value.

Hypotheses Testing for the Model I

H₀₁: Shareholder value creation has no significant effect on Environmental sustainability disclosure in emerging market corporations.

Table 7a: Summary PCSE for DESGSDI DTOBINSQ DEPS DSP DPER and DFSIZE

Panel-Corrected				
DESGSDI	COEF.	STD. ERR.	z	P> z
DTOBINSQ	-.015392	.0180578	-0.85	0.394
DEPS	.0001861	.001316	0.14	0.888
DSP	-.0003103	.0001657	-1.87	0.061
DPER	-2.29e	.06	.0000248	-0.09
DFSIZE	.1179811	.0696617	1.69	0.090
_CONS	-.0058038	.022498	-0.26	0.796
N				333
R-squared				0.0140
Wald chi2(5)				7.76
Prob > chi2				0.1699

Source: Regression Output, 2025

The panel-corrected standard error (PCSE) results in Table 7a examined the effect of environmental sustainability disclosure (DESGSDI) on shareholder value creation indicators. The findings revealed that DESGSDI had negative but insignificant relationships with Tobin's Q ($\beta = -0.0154$, $p = 0.394$) and share price ($\beta = -0.00031$, $p = 0.061$), though the latter approached marginal significance. Similarly, the effect on earnings per share ($\beta = 0.000186$, $p = 0.888$) and price-earnings

ratio ($\beta = -2.29e-06$, $p > 0.10$) remained insignificant. Firm size showed a positive coefficient ($\beta = 0.118$, $p = 0.090$), suggesting a weak link between larger firms and higher disclosure practices. The model's explanatory power was very low ($R^2 = 0.014$), while the Wald χ^2 was insignificant ($p = 0.1699$). Overall, environmental disclosures exhibited no robust effect on shareholder value creation.

Hypotheses Testing for the Model II

H₀₂: Shareholder value creation has no significant effect on Social sustainability disclosure in emerging manufacturing market.

Table 7b: Summary PCSE for DSRDSI, DTOBINSQ DEPS DSP DPER and DFSIZE

		Panel-Corrected		
DSRDSI	COEF.	STD. ERR.	z	P> z
DTOBINSQ	.002404	.0091127	0.26	0.792
DEPS	-.0001342	.0004517	-0.30	0.766
DSP	-1.22e-06	.0000438	-0.03	0.978
DPER	-9.41e 07	.0000134	-0.07	0.944
DFSIZE	.0252509	.0243115	1.04	0.299
_CONS	-.0002695	.0053648	-0.05	0.960
N				333
R-squared				0.0032
Wald chi2(5)				2.01
Prob > chi2				0.8477

Source: Regression Output, 2025

The panel-corrected standard error (PCSE) results in Table 7b assessed the impact of social sustainability disclosure (DSRDSI) on shareholder value creation measures. The coefficients across all indicators were statistically insignificant, indicating no meaningful effect. Specifically, Tobin's Q ($\beta = 0.0024$, $p = 0.792$), earnings per share ($\beta = -0.000134$, $p = 0.766$), share price ($\beta = -1.22e-06$, $p = 0.978$), and price–earnings ratio ($\beta = -9.41e-07$, $p = 0.944$) all showed negligible

relationships with disclosure. Firm size ($\beta = 0.0253$, $p = 0.299$) also failed to display significance, suggesting that larger firms did not benefit more from social disclosure in terms of shareholder value. The model's explanatory strength was weak ($R^2 = 0.0032$), while the Wald chi² test was insignificant ($p = 0.8477$). Overall, social sustainability disclosure appeared irrelevant for shareholder value creation.

Hypotheses Testing for the Model III

H₀₃: Shareholder value creation has no significant effect on Governance sustainability disclosure in emerging manufacturing market.

Table 7c: Summary PCSE for DGOVSDI, DTOBINSQ DEPS DSP DPER and DFSIZE

		Panel-Corrected		
DGOVSDI	COEF.	STD. ERR.	z	P> z
DTOBINSQ	.0051033	.0073711	0.69	0.489
DEPS	.0003946	.0004232	0.93	0.351
DSP	-.0000631	.0000453	-1.39	0.164
DPER	2.29e-06	.0000121	0.19	0.850
DFSIZE	.0254314	.0303328	0.84	0.402
_CONS	-.0045537	.0098671	-0.46	0.644
N				333
R-squared				0.0072
Wald chi2(5)				3.37
Prob > chi2				0.6437

Source: Regression Output, 2025

Discussion of Findings

The PCSE results for Model III, which investigates the determinants of governance disclosure (DGOVSDI), show that none of the shareholder value proxies significantly influence governance reporting. Tobin's Q, EPS, PER, and firm size have positive but statistically insignificant coefficients, while share price exhibits a negative but insignificant effect. The overall explanatory power of the model is minimal, with an R-squared of 0.0072 and a non-significant Wald chi-

square ($p = 0.6437$). These findings imply that governance disclosure practices in emerging market firms are largely independent of shareholder value creation measures, reflecting weak integration between corporate governance transparency and market-based performance indicators.

The findings from the three models reveal that sustainability reporting dimensions, environmental, social, and governance disclosures, have limited or no significant association with shareholder value creation

proxies in emerging market corporations. Specifically, the environmental disclosure model shows marginal evidence of association with firm size and share price at the 10 percent significance level, while social and governance disclosure models demonstrate no significant relationship with Tobin's Q, EPS, PER, or SP. These results suggest that sustainability reporting in emerging markets is not yet a primary determinant of market valuation or firm financial performance, which aligns with prior studies emphasizing the weak integration of non-financial reporting into corporate value measurement in developing economies (Emeka-Nwokeji & Osisioma, 2019; Lawal, et al., 2024). Similar conclusions are found in Nigerian and broader African contexts, where sustainability disclosures often serve compliance or reputational functions rather than direct value creation mechanisms (Fakoya, 2021; Moses, 2021). By contrast, studies in more developed settings indicate stronger value relevance of sustainability disclosures, often explained through signaling theory and institutional pressures (Friske, et al., 2023; Bose & Khan, 2022). This divergence highlights structural gaps in reporting quality, enforcement, and investor perception within emerging markets. Furthermore, Ali et al. (2018) and Benali, et al. (2021) emphasize that sustainability practices may contribute to long-term resilience, though the short-term financial linkages remain weak. The marginal role of firm size observed here echoes evidence that larger corporations possess greater capacity for sustainability initiatives, even if the value impact is not immediate (Bakar et al., 2019).

Summary, Conclusion and Recommendations

Summary of Findings

- i. Environmental sustainability disclosure showed no significant effect by shareholder value creation, though weak associations were observed with firm size and share price.
- ii. Social sustainability disclosure is not significantly influenced by shareholder value creation, reinforcing the view that such disclosures remain largely symbolic in emerging markets.
- iii. Governance-related sustainability disclosure equally had no statistically significant effect from shareholder value creation across the models analyzed.

Conclusion

The study concludes that environmental, social, and governance sustainability disclosures have no significant effect on shareholder value creation in emerging market corporations. This outcome reflects structural weaknesses in disclosure quality, limited regulatory enforcement, and insufficient investor

emphasis on non-financial reporting (Moses, 2021; Ikpore et al., 2022). While larger firms demonstrate a greater tendency to disclose sustainability information, such practices do not yet translate into measurable improvements in market value or profitability. These findings highlight a persistent gap between sustainability reporting and financial performance in emerging markets, suggesting that ESG disclosures remain underutilized as tools for long-term value creation (Ali, et al., 2018; Benali et al., 2021).

Recommendations

- i. Strengthening Regulations: Policymakers and regulatory agencies should enforce mandatory and standardized sustainability reporting frameworks aligned with international guidelines such as GRI and IIRC, to enhance credibility and comparability.
- ii. Investor Education: Awareness campaigns and training programs are needed to sensitize investors on the financial and strategic relevance of ESG disclosures, thereby improving market responsiveness.
- iii. Corporate Capacity Development: Firms should embed sustainability into core strategy, investing in systems and expertise to ensure high-quality reporting that reflects material risks and opportunities.
- iv. Long-term Orientation: Corporations and regulators should emphasize the long-run benefits of ESG reporting for resilience, competitiveness, and risk management, even when short-term market effects appear minimal.

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