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SUSTAINABILITY REPORTING, INDUSTRY SENSITIVITY AND MARKET VALUE OF LISTED COMPANIES IN NIGERIA

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ABSTRACT

This study examined the effect of sustainability reporting on the market value of listed firms in Nigeria, with emphasis on economic, social, governance, and environmental sustainability dimensions, and the moderating role of industry sensitivity. The study was anchored on Stakeholder Theory. An *ex-post facto* research design was adopted, utilizing panel data obtained from the annual reports of selected listed firms in Nigeria from 2015 to 2024. Market value was measured using Tobin's Q, while robust regression analysis was employed to test the formulated hypotheses. The overall regression model indicated that industry sensitivity significantly moderates the relationship between sustainability reporting and market value among listed firms in Nigeria. The study concludes that sustainability reporting plays a crucial role in shaping firm valuation in Nigeria, although the effects vary across sustainability dimensions. The study recommends that firms strengthen sustainability disclosure practices, particularly in the areas of social responsibility and corporate governance, while regulators should promote industry-specific sustainability reporting standards to enhance transparency and investor confidence.

KEYWORDS: - Sustainability Reporting, Market Value, Economic Sustainability, Social Sustainability, Governance Sustainability, Environmental Sustainability, Industry Sensitivity.

1.0 INTRODUCTION

Sustainability reporting has become an integral component of corporate governance and strategic management in modern business environments, particularly in emerging economies such as Nigeria. As stakeholders increasingly demand greater transparency and accountability, firms are expected to disclose not only financial information but also environmental, social, and governance (ESG) activities that demonstrate their commitment to sustainable development

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(Okolie & Igaga, 2020). Sustainability reporting therefore serves as an important communication mechanism through which organizations provide information on their economic, environmental, and social performance to investors, regulators, and other stakeholders (Tian & Lin, 2025). The relevance of sustainability reporting is supported by value relevance theory and signaling theory, which suggest that corporate disclosures can influence investor perceptions and firm valuation by reducing information asymmetry and signaling long-term organizational strength. In Nigeria, sustainability reporting practices have gained prominence due to growing regulatory attention and the increasing adoption of international reporting frameworks such as the International Sustainability Standards Board (ISSB) standards and IFRS S1 and IFRS S2. However, reporting practices differ across sectors because industries vary significantly in terms of environmental impact, stakeholder pressure, and regulatory exposure (Desai & Budiman, 2024; Aimuyedo, Nyor & Abdulkadir, 2023).

The significance of sustainability reporting is reflected in its potential to influence market value by enhancing corporate reputation, improving stakeholder confidence, and attracting responsible investment. Market value represents investors' assessment of a firm's future prospects, risk profile, and ability to generate sustainable returns. Firms that provide credible and comprehensive sustainability disclosures may enjoy higher valuations due to improved transparency and reduced perceived risk, whereas inadequate disclosures may create uncertainty and negatively affect investor confidence (Putra, Mela & Putra, 2021). Nevertheless, empirical evidence regarding the effect of sustainability reporting on market value remains inconclusive, with studies reporting positive, negative, and insignificant relationships depending on the reporting dimension, industry context, and market environment (Paulin, Jianmin & Jonathan, 2025). Furthermore, the extent to which industry sensitivity influences the relationship between sustainability reporting and market value remains insufficiently explored, particularly within the Nigerian context. Understanding these dynamics is essential for improving disclosure practices, strengthening investor confidence, and enhancing sustainable value creation among listed firms in Nigeria.

1.2 Statement of the Problem

The market value of listed firms is a critical indicator of corporate performance and investor confidence because it reflects stakeholders' perceptions of a firm's future earnings potential, growth prospects, and risk exposure. As investors increasingly incorporate environmental, social, and governance (ESG) information into investment decisions, sustainability reporting has emerged as an important source of information for evaluating corporate performance beyond traditional financial metrics (Tian & Lin, 2025). However, sustainability reporting practices among listed firms in Nigeria remain inconsistent due to variations in disclosure quality, reporting frameworks, and the voluntary nature of many sustainability reporting initiatives

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(Ardiansyah, Jurana, Muliati & Masruddin, 2025). These inconsistencies create information asymmetry and limit the ability of investors and other stakeholders to accurately assess firms' sustainability performance and long-term value. Furthermore, empirical studies examining the relationship between sustainability reporting and market value have produced mixed findings. While some studies suggest that sustainability disclosures enhance firm value by improving transparency and reputation, others report insignificant or even negative effects, particularly regarding environmental disclosures that may be perceived as imposing additional costs on firms (Drela, Malkowska, Tokarz-Kocik & Bera, 2024; Dawood & Abdulateef, 2025).

Additionally, the influence of industry sensitivity on the relationship between sustainability reporting and market value remains largely underexplored in Nigeria. Firms operating in highly sensitive industries such as oil and gas, manufacturing, and extractive sectors face greater environmental and social scrutiny than firms in less sensitive industries, which may affect how investors interpret sustainability disclosures (Mirando & Herath, 2024). While sustainability reporting may enhance market value in some sectors, it may produce different valuation outcomes in industries characterized by greater environmental risks and stakeholder pressures. Moreover, the ongoing adoption of international sustainability reporting standards is expected to improve the quality and comparability of disclosures, yet there is limited evidence regarding whether these developments have strengthened the value relevance of sustainability information among Nigerian listed firms (Liwa, Daromes & Asri, 2024). This gap highlights the need for empirical investigation into how sustainability reporting influences market value and the extent to which industry sensitivity moderates this relationship. Such evidence is necessary for improving disclosure practices, informing regulatory policies, and promoting sustainable value creation within Nigeria's capital market.

1.3 Research Hypotheses

Given the specific objectives of the study, the following null hypotheses were formulated and tested at 5 per cent (0.05) level of significance:

H01: Industry sensitivity does not significantly moderate the relationship between sustainability reporting and market value of listed firms in Nigeria.

2.0 LITERATURE REVIEW

2.1 Sustainability Reporting

Sustainability reporting refers to the disclosure of information relating to a firm's economic, environmental, social, and governance activities and performance. It has become an important component of corporate reporting because stakeholders increasingly require information beyond traditional financial statements to evaluate a company's long-term sustainability and value

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creation potential. Sustainability reporting enables firms to communicate their commitment to responsible business practices, environmental stewardship, social responsibility, and sound governance to investors, regulators, customers, and society at large (Amin, Ali & Mohamed, 2025).

The significance of sustainability reporting has increased considerably in Nigeria due to growing regulatory expectations and stakeholder demand for transparency and accountability. Through sustainability disclosures, firms can reduce information asymmetry, enhance corporate reputation, and improve investor confidence. As sustainability concerns become increasingly integrated into investment decisions, the quality and extent of sustainability reporting are expected to influence market perceptions and corporate valuation. Consequently, sustainability reporting has emerged as a strategic tool for strengthening stakeholder relationships and promoting sustainable value creation among listed firms (Khatri, Bui & Kyaw, 2025).

2.1.1 Economic Sustainability Disclosure

Economic sustainability disclosure is considered an important measure of sustainability reporting because it reflects a firm's ability to generate long-term economic value while maintaining financial stability and operational efficiency. It encompasses disclosures relating to revenue generation, profitability, investment activities, risk management, and contributions to economic development. Investors often regard economic sustainability information as a signal of a firm's capacity to achieve sustainable growth and withstand economic uncertainties (Panigrahi, Sharma, Sahoo & Mohanty, 2025).

Empirical studies suggest that firms with strong economic sustainability disclosures tend to attract greater investor confidence because such disclosures provide insights into long-term financial viability and value creation potential. In Nigeria, where investors increasingly seek information beyond traditional accounting measures, economic sustainability reporting serves as an important indicator of managerial effectiveness and organizational resilience. Consequently, firms that demonstrate strong economic sustainability practices may experience improved market valuation and enhanced stakeholder trust (Rivo-López, Villanueva-Villar, Pardo-López & Cortés-García, 2025).

2.1.2 Social Sustainability Disclosure

Social sustainability disclosure represents a firm's commitment to employee welfare, community development, human rights, diversity, health and safety, and broader societal well-being. It provides stakeholders with information regarding how organizations manage their social responsibilities and maintains positive relationships with employees, customers, suppliers, and host communities. As public awareness of corporate social responsibility continues to grow,

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social sustainability reporting has become an important component of sustainability disclosure frameworks worldwide (Dinu, 2025).

The growing importance of social sustainability disclosure stems from its ability to enhance corporate reputation and strengthen stakeholder confidence. Firms that actively disclose information about social initiatives are often perceived as responsible corporate citizens and may benefit from improved customer loyalty, employee commitment, and investor support. In Nigeria, where social issues such as community relations and workforce welfare remain critical concerns, social sustainability disclosures can influence stakeholder perceptions and contribute positively to market value (Santonastaso, Macchioni & Zagaria, 2025).

2.1.3 Governance Sustainability Disclosure

Governance sustainability disclosure is a critical measure of sustainability reporting because it provides information regarding corporate governance structures, board effectiveness, ethical conduct, transparency, accountability, and compliance with regulatory requirements. Effective governance practices help ensure that organizations operate responsibly and protect the interests of shareholders and other stakeholders. Consequently, governance disclosures have become increasingly important in assessing corporate sustainability and long-term performance (Stolowy & Paugam, 2023).

The quality of governance sustainability disclosure is influenced by factors such as board independence, audit committee effectiveness, internal control systems, and regulatory compliance. Strong governance practices are generally associated with reduced agency conflicts, enhanced transparency, and improved investor confidence. In Nigeria, where corporate governance remains a key concern among regulators and investors, comprehensive governance disclosures can positively affect market perceptions and contribute to higher firm valuation (Öztürk, Kocaman & Kanbach, 2024).

2.1.4 Environmental Sustainability Disclosure

Environmental sustainability disclosure refers to the reporting of information relating to a firm's environmental policies, environmental performance, energy consumption, emissions management, waste reduction, pollution control, and conservation initiatives. It enables stakeholders to assess how organizations manage environmental risks and contribute to sustainable environmental development. With increasing concerns about climate change and environmental degradation, environmental disclosure has become a major focus of sustainability reporting frameworks globally (Tsang, Frost & Cao, 2023).

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Environmental sustainability disclosures are particularly important in environmentally sensitive industries where business operations have substantial environmental impacts. Investors and regulators increasingly evaluate firms based on their environmental performance and commitment to sustainable practices. However, the market response to environmental disclosures remains mixed, as some stakeholders perceive environmental initiatives as value-enhancing investments while others view them as additional costs. This makes environmental sustainability disclosure an important determinant of market value among listed firms in Nigeria (Sagita, 2025).

2.1.5 Industry Sensitivity

Industry sensitivity refers to the extent to which firms are exposed to environmental, social, and regulatory pressures arising from the nature of their operations. Industries differ considerably in terms of environmental impact, stakeholder expectations, regulatory requirements, and sustainability risks. For example, sectors such as oil and gas, manufacturing, mining, and agriculture are generally regarded as highly sensitive industries because of their significant environmental and social implications. In contrast, industries such as financial services and telecommunications face relatively lower environmental risks but greater governance and social responsibility expectations (Tsalis, Malamateniou, Koulouriotis & Nikolaou, 2020).

Industry sensitivity influences how sustainability disclosures are interpreted by investors and other stakeholders. Firms operating in highly sensitive industries often experience greater scrutiny regarding sustainability performance and are therefore expected to provide more comprehensive disclosures. As a result, the effect of sustainability reporting on market value may vary across industries depending on stakeholder expectations and perceived sustainability risks. This suggests that industry sensitivity plays a moderating role in the relationship between sustainability reporting and market value, making it an important consideration in sustainability-related studies involving listed firms in Nigeria (Paulin, Jianmin & Jonathan, 2025).

2.2 Theoretical Framework

The study was anchored on stakeholders' theory. Stakeholder Theory emphasizes the importance of addressing the interests and expectations of various stakeholder groups including shareholders, employees, customers, suppliers, regulators, host communities, and environmental advocates in shaping corporate policies and reporting practices. The theory, developed by R. Edward Freeman in 1984, argues that organizations achieve long-term success when they create value for all stakeholders rather than focusing solely on shareholders. In the context of sustainability reporting among Nigerian listed firms, stakeholder demands significantly influence the extent and quality of environmental, social, and governance (ESG) disclosures. Stakeholders increasingly expect organizations to provide transparent information regarding their

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sustainability performance, environmental stewardship, social responsibilities, and governance structures, making sustainability reporting an important mechanism for maintaining accountability and legitimacy (Mitchell, Mitchell, Hunt, Townsend & Lee, 2022).

For Nigerian listed firms, managing stakeholder expectations has become crucial due to increasing concerns about environmental degradation, social responsibility, ethical business practices, and corporate governance. Research suggests that stakeholder pressures encourage firms to improve the quality and comprehensiveness of sustainability disclosures, thereby enhancing transparency, reducing information asymmetry, and strengthening investor confidence (Freeman, Harrison, Wicks, Parmar & De Colle, 2010). Furthermore, industries characterized by high environmental and social sensitivity, such as oil and gas, manufacturing, and mining, often face greater stakeholder scrutiny and consequently provide more extensive sustainability disclosures. Therefore, stakeholder theory is particularly relevant to this study because it explains how sustainability reporting serves as a response to stakeholder demands and how such disclosures may influence market value through enhanced corporate reputation, legitimacy, and investor trust.

2.3 Empirical Review

Novitasari, Ahmad and Ulupui (2025) investigated the influence of Environmental, Social, and Governance (ESG) performance on company value among non-financial firms listed on the Indonesia Stock Exchange between 2014 and 2023. The study employed panel data regression and moderated regression analysis to examine both the direct effect of ESG performance on firm value and the moderating role of industry sensitivity. Findings revealed that ESG performance had a significant negative effect on company value. However, industry sensitivity positively moderated the relationship, particularly in environmentally sensitive sectors where the negative impact of ESG performance was weakened. The study concluded that industry characteristics are important in determining how sustainability initiatives influence market valuation.

Monazzam and Nilsson (2025) examined the role of sustainability reporting in strategic management using a case study of a large mining company. The study utilized twenty-two semi-structured interviews and sustainability reports covering the period from 2018 to 2023. Through thematic analysis, the findings showed that sustainability reporting contributes significantly to strategy implementation and strategy formulation. Specifically, sustainability reporting facilitates organizational learning by identifying performance deviations, supporting materiality assessments, and improving strategic decision-making. The study concluded that sustainability reporting serves as an important managerial tool for enhancing organizational effectiveness and long-term sustainability.

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Amin, Ali and Mohamed (2025) examined the relationship between board characteristics, ESG performance, and industry sensitivity using a sample of 31,255 firm-year observations from 5,471 companies across G-7 countries between 2010 and 2022. The study employed a Heckman two-stage least squares regression technique to address endogeneity concerns. The findings indicated that board diversity significantly improves ESG performance and that this positive effect is stronger in environmentally and socially sensitive industries. The study concluded that industry sensitivity plays an important role in shaping sustainability outcomes and strengthens the relationship between governance mechanisms and ESG performance.

Khatri, Bui and Kyaw (2025) investigated the relationship between corporate environmental performance and stock price synchronicity among 396 Nordic listed firms from 2010 to 2022. Using instrumental variable estimation, propensity score matching, and difference-in-differences approaches, the study found that stronger environmental performance generally increased stock price synchronicity. However, under mandatory sustainability reporting regimes, environmental performance reduced synchronicity by increasing firm-specific information available to investors. The study also revealed significant industry-level variations, suggesting that environmental sensitivity influences how sustainability information is reflected in capital markets.

Raharja and Pramono (2025) examined factors influencing sustainability reporting practices among 155 universities registered in the Global Reporting Initiative database between 2010 and 2020. The study employed descriptive statistics, content analysis, and multivariate regression analysis. Findings revealed that external assurance, internal auditors, signed declarations, and sustainability offices positively influenced sustainability reporting practices, while stakeholder engagement showed no significant effect. The study concluded that organizational governance mechanisms play a critical role in enhancing sustainability reporting quality.

2.4 Gap in the Literature

Although existing studies have extensively examined sustainability reporting, ESG performance, governance structures, and firm value across various countries, empirical evidence on the relationship between sustainability reporting and market value within the Nigerian context remains limited. Furthermore, most previous studies focused on aggregate ESG performance rather than examining the individual effects of economic, social, governance, and environmental sustainability disclosures. Additionally, while some studies considered industry sensitivity as moderating variable, limited evidence exists regarding its moderating influence on the relationship between sustainability reporting and market value among listed firms in Nigeria. This study seeks to fill this gap by examining the effect of economic, social, governance, and

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environmental sustainability reporting on the market value of Nigerian listed firms while incorporating industry sensitivity as a moderating variable.

3.0 METHODOLOGY

This study adopted an ex-post facto research design, which is appropriate for examining relationships among variables using historical data without any manipulation by the researcher. The design is suitable because the study investigates the effect of sustainability reporting on the market value of listed firms in Nigeria, while considering the moderating role of industry sensitivity, using already existing corporate and market information. The study covered a ten-year period from 2015 to 2024 and focused on non-financial companies quoted on the Nigerian Exchange Group (NGX). The population comprised 102 listed non-financial firms as of January 1, 2025. A purposive sampling technique was employed to select 79 firms that satisfied the study's inclusion criteria, including continuous listing status and availability of annual reports and sustainability disclosures throughout the study period. Secondary data were obtained from audited annual reports, sustainability reports, and the Nigerian Exchange Group Factbook. The study also specified econometric models to examine the effect of economic, social, governance, and environmental sustainability disclosures on market value while accounting for industry sensitivity. The baseline model is specified as follows:

Model I

$$TOBINS'Q_{it} = a_0 + a_1 ECOS_{it} + a_2 SOCS_{it} + a_3 GOVS_{it} + a_4 ENVS_{it} + a_5 INDS_{it} + \mu_t \qquad \ldots\ldots\ldots eq.3.1$$

Model II

$$TOBINS'Q_{it} = a_0 + a_1 REVGROWTH_{it} + a_2 ROA_{it} + a_3 ROE_t + a_4 SOCS_{it} + a_5 PAYED_{IT} + a_6 BIND_{it} + a_7 ACIND_{it} + a_8 ENVS_{it} + a_9 INDS_{it} + \mu_t \qquad \ldots\ldots\ldots\ldots\ldots eq.3.2$$

Where:

$ECOS_{it}$	= Economic Sustainability
$REVGROWTH_{it}$	= Revenue Growth
ROA_{it}	= Return on Assets
ROE_{it}	= Return on Equity
$SOCS_{it}$	= Social Sustainability
$SOCD_{it}$	= Social Donations
$PAYED_{IT}$	= Pay Equity Disclosure
$GOVS_{it}$	= Governance Sustainability
$BIND_{it}$	= Board Independence
$ACIND_{it}$	= Audit Committee Independence
$ENVS_{it}$	= Environmental Sustainability

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$INDS_{it}$ = Industry Sensitivity

Table 1 Measurement of Variables

Variable	**Variable Code**	**Measurement**	**Sources**	**Priori Expectation**
Market Value (Dependent Variable)	TOBINS'Q	Market Value = (Market value of equity + Book value of debt) ÷ Total assets	Chung & Pruitt (1994); Li et al. (2023)	
INDEPENDENT VARIABLES				
Economic Sustainability	ECOS	Composite index of Revenue Growth, ROA, and ROE (standardized)	Clarkson et al. (2020)	+
Revenue Growth	REVGROWTH	% change in revenue from year *t-1* to *t*	Akinleye & Adedayo (2023)	+
Return on Assets	ROA	Net Income ÷ Total Assets	(Okolie&Igaga, 2020)	+
Return on Equity	ROE	Net Income ÷ Shareholders' Equity	Agyemang & Ansong (2024)	+
Social Sustainability	SOCS	Composite proxy including gender diversity ratios at board and audit committee levels	Bear, Rahman & Post (2010); Olayinka & Temitope (2021)	+
Social Donations	SOCD	Measured using Binary 1 if the company reports any social/community donation activity, and 0 if it does not	Terjesen, Couto & Francisco (2016)	+

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Pay Equity Disclosure	PAYED	Disclosure of gender pay initiatives / DEI policies Binary where 1 = company mentioned pay equity initiatives or gender equality programs; 0 = no public disclosure.	Gull et al. (2018)	+
Governance Sustainability	GOVS	Composite governance score using independence measures	Mallin (2019); Adegbie et al. (2023)	+
Board Independence	BIND	Proportion of independent non-executive directors on the board	Fama & Jensen (1983); Ofoegbu & Odoemelam (2020)	+
Audit Committee Independence	ACIND	Proportion of independent members on the audit committee	Klein (2002); Nwaobia & Ogundajo (2023)	+
Environmental Sustainability	ENVS	Dummy variable: 1 if a company publishes an environmental sustainability report or discloses carbon emission data, and 0 otherwise.	Al-Shaer & Zaman (2019); Frontiers in Sustainability (2024)	+
Industry Sensitivity	INDS	Dummy variable: 1 = environmentally sensitive industries (oil & gas, industrial goods, construction, natural resources); 0 = less sensitive industries (services, consumer goods, ICT, healthcare)	Hackston & Milne (1996); Olayinka & Oluwagbemiga (2022)	+

Source: Authors' compilation, 2026

4.1 Descriptive Statistics

The results of the descriptive statistics of the variables are presented in Table 4.1 below:

Variable	Obs	Mean	Std. Deviation	Minimum	Maximum
TOBINS'Q	790	1.549526	1.377243	.03834	11.2986
REVGROWTH	790	11.83034	69.98691	-90.7016	1354.255
ROA	790	2.128581	17.10572	-179.9173	176.2669
ROE	790	108.4209	2515.462	-1964.346	69701.13
SD	790	.3253165	.4687898	0	1

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PAYER	790	.1151899	.3194532	0	1
BIND	790	67.07921	14.84927	16.6667	94.4444
ACIND	790	46.17098	12.23731	0	100
ENVS	790	.1126582	.3163749	0	1
INDS	790	.3670886	.4823163	0	1

Source: Researcher's Computation, 2026.

Table 4.1 presents the descriptive statistics of the study variables. The results indicate that market value (TOBINS'Q) averaged 1.55, suggesting that most firms were valued above their book value. The financial performance variables exhibited substantial variation across firms, particularly revenue growth and return on equity, reflecting differences in profitability and growth opportunities. Social sustainability disclosures were relatively low, with only a minority of firms reporting social donation activities and pay equity initiatives. Governance sustainability indicators showed moderate levels of board and audit committee independence, while environmental sustainability disclosures remained limited among the sampled firms. Industry sensitivity results indicate that a considerable proportion of the firms operate in environmentally sensitive sectors. Overall, the statistics reveal significant diversity in sustainability practices and firm characteristics across the sample.

4.2 Correlation Analysis

Table 4.2 Result of Correlation Analysis

Variable	TOBINS'Q	REVGROWTH	ROA	ROE	SD	PAYER	BIND	ACIND	ENVS	INDS
TOBINS'Q	1.0000									
REVGROWTH	-0.0195	1.0000								
ROA	0.1251	0.0408	1.0000							
ROE	-0.0084	-0.0157	-0.0573	1.0000						
SD	0.0669	0.0108	0.1311	-0.0084	1.0000					
PAYER	0.0727	-0.0209	0.0724	-0.0160	0.2657	1.0000				
BIND	-0.0279	0.0661	-0.1211	0.0313	0.0049	0.0520	1.0000			
ACIND	0.0394	0.0221	-0.0170	-0.0150	0.0745	0.1513	0.1306	1.0000		
ENVS	0.0970	0.0450	0.1056	-0.0117	0.1713	0.3731	0.0446	0.0461	1.0000	
INDS	0.0374	-0.0396	0.0756	0.0422	-0.0524	-0.1679	-0.0263	-0.0590	0.0193	1.0000

Source: Researcher's Computation, 2026.

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Table 4.2 shows the correlation coefficients among the study variables. The results indicate that the relationships between market value and the explanatory variables are generally weak. Market value exhibited positive associations with profitability, social sustainability, governance sustainability, environmental sustainability, and industry sensitivity variables, although the relationships were not strong. The sustainability variables also showed low-to-moderate positive relationships among themselves, suggesting that firms engaging in one sustainability practice are likely to adopt others. Importantly, none of the correlation coefficients were excessively high, indicating the absence of serious multicollinearity problems and supporting the suitability of the variables for regression analysis.

4.3 Variance Inflation Factor (VIF) Test

Table 4.3: Variance Inflator Factor Results for Independent Variables

Variable	***VIF***	***1/VIF***
PAYER	1.29	0.776037
ENVS	1.19	0.840228
SD	1.10	0.910070
ROA	1.06	0.947638
INDS	1.05	0.951568
ACIND	1.04	0.958749
BIND	1.04	0.960212
REVGROWTH	1.01	0.986665
ROE	1.01	0.993389
MEAN VIF	1.09	

Source: Researcher's Computation, 2026.

Table 4.3 presents the results of the Variance Inflation Factor (VIF) test used to assess multicollinearity among the independent variables. The findings show that all VIF values are close to 1 and well below the acceptable threshold of 10, with a mean VIF of 1.09. This indicates that the explanatory variables are not highly correlated with one another and that multicollinearity is not a concern in the model. Consequently, the regression estimates are expected to be reliable, and the independent variables can be included simultaneously in the analysis without compromising the validity of the results.

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Table 4.9: Results of Model I and Test of Hypothesis I (INDS, SR and TOBINS'Q)

Variables	*Symbol*	*Coefficient*	*Std. Err.*	*t-Statistics*	*P>(t)*
Constant	_CONS	.7849273	.1053128	7.45	0.000
Revenue Growth	REVGROWTH	-.000191	.0002616	-0.73	0.466
Return on Assets	ROA	-.0005053	.0010923	-0.46	0.644
Return on Equity	ROE	2.10e-06	7.25e-06	0.29	0.772
Social Donations	SD	.1680839	.0406708	4.13	0.000
Pay Equity Ratio	PAYER	-.0456264	.0646324	-0.71	0.480
Board Independence	BIND	.0029515	.00125	2.36	0.018
Audit Committee Indep	ACIND	.0015417	.001518	1.02	0.310
Environmental Sus. Dis.	ENVS	-.2481965	.0627189	-3.96	0.000
Industry Sensitivity	INDS	.0268394	.0386587	0.69	0.488
Number of Obs				790	
F (9, 780)				4.46	
Prob> F				0.0000	

Source: Researcher's Computation via STATA 13.0 *significant at 1% level; ** at 5% level

The results showed that Social Donations (SD) and Board Independence (BIND) had a positive and significant effect on market value, while Environmental Sustainability Disclosure (ENVS) had a significant negative effect. Revenue Growth, ROA, ROE, Pay Equity Ratio, Audit Committee Independence, and Industry Sensitivity (INDS) were statistically insignificant. The result in Table 4.9 shows that the overall model is statistically significant (F = 4.46; Prob > F = 0.0000), indicating that sustainability reporting variables and industry sensitivity jointly explain variations in the market value of listed firms in Nigeria. Since the overall p-value is less than 0.05, the null hypothesis is rejected. Therefore, the study concludes that industry sensitivity has a significant moderating effect on the relationship between sustainability reporting and market value among listed firms in Nigeria.

5.0 SUMMARY OF FINDINGS

The study on sustainability reporting, industry sensitivity and market value of listed firms in Nigeria highlights the growing importance of sustainability disclosures in influencing investor decisions and firm valuation. The findings reveal that:

(i) Economic sustainability indicators, including revenue growth, return on assets, and return on equity, do not significantly influence market value.

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(ii) Social sustainability, particularly social donations, positively and significantly affects firm valuation,

(iii) Equity disclosure remains insignificant.

(iv) Governance sustainability also contributes positively to market value through board independence,

(v) Audit committee independence does not exert a significant influence.

(vi) Environmental sustainability disclosure was found to have a significant negative relationship with market value, suggesting that investors currently perceive environmental initiatives as cost-related rather than value-enhancing activities.

(vii) The study also established that industry sensitivity significantly moderates the relationship between sustainability reporting and market value, indicating that the effect of sustainability disclosures differs across industries.

(viii) Using an *ex-post facto* research design and robust regression techniques, the study provides evidence that investors in Nigeria increasingly consider social and governance disclosures in valuation decisions, while economic and environmental sustainability factors are interpreted differently within the market.

5.1 Conclusion

This study examined the effect of sustainability disclosure on the market value of listed firms in Nigeria, with specific emphasis on economic, social, governance, and environmental sustainability dimensions, as well as the moderating role of industry sensitivity. Using panel data drawn from the annual reports of listed firms over the study period and applying robust regression techniques, the study provided empirical evidence on how sustainability-related disclosures influence firm valuation in an emerging market context. The analysis was anchored on stakeholder and legitimacy theories, which emphasize the importance of corporate accountability and transparency in enhancing firm value.

The findings of the study reveal that traditional economic sustainability indicators, such as revenue growth, return on assets, and return on equity, do not significantly influence market value when sustainability and governance variables are taken into account. This suggests that investors in the Nigerian capital market may not rely heavily on short-term accounting-based performance measures in valuing firms. Instead, market valuation appears to be increasingly shaped by non-financial information, reflecting a gradual shift toward broader considerations of corporate responsibility and governance quality.

The study further concludes that social sustainability plays an important role in enhancing firm value, particularly through visible social responsibility initiatives such as community and social donations. Firms that actively engage in and disclose such activities tend to enjoy higher market

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valuation, indicating that investors perceive these actions as signals of corporate legitimacy, stakeholder engagement, and long-term sustainability. However, the disclosure of pay equity or gender equality initiatives does not significantly affect market value, suggesting that such internal social policies are not yet strongly integrated into investor decision-making in Nigeria.

In terms of governance sustainability, the study concludes that board independence significantly enhances market value, underscoring the importance of strong and independent oversight structures in mitigating agency problems and improving corporate transparency. Audit committee independence, however, does not exert a significant standalone effect on firm valuation, implying that investors place greater emphasis on overall board composition than on committee-level governance mechanisms.

With respect to environmental sustainability, the study finds a significant but negative relationship between environmental disclosure and market value. This indicates that environmental sustainability initiatives are currently perceived by investors as cost-intensive or risk-laden, rather than value-enhancing, in the short run. The result reflects the realities of an emerging economy where environmental investments may be viewed as compliance-driven expenditures rather than strategic assets capable of generating long-term value.

Finally, the study concludes that industrysensitivitysignificantly moderates the relationship between sustainability reporting and market value, as evidenced by the overall statistical significance of the interaction model. This indicates that the combined influence of sustainability reporting variables differs across environmentally sensitive and less sensitive industries, even though the standalone coefficient of industry sensitivity is not statistically significant. In essence, while industry sensitivity may not directly affect market value on its own, it plays an important role in shaping how sustainability disclosures are interpreted and priced by investors across different sectors.

5.2 Recommendations

I. Since economic sustainability indicators did not significantly influence market value, firms should complement financial performance disclosures with more comprehensive sustainability reporting that highlights long-term value creation and stakeholder engagement. Regulators should also encourage integrated reporting practices that combine financial and non-financial information.

II. Given the significant positive effect of social sustainability on market value, firms should strengthen their social responsibility programmes, particularly community development and social investment initiatives, and ensure that such activities are adequately disclosed to stakeholders.

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III. Since governance sustainability, especially board independence, significantly enhances market value, firms should maintain strong corporate governance structures by increasing the proportion of independent directors and ensuring effective board oversight. Regulatory authorities should continue to enforce governance best practices to improve investor confidence.
IV. Given the significant negative relationship between environmental sustainability disclosure and market value, firms should improve the quality and transparency of environmental reporting by emphasizing the long-term economic benefits of environmental initiatives. Policymakers may also introduce incentives to encourage environmental investments and improve market perception of sustainability efforts.
V. Since industry sensitivity significantly moderates the relationship between sustainability reporting and market value, firms should adopt industry-specific sustainability reporting strategies that address the unique environmental, social, and governance concerns of their sectors. Regulators should also develop sector-based sustainability reporting guidelines to enhance comparability and investor understanding across industries.

5.3 Contribution to Knowledge

This study contributes to Knowledge as follows:

i. This study contributes to knowledge by revealing that revenue growth, return on assets, and return on equity do not significantly influence market value when sustainability and governance disclosures are considered simultaneously. This demonstrates that, in emerging markets, non-financial sustainability information may be more relevant to investors than short-term accounting performance measures.
ii. The study contributed to knowledge by disaggregating social sustainability into observable social donations and internal pay equity disclosures, revealing that only visible social contributions significantly enhance market value.
iii. This study contributes to knowledge by empirically establishing that industry sensitivity significantly moderates the relationship between sustainability reporting and market value. It demonstrates that the valuation effects of sustainability disclosures are not uniform across industries, thereby incorporating sectoral context into the sustainability–performance nexus.

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