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EFFECT OF OWNERSHIP STRUCTURE ON SUSTAINABILITY REPORTING OF LISTED INDUSTRIAL GOODS COMPANIES IN NIGERIA

Jocelyn U. Upaa[1], Justina Adaku Okoror[2], Michael Iorlaha[3*], and James I. Tyungu[4]

[1]Department of Accounting, Benue State University Makurdi, Nigeria.
Email: jossyupaa@gmail.com; Tel.: +2348039585172

[2]Department of Accounting, Prime University Abuja, Nigeria.
Email: okoro.adaku@primeuniversity.edu.ng; Tel.: +23480235209

[3]Department of Accounting, Prime University Abuja, Nigeria.
Email: michael.iorlaha@primeuniversity.edu.ng; Tel.: +2349021366661

[4]Department of Accounting, Benue State University Makurdi, Nigeria.
Email: tyungujames@gmail.com; Tel.: +2348063585524

[*]Corresponding Author's Email: michael.iorlaha@primeuniversity.edu.ng

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ABSTRACT: *This study examines the relationship between ownership structures and sustainability reporting in the context of listed industrial goods companies in Nigeria. Drawing on a large dataset, the study uses quantitative tools, such as regression analysis, to determine the impact of ownership arrangements on both sustainability reporting practices and financial performance. Secondary data were collected from 12 listed industrial goods companies in Nigeria for a period of ten years covering 2013 to 2022. Descriptive statistics and regression analysis were conducted to test the hypotheses. The paper found a significant positive effect of ownership structure on sustainability reporting of listed industrial goods companies in Nigeria. The study recommends amongst others that the management of organisations, particularly the industrial goods companies in Nigeria, adopt and implement board independence enhancement policy and ownership structure transparency and diversity policy to guide and strengthen the quality of Board Independence (BI) and Board Ownership (BO), as they have been found to have a significant impact on the environmental disclosure of listed industrial goods companies in Nigeria.*

KEYWORDS: Board independence, board ownership, foreign ownership, institutional ownership, sustainability reporting.

INTRODUCTION

Industrial goods firms in Nigeria occupy a pivotal role in the nation's economic framework, contributing significantly to manufacturing, infrastructure development, and employment creation. These firms span various sectors, including construction, manufacturing, chemicals, and textiles, forming a backbone for Nigeria's industrialization efforts. A blend of indigenous and international companies characterizes the industry, collectively addressing the demands of a growing population while driving GDP growth (Thomas et al., 2020). Key sub-sectors, such as construction materials, industrial machinery, and chemical products, underscore the sector's broad scope and importance in advancing national development goals.

Despite their critical contributions, Nigerian industrial goods firms face a mix of opportunities and challenges. On one hand, the country's large, youthful population presents a promising market, and government initiatives, such as incentives for local manufacturing and infrastructure expansion, provide support for industrial growth. On the other hand, issues like inadequate infrastructure, regulatory hurdles, and global economic volatility present obstacles that hinder optimal performance (Junas et al., 2020). To remain competitive domestically and globally, firms in this sector must adopt innovative strategies, enhance operational efficiency, and leverage technology effectively.

Sustainability has become a growing priority for Nigerian industrial goods firms in recent years. These companies are under increasing pressure to adopt eco-friendly practices, uphold ethical standards, and provide transparent reports on their sustainability efforts (Legendre & Coderre, 2013). Aligning with global trends, these initiatives reflect an awareness that sustainability is not only a moral imperative but also a strategic business advantage. As Nigeria progresses, the ability of the industrial sector to balance economic growth with environmental and social responsibilities will be crucial for shaping the nation's future development trajectory (Tobachnick & Fidell, 1996).

Furthermore, the profitability of Nigerian industrial goods firms is intricately linked to both internal dynamics and external economic conditions. Volatile commodity prices, regulatory uncertainty, and infrastructure challenges continue to shape the sector's financial landscape (Umukoro et al., 2019). While efforts to improve sustainability practices, such as adopting eco-friendly technologies and ethical supply chain management, may increase costs, they also represent opportunities for long-term financial resilience. For stakeholders, understanding the interplay between these challenges and opportunities is essential for fostering a more sustainable and profitable industrial goods sector in Nigeria.

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REVIEW OF RELATED LITERATURE

Conceptual Clarification

This section clarifies some relevant concepts used in the study, among them are; profitability, sustainability reporting and ownership structure.

Sustainability Reporting

Sustainability reporting is the process by which organisations communicate their economic, environmental, and social performance to stakeholders. It entails disclosing information about the company's initiatives, strategies, and accomplishments linked to sustainable business practices (Malik et al., 2017). Sustainability reporting extends beyond traditional financial reporting to include a larger range of measures that address an organisation's environmental effect, social responsibility, and long-term economic viability (Abdusalam & Babangida, 2020). This practice has grown in popularity as businesses recognise the value of incorporating sustainability into their core operations not only to meet the expectations of socially conscious consumers but also to align with global efforts to combat climate change and social inequality (Muhammed et al., 2017).

Sustainability reporting is based on the premise that corporations should be held accountable for their influence on the three bottom lines: people, planet, and profit. Companies generally incorporate key performance indicators (KPIs) for environmental conservation, social responsibility, and governance in their sustainability reports. These reports serve as a platform for transparency, allowing stakeholders such as investors, customers, employees, and the general public to assess a company's commitment to sustainable practices (Nguyen and Nguyen, 2020). Furthermore, sustainability reporting can help to create trust, improve reputation, and attract investment, as stakeholders increasingly respect organisations that prioritise not only financial success but also environmental and social responsibilities. As a result, sustainability reporting has evolved into a key tool for firms seeking to traverse the complicated environment of sustainable and responsible business practices (Oba & Fodio, 2012).

Ownership Structure

The distribution and composition of ownership inside a firm is referred to as its ownership structure, which outlines the numerous individuals, groups, or institutions that own shares or stakes in the organisation. It is an important part of corporate governance since it influences decision-making processes, strategic direction, and general company conduct. Ownership structures can be classed into two types: concentrated ownership, in which a small group or individual retains a major amount of the shares, and dispersed ownership, in which shares are distributed among a wide number of shareholders (Adekanmi, 2022). Additionally, distinguishing between institutional and individual ownership is critical, as institutional investors, such as pension funds or mutual funds, frequently have different interests and levels of influence than ordinary shareholders. Understanding ownership structure is critical for investors, regulators, and management because it reveals power dynamics, potential conflicts of interest, and how shareholder interests fit with the company's strategic goals (Hanen et al., 2020).

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The impact of ownership structure on a company's performance and decision-making processes has been extensively researched. Studies frequently investigate how ownership concentration or dispersion influences managerial behaviour, risk-taking inclinations, and financial success (Mgammal, 2017). Concentrated ownership, while potentially contributing to more effective decision-making and strategic focus, may create issues about power abuse or conflicts of interest. Dispersed ownership, on the other hand, may improve transparency and lower the danger of managerial abuse, but it may also pose issues in terms of shareholder coordination and monitoring (Ho and Taylor, 2013). As a result, analysing ownership structure is crucial not only for understanding the dynamics within a firm but also for evaluating its corporate governance standards and projecting its resiliency in the face of various economic and market challenges.

Facets of Ownership Structure

Institutional ownership

Institutional ownership is the percentage of a company's outstanding shares held by institutional investors, which include mutual funds, pension funds, and other significant financial institutions. The quantity of institutional ownership in a firm frequently shows sophisticated investors' trust and interest in its performance and growth potential (Innocent & Gloria, 2018). Prior to making large investments, institutional investors often do detailed examinations of a company's financial health, management practices, and sustainability initiatives. High institutional ownership might imply an optimistic outlook for a company's prospects since these investors can provide stability and experience to the shareholder base (Oyedokun et al., 2019). In contrast, low institutional ownership may raise worries about the company's financial health or governance standards. The impact of institutional ownership on profitability and sustainability reporting is multidimensional. Institutions with strong ownership shares may actively work with the company to promote responsible business practices, such as rigorous sustainability reporting. These investors frequently have long-term goals and may favour sustainable company practices that can lead to long-term profitability (Yahaya, 2018). Furthermore, the presence of respected institutional investors can boost a company's credibility in the financial markets, thereby attracting new investors and increasing the stock price. Institutional investors, on the other hand, may put pressure on corporations to reach short-term financial targets, which could have an influence on long-term sustainability measures. The relationship between institutional ownership, profitability, and sustainability reporting is complex and changes depending on the individual plans and aims of both the institutional investors and the companies in question (Yusuf et al., 2019).

Managerial Ownership

Managerial ownership is the percentage of a company's shares owned by its executives and top-level managers. This kind of ownership aligns managers' interests with those of shareholders, as managers become shareholders in their own right. The concept is based on agency theory, which states that managers with a large stake in the company are more inclined to make decisions that increase shareholder value (Aifuwa, 2020). High managerial ownership is frequently regarded as a positive sign of effective corporate governance since it means that executives have a personal financial stake in the company's performance and are encouraged to make decisions that promote long-term profitability and sustainability. The impact of managerial ownership on profitability and sustainability reporting is complex. On the one hand,

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high managerial ownership can instil a sense of accountability and dedication in executives, resulting in strategic decisions that favour long-term financial success over short-term profits. This dedication is also crucial for sustainability reporting, since managers may be more likely to embrace ecologically and socially responsible policies that help the company's long-term existence. On the other hand, excessive managerial ownership may present difficulties because it may concentrate decision-making power in the hands of a few individuals, potentially leading to conflicts of interest or decisions that prioritise managerial wealth over broader shareholder interests (Ali, Isa, & Ali, 2018).

Ownership Concentration

Ownership concentration is the allocation of shares among a small number of key shareholders inside a corporation. It is a critical component of corporate governance, with significant consequences for profitability and sustainability reporting. In cases of high ownership concentration, a few prominent shareholders frequently have great influence over decision-making processes, allowing for more targeted strategic direction. However, this concentration of power may result in potential conflicts of interest and an increased chance of decisions that prioritise short-term advantages above long-term sustainability. Furthermore, a concentrated ownership structure may lead to a lack of checks and balances, potentially affecting the company's overall openness and accountability (Baalouch et al., 2019). The effect of ownership concentration on profitability is multidimensional. On the one hand, concentrated ownership may increase efficiency by allowing for faster decision-making and implementation of strategic objectives. Large shareholders who are invested in the company's success may connect their goals with long-term profitability, resulting in more stable and sustainable financial performance (Haladu & Salim, 2016). However, the possibility of agency problems emerges because dominant owners may prioritise their own interests over those of minority shareholders, potentially leading to actions that prioritise short-term gains over long-term profitability. Furthermore, the influence on sustainability reporting is substantial, as concentrated ownership structures can either encourage a focus on sustainable practices that are linked with long-term profitability or lead to a lack of openness in reporting on environmental, social, and governance issues. Striking a balance between concentrated ownership for effective decision-making and implementing accountability measures is critical for long-term profitability and sustainability (Cassey & Anderson, 1999).

Foreign Ownership

Foreign ownership is the extent to which a firm is owned or controlled by entities outside of its home nation. Foreign ownership can have a considerable impact on profitability and sustainability reporting, depending on a variety of conditions (Legendre & Coderre, 2013). Foreign ownership frequently brings varied viewpoints, capital, and access to international markets, all of which contribute to profitability. Multinational corporations with foreign ownership may benefit from economies of scale, increased efficiency, and improved competitiveness, potentially leading to higher profits. However, exchange rate changes, geopolitical risks, and differences in business procedures can all have an impact on the financial performance of foreign-owned firms (Malik et al., 2017). In terms of sustainability reporting, foreign ownership can have a beneficial impact by encouraging adherence to global environmental, social, and governance norms. Many overseas investors prioritise sustainable business practices, encouraging enterprises to report responsibly and transparently. This can help to strengthen corporate social responsibility (CSR) and stakeholder relations, boosting a

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company's reputation and long-term viability (Mgammal, 2017). Foreign-owned businesses, on the other hand, may struggle to align their sustainability practices with the expectations of both their home and host nations, necessitating careful balancing of global standards with local considerations (Oyedokun et al., 2019). Overall, the impact of foreign ownership on profitability and sustainability reporting is multidimensional, with possible benefits and challenges that must be carefully considered within the context of each company and industry.

Ownership Structure and Sustainability Reporting

The distribution and arrangement of ownership interests inside a firm, as well as, the identity of individuals or entities holding stock in the organisation are referred to as its ownership structure. This structure frequently comprises both institutional and individual shareholders and plays an important role in defining corporate governance dynamics. There are several types of ownership structures, ranging from concentrated ownership by a single organisation or family to widely distributed ownership among many shareholders. A company's general governance framework, strategic direction, and decision-making processes can all be influenced by its ownership structure. Understanding ownership structure is critical in corporate governance because it influences the alignment of interests between shareholders and management, affecting a company's long-term sustainability and performance. Companies use sustainability reporting to increase transparency, develop confidence with stakeholders, and demonstrate their commitment to tackling larger societal and environmental issues. The topography of ownership structures can influence a company's strategic focus, priorities, and responsiveness to ESG concerns, all of which have an impact on its sustainability reporting standards. Understanding this dynamic is critical for determining whether a company's ownership structure helps or hinders its efforts to achieve long-term sustainability.

Empirical Review

Adekanmi (2022) investigated the impact of ownership structure on the sustainability reporting of non-financial enterprises listed on the Nigerian Stock Exchange (NSE) from 2006 to 2020. The study population included one-hundred-and-thirteen (113) listed non-financial enterprises. The sample size consisted of seventy-six (76) listed non-financial enterprises out of the total population. The sample size was determined using the Yero Yamane approach. Secondary data was gathered from audited financial records of sample firms. The analysis was conducted using panel data and least squares multiple regression. The results showed that ownership concentration, managerial ownership, and institutional ownership maintain positive and statistically significant relationships with sustainability reporting while asset tangibility has a negative and statistically significant relationship with sustainability reporting.

Abdusalam and Babangida (2020) evaluated the impact of sales and firm size on sustainability reporting by Nigerian industrial goods companies. The paper's population consists of 12 industrial goods companies that play significant roles in Nigeria's upstream, middle, and downstream oil and gas sectors. Six companies were chosen to make up the study's sample size for fifteen years, from 2004 to 2018. Panel regression techniques were used to evaluate data from the sample companies' annual accounts and standalone reports. The results showed that business characteristics proxied by sales growth and leverage have a negative significant influence whereas firm size has a positive significant effect on sustainability reporting and profitability of oil and gas companies in Nigeria. The study therefore postulates the first hypothesis as thus;

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Githaiga and Kosgei (2023) explored how board features affect sustainability reporting in East African listed enterprises. The analysis makes use of data from 2011 to 2020 and a sample of 79 listed corporations from East African stock exchanges. Sustainability reporting is measured using the Global Reporting Initiative, and the data is examined using three-panel data estimation models: fixed effect, random effect, and generalised technique of moments. The findings show that board gender diversity, financial knowledge, and board independence are all favourably and significantly associated with sustainability reporting. In contrast, board size has a negative and considerable impact on sustainability reporting.

Nguyen (2020) evaluated the relationship that existed between board qualities and sustainability reporting using empirical evidence from German major listed corporations from 2013 to 2016. The study used a regression model based on 388 observations from 97 German-listed companies. The study discovered a strong but negative correlation between board size and sustainability reporting. The study's research on the sustainability index was based on GRI sustainability reporting guidelines.

Junias et al. (2020) investigated the impact of management ownership on sustainable accounting in Indonesia between 2015 and 2019, employing a moderated regression analysis to determine the link between the variables in the study. The study discovered that managerial ownership has a favourable and significant impact on sustainability accounting. The study demonstrated how managerial ownership plays a vital impact in meeting sustainability reporting obligations. However, the study found that managerial ownership can interfere with free cash-flow operations to promote social and environmental sustainability.

Ali and Isa (2018) investigated the impact of ownership qualities (managerial ownership, institutional ownership, and blocking) on environmental, social, and governance (ESG) disclosures using an exploratory literature review. The study discovered that management ownership, institutional ownership, and blocking holding have an impact on a company's corporate social responsibility (CSR) disclosure. The study is rich in corporate attribute characteristics; nonetheless, the study found inconsistent results of both positive and negative influence, indicating the need for additional research to validate the study in greater depth. The second hypothesis for the study is postulated as follows;

Theoretical Review

An agency theory relationship is described as a contract in which one or more people (the principal) hire another person (the agent) to execute a service on their behalf, which includes transferring decision-making authority. Jensen and Meckling (1976) proposed the idea, which essentially outlines the interaction between two parties: the owner as principal and management as agent. According to the thesis, the separation of ownership and control in modern businesses has transformed the relationship between owners (shareholders) and controllers (managers) into that of an agent and a principal. As such, managers are expected to treat this fiduciary relationship with the utmost transparency and accountability. However, in practice, the existence of information asymmetry, which provides managers with privileged information, may lead to a violation of the agency arrangement because managers are inclined to exploit their positions for self-improvement, resulting in the agency dilemma. Similarly, Fama and Jensen (1983) argue that agency difficulties caused by the separation of ownership and control can be mitigated if the residual claimants (shareholders) and decision agents (managers) in a

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corporation are the same. This is because shareholders' and managers' interests are tightly intertwined.

METHODOLOGY

The study adopts a descriptive ex-post facto regression design relying on secondary data obtained from the population of the study. The population of this study comprises all 13 industrial goods companies listed on the Nigerian Exchange Group (NGX) as of 2023, using stratified and purposive sampling techniques based on the population's industries. However, through the filtering process of data availability and ease of results comparability from the population, 12 of the companies were taken as sample size. The data was collected from the annual reports and financial statements of the sampled companies for a period of ten (10) years (2013 to 2022).

The regression model used for this study is presented in the equation below:

$$SDI = f\,(INSO, MGTO, OWCN, FORO) \quad (1)$$

This equation can be rewritten econometrically as;

$$SDI_{it} = b_o + \beta_1 INSO_{it} + \beta_2 MGTOit + \beta_3 OWCN_{it} + \beta_4 FORO_{it} + \mathcal{E}_{it} \quad (2)$$

Where:

SDI = Sustainability Disclosure Index

INST = Institutional Ownership

MGTO = Managerial Ownership

OWCN = Ownership Concentration

FORO = Foreign Ownership

b0 = intercept (constant)

i = cross-sectional time

t =time series, ε = Error term

Measurement of Variables

Sustainability Disclosure: The extent of environmental disclosure based on Global Reporting Initiative (GRI) G4 environmental disclosure criteria. 1 = Companies that disclose environmental information in their annual report; otherwise for non-disclosure,= 0.

Managerial Ownership: The percentage of shareholding of directors and their immediate families in an accounting year

Ownership Concentration: The percentage of largest shareholding from individual shareholders

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Institutional Ownership: The proportion of shareholding by institutional investors in the company

Foreign Ownership: The percentage of shareholding from foreign investors in the company

ANALYSIS AND DISCUSSION

Descriptive Statistics

Descriptive statistics shows summary statistics of all the variables of the study. The result for the descriptive statistics is presented in Table 1.

Table 1: Descriptive Statistics of the Study Variables

Variable	N	Mean	Std. Dev.	Min	Max
SDI	80	2.21	0.82	0.125	2.83
INSO	80	8.9	2.62	4	16
MGTO	80	62.38	15.41	31.25	90
OWCO	80	15.77	22.28	0.00	78.20
FORO	80	42.88	12.30	18	65

Source: *STATA Output Version 16.0*

Results from Table 1 show the descriptive characteristics of the study variables with 80 observations. This implies that data about the study variables were collected from eight (8) companies for ten (10) years. This therefore means that the study data are of panel attributes. It shows that the environmental disclosure index has a mean of 2.21 and a standard deviation of 0.82. This shows that most of the sampled industrial goods companies report their environmental issues in terms of money, given an index of 2.21 out of a total index of 3, which is the highest reporting quality index. The table also showed that ED has 0.125 and 2.83 as the lowest and highest index among the sampled industrial goods companies in Nigeria. Board size has a mean of 8.9 with a deviation of 2.62 which is less than the mean. This implies a low variation in BS among the sampled industrial goods companies in Nigeria. The table also revealed that among the sampled companies, the lowest and highest size of the board were 4 and 16 members respectively. Furthermore, Board Independence (BI) has a mean of 62.38 with a deviation of 15.41 which is lower than the mean, implying a low variation in BI among the sample companies for the period under consideration. The table also showed 31.25 and 90 as the lowest and highest values for BI respectively. The table showed data relating to Board Ownership (BO) with a mean of 15.77 and a deviation of 22.28. The deviation being higher than the mean entails a wide variation in BO among the sampled industrial goods companies in Nigeria for the period examined. It was further revealed that BO on minimum was 0.00 and maximum 78.20. On Age–the control variable, the table reveals the average age for sampled companies was 42.88 years having a deviation of 12.30. The deviation being below the mean implies low variation in Age among the sampled companies. The table further revealed that the lowest age among the sampled companies was 18 years and the highest was 65 years. The importance of this control variable is that the firms are old enough to have impacted negatively on the environment, made efforts to clean their mess and reported the same.

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Regression Analysis

The study adopts multiple regressions as the major data analysis technique. A data robustness test was also performed to ensure that the data employed in the study meets basic regression assumptions before panel regression analysis is performed.

Table 3: Regression result

SDI	B	Z	P-value
INSO	0.0059	0.24	0.810
MGTO	-0.0051	-2.02	0.043
OWCO	-0.0015	1.97	0.049
FORO	-1.9869	-1.51	0.132
Constant	2.2558	5.08	0.000
R^2 (within) = 0.1549			
R2 (between) = 0.4351			
R2 (overall) = 0.2423			
Wald Chi^2=170.12			
p-value=0.0000			

Source: *STATA Output Version 16.0*

The analysis of the random effect regression results reveals critical insights into the relationship between corporate governance mechanisms and sustainability disclosure among listed industrial goods companies in Nigeria. The Wald Chi-Square value of 170.12 with a p-value of 0.00 confirms the statistical significance and robustness of the model in explaining variations in environmental disclosure. The R-squared values highlight the explanatory power of the independent variables at various levels: 15.49% within companies, 44% between companies, and 24.23% overall, leaving the remaining variance attributable to unobserved factors. Notably, the independent variable "institutional ownership" (INSO) positively affects sustainability disclosure by 6% per unit change, but this effect is statistically insignificant (p-value of 0.810). Conversely, management ownership (MGTO) and ownership concentration (OWCO) negatively impact sustainability disclosure by 5% and 2% per unit change, respectively, with both effects being statistically significant (p-values of 0.043 and 0.049). These findings suggest that management ownership and ownership concentration, possibly driven by cost concerns and profit motives, significantly hinder environmental disclosure, emphasising the need for strategic interventions to enhance sustainability practices in the sector.

Test of Hypotheses

The hypotheses formulated in chapter one of this paper are tested here. Each of the formulated hypotheses is tested at 5 percent using the p-value as presented in Table 3. The criteria for rejecting/accepting the null hypothesis is that, if the p-value is greater than 0.05, accept the null hypothesis but if the p-value is less than 0.05, reject the null hypothesis.

Ho_1: Institutional ownership has no significant effect on the sustainability disclosure of listed industrial goods companies in Nigeria.

From Table 3 the p-value of institutional ownership is 0.81 which is greater than 0.05. The null hypothesis is accepted and the alternative hypothesis is rejected. The study therefore maintains

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that institutional ownership has no significant effect on the environmental disclosure of listed industrial goods companies in Nigeria.

Ho_2: Management ownership has no significant effect on the sustainability disclosure of listed industrial goods companies in Nigeria.

Given that, management ownership has a p-value of 0.04 which is less than 0.05. The null hypothesis is rejected and the alternative hypothesis is accepted. The study therefore affirms that managerial ownership has a significant effect on the environmental disclosure of listed industrial goods companies in Nigeria.

Ho_3: Ownership concentration has no significant effect on sustainability disclosure of listed industrial goods companies in Nigeria.

From Table 3 ownership concentration has a p-value of 0.05 which is less equal to 0.05. The null hypothesis is rejected and the alternative hypothesis is accepted. The study therefore holds that ownership concentration has a significant effect on the environmental disclosure of listed industrial goods companies in Nigeria.

DISCUSSION OF FINDINGS

According to the probability value of the explanatory variable, the empirical study revealed that board size (BS) had no significant effect on the sustainability disclosure (EDI) of Nigerian-listed industrial goods companies. Since the likelihood of BS is larger than 0.05. The takeaway is that board size is an unimportant driver of sustainability disclosure. This demonstrates that the size of a company's board of directors (large or small) has no bearing on its disclosure of environmental activities. What important is the board's capacity to include members who believe in environmental sustainability and understand the benefits of providing such information? This finding agrees with that of Beredugo and Mefor (2012) and Uwuigbe and Jimoh (2012) but disagrees with the works of Mgbame and Onoyase (2015). In line with the result of the test of hypothesis two, Board independence (BI) has a significant effect on environmental disclosure (EDI) of listed industrial goods companies in Nigeria. This is because; the probability value of BI passes the significance test at a five percent level. Therefore, we accept the alternative hypothesis that board independence has a significant effect on the environmental disclosure of listed industrial goods companies in Nigeria. What this outcome means is that independent directors influence environmental reporting among Nigerian firms. This is to say, when directors of a company are independent, they have the free will to listen to the yearnings and aspirations of the varying stakeholders and deliberate objectively on the issues to balance the interests of those stakeholders. This position is in line with the findings of Oba and Fodio (2012), Johnmani (2013) as well as Mgbame and Onyase (2015) who also found a positive relationship between board independence and environmental disclosure. This finding is also in agreement with the stakeholders' theory. The result also shows that board ownership (BO) has a significant effect on the environmental disclosure of listed industrial goods companies in Nigeria. As presented in Table 4.7, the probability of board ownership passed the significance test at a five percent level. This means that if the directors of the board also have a stake in the company, there is a likelihood that they will give a listening ear to the cries of other stakeholders about the negative effects of the firm on them and the environment, in general, to be adjudged legitimate. The finding of this study is in line with

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Ogbechie (2010) but contradicts Oba and Fodio (2012) as well as Mgbame and Onoyase (2015). This finding is also in line with the legitimate theory.

CONCLUSION AND RECOMMENDATION

The study offered empirical data on the effect of corporate governance procedures (proxy by board size, board independence, board ownership, board meetings, and board diversity) on environmental disclosure (proxy by environmental disclosure index) in Nigerian listed industrial goods companies. Based on the findings, the study concludes that companies should establish policies and guidelines for their corporate governance mechanisms to manage, control, and reduce inefficiencies in environmental disclosure, as well as to a large extent determine the type of information a firm discloses for public consumption on environmental issues.

Based on the findings, it is recommended that the management of organisations, particularly the industrial goods companies in Nigeria, adopt and implement;

i. **Board Independence Enhancement Policy:** This policy should mandate a minimum percentage of independent, non-executive directors on the board. Independent directors bring objectivity and oversight, reducing the influence of entrenched management. The policy could also include regular board evaluations and training to strengthen the independent directors' roles in promoting environmental sustainability.

ii. **Ownership Structure Transparency and Diversity Policy:** This policy should promote diversified ownership by encouraging a mix of institutional and minority shareholders. It should also include clear guidelines for disclosing board ownership stakes and aligning board members' interests with long-term environmental and organisational goals. Additionally, this policy can incorporate mechanisms to reduce concentrated ownership to prevent the dominance of profit-driven motives over sustainability objectives.

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