



THE EFFECT OF SUSTAINABILITY REPORTING ON FIRM VALUE OF LISTED OIL AND GAS FIRMS IN NIGERIA

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Abstract

This study delves into the impact of sustainability reporting on the firm value of listed oil and gas firms in Nigeria from 2013 to 2022. The study considered a population of twelve (12) listed oil and gas firms. The census sampling technique was used by considering the population as sample. However, the population was adjusted to accommodate firms with adequate data for analysis. Therefore, a sample firms of eleven (11) were eventually considered for the study. Data were extracted from annual reports of the sampled firms. While the study adopted a descriptive and correlational research designs, the regression model was used in analysing the data for valid findings. Therefore, the findings reveal that environmental disclosure, economic disclosure and social disclosure have positive and significant impacts on firm value and which indicate that firms engaging in comprehensive sustainability practices experience improved market valuation. This conclusion underscores the importance of integrating sustainability considerations into business strategies within the Nigerian oil and gas sector. Based on the research outcomes, the study recommended that oil and gas firms should prioritize sustainability reporting that encompass economic, environmental, and social aspects. In addition, government and regulatory bodies are encouraged to mandate on sustainability reporting for listed companies and by enabling development of sector-specific reporting guidelines. Nevertheless, stakeholders such as host communities and human rights activists are advised to recognize and support firms that actively contribute to sustainable development.

Keywords: sustainability reporting, firm value, listed oil and gas firms, Nigeria

1. Introduction

Firm value is an economic concept that reflects the value of a business. It is the value that a business is worthy of at a particular date. Like an asset, the value of a firm can be determined on the basis of either book value or market value (Bahraini, et al., 2021). A company's market value is a good indication of investors' perceptions of its business prospect (Azimovna, 2022). The value of a firm is one of the most important factors that will be considered in other to make an analysis of the business financial health, or taking its ownership. This is because the higher the value of the firm, the better is the firm's financial position and the better is the prospect for prospective investors. The value of a

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firm shows stakeholders perception on the level of success of a company in managing their resources as a form of stakeholder's trust toward the company (Nguyen, et al., 2021). Environmental hazards and ecosystem disturbance in Nigeria are mostly due to upstream drilling that has not been studied by oil and gas firms (Aidonojie, 2023; Kehinde, et al., 2020; Nnaemeka, 2020). Oil has swiftly supplanted agriculture as a key source of wealth since its first commercial discovery in Nigeria River State in 1956. Oil wealth is so important to Nigeria's economy that it accounts for 90% of foreign exchange profits and 85% of overall government revenue (Onoh, et al., 2022). Crude oil will remain important in Nigeria until supplies are exhausted, which is expected to occur in the next twenty to thirty years, according to current forecasts (Nigerian National Petroleum Corporation, 2022). In addition to the substantial health concerns connected with oil and gas exploration (Azi, et al., 2023; Ogolo, et al., 2022),

Sustainability reports are optional reports that give information on a company's economic, environmental, and social implications. This allows businesses to close information gaps and create transparency about their sustainability performance, both good and negative (Hanaysha, et al., 2022). The economic component of sustainability is concerned with the organization's effects on the economic situations of its stakeholders as well as on local and global economic systems in the study.

Environmental sustainability is defined as responsible engagement with the environment in order to minimise depletion or deterioration of natural resources and to ensure long-term environmental quality. And the final aspect of sustainability reporting is the social aspect of sustainability which focuses on the impact that businesses have on the social systems in which they operate. Labour practices and decent work, human rights, society, and product responsibility are all sub-categories of the social category, according to (Global Reporting Initiative, 2013).

In terms of revenue creation, the oil and gas business has been a significant contributor globally. Ordinarily by a firm primary objective, the firm's ultimate goal is to be profitable and increase the value of the company by maximizing shareholders' wealth. However, the corporate sector often violates business rules, degrades the environment and ecosystem, and jeopardizes employee safety while achieving this objective (Skouloudis et al., 2019). As a result, investors, customers, suppliers, governments, and workers face difficulties. All of these parties want the management of the company to go further and take responsibility to be more ethical and socially responsible (Guo, et al., 2020).

Companies are increasingly under intensity for the negative impact of their business operations on society, employees and the environment, putting these stakeholders at risk. Personnel exploitation and accounting fraud lead to mismanagement, which severely affects the company's solvency, depreciation, public image and trust (Macailao, 2020). Oil spills, damaged soil, unintended sand fires, and other real, water-polluting accidents have been documented over time to have indicted numerous high-profile corporate environmental to be culpable to these challenges and which consequently trigger strong protest in Nigeria and globally.

Nigeria in particular, is one of the most environmentally polluting foreign locations in the world, ranking seventh among the USA in terms of gas combustion and tenth most polluting to the United State of America in general (Nnaemeka, 2020; Global Bank, 2019). Many of these environmental issues are the result of corporate actions and operations, which are ostensibly designed to meet the financial demands of their shareholders and

traders. In general, this is associated with the grease and gas companies operating near the Niger Delta, so it is expected that the companies operating under their supervision will be environmentally conscious.

Several studies have investigated the impact of sustainability reporting on financial performance. For instance, the study of Ighosewe, et al. (2020), examined sustainability reporting among Nigerian food and beverage companies. The breadth of Lafarge Africa Plc's sustainability reporting was investigated by (Nzekwe, et al., 2021). The impact of sustainable accounting on the financial performance of listed industrial enterprises in Nigeria was investigated by Alhassan, et al. (2021). Iyoha (2023) evaluated the link between sustainable development practices and corporate financial performance of publicly traded firms in Nigeria's agriculture, basic materials, consumer products, consumer services, financial services, health care, information and communication technology, industrials, and oil and gas sectors. Alabo and Anyasor (2021) investigated the impact of sustainability reporting on the financial performance of a group of publicly traded Nigerian brewing companies.

The studies did not consider how sustainable financial reporting influences the firm value of oil and gas by using Tobin's Q as measurement of firm value but rather the disclosure aspect as a tool for enhancing firm value. In view of the foregoing, this study raises and intends to find answers to the following research questions;

- i. To what extent environmental sustainability disclosures impact on firm value of listed oil and gas firms in Nigeria?
- ii. To what extent economic sustainability disclosures impact on the firm value of listed oil and gas firms in Nigeria?
- iii. To what extent social sustainability disclosures impact on firm value of listed oil and gas firms in Nigeria?

The main objective of the study is to examine the effect of sustainability reporting on firm value of listed oil and gas firms in Nigeria. While the specific objectives are to:

- i. Assesses the impact of environmental sustainability disclosures on firm value of listed oil and gas firms in Nigeria.
- ii. Examine the impact of economic sustainability disclosures on firm value of listed oil and gas firms in Nigeria.
- iii. Examine the impact of social sustainability disclosures on firm value of listed oil and gas firms in Nigeria.

In order to answer the research questions and achieve the objectives of the study, the following hypotheses were formulated by the researcher:

H₀₁: Economic sustainability disclosures have no significant impact on firm value of listed oil and gas firms in Nigeria

H₀₂: Environmental sustainability disclosures have no significant impact on firm value of listed oil and gas firms in Nigeria

H₀₃: Social sustainability disclosures have no significant impact on firm value of listed oil and gas firms in Nigeria

Despite the fact that there are many companies listed on the floor of Nigerian Exchange Group (NGX), and there are a number of oil and gas firms operating in Nigeria some of which are not listed in the Nigerian Exchange, the scope of the study will be limited to the oil and gas firms listed in the Nigerian Exchange group, this is justified by the fact that oil and gas firms are among environmentally sensitive firms and information as regard

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to the listed firm will be easily assessable. Similarly, the study took into consideration the sustainability reporting and firm value reported by the firm for 10 years period, that is 2013 to 2022. The study would be of immense benefit to various stakeholders, some of which include the Nigerian oil and gas companies. The oil and gas firms would get more insight in complying with the prescribed guidelines for reporting their sustainability issues. Government and policy makers would be able to take decisions as to approaches used in facilitating sustainability reporting behaviours by firms. Communities and Human Right Activist would be able to influence benefits to the host community by identifying firms that are not committed towards meeting their demands. The study would benefit the academic circle by establishing a platform for further studies and value addition to the body of knowledge.

2. Literature Review

Conceptual Review

Firm Value

The assets owned by the company are represented by the value of the company. Since it represents the wealth of the owner of the company, the value of the company is seen as extremely important. As a result, the manager, as the company representative, is responsible for maximizing the value of the company (Nurol, 2014; Nenu, Vintilă, & Gherghina, 2018). The stock price, which indirectly represents the choice of investment, financing and asset management, is widely used to indicate shareholder well-being and the value of the company. Furthermore, research has looked at business value in terms of stock prices and Tobins'Q (Hessayri & Sahi, 2017; Gharaibeh & Qader, 2017). Tobin's Q (q-ratio) is commonly used by corporate finance and accounting experts to estimate a company's value; hence this study used a definition (Hessayri & Sahi, 2017; Gharaibeh & Qader, 2017).

Sustainability Reporting

Sustainability reporting is a wide term that refers to a company's economic, social, and environmental implications, including both positive and negative aspects (Atu, 2013). In its evaluation and decision-making procedures, the reporting organisation makes a strong effort to consider economic, environmental, and social factors (Amacha & Dastane, 2017). This study adopts the definition of Uwugbe et al., (2018), as a statement published by a firm concerning the economic, social, and environmental repercussions of its routine operations is defined as sustainability disclosure for the purposes of this research.

Economic Sustainability Reporting

This relates to the organization's influence on its stakeholders' economic situations as well as its interactions or relationships with economic systems at the local, national, and global levels. It isn't only concerned with the financial health of businesses (NSE, 2018). This research defines economic sustainability, in accordance with NSE et al., (2018), as the disclosure and communication of a company's environmental, social, and governance (ESG) goals, as well as its progress toward attaining those objectives.

Environmental Sustainability Reporting

The environmental component of sustainability, according to GRI (2013), is concerned with an organization's influence on living and non-living natural systems, such as ecosystems, land, air, and water. Organizations have begun to publish sustainability or environmental reports in the last several years, detailing the organization's environmental

effects and the mechanism by which those impacts are monitored and quantified (Tasneem et al., 2016; Lestari et al., 2019). As a result, economic sustainability is defined in this study as a component of overall sustainability, defined as the use, preservation, and maintenance of resources (both human and material) in order to produce long-term sustainable values through the most efficient use, recovery, and recycling of available resources.

Social Sustainability Reporting

Concerns about an organization's influence on social systems such as labour practices, human rights, and relationships with communities in which its works are addressed in the social component of sustainability (GRI, 2013). According to Adesunloro et al. (2019), in order to thrive in business, companies must demonstrate to their investors and host communities that they are making trustworthy and genuine measures to secure their safety in the context of their operations. Because of the perceived advantages, a firm is often urged to implement CSR. CSR should increase a company's competitiveness and reputation in the long run, as well as the link between a company's CSR efforts and its financial success (Matuszaka & Róaska, 2017). As a result, for the purposes of this research, CSR is defined as the duty of corporations to satisfy their legal, economic, ethical, and philanthropic obligations for the acts of people and activities that impact people, as stated by (Kaliski 2007; Kim, 2008).

Empirical Review

Economic Disclosure and Firm Value

Uweighbe and colleagues (2018) investigated the bi-directional relationship between sustainability reporting (considering environmental, social and economic disclosure) and firm performance in Nigeria's publicly traded Deposit Money Banks (DMBs). The empirical findings show that there is a bidirectional relationship between sustainability reporting and firm performance among Nigeria's publicly traded Deposit Money Banks (DMBs).

Fuadah et al. (2019) use a sample of firms who got an Indonesia Sustainability Reporting Awards (ISRA) in 2016 to investigate variables impacting corporate performance via sustainability reporting. Secondary data from the annual report 2012-2016 is used in this research. The first finding demonstrates that board size and sustainability are unrelated. The second and third outcomes demonstrate that size and leverage have a favourable influence on sustainability reporting.

Agu and Amedu (2018) examine the impact of sustainability reporting on the performance of listed pharmaceutical enterprises in Nigeria. The findings revealed that the economic disclosure index has a negative and negligible association with Return on Assets, but the Environmental and Social disclosure indexes had a statistically positive but insignificant link with Return on Assets of pharmaceutical enterprises in Nigeria.

Dincer and Altinay (2020) investigate the impact of statements made in the context of sustainability reports on banking sector corporate performance. As a consequence, it is discovered that sustainability report declarations have a major impact solely on return on assets, with no impact on return on equity or net interest margin.

Environmental Disclosure and Firm Value

Abiodun (2021) uses data from 10 randomly chosen listed deposit money banks from 2014 to 2018 to study the impact of sustainability disclosure on company value. These findings suggest that overall sustainability and environmental sustainability disclosures

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have a negative impact on corporate value rather than a positive one. Gunarsih and Ismawati (2018) sought to provide empirical evidence on the influence of three disclosure elements of Sustainability Reporting (SR) on business performance. Economic dimension, environmental dimension, and social dimension are the three aspects of SR. The findings reveal that two aspects of SR (economic and social) have an influence on market value (Tobin's Q), but not on book value (ROA). Even if the study's sample size is adequate, a longer time period might have shown better results.

Asoquoa et al. (2018) investigate the impact of sustainability reporting on performance of a group of publicly traded Nigerian brewing enterprises. Data for the research was gathered over a period of five years from the audited financial statements of the three brewing enterprises in order to determine the link between sustainability reporting and corporate success (2012-2016). The findings reveal that economic performance disclosure (ECN), environmental performance disclosure (ENV), and social performance disclosure (SOC) had no significant influence on return on asset (ROA) of selected listed enterprises in Nigeria, according to the findings of the research. The sample size of three businesses over a five-year period is insufficient to assess sustainability reporting practices.

Social Disclosure and Firm Value

Using ROA and Tobin's Q, Gunarsih and Ismawati (2018) sought to provide empirical evidence on the influence of three disclosure elements of Sustainability Reporting (SR) on business performance. Economic dimension, environmental dimension, and social dimension are the three aspects of SR. In this research, the justification for the association between SR and corporate performance is based on good management theories, which say that there is a strong link between good management practices and Corporate Social Performance (CSP), and that SR has a beneficial influence on company performance. This research included 60 firms from the mining, metals, and food processing sectors that were listed on the IDX between 2014 and 2017. Purposive sampling is the approach used. The findings reveal that two aspects of SR (economic and social) have an influence on market value (Tobin's Q), but not on book value (ROA). Even if the study's sample size is adequate, a longer time period might have shown better results.

Fuadah et al. (2019) studied the factors influencing corporate performance through sustainability reporting, using a sample of firms that received the Indonesia Sustainability Reporting Awards (ISRA) in 2016. The research utilized secondary data from annual reports between 2012 and 2016. The findings revealed that board size had no relationship with sustainability, while firm size and leverage positively influenced sustainability reporting. Additionally, the study found that corporate sustainability reporting had a significant positive impact on performance. It highlighted the mediating role of sustainability reporting in the relationship between these factors and business performance. However, the study's limitations include its short five-year analysis, failure to distinguish between environmental, economic, and social aspects of sustainability, and the judgmental selection of the sample size.

Dincer and Altinay (2020) examined how sustainability report statements impact the corporate performance of banks. The study focused on seven banks listed in the BIST Sustainability Index between 2010 and 2017, analyzing sustainability criteria such as the environment, human resources, product liability, and community participation. Corporate performance was measured by return on assets, return on equity, and net interest margin. Using non-parametric statistical tests and panel data analysis, with bank types and sizes as

dummy variables, the study found that sustainability report statements significantly impacted return on assets but had no effect on return on equity or net interest margin. Additionally, environmental and human resource disclosures negatively affected return on assets. The study's limitation is its failure to incorporate the economic aspect of sustainability reporting and its reliance on accounting-based performance measures, excluding market-based measures.

Cho et al. (2019) studied the relationship between corporate social responsibility (CSR) performance and corporate performance using a sample of 191 businesses listed on the Korea Exchange. CSR performance was measured using the Korea Economic Justice Institute (KEJI) index from 2015, while corporate performance was assessed through profitability (using return on assets) and company value (using Tobin's Q). Correlation and regression analysis were employed to examine these relationships. The results indicated a partly positive link between CSR performance and both profitability and business value. These findings align with previous studies showing a connection between CSR and corporate success in Korean companies using the KEJI index. Social contribution was found to have a statistically significant positive relationship with profitability, while a positive link was also observed between CSR performance and total asset growth, business soundness, and social contribution. Additionally, Tobin's Q demonstrated a positive relationship with both business soundness and social contribution.

Theoretical Review

The Triple Bottom Line Theory

The concept of triple bottom line theory was introduced by John Elkington in the mid-1990s; it refers to how an organization deals with and reports on its impact and behaviour towards people, planet and profit (Atu, 2013; SlaperHall, 2011; Sridhar & Jones, 2012). The concept of triple bottom line places equal consideration on the environmental, social and economic aspects of a business as the guide towards policy formulation and measurement of business performance (Sridhar & Jones, 2012).

Triple bottom line places equal magnitude on the relationship between the planet, people and profit in the sense that, businesses derive the majority of their material inputs from the planet, while the process of converting these inputs to outputs is done by people and the basis of the organizations reaping profits come from these activities (Amacha&Dastane, 2017). The Triple bottom line approach is a popular framework used for evaluating sustainability of supply chains where not only financial aspects are considered. It is in addition emphasizes on the environmental and social measures too. It makes an organization understand that sustainability, at a broader level consists of three components, the natural environment, society and economic performance (Carter and Rogers, 2008).

Triple Bottom Line Accounting (TBLA) or sustainability accounting focuses on the value to society that is created or destroyed by an organization's activities or business. Richardson (2004) identifies two high level components of the TBLA framework. First is the restatement of traditional accounts to highlight financial flows that are sustainability related; second is additional accounting undertaken to show the financial value of economic, environmental, and social performance upon external stakeholders. Richardson highlights the danger inherent in accounting for only those items that can be reduced to monetary value and the difficulties of converting environmental practices and performance

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into financial values, as well as the extension to the sphere of social performance and impact.

3. Methodology

This study used descriptive and correlational research design in examining the relationship between the relationship between sustainability reporting as independent variable of the study proxied by economic, social and environmental disclosure and firm value as dependent variable proxied by Tobin's Q. The population of the study consists of all listed oil and gas firms in Nigeria as at 2022 (NGX, 2022). As at 31st December 2022, the total number of listed oil and gas firms in Nigeria stand at twelve (12) companies. The study adopts a census sampling technique by considering the population as sample. However, the population was adjusted to accommodate eleven (11) firms due to inadequate data for impactful analysis. The data for the study was collected using the secondary source of data collection from the annual reports and accounts as well as sustainability report published by the companies. The analysis will be conducted with the use of STATA statistical package.

Model Specification

$$TBQ_{it} = \beta_0 + \beta_1 ECN_{it} + \beta_2 ENV_{it} + \beta_3 SOC_{it} + \beta_4 LEV_{it} + \mu_{it} \text{-----} (1)$$

Where: TBQ = Tobin's Q, ECN = Economic performance disclosure index, ENV = Environmental performance disclosure index, SOC = Social performance disclosure index, LEV = Firm Leverage, β_0 = constant, $\beta_1 - \beta_4$ = coefficient of independent variables, μ_1 = error term, i = firm under consideration, and t = Time period (in years).

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The variables were derived based on the various concepts used by prior researchers. The variables used for this study are therefore shown in table 1.

Table 1

Variable Measurement, Definition, and Source

Variable	Definition of the variable	Measurement	Sources
Dependent Variable (TBQ)	Tobin's Q	Market value of Equity + Book value of Debt divided by Book value of Total assets	Buallay, (2019); Gunarsih & Ismawati, (2018).
Independent variable (ECN)	Economic disclosure index	Number of dimensions disclosed by company / Total items on Economic dimension, it will be rated 1 if the company makes disclosure on a particular item of economic dimension and 0 if no disclosure is made	Asuquo et al. (2018); Burhan & Rahmanti, (2012); Bowers, (2010); Fuadah et al. (2019); Gunarsih & Ismawati, (2018); Kasbun et al, (2019); Siddiqui, (2013); Theyal & Hoffman, (2012),
(ENV)	Environmental disclosure index	Number of dimensions disclosed by company / Total items on Environmental dimension, it will be rated 1 if the company makes disclosure on a particular item of environmental dimension and 0 if no disclosure is made	Asuquo et al. (2018); Burhan & Rahmanti, (2012); Gunarsih & Ismawati, (2018); Kasbun et al, (2019);
(SOC)	Social disclosure index	Number of dimensions disclosed by company / Total items on Social dimension, it will be rated 1 if the company makes disclosure on a particular item of social dimension and 0 if no disclosure is made	Asuquo et al. (2018); Burhan & Rahmanti, (2012); Gunarsih & Ismawati, (2018); Kasbun et al, (2019).
Control Variable (LEV)	Firm Leverage	Total debt/ Total assets	Dibia, & Onwuchekwa, (2015); Fuadah et al. (2019); Pouraghajan et al. (2012); Yahaya, (2018).

Source: Researcher's compilation (2022)

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4. Results and Discussions

Table 2

Descriptive statistics

	Obs	Mean	Std Dev.	Min	Max	Skewness	Kurtosis
TBQ	110	1.202	0.534	0.643	3.58	1.981	8.148
ENV	110	0.163	0.099	0.000	0.50	-.026	4.411
ECN	110	0.565	0.178	0.200	0.80	-.899	3.211
SEC	110	0.308	0.147	0.000	0.50	-1.017	3.210
LEV	110	0.480	0.201	0.173	0.895	0.504	2.088

Source: STATA OUTPUT, 2022

The average market performance, mean by Tobin's Q, was 1.202, with a standard deviation of 53.4%, indicating limited dispersion or variation. The minimum and maximum market performance values were 64.3 and 358, respectively. For sustainability disclosures, the averages for environmental, economic, and social disclosures were 16.3, 56.5, and 30.8, with corresponding standard deviations of 9.9, 17.8, and 14.7. The minimum disclosures were 0, 2, and 0, while the maximum values were 50, 80, and 50, respectively.

Leverage ranged from a minimum of 0.17 to a maximum of 89.5, with an average of 0.48 and a standard deviation of 0.201, indicating low variation. Despite the data showing negative skewness, it can still be considered normal. The kurtosis values suggest a normal distribution, consistent with previous studies that used skewness and kurtosis to assess data distribution (Bai & Ng, 2005; Barato & Seifert, 2015; Blanca Arnau López-Montiel & Bono, 2013; Kollo, 2008; Maruyama, 2007; Ryu, 2011).

Correlation between sustainability disclosure and Firm Value

The study used correlation analysis to examine the relationship between sustainability disclosure and firm value, an area where more research is needed (Bewick, Cheek, & Ball, 2003; Reimann et al., 2008; Garcia, 2011). The findings showed that firm value can be influenced by social, economic, and environmental responsibility, with this relationship potentially strengthened by board equity ownership.

The control variables for this research included firm size and leverage. Pearson's correlation was employed to analyze the associations, using parametric analysis to identify interdependencies for future predictions. Correlation coefficients were also used to assess the strength and direction of relationships and to test for multicollinearity.

The study highlighted the importance of ensuring that correlations between independent variables do not exceed 0.7 to avoid violating regression assumptions (Gujarati, 2004). The use of Pearson correlation coefficients was appropriate given the quantitative nature of the data, allowing for an assessment of the strength and significance of relationships. Positive correlations were typically observed between dependent and independent variables, while negative correlations were considered insignificant unless supported by positive regression results. Ultimately, the study emphasized that regression analysis, being more predictive, provides more valuable insights than correlation alone (Bewick & Cheek, 2003).

Regression Results and Model

Table 3

Robust OLS regression

TBQ	Coef.	Robust St.Err.	t- value	p- value	[95% Conf	Interval]	Sig
ENV	.279	.126	2.21	.029	.029	.53	**
ECN	.035	.005	6.71	.000	.025	.045	***
SOC	.792	.222	3.56	.001	.351	1.232	***
LEV	.002	.003	0.76	.452	-.004	.009	
Constant	5.266	3.09	1.70	.091	-.861	11.393	*
Mean dependent var	-1.226						
R-squared	0.355		Number of obs		110		
F-test	23.185		Prob > F		0.000		

*** $p < .01$, ** $p < .05$, * $p < .1$

Source: Author's Compilation as Generated by STATA 14

From the result, the adjusted R-square which is the explanatory power of independents variables on the dependent variable has coefficient of 0.355, which indicates that, environmental, economic and social disclosure could cause systematic variation or explain only 35.5% on TBQ. Hence, other variables that were not captured in the model account for the remaining 64.5%. Moreover, the adjustment of the model by adding or removing variables may not necessarily result in a proportional increase or decrease in the estimated R-squared value, as highlighted by Allen (2021).

Discussion of findings

With a focus on listed oil and gas companies in Nigeria, this research examines the link between sustainability disclosure and firm value.

Environmental Disclosure and Firm Value

The results in table 3 show a statistically positive correlation between environmental disclosure and firm value with coefficients of 0.174. This means increase in environmental disclosure will positively influence firm value. It implies that when some of these companies engage in environmental disclosure it signals positive information to the prospective shareholders.

Economic Disclosure and Firm Value

Using Tobin's Q, the study's finding is shown in table 3. This demonstrates a statistically positive relationship between economic disclosure and firm value, with coefficients of 0.02. This implies that when some of these businesses provide economic responsibility, it sends a good message to potential shareholders. In this way, the expansion of the company and its support of the economy are linked. This is because accomplishment of other obligations that must be fulfilled throughout company operations depends on a firm's ability to perform its economic responsibility.

Social Disclosure and Firm Value

The outcome of this variable as shown in table 3 demonstrates that there is a positive relationship between social disclosure and firm value using Tobin's Q, as proven statistically with the coefficient of 0.007. This means when the firms increase their social

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disclosure, there would be an improvement in their firm value. This is because social initiatives can strengthen and keep up a good business image, pleasing many stakeholders.

5. Conclusion and Recommendations

The primary aim of the study was to examine the impact of sustainability reporting on the firm value of listed oil and gas firms in Nigeria. The regression results confirm that sustainability reporting significantly affects the firm value of these companies. This finding has crucial implications for both the firms and their stakeholders. Companies that actively engage in sustainability reporting are likely to see positive effects on their market valuation, highlighting the importance of incorporating sustainability practices into their business strategies. For investors and analysts, the research emphasizes the value of considering sustainability factors when evaluating potential investments in the Nigerian oil and gas sector.

Based on the study's findings, the following recommendations are made:

Oil and gas companies should develop methods to help stakeholders understand the impact of their activities and how sustainability reporting can influence their interests in the firm and the environment at large.

Host communities should support oil and gas firms that provide sustainability reports, as these firms are not only aiming for profitability but also contributing to economic growth and environmental sustainability.

Human rights activists should recognize firms that report their sustainability behavior as environmentally conscious and socially responsible, working towards sustainable development and not just financial gain.

Suggestion for Further Research

The study was carried out to examine the effect of sustainability reporting on firm value of listed oil and gas firms in Nigeria using GRI. This same study can be replicated in other sectors other than oil and gas firms. On the other hand, other researchers should also consider studying sustainability reporting using contingent variables as well as mediating variables. Similarly further studies should also consider studying the effect of firm value on sustainability reporting, that is whether firm value also affect sustainability reporting.

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