# FIRMS SPECIFIC CHARACTERISTICS AND SUSTAINABILITY INFORMATION DISCLOSURE OF LISTED CONSUMER GOODS AND SERVICES COMPANIES IN NIGERIA

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## Abstract

This study investigates the firms' specific characteristics and sustainability disclosure of listed consumer goods and services companies in Nigeria. In order to achieve the objectives, the study formulated seven (7) no hypotheses. The study employs *expost-facto* research design. Panel regression analysis is utilized in the data analysis of the sampled firms' reports for the periods from 2009 to 2018. The population of the study comprises all the 40 firms' listed consumer goods and services companies while the sample size is equally 40. The study finds that independent board member, firm size, ownership structure, auditor type, and firm profitability have statistical significant effect on sustainability information disclosure. Furthermore, firm age, and firm leverage are statistically insignificant. Based on the above findings, the study concludes that independent board member, ownership structure, auditor type, profitability and firm size support the disclosure of sustainability information of consumer goods services companies in Nigeria. It therefore recommends the need for placement of serious action on defaulters. With this, thorough supervision, and monitoring will salvage the crashing down of sustainability information, mitigates the high rate of corruption hence country with low level of corruption complies with rules and regulations; as the compliance with the disclosure of sustainability information will no longer be circumvented. Also, there should be an incentive for the complying companies. This will serve as a motivational tool which will encourage others to pick after them. It is equally the recommendation of the study that there is the need for increase in foreign direct investment(FDI) as this encourages sustainability disclosure among foreign companies and as well stands to be a base-ground of encouragement for the local companies.

**Keyword: independent board member, firm size, ownership structure, auditor type, firm profitability, sustainability disclosure**

## 1.1 Introduction

Corporate annual report is a tool that communicates firm's activities within a specified period with the sole objective of making the firm's financial and non-financial performance known by the various stakeholders. It provides information relating to the firms' financial performance, financial positions, cash flow, director's report of activities and other qualitative and quantitative information that disseminate the actual activities within a specified period to the shareholders and other stakeholders of accounting information. The reports are usually prepared by the management of the reporting entities at the end of the accounting period which is usually a year i.e. twelve (12) months. Corporate annual report is a compendium of financial and non-financial disclosure of information. The bid for comprehensiveness, understandability and uniformity of accounting framework which gave rise to the preparation of annual report in a required manner are the main reasons for the existence and implementation of financial standards in the whole globe. This is so because it creates room for better transparency and equips the stakeholders with the information for economic decision in respect of their investment.

The disclosure levels of companies have gone beyond that of the financial activities which was previously the focus of the management. The demands for the release of information outside the financial information have been on the increase since the adoption of technologies in the production processes. The technological production processes even though are welcomed as it is the arrow-head of development in every economy, but have brought the increase of environmental degradation, deforestation, emission of waste, rise in sea level, pollution and emission of deadly substances into the environment. These have however fueled the informational needs of the stakeholders as this avails them the insight and a very more comprehensive information and assists in the evaluation of the effect of companies existence on the social, economic, and environmental wellbeing of the local community. This however, gave rise to the quest for sustainability information disclosure in companies annual reports. The disclosure of corporate sustainability information captures the relationship existing between a corporation and its environment. The significance of sustainability disclosure in corporate annual reports stimulated its birth on 22nd April 1970 by Senator Gayford Nulson. This was the period the Senator protested against the air and water pollution which stemmed up as the after effect of the industrial revolution for the past 150 years. The organized protest beckons for the need protect the eco system (Adam, 1970). This however, gave rise to the creation of environmental protection Act, the clean air and the endangered species Act in 1980 in the United States. This singular effort sprouted the global adoption of sustainability disclosure by countries and corporations.

Corporate sustainability information disclosure is a step up on the right direction hence a comprehensive information comprising financial and non-financial, embracing the report of environmental assessment of host community, seeking for the satisfaction of needs of the current generation without being unmindful of the needs of the future generation (Wang, 2017; Lucia &Panggabean, 2018).

The accounting scandals from Enron, WorldCom, etc. have been attributed to the shortcomings of the traditional accounting that was characterized with unethical shape practices and unwholesome manipulation of accounting data by the management and the auditors. It is on this premise that the effect of firms specific characteristics and sustainability information disclosure is welcomed hence a comprehensive business activities information that may positively effect on companies and evidence true performance are released in the corporate annual report. High disclosure level of corporate sustainability information evidence enormous benefits such as: it accelerates community trust, proves companies going-concern, improves the level of confidence the shareholders and suppliers have on the management hence the owners are rest assured that their resources are free from social and environmental risk (Tunjung & Wahyudi, 2019).

The study focuses on the firms' specific characteristics and sustainability information disclosure in the corporate annual report of consumer goods and services companies in Nigeria. Going by this, it postulates that management benevolence of information release may be propelled by certain factors or corporate characteristics. The study however, operationalizes the firms specific characteristics to be: firm age, firm size, leverage, profitability, ownership structure, auditor type, independent board member while sustainability is proxy to be the disclosure of Corporate social Responsibility Information Disclosure (CSRID), Corporate Governance Information Disclosure (CGID), Corporate Risk Information Disclosure (CRID), and Intellectual Capital Information Disclosure (ICID) adapting the checklist from Global reporting initiatives (GRI, 2013).These are the variables which the study investigates their effects on the disclosure of sustainability information in the annual reports of consumer goods and services companies in Nigeria.

The need for the study is ignited following the tremendous increase in the importance of sustainability disclosure of companies, shareholders and other stakeholders are in crave for these information in order to help them take economic decisions. It is argued that sustainability information has been inadequately documented in annual reports of developing and emerging economies such as Nigeria, Ghana, South Africa, Egypt (Nevuigbe, 2011). Again, Kansal, Joshi, and Batra (2014) opine that academic research has identified the need for more studies into sustainability information disclosure in the context of developing countries. The findings of the result will assist to adequately address the disclosure gap in the academic disclosure literature most especially in the developing countries such as Nigeria.

The main objective of this study is to investigate the effect of firms specific characteristics on sustainability information disclosure in corporate annual reports of listed consumer goods and consumer services companies in Nigeria. To achieve this objective, seven number hypotheses are formulated in their null forms. The findings of the study will help different stakeholders in making economic decisions. Precisely, government and other regulatory agencies would want to know and see the degree of the mentioned sustainability disclosures in every corporate annual report in order to appreciate the level of corporate information disclosure quality for improved economic development, as well as employees, financial institutions, suppliers, shareholders, and the entire public for comprehensive information. Finally, the study contributes to the existing knowledge and will also serve as a reference point for future researchers that would be interested in the area. The periods of study are 2009 to 2018. The choice of this period is based on pre and post adoption of international financial reporting standards (IFRSs) which was effective in Nigeria in January 1, 2012. The data is restricted to disclosures in corporate annual reports as it relates to firms specific characteristics and sustainability information disclosure of listed consumer goods and services companies in Nigeria. The study focuses on Nigeria as a country alone while panel data is used due to involvement of many companies and different years in the analysis.

## 2.1 Conceptual Framework

Sustainability information disclosure otherwise known as corporate social responsibility was given birth on 22nd April 1970 by Senator Gayford Nelson. This was the period the Senator protested against the air and water pollution which stemmed up the after effect of industrial revolution for the past 150 years. The said protest beckoned on the need for the protection of the eco system (Adam, 1970). This however, gave rise to the creation of environmental protection Act, the clean air and the endangered species Act in 1980 in the United States. This singular effort sprouted the global adoption of sustainability disclosure by countries and corporations. Corporate sustainability reports support how best the business processes should be ethically managed while being environmental friendly. This however supports the statement that sustainability disclosure is a framework that releases companies economic responsibility. With this, companies legitimately account on how the shareholders resources have been utilized for the return of economic benefits to the owners in particular and the economy in general. Whereas, the social responsibility disclosure releases the information on the level of extension of willful donations and other community relationship which companies shoulder for the corporate image, good reputation, access for capital, and opportunity for future investment. While environmental responsibility in the other hand aims at reducing the ecological damages which the business processes affected on the environment. Companies sustainability disclosure is Global Reporting Initiative (GRI) based. GRI is the blueprint that provides guidelines for companies ‘sustainability report compliance. Lsy, Naughton and Wang (2015) stressed that corporate sustainability is not just interest in the environment, strategic philanthropy, but an awareness of the interests of stakeholders in ensuring economic viability while maintaining a sustainable environment that is socially responsible

Firm size has been subjected to various meanings in accounting literature, some referred to it as the total assets, others as scale of operations and some argued it to be number of employees among others. Almajali et al (2012) argued that the size of the firm can affect its financial performance.

It was noted that one of the factors influencing firm size is the availability of workers and other resources in the surrounding community where the business is operating. Firm's sizes are measured in different ways such as asset, employment, sales, and market capitalization. This study measured firm size as natural logarithms of firm's total assets, which can be easily regressed in order to find the effect of the firm's total assets on its disclosures.

The firm leverage indicates the level of indebtedness of the business, which refers to the degree of financial risk faced by the business. Business firms perceived by the market as having high levels of leverage are exposed to costs of control. These firms are increasingly motivated for the expansion of disclosure to reduce control costs that may be incurred by the shareholders who have invested in the firms, and to meet the needs of the creditors and lender (Atan, Maruhun., & Abdul Kadir, 2010).

Profitability is a sign of high or better business performance**.** Firms that are more profitable may expand the disclosure and provide high quality information for the public to acquire a positive impression about their performance (Wang, Sewon, & Claiborne, 2008). According to the Signaling Theory, firms that are more profitable may be motivated to differentiate itself from less profitable ones, and thus are likely to adopt a good disclosure policy for risks earlier than firms that are less profitable in order to provide a signal to stakeholders for increased confidence in the business.

Zhuang (1999) argues that ownership structure is one of the most important factors in shaping the corporate governance system of any country. This is because it determines the nature of the agency problem. That is, whether the dominant conflict is between managers and shareholders, or between controlling and minority shareholders. He identified two important aspects of corporate ownership structure as concentration and composition. Ownership composition tries to define who the shareholders are and who among them belongs to the controlling groups. Ownership concentration refers to the amount of stock owned by individual investors and large-block shareholders (investors that hold at least 5 per cent of equity ownership within the firm). In publicly traded firms, large block holders are normally institutional investors in the form of pension funds and mutual funds. A higher level of ownership concentration or more block holders suggest a stronger monitoring power from investors over a firm's managerial decisions because of the incentives from these owners to proactively safeguard their investment.

Ameer and Rahman (2009) stated that board independence can be viewed as another mechanism to stop the expropriation of minority shareholders' wealth. In firms where there are concentrated ownerships, the lack of independent directors may potentially lead to collusion and hence, the monitoring is weaker since the important decisions are controlled by dominant shareholders, including accounting policies. It is envisaged that independent board member may contribute to high information disclosures, hence they seen to be the ear and eyes of the shareholders.

An auditor is an independent person appointed to examine the organization records and financial statement to form an opinion on the accuracy and correctness of the financial statement of the firms. Firms audited by big four (4) auditing firms (i.e. high standard and well known auditing firms in the country) for instance: Price water house coopers (PWC), KPMG, Deloitte and Ernst &Young are likely to disclose more information about sustainability information than those that are audited by non-big four (4) auditors (Oliveira, Rodrigues &

Craig, 2006). Oliveira, Rodrigues and Craig (2006) argued that large auditing firms might encourage their clients to disclose more information, as they want to preserve their reputation, develop their expertise, and ensure that they retain their clients. It is also argued that as a company matures, its reputation and involvement in sustainability activities, such as environmental protection activities and disclosure of environmental information, can become entrenched and more valuable to company (Roberts, 1992; Choi, 1999).

Corporate Social Responsibility Information Disclosure    is a sustainability assessment and responsibility undertaken by a firm as the contributions for the environmental and social wellbeing of the society and economy at large. CSR encourages the disclosure of the firm's social, economic and environmental impact on the society especially the community in which the business operates. The inclusion of CSR in corporate annual report enhances corporate reputation which attracts trust and support from stockholders.

Gas flaring in Nigeria has tremendously increased as the country's economy is dependent on oil. The emission and carbon dioxide arising from the exploration process have created environmental ill-health, and social problems in the local communities around oil producing fields. Federal Environmental Protection Agency (FEPA) and the Department of Petroleum Resources (DPR) have implemented anti-flaring policies for natural gas waste from oil production and other standards that regulates the emission and land pollution caused by the oil pollution.

CSR involves the disclosure of economic, social and environmental responsibilities i.e. what firms are to these groups for allowing them to exist.  Economic responsibility dwells on the legitimate utilization of shareholders resources, which attracts economic benefits to the owners of the resources.  Social responsibility is the extension of willful donations and other community relationship which firms shoulder voluntarily for their good reputation, access for capital and opportunity for future investment.  Environmental responsibility aims to reduce damages which the business processes affected on the environment.

Corporate Risk Information Disclosure provides more information about the different risks faced by the companies and how the business is being sustained. With the provision of corporate risks disclosure, investors evaluate the level or degree of risks attached to individual investment that made up a portfolio by assessing the returns and risks and makes a revision for appropriate reward.

CRD will assist for better and appropriate risk management, improvement on accountability and transparency of all business transactions, investor's protection and high reward, and adds to the quality and usefulness of corporate annual report (ICAEW, 1997). ICAEW (1999), this institution advocates for comprehensive and appropriate risk disclosures by companies corporate annual report, the institute released some documents that will assist and guide companies directors to carefully and skillfully identify, manage and measure/quantify their risk profile as some benefits accrue to the companies when CR is disclosed.  It reduces the possibility of financial failure, and cost of external financing.

Corporate Governance Information Disclosure has the concept of protecting the interest of the shareholders by way of proffering effective solutions to companies' processes.

Therefore, corporate governance may have an impact on the disclosure of qualitative information of companies. Companies' success is dependent on the effectiveness of the established corporate governance which stipulates the dos and don'ts of firms through effective control, direction and monitoring of all the firms activities for greater achievement.  There are some firms specific characteristics which corporate governance may be measured with such as ownership structure, firm size, firm age, auditor type, leverage, profitability, etc.

Intellectual Capital or knowledge-based assets information disclosure reports about the nature and value of firms intangible assets such as employee knowledge, R &D, technology, customer relation etc. It is one of the sustainability information which firms may find very difficult to disclose due to the transfer of gains according to them (Management/Agent) instead of the owners. This is made possible because of the storage and confiscation of information (information asymmetry) by the agents.

Employee knowledge is a very important asset to the company. It is unaccounted capital which involves the level of employee's skill. IC is all about the knowledge management of employees which gives a competitive advantage especially in developed countries where technological growth and R & D are very high and significant.

## 2.2 Theoretical Framework

### Stakeholder Theory

The stakeholders' theory is credited to Richard Edward Freeman owing to the fact that he was the first to make a formal publication in that regard. He is generally credited with popularizing the stakeholder concept. The title of the work which this was made known is Strategic Management and only the subtitle is A Stakeholder Approach and came out in 1984.

In short, it attempts to address the "principle of who or what really counts. In the traditional view of a company, the shareholder view, only the owners or shareholders of the company are important, and the company has a binding fiduciary duty to put their needs first, to increase value for them. Stakeholder theory instead argues that there are other parties involved, including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders their status being derived from their capacity to affect the firm and its stakeholders. As such, stakeholder theory tells how managers should morally act because they have a fiduciary relationship to stakeholders. Cormier, Gordon and Magnan (2004) argue that managers' perceptions about stakeholders' interests are a key determinant of environmental and social disclosure practices. The study has a link with the stakeholders theory, hence it recognizes the importance of disclosure of information especially the sustainability information to the stakeholders. The release of information is not important to the shareholders alone, rather other stakeholders such as: government (Taxes), local community (corporate social responsibility), and the general public (environmental reporting). Firms assurance of going-concern amply depends on the careful management of the relationship that exist between firms and its stakeholders.

## 2.3 Empirical Review

### Firm Age and Sustainability Information Disclosure

Shuaibu, K (2020) studies the firm characteristics and environmental disclosure quality of listed Cement Companies in Nigeria from 2013-2017. Secondary data sourced from audited annual reports are used. Global Reporting Initiative (GRI) is used as index of disclosure while employing descriptive statistical method. Multiple regression technique is equally used to analyze the data. Findings show that firm age, firm size, and leverage have significant effect on the quality of environmental disclosure.

Samaneh, Reza, and Mehrdad (2016) study the factors affecting the level of environmental information disclosure of listed companies in Tehran stock Exchange for 2009-2014. The study used applied research method while multivariate regression was used. The population was all listed corporation on Tehran Stock Exchange which was 82 in number. The independent variable was proxy to be: firm size, firm age, profitability, leverage, and liquidity while dependent variable was environmental disclosure. The results show that firm size is positive and significantly supports the disclosure of environmental information of listed companies in Tehran Stock Exchange. While other variables prove to be insignificant.

Meanwhile, hypothesis of the study has it that firm age is insignificant to the sustainability information disclosures of consumer goods and services companies in Nigeria. The regression analysis proved that coefficient value is -6.25E.05, and the t-statistic is -0.130169 while the p-value is 0.8965. The above statistical data reveals that firm age is negative and insignificantly influencing the level of sustainability information disclosure of the listed firms of consumer goods and services in Nigeria. Therefore, the study accepts null hypothesis and rejects the alternate.

## Independent Board Members and Sustainability Information Disclosure

Egbunike and Tarilaye (2017) examine firm specific characteristics and voluntary environmental disclosure of listed manufacturing companies in Nigeria. Data were sourced from annual reports from 2011-2015. Firm specific characteristics were proxy with firm size, earnings, leverage and governance. The data were analyzed using descriptive and inferential statistics. Finally, the study finds firm size, leverage, earnings per share, and governance (independent board member) to support the disclosure of environmental information in the listed manufacturing firms. Panel data regression analysis should have been used. This is because of the feature the regression analyses have, as it identifies the level correlation between an independent variable and others. Three variables were used by the study thereby limiting the result. But the current study used seven variables which gave a better result and extend knowledge for further research studies.

## Auditor Type and Sustainability Information Disclosure

Uwuigbe (2011) investigates the association between firm's specific characteristics and corporate social disclosure in Nigerian Financial Sector ranging from 2005-2009. The study samples 31 listed firms using judgmental sampling techniques, and 20 content category items within 4 testable dimensions of corporate social disclosure were developed while scoring scheme is employed for measuring the corporate social disclosure in the annual report. Firm size, auditor type, and return on asset were the proxies of the firm specific characteristic otherwise independent variable. The variables are significant to the disclosure of corporate social information. The use of fewer variables has limited the result of the study hence the current study though on consumer goods and services companies in Nigeria have made use more variables for a stronger result.

Tareq, Reza and Aminu (2017) study the impact of corporate characteristics on social and environmental disclosure among manufacturing firms in Jordan coming from stakeholders' perspective. Firm size, profitability, audit firm, ownership structure, type of industry, and financial market level are employed, while panel database was used to regress the data. The study found firm size to support the disclosure of environmental activities. While other corporate characteristics do not support.

Hypothesis posits that auditor type does not significantly affect the disclosure of sustainability information in corporate annual reports of listed consumer goods and service companies in

Nigeria. The regression analysis proved that coefficient value is -0.025632, and the t-statistic is -0.945979 while the p-value is 0.3448. The above statistical data reveals that auditor type is negative and insignificantly influencing the level of sustainability information disclosure of the listed firms of consumer goods and services in Nigeria. Therefore, the study accepts null hypothesis and rejects the alternate.

**Firm Size and Sustainability Information Disclosure**

Sulaiman, Aruwa, and Musa (2018) examine firms characteristics and environmental disclosures of listed oil and gas firms in Nigeria for the period of seven (7) years, ranging from 2010-2016. The study uses firm size, firm age, and profitability to proxy firm specific characteristics. Binary codification was used for natural wealth disclosure. Panel binary logistics regression was used to analyses the data. The study found that firm size, and firm profitability have negative but insignificant relationship with natural wealth disclosure, while firm age has positive significant relationship with natural wealth disclosure. The study only observed three variables which are not even enough to use as a yardstick to generalize result.

Nurudeen, Abdulrahaman, and Oladele (2021) investigate the firm size and environmental disclosure of quoted firms in Nigeria ranging from 2012-2016. The study made of all companies quoted in Nigeria Stock Exchange. Cross-sectional research design was adopted. The population was 176 firms while the study method of data collection was secondary in nature using annual financial statements of the sampled firms in Nigeria. The study employed the use of Binary Regression techniques for data analysis. The study reveals firm size to be significant to the disclosure of environmental information. The use of one variable has doused the result of the study. Meanwhile, the current study employed the use of seven explanatory variables for a stronger and better result.

Innocent and Gloria (2018) study the effect of firm characteristics on corporate environmental performance of quoted industrial goods firms in Nigeria. The study used firm size, profitability, and firm age while ex-post facto research design was employed. The population and sample size was eleven industrial goods firms quoted on the NSE as at the year 2008-2017. Pearson correlation coefficient and multivariate regression analysis were used. The environmental information was measured by waste management cost. The findings show that firm age, firm size, and profitability were positive and significant to the disclosure of corporate environmental performance of quoted industrial goods firms in Nigeria Stock Exchange.

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Tiamiyu and Oyekunle (2021) investigate the firms characteristics and sustainability reporting of listed manufacturing companies in Nigeria using ex-post facto research design. The study employs secondary data from annual report as at December 2020. 26 firms are selected using purposeful sampling techniques. The panel data was analyzed using Logit Regression and static panel estimators based on pooled, fixed and random effect estimator. Stakeholders ‘theory supports the study. The study finds that firm size, and asset tangibility have positive significant influence on sustainability reporting. Ownership structure have positive influence on sustainability reporting, growth have positive insignificant effect on sustainability reporting. Board size and firm profitability have negative influence on sustainability reporting. Therefore, the findings of Taimiye and Oyekunle (2021), Uwuigbe (2011), Innocent and Gloria (2018), and Nurudeen et al (2021) are found to be significant, while the that of Sulaiman et al (2018) proved to be insignificant.

However, the study hypnotized that firm size has no significant effect on sustainability information disclosure of listed consumer goods and services companies in Nigeria. **The** coefficient value is 0.000367, and the t-statistic is 0.584767 while the p-value is 0.0542. The above statistical data reveals that firm size have positive and significant influence on the level of sustainability information disclosure of the listed firms in consumer goods and services in Nigeria. Therefore, the study accepts the alternate and rejects the null hypothesis.

## Ownership Structure and Sustainability Information Disclosure

Tareq, Reza and Aminu (2017) study the impact of corporate characteristics on social and environmental disclosure among manufacturing firms in Jordan coming from stakeholders' perspective. Firm size, profitability, audit firm, ownership structure, type of industry, and financial market level are employed, while panel database was used to regress the data. The study found firm size to support the disclosure of environmental activities. While other corporate characteristics do not support.

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The study hypnotized firm ownership structure to have no effect in the disclosure of sustainability information of consumer goods and services companies in Nigeria. But, from the statistical data analysis; coefficient value is -0.020894, and the t-statistic is -1.516093 while the p-value is 0.0000. The data shows that ownership structure has a negative but significant effect on the sustainability information disclosure of listed consumer goods and services companies in Nigeria. With this, the study accepts the alternate and rejects the null hypothesis.

## Firm Leverage and Sustainability Information Disclosure

Benjamin, Okpanachi, Nyor, and Muhammed (2017) investigate the effect of firm specific characteristics on environmental reporting practices of listed manufacturing firms in Nigeria form 2000-2015 using regression model. The use of Ordinary Least Square (OLS) was employed. The study finds that firm size, leverage, profitability, and firm age were positively significant to the disclosure of environmental information.

Egbunike and Tarilaye (2017) examine firm specific characteristics and voluntary environmental disclosure of listed manufacturing companies in Nigeria. Data were sourced from annual reports from 2011-2015. Firm specific characteristics were proxy with firm size, earnings, leverage and governance. The data were analyzed using descriptive and inferential statistics. Finally, the study finds firm size, leverage, earnings per share, and governance (independent board member) to support the disclosure of environmental information in the listed manufacturing firms. Panel data regression analysis should have been used. This is because of the feature the regression analyses have, as it identifies the level correlation between an independent variable and others. Three variables were used by the study thereby limiting the result. But the current study used seven variables which gave a better result and extend knowledge for further research studies.

Eneh and Amakor (2019) investigate firm attributes and sustainability reporting in Nigeria ranging from 2011-2017. The study employs ex-post facto research design. The sample size consists of 35 manufacturing companies. Secondary data retrieved from corporate annual reports of the environmentally sensitive companies quoted within the choice of period are used. Generalized Least Squares was first utilized for the estimation and moving forward fractional regression is employed. Firm size, leverage, and profitability are used to proxy the firms attributes. The study documents that only firm size is seen as the only variable that have positive and significant impact on sustainability reporting. Whereas, leverage, and firm profitability recorded insignificant influence.

Apparently, Benjamin et al (2017), and Egbunike and Tarilaye (2017) documented significant effect, while Ene and Amakor recorded insignificant effect. The data analysis showed the coefficient value is 0.007150, and the t-statistic is 0.433144 while the p-value is 0.6652. The above statistical data reveals that firm leverage is positive but insignificantly influencing the level of sustainability information disclosure of the listed consumer goods and services companies in Nigeria. It further buttresses that, even though it is positive, it does not command much influence on the disclosure level of the sampled firms in the sectors hence less of the sustainability information is disclosed. Therefore, the study accepts the null hypothesis and rejects the alternate. It is however concluded that the positive stand has no significant influence on the firms' disclosure level, however, the positivity is insignificant.

## Firm Profitability and Sustainability Information Disclosure

Mohammed (2015) investigates the effect of firm specific characteristics and corporate social responsibility disclosure of 73 Jordanian Industrial Public Shareholding companies listed in Amman stock Exchange (ASE). The study employs CSRD checklist and regression analysis technique. The result shows that firm size to be positive and significant while leverage and profitability prove to be insignificant.

Tareq, Reza and Aminu (2017) study the impact of corporate characteristics on social and environmental disclosure among manufacturing firms in Jordan coming from stakeholders' perspective. Firm size, profitability, audit firm, ownership structure, type of industry, and financial market level are employed, while panel database was used to regress the data. The study found firm size to support the disclosure of environmental activities. While other corporate characteristics do not support.

the study hypotheses firm profitability to insignificantly affect the sustainability information disclosure in corporate annual reports of listed consumer goods and service companies in Nigeria. The coefficient value is -0.002839, and the t-statistic is -0.737285 while the p-value is 0.4614. The above statistical data reveals that firm profitability is negative and insignificant in the determination of level of sustainability information disclosure of the listed consumer goods and services companies in Nigeria. Therefore, the study accepts the null hypothesis and rejects the alternate.

## 3.0 Research Methodology

### 3.1 Research Design, Data Collection Sources, and Population

The study adopts Ex-post facto research design. Ex-post facto research design is used because the study relies on secondary data extracted from the audited annual reports of the sampled consumer goods and service companies, listed on the Nigerian Exchange Group plc fact book and other relevant sources for a period of ten (10) years (2009 to 2018). The firms are public limited companies listed on the Nigerian Exchange Group Plc. By virtue of being public limited companies and as a requirement of being listed, annual financial report has to be made available to the Nigerian Exchange Group Plc. Panel data methodology was adopted in order to balance the information arising from different years and firms within the period under review. The population of the study is all the consumer goods and services companies in Nigeria. The total numbers of firms which is 40 is derived from the Nigerian Stock Exchange (NSE) fact book from 2009 to 2018. The sample size of the study is consumer goods and service companies listed on the Nigeria Stock Exchange which is 40 firms.

### 3.2 Data Analysis Techniques and Model Specification

The study makes use of panel regression technique of data analysis. The technique is used to examine whether each independent variables is associated with the dependent variable. The various hypothesis and variables are combined into a functional equation to explain the relationship between performance and explanatory variables.

For the purpose of the study a model is specified and estimated following previous studies, (Tiamiyu & Oyekunle 2021; Sulaiman et al 2018).

SDit = f(FSIZEit + FLEVGit + FPROFit + OWNSTit + INDBMit + AUDTYPit + FAGEit)

SDit=β+β1FSIZEit+β2FLEVGit+β3FPROFit+β4OWNSTit+β5INDBMit+β6AUDTYPit+ β7FAGEit + εit ……… (1)

Where:

SIDit= Sustainability Information Disclosure of company i in time t. procedure is applied whereby a company would be awarded 1 if an item included in checklist is disclosed and 0 if not. Accordingly, the qualitative disclosure index contained 57attributes. A firm could score a maximum of 57 points and a minimum of 0. The formula for calculating the reporting scores by using the qualitative disclosure index expressed in a function form below:

$$\sum_{i=1}^{n} di$$

Where:

RS = Reporting Score of sustainability index for each item of GRI

di = 1 if the sustainability item is disclosed

di = 0 if the sustainability item is not disclosed

n = Total items in the checklist i.e. 57

i = 1, 2, 3………………………57

FAGEit=Firm Age of company t as i in time t

INDBMit = Independent Board Member of company t as i in time t

AUDTYPit = Auditor Type of company t as i in time t

FSIZEit= Firm Size proxy by ownership concentration of company t as i in time t

OWNSTit = Ownership Structure of company t as i in time t

FLEVGit = Firm Leverage of company t as i in time t

FPROFit = Profitability of company t as i in time t

β =constant

β0= coefficient of the parameter estimate.

εt= Error term of company i in time t

Table 3.1: VARIABLES, MEASUREMENT AND SOURCE

| VARIABLES | DESCRIPTION | MEASUREMENT | AUTHORITY |
|---|---|---|---|
| Sustainability disclosure | Sustainability Information Disclosure | Total Score of the Individual Company sustainability disclosure divided by Maximum Possible Score Obtainable by Company:<br>Actual scores by firm x 100<br>Total scores Required 1 | GRI (2013) |
| Firm size | Firm Size | Logarithms of total assets | Dulacha (2007), Mohamed and Hafiz-Majdi (2005), Kabir (2014), Jacinter (2014). |
| Firm leverage | Firm Leverage | Ratio of total debts to total assets | Dulacha (2007), Mohamed and Hafiz-Majdi (2005), Ayode and Mary (2012) |

| | | | |
|---|---|---|---|
| Firm profitability | Firm Profitability | Earnings before interest and tax divided by net assets | Agboola and Salawu (2012) |
| Ownership structure | Ownership Structure | Percentage of total shares on issue that were held by the largest block shareholders | Gregory, Alina and Greg (2007) |
| Independent board member | Independent Board Members | Ratio of number of non-executive members to total number of Board members | Madrigal et al (2015) |
| Auditor type | Auditor Type | Measured by a dummy, and is given a value of (1) If the company is audited by the "big four" and (0) If not. | Radhi and Mishiel (2014) |
| Firm age | Firm Age | Number of years passed after listed | Sadiq and Mohammed (2017) |

Source: By the Researcher

**Decision Rule**

The regression technique is applied to each of the hypotheses and the decision to be taken depends on the P values obtained. For each of the hypotheses, the decision rule is to reject the null hypothesis where P value is less or approximately 5%and accept alternate.

## 4.1 Data Analysis and Result

The descriptive statistics analysis of the sampled firms which consist both the dependent and independent variables are conducted and the result is presented in table 4.1.

**TABLE 4.1**

DESCRIPTIVE STATISTICS OF THE SAMPLED FIRMS

| | SID | FAGE | INDBM | AUDTYP | FSIZE | OWNST | FLEVG | FPROF |
|---|---|---|---|---|---|---|---|---|
| Mean | 0.394524 | 22.22750 | 0.303964 | 0.402500 | 7.255656 | 0.444864 | 0.437834 | 0.479486 |
| Median | 0.403500 | 22.00000 | 0.294100 | 0.000000 | 7.022200 | 0.480000 | 0.456841 | 0.655862 |
| Maximum | 0.649100 | 57.00000 | 0.750000 | 1.000000 | 21.76540 | 0.860000 | 0.622254 | 0.999081 |
| Minimum | 0.157900 | 0.000000 | 0.222200 | 0.000000 | 3.385200 | 0.002352 | 0.089271 | -0.993821 |
| Std. Dev. | 0.060635 | 15.76617 | 0.067742 | 0.491016 | 3.136258 | 0.234082 | 0.110950 | 0.459963 |
| Skewness | -0.266034 | 0.091750 | 2.034381 | 0.397633 | 2.242566 | -0.117718 | -1.223101 | -1.552620 |
| Kurtosis | 5.070058 | 1.675862 | 9.983566 | 1.158112 | 8.803246 | 1.796923 | 4.388882 | 4.754858 |
| Jarque-Bera | 76.13729 | 29.78359 | 1088.750 | 67.08332 | 896.5679 | 25.04707 | 131.8816 | 212.0340 |
| Probability | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 | 0.000004 | 0.000000 | 0.000000 |
| Sum | 157.8094 | 8891.000 | 121.5854 | 161.0000 | 2902.262 | 177.9454 | 175.1336 | 191.7943 |
| Sum Sq. Dev. | 1.466960 | 99180.30 | 1.831017 | 96.19750 | 3924.609 | 21.86292 | 4.911693 | 84.41469 |
| Observations | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |

However, table 4.1 shows mean, median, maximum and minimum under sustainability information shows 0.394524, 0.403500, 0.649100, and 0.157900 respectively. This explains that more than half of the firms in consumer goods and services sectors respond to the disclosure of sustainability information hence the minimum stands to be 0.157900. The number of firms that have stayed so long in the business since their incorporations is maximally 57.0000 while the minimum is 0.000000. This shows that all the sampled firms in the study have stayed so long in the business. The magnitude of independent board member existing in the board is 0.750000 while the minimum is 0.222200. Auditor type has 1.000000 to be the maximum while 0.000000 is the minimum. This implies that among the sampled firms, all of them make use of audit services. Firm size has its maximum and minimum statistical data to be 21.76540 and 3.385200 respectively. In essence, firms with very high asset is more among the sampled firms. Under ownership structure, the maximum is 0.860000 and minimum 0.000000. Finally, firms leverage has 0.622254 and 0.089271 to be the maximum and minimum while firms profitability has its maximum and minimum to be 0.999081 and -0.993821. All the variables are normally distributed at 1%.

**Table 4. 2: Correlation Analysis:**

The correlation analysis of dependent and independent variables were conducted using Pearson correlation method and the result is presented in 4.2.

Table 4.2: Correlation Matrix: of the dependent and independent variables used in this study.

| | SID | FAGE | INDBM | AUDTYP | FSIZE | OWNST | FLEVG | FPROF |
|---|---|---|---|---|---|---|---|---|
| SID | 1.000000 | | | | | | | |
| FAGE | -0.063654 | 1.000000 | | | | | | |
| INDBM | -0.281532 | 0.155669 | 1.000000 | | | | | |
| AUDTYP | -0.188284 | 0.086884 | 0.257726 | 1.000000 | | | | |
| FSIZE | -0.162978 | 0.026931 | 0.411763 | 0.260353 | 1.000000 | | | |
| OWNST | -0.362738 | 0.030811 | 0.232605 | 0.326569 | -0.024779 | 1.000000 | | |
| FLEVG | -0.214474 | -0.197635 | -0.042505 | -0.095425 | 0.115945 | -0.306739 | 1.000000 | |
| FPROF | 0.165767 | -0.030785 | 0.101129 | 0.168198 | 0.018376 | 0.199676 | 0.022198 | 1.000000 |

Source:EView9output

Correlation analysis interprets how the variables relate to each other. In checking for multi-collinearity the study noticed that no two explanatory variables are perfectly correlated as shown in table 4.2 above. This indicates the absence of multi-collinearity problem in the model used for the analysis. In table 4.2, FAGE, INDBM, AUDTYP, FSIZE, OWNST and FLEVG are negatively related with SID. The implication is that the existence of firm age, firm leverage, firm size, auditor type, independent board member and ownership structure in the sampled firms negatively affect the firms' sustainability information disclosure. This further buttresses the point that the presence of the above explanation variables hinders the sustainability information, thereby creating information asymmetry. This is statistically proved with the following data in table 4.2, -0.063654, -0.281532, -0.188284, -0.162978, -0.362738 and -0.214474 respectively. Invariably, FPROF exhibits positive relationship with the sustainability information disclosure of the firms. It has the implication of releasing more information to the stakeholders.

Table 4. 3: Analysis of the data collected. The study used 40 consumer goods and services companies in Nigeria for the period of 2009 – 2018. Secondary data were collected from the annual reports of the sampled firms. The data was analyzed using fixed effect regression analysis, and the result of the analysis is presented in table 4.3 below:

**Table 4.3: Fixed Effect Result**

Dependen+A1:E23t Variable:
QIDIS

Method: Panel Least Squares

Date: 09/06/21 Time: 11:57

Sample: 2009 2018

Periods included: 10

Cross-sections included: 40

Total panel (balanced) observations: 400

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| FAGE | -6.25E-05 | 0.00048 | -0.130169 | 0.8965 |
| INDBM | 0.010752 | 0.033038 | 0.325459 | 0.0012 |
| AUDTYP | -0.025632 | 0.027096 | -0.245979 | 0.0038 |
| FSIZE | 0.000367 | 0.000628 | 0.584767 | 0.0042 |
| OWNST | -0.020894 | 0.013782 | -1.516093 | 0.0000 |
| FLEVG | 0.00715 | 0.016508 | 0.433144 | 0.6652 |
| FPROF | -0.002839 | 0.00385 | -0.737285 | 0.0014 |

Effects Specification

Cross-section fixed (dummy variables)

| | | | |
|---|---|---|---|
| R-squared | 0.650357 | Mean dependent var | 0.394524 |
| Adjusted R-squared | 0.359829 | S.D. dependent var | 0.060635 |
| S.E. of regression | 0.025586 | Akaike info criterion | -4.383531 |
| Sum squared resid | 0.231091 | Schwarz criterion | -3.914534 |
| Log likelihood | 923.7062 | Hannan-Quinn criter. | -4.197802 |
| F-statistic | 41.03989 | Durbin-Watson stat | 2.07992 |
| Prob(F-statistic) | 0.000000 | | |

***Source: Eview output***

In table 4.3 above, the study observed from the result that $R^2$is 0.650357 and $R^2$ (Adj) to be 0.359829. $R^2$shows that the independent variables have 65% influence on the dependent variables. The $R^2$ (Adj) indicates that sustainability and its proxy jointly explain about 36% of the variation of firms specific characteristics in consumer goods and services companies in Nigeria. The F-statistics value of 41.03989 and its p-value of 0.0000 indicate the model used for the analysis is statistically significant at 1% levels.

The Durbin Watson value of 2.07992 which can be approximated to 2. This reveals the absence of auto-correlation; hence we conclude that the model used is appropriate for the analysis.

Table 4.4

HAUSEMAN TEST

| | | | |
|---|---|---|---|
| Correlated Random Effects - Hausman Test | | | |
| Equation: Untitled | | | |
| Test cross-section random effects | | | |
| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
| Cross-section random | 11.540446 | 7 | 0.094 |

In table 4.4, the Hausman test result shows a chi-square value of 11.540446 and probability value of 0.094, the chi-square probability value is 0.09%. Based on the result, the study accepts the fixed effect and reject the random effect, hence we used the fixed effect to correct the problem of homogeneity in the panel data used for the study.

## 4.3 **Discussion of findings**

The study evaluates the firms specific characteristic and sustainability information disclosure of listed consumer goods and services companies in Nigerian. The study uses firms specific characteristics to be the independent variables, the proxies are firm size, leverage, profitability, ownership structure, independent board member, auditor type and firm age, while sustainability information disclosure stands to be the dependent variable and is measured with corporate governance, intellectual capital, corporate social responsibility and corporate risk disclosures.

### **Descriptive and Correlation**

The study finds that the data of the variables collected from the firms used are all normally distributed except independent board member. The correlation analysis result shows that sustainability information disclosure has negative relationship with firm age, auditor type, firm size, ownership structure and firm leverage, ownership structure but positively related to firm profitability. This reveals that as long as the firms stay longer in business, the lesser of the sustainability information to be disclosed. Again, the existence of auditor type, firm size, ownership structure and firm leverage do not guarantee higher sustainability information disclosure, as less of this information are disclosed going by the statistical data analysis. Firm profitability is positively related to sustainability information disclosure, this reveals that the existence of robust profit made by firms support the higher disclosure of sustainability information disclosure in the sampled firms.

**Regression**

The regression analysis reveals that firm age has statistical insignificant effect on sustainability information disclosure. This is in line with the study of Samanah et al (2016), while Sulaiman et al (2018), Shuaibu (2020), recorded significant effect. The implication is that firm age does not actually drive the disclosure of sustainability information in the sampled firms of consumer goods and services companies in Nigeria.

Independent board member proves to be statistically significant on the sustainability information disclosure of firms, and this is inconsistent with the findings of Egbunike and Tarilaye (2017), but consistent with the findings of (Gregory et al 2007). The above indicates that independent board member propels the disclosure of sustainability information in the sampled firms of consumer goods and services companies in Nigerian.

Auditor type proves to be significant, thereby revealing that the existence of the group of the big four influences the level of sustainability information disclosure as this is guaranteed. This is in tandem with the study of Uwuigbe (2011), while Teraq et al (2017), and Ayodeji and Mary (2012), recorded insignificant effect.

Furthermore, firm size and ownership structure are statistically significant, indicating that firms with higher total asset, as well as the prevailing ownership structure disclose their sustainability information. The finding is in line with the results found in the study of Uwuigbe 2011; innocent & Gloria 2018; Nurudeen et al 2021 while Sulaiman et al (2018) documented firm size to be insignificant. Timiyu & Oyekunle (2021) found ownership structure to be significant whereas Tareq et al (2017) found ownership structure to be insignificant.

Firm leverage shows a negative and insignificant statistical result. It has the implication that irrespective of the level of debt, and the information needs of the financial institution and other stakeholders of the firms, management would still not release the expected sustainability information. The finding is consistent with the study of Eneh and Amakor (2019). In the study of Shuaibu (2020), Benjamin et al (2017), Egbunike and Tarilaye (2017) significant effect was documented.

Firm profitability is documented by the study to be significant. The implication is that management of firms whose performance prove to be optimally excellent would like to disclose their sustainability information to distinguish themselves from the less or average performing ones. Again, it implies that the buoyant firms disclose their sustainability information since they have the wherewithal to sponsor the cost of such disclosure. This finding is in consonance with that of Innocent and Gloria (2018), Benjamin et al (2017), while Tiamiyu & Oyekunle (2021), Sulaiman et al (2018), Eneh and Amakor (2019) recorded insignificant effect.

Based on the above findings, the study concludes that independent board member, firm size, ownership structure, profitability, auditor type supports the disclosure of sustainability information of consumer goods and services companies in Nigeria. The implications are that: firms with a high level of asset have nothing to hide rather, such firms tend to disclose their wealth to the general public for more potential investors to be attracted (Signaling theory). Again, independent board members are the eyes of the shareholders. So, their presence in the decision of the management which are mostly controlled by the board are tailored in such a way that the wealth of the owners will not be negatively affected. In so doing, all the sustainability information necessary for the shareholders information request, and value creation are disclosed.

Furthermore, the prevailing ownership structure in the sectors tend to propel adequate disclosure of sustainability information hence both the institutional and diffused ownership structures are all pushing for stringent and proactive control to ensure that proper management of shareholders' wealth are in place. The existence of the big four audit firms truly gives an edge over the disclosure of information. The firms whose annual reports are audited by either KMPG, PWC, Deilotte, Ernst and Young disclose their sustainability information. The implication is that, these audit firms have their reputation to protect, as well as being very careful to avoid litigation of any type. In so doing, their presence induces much disclosure of sustainability information in the annual reports of sampled firms.

## 5.0 Conclusion and Recommendations

### 5.1 Conclusion

Following the findings of the study, it could therefore deduce that not all the hypotheses formulated in the study are accepted, and this has its future implications.

Precisely, the following hypotheses are accepted at wit:

Independent board member and Sustainability Information Disclosure: The group of directors are the eyes and ears of the shareholders, and as a result, their presence propels the disclosure of sustainability information to large extent.

Auditor type and Sustainability Information Disclosure: The involvement of this group of audit firms compels the management to disclosure more sustainability information as made known by the study. These are the recognized most standardized audit firms in Nigeria, and are general identified as the big audit four.

Firm size and Sustainability Information Disclosure: Firm size in this study is measured by the logarithm of total asset. It has been proven that the wealth of firms stands as the basis for sustainability disclosure. This is because of what they have and which they want the public to know. It serves as a competitive advantage.

Ownership structure and Sustainability Information Disclosure: The concentration and composition of firms' ownership is very paramount to the disclosure of sustainability information. The implication is that, the existence of block ownership, as well as the composition of the shareholders who are kin in the monitoring, and controlling of business activities either through agents induces much sustainability information disclosure in the annual reports.

Firm profitability and Sustainability Information Disclosure: Profitability is a prove of firms optimal performance. Firms are bound to respond to the community's needs having allowed them to existence (Legitimacy theory). Community is the reason for firms profit which come through their patronage, accommodation of the air and water pollution, degradation of the environment, and deforestation. Therefore, the firm in return is expected to maintain the cordial relationship by the provision of information needs.

Whereas the underneath proved to have insignificant effect to the disclosure of sustainability information such as:

Firm Age and Sustainability Information Disclosure: Firm age is argued to be a sign for firm's maturity as it counts from the date of the corporation registration in company affairs commission (CAC). This should have been a factor that assures good reputation, having much involvement in the disclosure of expected information especially the sustainability information. The result of the study proved the above statement absolutely wrong as firm age poses insignificant effect in the disclosure of sustainability information of listed consumer goods and services companies in Nigeria. The implication tends to be that, irrespective of number of years a firm has existed, it will not be a yardstick of information disclosure.

Firm leverage and Sustainability Information Disclosure: Obviously known that firms embark on two types of capital structure i. e., equity or debt capital. Firms tend to be heavily debated when the percentage of debt capital outweighs that of equity capital. Although, debt activities may equally arise through supplies, taxes etc. The owners of external capital and other credit transactions are much interested in the release of information which x-rays the financial stands, going-concern, and performance of the firm. Going by this, it is expected that firms leverage will propel the disclosure of sustainability information as this avails the stakeholders the opportunity to assess their activities. However, the reverse is the case as the study finds firm leverage to pose insignificant effect in the disclosure of the sustainability information.

Summarily, this indicates that independent board member, auditor type, firm size, ownership structure, and firm profitability support the disclosure of sustainability information. Its positive implications spill as follows: release of sustainability information is made possible. This good aspect of the management will add to the growth of the firm, increase and cement the confidence of the shareholders and other stakeholders as their information expectation is being met through the window of better returns on capital invested (stakeholder theory). Furthermore, firm age, and firm leverage do not support the disclosure of sustainability information. It implies that the years of firms existence, and the magnitude of liability do not significantly influence the type or nature of information to be disclosed by the management, most especially the sustainability information. This has the implication of inducing information asymmetry and as well creating great difference between the book value and market value of those firms. This means that the net-worth or the total asset is under estimated or valued.

## 5.2 Recommendations

The following recommendations are made based on the conclusions given in the study:

independent board member, auditor type, firm size, ownership structure, and firm profitability support the disclosure of sustainability information, whereas firm age, and firm leverage do not support the disclosure of sustainability information. This has enormous implications which have been explained above. That notwithstanding, the following recommendations are the submission of the study: (a) The country or the regulators should work on the following factors such as: economic development, social, political, and cultural factors as these play a significant role in the disclosure of sustainability information. Evidently, low economic development affects the clarion call for more sustainability disclosure. A country's increase in Foreign Direct Investment (FDI) encourages sustainability information disclosure as local companies are forced to emulate the foreign ones in their sustainability information disclosure. This motivates sustainability information to be disclosed by the local companies(b) Political sentiment is another factor that impedes on this disclosure. It is the recommendation of the study that defaulter will be sanctioned irrespective of "who is behind the scene". Leverage supposed to be a variable that propels the disclosure of sustainability information hence owners of the resources are ear open and eye shines to hear and see the information needs regarding the utilization of their wealth, as hope of repayment are not dashed out. (c) There is need to work on the firms' corrupt practices. The study has proved that firms with low corrupt practices have better chance of increasing the disclosure level of their sustainability information disclosure. Firm age counts from the date of corporate registration with CAC. This gives the believe that firm who have long existed in the business has known the regulation, and suppose to comply with the regulation for reputation and image preservation, but reverse is the case. The scenario shows that firms intentionally circumvent laws due to what they will gain. (D) Also, there should be an incentive for the complying companies. This will serve as a motivational tool which will encourage others to pick after them.

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