

ENVIRONMENTAL FINANCIAL REPORTING PRACTICES AND QUOTED COMPANIES IN NIGERIA

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ABSTRACT

Introduction: The public's worries regarding company non-financial performance have increased due to environmental difficulties caused by industrial activities, and calls for environmental data disclosure have gotten stronger. The Global Reporting Initiative (GRI) and the International Organization for Standardization (ISO) have established standards for measuring firm environmental effectiveness and disclosing information within yearly reports; nevertheless, developing nations have not given these standards adequate consideration. The goal of this research was to evaluate the level of compliance with disclosure requirements among traded Nigerian companies.

Methods: For the investigation, data that are both primary and secondary were used. To gather primary data, twenty percent (20%) of all listed Nigerian companies were selected at random and given a standardized questionnaire. From 2014 to 2023, secondary information was collected from the chosen companies' annual reports over a ten-year period. At the 5% level of significance, panel regression and ANOVA analysis were utilized to look into the relationships and effects between the study variables.

Results: According to the results, a noteworthy distinction in the degree of corporate environmental disclosure was noted across a subset of traded businesses ($p=0.224$). 90% of respondents confirmed that the research area had corporate environmental disclosure practices in place. Findings showed that OP, FL, SF, and environmental disclosure had a strong connection ($R^2 = 0.6932$).

Conclusion and suggestion: According to the study's findings, environmental reporting by Nigerian listed corporations complies with ISO 14031 criteria. This study therefore recommended that policymakers should mandate disclosure of corporate environmental information.

INTRODUCTION

Environmental issues brought on by industrial operations have raised public concerns about companies' non-financial performance and pushed for environmental information to be disclosed. Guidelines from the International Organization for Standardization (ISO) and the Global Reporting Initiative (GRI) for assessing business environmental performance and disclosures in annual reports have not gained adequate attention in developing economies. People used to ignore environmental problems, but times have changed, and waste products are now recognized as a possible source of environmental harm. The majority of people now understand that protecting the land, water, and air quality is more crucial than bringing down consumer prices for goods, and now businesses want to be environmentally friendly since a lot of investors think that environmental responsibility is important.

Accounting is viewed as an information infrastructure that economic units employ to make a variety of economic decisions, according to Bello (2016). Therefore, accounting may be viewed as an information system that facilitates decision-making and communication. Accounting is used by corporate organizations to report their operational performance and status to all stakeholders at a given point in time. Financial reporting is a tool used by businesses to tell the public about their activities. Through corporate financial reporting, businesses inform the public about their operational performance in terms of profitability, efficiency, and responsibility (Sanda, Mikailu, & Garba, 2018). The bill of health, which integrates qualitative and quantitative financial data, is the result of a business entity's financial reporting. A company's yearly financial reports and accounts contain data that many stakeholders use to make judgments regarding its performance and condition. Financial statements are created and distributed by businesses to report their financial status. The informational quality of these financial statements must adhere to specific standards. According to Belkaoui (2019), information in financial reports should be impartial, verifiable, comprehensive, current, comparable, and relevant. Investors, management, the government, employees, creditors, and analysts may make qualitative and well-informed decisions if the financial reports provide high-quality information. Financial reports are frequently used by those who use them to determine if a business will continue.

Investors usually rely too much on the accuracy of financial statement disclosure, claim Ghofar and Saraswati (2018). However, there has been disagreement among accounting theorists and practitioners on the appropriate amount of information to include in corporate financial reports (Higson, 2017). The human capital and intellectual capacity of service companies' employees are their most significant assets. Even while all businesses need strong and competitive environmental resources to succeed, the quality of such resources has a substantial impact on the success of service businesses. Robbins

(2019) asserts that a company's capacity to draw in and keep great talent is a key factor in success in practically every business. Service companies invest heavily in staff training to maintain the competency of their workforce (Ortiz, 2019; Verma and Dewe, 2019; Robbins, 2019). Therefore, one of the best investments that business administrators can make is to increase staff capability (Owen, 2021).

Over the past 20 years, corporate environmental disclosure has progressively grown in scope and complexity. Over the years, studies have been conducted to understand and explain this aspect of company reporting that seems to fall outside the conventional purview of accounting disclosures. Modern firms are finding it increasingly difficult to integrate environmental concerns into their overarching business goals without improving the quality of their financial reporting. The study's significance and relevance are partially defined by the ambiguity of the research data in this area and the fluctuating role of the firm's particular elements. This implies that the issues have not received enough attention in the literature. Because the amount, level of understanding, and significance of environmental costs differ greatly from those of industrialized nations, there is a knowledge gap about how company characteristics will affect effective financial reporting for emerging economies.

As stated by Coopers and Lybrand (2017), environmental accounting can also be understood in terms of the corporate, national, and overall environmental accounting frameworks. Although corporate environmental disclosure is still relatively new, some developed countries have made it a mandatory part of their reporting requirements, while most developing countries do not (Tsang, 2013; Imam, 2000; Belal, 2001; Hassan & Alfieri, 2003; Ngwakwe, 2008). Williams (1999) observed in his research that investors and stakeholders are increasing pressure on companies to disclose their environmental data because they are concerned about the extent of the costs and liabilities associated with environmental issues and how these might influence the decisions made by various investor groups and other stakeholders.

Therefore, the scope of corporate environmental reporting (disclosure) in this study looked at practices used by businesses listed on the Nigerian Exchange Group. Finding out the extent of corporate environmental disclosure practiced by Nigerian listed firms is one of the objectives to assess the degree of compliance of Nigerian quoted companies with ISO guidelines.

The aims of this study are to:

1. Examine how much environmental disclosure is practiced by Nigerian companies that are quoted.
2. Assess the level to which quoted Nigerian companies adhere to the ISO requirements.

3. Examine the effects of business size, financial leverage, and operating performance on the corporate environmental disclosure level

LITERATURE REVIEW

Environmental Accounting

Environmental accounting" has multiple meanings and applications. This wide field of accounting provides reports for external use, such as disseminating environmental data to the financial community and the general public, as well as internal use, such as managing expenses and capital planning, as well as producing environmental data to support pricing decisions made by management. Environmental accounting has been defined as a creative sustainability activity that involves the recognizable proof, Material streams, and the associated financial flows are allocated and analyzed. Systems of environmental accounting are used to shed light on the financial implications of environmental issues. Environmental accounting is the management of financial and environmental performance through the creation and use of suitable condition-related accounting systems and procedures, according to the [International Federation of Accountants \(2018\)](#). Keeping up with management, reporting, and performance evaluation are all part of an environmental accounting system's intended scope. For example, reporting environmental performance results to an internal or external audience requires significant material and financial advancements in environmental accounting. Without an environmental accounting system, it is challenging to collect the data needed for a corporate environmental report.

Corporate Environmental Reporting

According to [Dim, Kouhy and Lavers \(2011\)](#), corporate environmental reporting serves as a channel for informing specific societal interest groups, as well as the general public the environmental effects of an organization's financial activities. The goal of environmental reporting, according to [Brophy and Starkey \(1996\)](#), is to give relevant stakeholders information about an entity's operational performance and environmental impact that they may use to evaluate the reporting entity's relationship with them. It is defined as something which aims to take into account a number of social and environmental factors on which business operations have an influence on matters pertaining to employees, environmental problems, involvement in the community, and other moral surroundings matters. It also includes the public disclosure of information about an organization's information performance, including its environmental effects, how well those impacts are managed, and how it supports ecologically sustainable developments. This is sometimes referred to as the disclosure of information about a company's interactions with society.

Financial Reporting

Establishing and outlining the foundations of corporate financial reporting is the aim of this section. The main goal of corporate financial reporting, according to [van Beest, Braam, and Boelens \(2019\)](#), is to assess the financial performance of the reporting company by comparing its performance on a given date to its performance on that date. It is a method of making information accessible to the general public through financial reports. Among the many financial reports that can be generated from a company's financial reporting are the balance sheet, the account of profit and loss, the financial statement, the statement of added value, the accounts' notes, the accounting policies, and the audit report. These reports, which can be either qualitative or quantitative, are referred to as financial statements. Nonetheless, a lot of focus is placed on quantitative financial statements, which are usually the most crucial reports in the context of financial reporting. According to [Yakhou and Dorweiler \(2020\)](#), environmental accounting is a large area of accounting. It produces environmental data for the financial industry and the general public for internal and external uses, as well as environmental data for management to use in capital planning, cost control, and pricing. In order to promote and reinforce the interconnected and mutually supporting pillars of sustainable development in social, economic, and environmental development in Nigeria, environmental accounting helps organizations to monitor their environmental data and other greenhouse gas (GHG) emissions against reduction targets and makes environmental reporting easier ([UNCTAD, 2019](#)).

Theoretical Framework

Political Economy Theory

The political analysts claim that accounting systems "act as mechanisms used to create, distribute, and mystify power" in economic theory ([Buhr, 1998](#)). Economic theories of self-interest serve as the foundation for this notion. According to political economy, social and environmental disclosures are preemptive and are employed to impose policies intended to prevent intervention ([Frost, 2000](#)). Pressure groups are a threat to businesses because they can result in more government interference through political fallout from regulatory action ([Whittred, Zimmerman, and Taylor, 1996](#)). Therefore, it is anticipated that companies will make use of social responsibility disclosures and government lobbying to offset any potential political costs ([Watts and Zimmerman, 1978](#)).

Legitimacy Theory

The conventional definition of legitimacy [Dowling & Pfeffer \(1975\)](#) is the alignment of an organization's values with those of the broader social system of which it is a part. Businesses reveal the legitimacy perspective states that they voluntarily provide environmental data to demonstrate their adherence to the standards and ideals of the

community in which they function. 1989's Guthrie & Parker study is among the most important and early research in the literature on corporate social reporting. They contend that major social and environmental events will be addressed by corporate transparency rules if the legitimacy explanation is correct.

Stakeholder Theory

According to the stakeholder theory, a company needs the support of its stakeholders to continue operating, and in order to do so, it must ask for and receive their consent and modify its operations accordingly (Chan, 1996). According to Ullmann (1985), managing stakeholder relationships is attainable through the strategic use of environmental reporting by corporations. As a result, this strategy is organizationally oriented, and stakeholders are selected based on whether or not their association with the business benefits the organization. We'll handle our relationship with that group appropriately. Controlling the kind and flow of data to and from these crucial parties is the main goal of this part of stakeholder theory, as it helps the business get its support and acceptance.

Empirical Review

Enahoro (2009) examined the environmental accounting's conception and underpinnings in Nigeria's manufacturing, oil, and gas industries. The study evaluated the degree of independence in tracking environmental cost impacts; multivariate linear regression analysis, ANOVA, and tests for Pearson Product-Moment correlation were applied to examine the data. The study discovered that there is no costing mechanism in place to keep track of externality costs. Osemene and Olaoye (2009) assessed how environmental accounting issues affected the quality of life for those living in Nigerian oil-producing towns. The data were analyzed using Z-score, means, percentages, and other descriptive and inferential statistics. The outcome demonstrates that environmental factors have a noteworthy detrimental impact on both the overall state of the economy and the residents of the communities that produce oil.

The oil and gas supply chain industry's first-tier suppliers' environmental performance was examined by Tynon (2012). The exploratory nature of the study and its results indicate that a proactive environmental commitment directly impacts the firm's actions by influencing its priorities and goal-setting. The results also demonstrate that investment decisions to build suitable environmental resources and capabilities, as well as environmental collaboration, are motivated by commitment. Germanova (2008) asserts that CSR serves as a Tool for Corporate Governance: Bulgarian Business Practices. Both quantitative and qualitative methodologies were used in the investigation. According to this research, corporate social responsibility (CSR) can be understood as a principal-agent relationship in which, depending on the nature of the interaction, business organizations as a whole could be either agents or principals.

Conceptual Framework

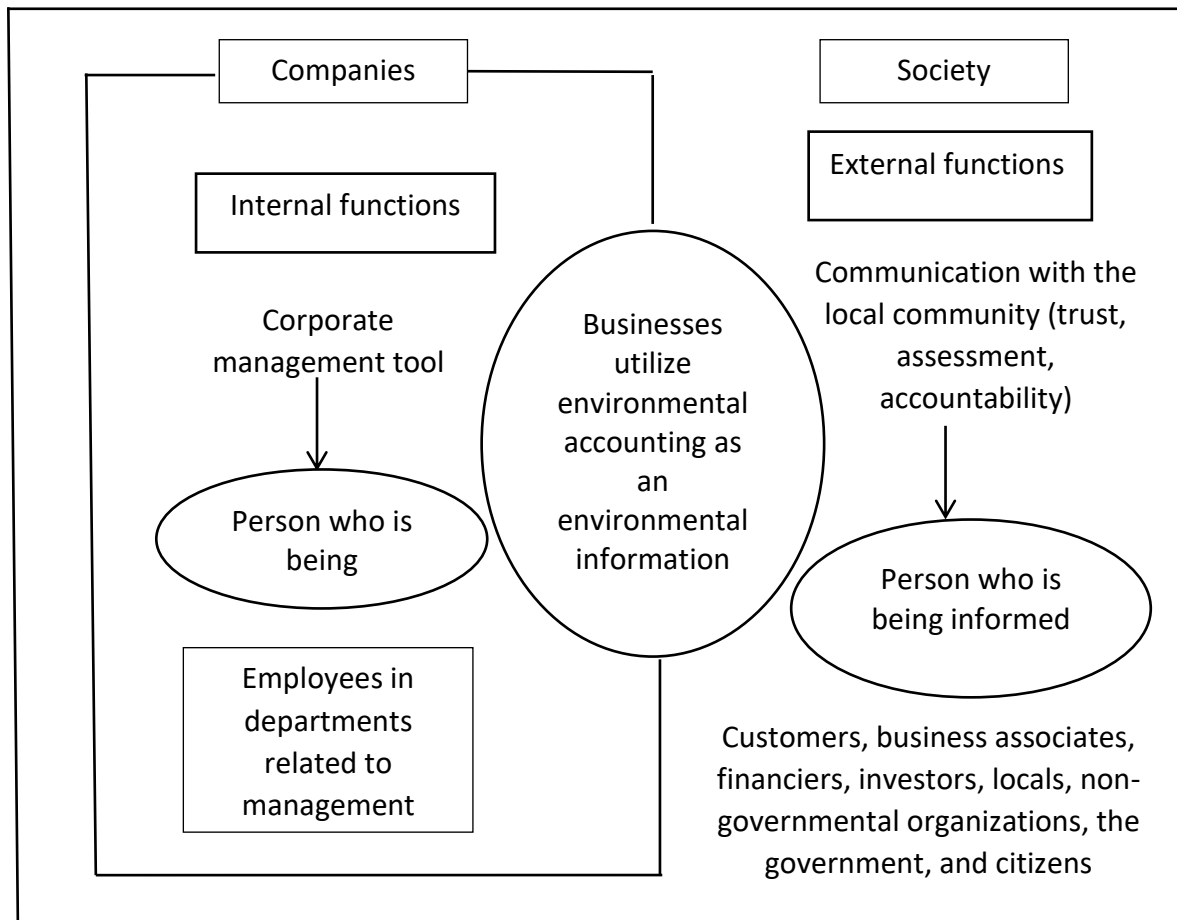


Figure 1. Theoretical Structure

Author's compilation (2024)

RESEARCH METHODS

In this study, the survey research methodology was applied. Survey research is a quantitative research method that involves collecting data through self-report measures, questionnaires, and interviews. It aims to collect information about something or people's attitudes, behaviors, and opinions. This research is being conducted in the state of Lagos, Nigeria. All businesses with a Nigerian Exchange Group listing engaged in downstream oil (petroleum marketing), building materials, chemicals and paints, brewing, health care/pharmaceutical, and agriculture/agro-allied industries were included in the study's population. Using the judgmental sample technique, five sectors with a total of 127 enterprises were selected for the sampling frame. Building materials, chemicals and paints, pharmaceuticals and health care, and upstream oil firms were among these

industries (Petroleum Marketing). This selection was based on the activities of the companies as polluters of the environment, the nature of production, types of raw material used, disposal of waste, asset size, and market capitalization rankings. To obtain the necessary information for this investigation, data from primary and secondary sources were explored. In contrast, the main information is gathered through the administration of a survey, while the firm's annual reports provided the secondary data of the chosen listed businesses for the years 2014–2023. Tabular representations of the information obtained from the field survey and a subset of the listed companies' annual reports were made available. How much environmental information is disclosed by listed companies in Nigeria was also represented.

Table 1. Selected Sectors

S/N	Industries/ Sectors	Number of companies	Cumulative
1.	Agricultural/ Agro-Allied	10	10
2.	Chemicals and Paints	54	54
3.	Building Material	20	20
4.	Healthcare/ Pharmaceutical	28	122
5.	Downstream oil companies	15	137

Sources: Researcher's Compilation, 2024.

RESULT AND ANALYSIS

Objective One: To ascertain the degree of corporate environmental disclosure among companies that are quoted in Nigeria

The descriptive analysis of the standard of environmental disclosure practices used by Nigerian listed firms

Table 2 shows that 34.9% of 46.1% of respondents strongly agreed, 3.1% were unsure, 11.2% disagreed, and 4.7% strongly opposed that businesses should safeguard the environment from environmental waste. This demonstrates that it is a positive development when businesses safeguard the environment from environmental waste. More so, 41.0% of the respondents strongly agreed that their company discloses environmental performance in its annual report. 36.3% agreed, 1.7% undecided, 14.9% disagreed, and 6.1% strongly disagreed. This indicates that the company discloses environmental performance in its annual report. Similarly, 45.7% of the respondents firmly felt that environmental disclosures made by businesses comprise a significant section of their corporate websites and annual reports, 34.9% agreed, 5.4% undecided, 10.1% disagreed, and 3.7% strongly disagreed. This is evidence that a significant portion of a firm's annual report and website is made up of environmental information that the company discloses.

Table 2. The level of corporate environmental disclosure practices among Nigerian quoted companies

S/N	QUESTIONS	RESPONDENT					Total
		SA	A	NS	D	SD	
1	It is good to see businesses protecting the environment from environmental trash.	103 (34.9%)	136 (46.1%)	9 (3.1%)	33 (11.2%)	14 (4.7%)	295
2	My company discloses an annual environmental performance report.	121 (41.0%)	107 (36.3%)	5 (1.7%)	44 (14.9%)	18 (6.1%)	295
3	A significant portion of a firm's annual report and website is made up of environmental information that the company discloses.	135 (45.7%)	103 (34.9%)	16 (5.4%)	30 (10.1%)	11 (3.7%)	295
4	Companies' environmental reports are independently verified.	74 (25.1%)	151 (51.2%)	16 (5.4%)	32 (10.8%)	22 (7.4%)	295
5	Businesses have a social obligation to donate funds voluntarily to support environmental preservation in the areas where they do business.	125 (42.3%)	142 (48.1%)	12 (4.1%)	5 (1.7%)	11 (3.7%)	295
6	It is mandatory for companies operating in the nation to disclose their environmental practices.	77 (26.1%)	179 (60.6%)	20 (6.7%)	13 (4.4%)	16 (5.4%)	295
7	Companies' environmental reports are published separately from their company websites and annual reports.	133 (45.1%)	110 (39.3%)	9 (3.1%)	24 (8.1%)	19 (6.4%)	295

Source: Researcher's Computation (2024)

Furthermore, 25.1% of the respondents strongly agreed, 53.2% of respondents agreed, 5.4% disagreed, 10.8% disagreed, and 7.4% strongly disagreed that environmental reports provided by businesses are independently reviewed. This demonstrates that environmental reports that businesses release are independently verified. Furthermore, 48.1% of respondents agreed, 4.1% were undecided, 1.7% disagreed, and 3.7% strongly disagreed that companies had a social responsibility to voluntarily donate funds for the preservation of the environment in which they operate. Of the respondents, 42.3% strongly agreed with this statement. This suggests that businesses have a social obligation to donate funds voluntarily to support environmental protection in the areas where they do business. Furthermore, 26.1% of respondents firmly believed that environmental disclosures from businesses based in the nation must be provided. 60.6% agreed, 5.4%

strongly disagreed, 6.7% were undecided, and 4.4% disagreed. This demonstrates that environmental reports that businesses release are independently verified. The final percentage of respondents was 45.1% who strongly agreed that environmental reports from businesses should be treated as separate documents from their annual reports and websites; other respondents agreed with this statement 39.3%, agreed and 3.1% disagreed, 8.1% disagreed, and 6.4% severely disagreed. This suggests that reports on environmental issues are a distinct record that stands apart from annual reports and company websites.

The level of corporate environmental disclosure practices among Nigerian listed businesses was determined by ANOVA findings.

Table 3 indicates that among the selected public businesses, the extent of environmental disclosures in Nigeria made by corporations did not differ in a way that was statistically significant. The outcomes showed this: $p = 0.786$ and $f(295) = 11.59$. In other words, it was discovered that the significance value (0.786) was higher than the value of alpha (0.05). Consequently, the hypothesis positing that no appreciable difference existed in the chosen Nigerian corporations' level of corporate environmental disclosures is refuted. There are differences in the extent of disclosure about the environment as a result made by Nigerian listed companies.

Table 3. ANOVA on the level of corporate environmental disclosures among selected Nigerian quoted companies

Source	Sum of Squares	Df	Mean Square	F	Sig	Remarks
Corrected model	271.076	4	77.769	112.59	.786	Not Rejected
Intercept	116.882	1	126.882	198.678	.000	
Environmental Disclosures	271.076	4	77.769	112.59	.775	
Error	174.551	290	.601	1.051		
Total	445.627	294				
R-squared = 0.608			Adj R-squared = 0.603			

Source: Researcher's Computation (2024)

Objective Two

One-Way ANOVA on the level of compliance of quoted companies in Nigeria with the ISO

Table 4 indicates that environmental reporting by quoted Nigerian enterprises does not meet the Standards for ISO 14031 ($f(295) = 28.05$, $p = .224$). In that instance, it was discovered that the significance value (.224) was lower than the value of alpha (0.05). As a result, the theory that claimed Nigerian companies' environmental reporting did not adhere to ISO 14031 standards was disproved. As a result, Nigerian companies' environmental reporting complies with ISO 14031.

Table 4. One-Way ANOVA on the level of compliance of quoted companies in Nigeria with the ISO

Source	Sum of Squares	Df	Mean Square	F	Sig	Remarks
Between groups	59.7188795	4	34.9797166	28.05	.224	Rejected
Within groups	154.328578	290	.832166732	387		
Total	214.047458	294				

Source: Researcher's Computation (2024).

Objective Three

Impact of business size, financial leverage, and operating performance on the degree of corporate environmental disclosure by Pooled Effect

The effect of operating performance, financial leverage, and the impact of business size on corporate environmental disclosure levels is the main topic of this portion of the research. The outcomes of Panel Data through Pooled regression, random effect, and fixed effect are presented below:

Pooled Regression: the impact of financial leverage, business size, and operating performance on the degree of corporate environmental disclosure

The impact of ROTA, DE, and SIZE on EDISC was displayed in Table 4.4. The Environmental Disclosure Index (EDISC) rises by 0.531% for every 1% increase in Return on Total Assets (ROTA), indicating a positive relationship between ROTA and EDISC ($\beta=0.00531$, $t=0.011<0.05$). A 1% rise in the Debt-to-Equity Ratio (DE) results in a 0.210% increase in EDISC, suggesting a positive relationship between DE and EDISC at $t=0.000<0.05$, $\beta=0.00210$. A 1% rise in Firm Size (SIZE) results in a 0.386% increase in EDISC, indicating a positive relationship between SIZE and EDISC ($\beta=0.00386$, $t=0.001<0.05$). Based on the high adjusted R² value of 69% and the coefficient of determination (R²) of 0.7868, which is 79%, it can be inferred that the independent variables included in this model have been able to account for 69% of the EDISC impact. In other words, EDISC is the dependent variable significantly impacted by the independent factors ROTA, DE, and SIZE. The significance of this concept is also supported by the F Probability statistic. At the

0.05 level of significance, the adjusted R² of 0.693 shows that the explanatory variables account for almost 69% of the dependent variable's overall variation.

Table 5. Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure by Pooled Effect

Dependent variables	Independent variables	Coefficient	Standard error	T	P>/T/	(95% conf. Interval)	
EDISC	ROTA	.00531418	.0559317	3.00	0.011	-.221003	-.0002011
	DE	.00210287	.1529053	5.01	0.000	-.2356867	.3679384
	SIZE	.00386808	.1852423	4.96	0.001	-.3124999	.4187819
R squared = 0.7868	Adj R squared = 0.6932	Prob > F = 0.0000	Root MSE = 1.5e+07	Model MS = 1.5e+07	F(3, 96) = 3290.63	p = 0.0000	

Source: Researcher's Computation (2024).

Fixed Effect of business size, financial leverage, and operating success on the degree of environmental disclosure by corporations

The impact of ROTA, DE, and SIZE on EDISC was displayed in Table 4.5. The Environmental Disclosure Index (EDISC) rises by 0.143% for every 1% increase in Return on Total Assets (ROTA), indicating a positive relationship between ROTA and EDISC ($\beta=0.00143$, $t=0.000<0.05$). A 1% rise in the Debt-to-Equity Ratio (DE) results in a 0.161% increase in EDISC, suggesting a positive relationship between DE and EDISC ($\beta=0.00161$, $t=0.001<0.05$). A 1% rise in Firm Size (SIZE) results in a 0.467% increase in EDISC, showing a favorable correlation between SIZE and EDISC ($\beta=0.00467$, $t=0.000<0.05$).

Table 6. Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure by Fixed Effect

Dependent variables	Independent variables	Coefficient	Standard error	T	P>/T/	(95% conf. Interval)	
EDISC	ROTA	.00143546	.2207043	6.00	0.000	-.2657545	.0099329
	DE	.00161226	.1540278	4.02	0.001	-.289635	.3616177
	SIZE	.00467175	.1716698	5.11	0.000	-.24485	.5320392
	CONSTANT	9.893048	6.520237	2.97	0.010	-.5970886	.2748641

Source: Researcher's Computation (2024)

Random Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure

The impact of ROTA, DE, and SIZE on EDISC was displayed in Table 4.6. The Environmental Disclosure Index (EDISC) rises by 0.898% with a 1% increase in Return on Total Assets (ROTA), indicating a positive relationship between ROTA and EDISC at $t=0.010<0.05$, $\beta=0.00898$. A 1% rise in the Debt-to-Equity Ratio (DE) results in a 0.321% increase in EDISC, suggesting a positive relationship between DE and EDISC, with $\beta=0.00321$ and $t=0.008<0.05$. A 1% rise in Firm Size (SIZE) results in a 0.564% increase in

EDISC, demonstrating a favorable correlation between SIZE and EDISC ($\beta=0.00564$ $t=0.011<0.05$).

Table 7. Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure by Random Effect

Dependent variables	Independent variables	Coefficient	Standard error	T	P>/T/	(95% conf. Interval)	
EDISC	ROTA	.00898597	.1538706	2.97	0.010	-.2911238	.4366831
	DE	.00320797	.1856684	3.02	0.008	-.6024316	.2013368
	SIZE	.00564474	.2050467	2.95	0.011	-.3155518	.2647935
	CONSTANT	5261424	2723036	4.20	0.000	-.2227829	.3104476
R-squared within = 0.8742				Prob> chi2. 0.000		Wald chi2 (3)	
between = 0.9354 overall = 0.8867							

Source: Researcher's Computation (2024).

Hausman Test on the Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure

The Hausman examination was used to ascertain whether fixed or random effects should be used. The null hypothesis was that random effects would be the preferable model, while fixed effects would be the alternative (Green, 2008). In essence, it determines whether or not the unique errors (ui) and the regression are associated; if not, the null hypothesis is true. Use fixed effects to reject the null hypothesis and embrace the alternative if $\text{Chi}^2 < 0$ is less than 0.05, indicating significance.

Table 8. Hausman Test on the Effect of operating performance, financial leverage, and size of firms on the level of corporate environmental disclosure

Dependent variables	Independent variables	Coefficient (b)	Coefficient (B)	(b-B) Difference	Sqrt (diag (v-b-v-B)) S.E
EDISC	ROTA	.00898597	.00143546	0.00755051	
	DE	.00320797	.00161226	0.00159577	
	SIZE	.00564474	.00467175	0.00097304	
b = consistent under Ho and Ha;		B = inconsistent under Ha, efficient under Ho		Test: Ho: difference in coefficients not systematic Chi2 (3) = (b-B)' [(v-b-v-B)^ (-1)] (b-B) = -1.96 Chi2 < 0	

Source: Computation of the Researcher (2024)

Discussion of Findings

This research assesses the type and degree of environmental disclosure practice compliance across Nigerian traded firms. In particular, it evaluated the extent to which quoted companies in Nigeria adhere to ISO standards for corporate environmental disclosure, ascertained the degree the impact of environmental performance data on

corporate investments in clean technology, and examined the effects of financial leverage, operational performance, and firm size on the extent of corporate environmental disclosure. To obtain the necessary data for this study, both primary and secondary sources of information were consulted. The main information, on the other hand, was gathered via a questionnaire that was distributed via email and hand. The selected businesses' corporate annual reports covering the years 2014–2023 provided the secondary data. To evaluate the empirical models utilized in the research, the researchers employed panel data regression analysis, mean, analysis of variance (ANOVA), and other descriptive and inferential statistics.

It was discovered from the findings that, according to [Namakonzi and Inanga \(2014\)](#), there are variations in the degree of corporate environmental information provided by a subset of quoted Nigerian companies. It is good to see businesses protecting the environment from environmental trash. It is mandatory for companies operating in the nation to disclose their environmental practices. It is good to see businesses protecting the environment from environmental trash. Businesses have a social obligation to donate funds voluntarily to support environmental preservation in the areas where they do business. Furthermore, as [Enahoro \(2009\)](#) pointed out, environmental reporting by Nigerian quoted corporations met with ISO 14031 criteria.

This demonstrates how the financial success of the company may improve if its surroundings data and performance practices are disclosed. An organization's connection to the community it resides will strengthen when it implements good environmental performance practices. Furthermore, when it comes to the degree concerning environmental disclosure by corporations, there a positive noteworthy operational results, monetary leverage, and company size. This provided support for [Tynon's \(2012\)](#) conclusion that environmental costs, operating firm size, and performance are the factors that directly affect a company's bottom line (internal costs).

CONCLUSION

The empirical results support the requirements for environmental disclosures from domestic businesses and the positive development of businesses protecting the environment from waste the environment. Businesses reveal a lot of environmental data on their webpages and in their yearly summaries. Additionally, Nigerian companies' environmental reporting complies with ISO 14031 standards, which apply to all organizations for environmental performance evaluation (EPE) within an organization. The actions among various stakeholder groups may be impacted by the actions of a business and its disclosure of environmental information. Businesses like to include information about their adoption of clean product technologies in their financial reports. Furthermore, the Environmental Disclosure Index is

positively impacted by firm size, return on equity, debt-to-equity ratio (DE), total assets (ROTA), and EDISC.

Recommendations

The recommendations that follow are proposed in light of the discoveries that this study produced.

1. The government, accounting regulatory agencies, and academic institutions need to take more proactive measures to acknowledge their roles. They should release standards and policy statements that either require or encourage companies to disclose environmental data associated with their different activities.
2. It is incumbent upon the government, enterprises, and investors to assume responsibility for implementing laws that will foster a favorable business climate for companies doing business within the nation.
3. More work needs to be done by standard-setting bodies and policymakers to establish a uniform structure for the required disclosure of environmental data by corporations. This project will, for the most part, lead to increased environmental transparency in addition to establishing guidelines for the design of environmental disclosure. In due course, this will improve comparability and facilitate investing in recognized businesses that exhibit greater social responsibility. The government should implement a green taxation strategy in order to incentivize companies to use cleaner, greener technologies and manufacturing methods like as well as to support the creation of a pollution-free environment.

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