JETMASE
Journal of Emerging Trends in Management Sciences and Entrepreneurship
Volume 8(1), Pages 296-311 January Edition, 2026
ISSN: 2384-762X
https://www.jetmase.com

Sustainability Reporting and Firm Value: The Moderating Effect of Board Expertise in Listed Manufacturing Companies in Nigeria

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ABSTRACT: This study investigated the moderating effect of board expertise on the relationship between sustainability reporting and the firm value of listed manufacturing companies in Nigeria. An ex-post facto research design was employed, utilizing panel data from 44 firms consistently listed on the Nigerian Exchange Group over a ten-year period from 2015 to 2024. The analysis applied fixed effects regression models to examine the individual effects of economic, environmental, social, and governance sustainability disclosures on firm value, measured by Tobin's Q, and the moderating effect of board expertise on these relationships. The empirical findings revealed a mixed relationship. While economic, environmental, and governance sustainability reporting individually showed insignificant effects on firm value, social sustainability reporting demonstrated a significant positive effect. While board expertise acted as a significant positive moderator for the relationships between firm value and both economic and social sustainability reporting. This indicates that the presence of a knowledgeable and experienced board enhances the value-relevance of disclosures in these indicators. However, the moderating effect of board expertise was found to be statistically insignificant for the relationships involving environmental and governance sustainability reporting with firm value. The study concludes that board expertise serves as a vital corporate governance mechanism that strengthens the positive effect of specific sustainability disclosures on market valuation, particularly in the economic and social sustainability reporting. It is recommended that manufacturing firms not only improve the quality and consistency of their social and economic sustainability disclosures but also strategically enhance the sustainability-related expertise of their board members. Regulatory bodies should encourage such governance improvements to help firms better communicate their long-term value creation strategies to investors.

Keywords: Board Expertise, Firm Value, Manufacturing Sector, Nigeria, Sustainability Reporting.

INTRODUCTION

Firm value, commonly measured through market capitalization, Tobin's Q, or related market indicators, reflects investors' expectations about a company's future profitability and long-term sustainability. While traditional financial indicators such as profitability, growth, and asset strength historically determined firm valuation, non-financial disclosures have increasingly become influential in shaping investor decisions. Sustainability reporting, which captures environmental, social, and governance (ESG) activities, is now widely recognized as an important determinant of corporate value because it reduces information asymmetry and signals responsible corporate behavior (Laskar, 2018). Globally, a growing proportion of

large corporations publish sustainability reports aligned with international frameworks such as the Global Reporting Initiative and Sustainability Accounting Standards Board, reflecting rising stakeholder expectations for transparency and accountability (Lawal et al., 2024).

Despite the growing adoption of sustainability reporting, preparedness remains uneven across firms. Many organizations still struggle to integrate sustainability reporting into strategic management systems, leading to differences in disclosure quality and usefulness. In many cases, reporting practices focus heavily on environmental issues, while social and governance disclosures receive comparatively less attention, reducing the completeness of sustainability information available to investors (Mahmood et al., 2018). Consequently, although sustainability reporting is becoming mainstream globally, differences in reporting depth, standardization, and credibility continue to shape its effectiveness in influencing firm valuation.

In Nigeria, sustainability reporting practices are expanding but remain at an early developmental stage relative to global leaders. Regulatory bodies such as the Financial Reporting Council of Nigeria and the Nigerian Exchange Group increasingly encourage the adoption of international reporting frameworks, including IFRS sustainability standards and integrated reporting practices, to strengthen transparency and investor confidence (Kolawole et al., 2023). Empirical evidence suggests that sustainability disclosures in Nigeria can enhance firm valuation by improving transparency and reducing perceived investment risk, although the strength of the relationship varies across disclosure dimensions and industries (Ioannou & Serafeim, 2019). In particular, some studies report that social sustainability disclosures show weak or inconsistent effects on firm value, largely due to differences in reporting quality and comparability across firms.

The effectiveness of sustainability reporting also depends on how investors interpret the information provided. Firms that present credible, comprehensive, and standardized disclosures signal strong governance practices and effective risk management, leading to improved market valuation. Conversely, incomplete or inconsistent disclosures create uncertainty and may weaken investor confidence. Board expertise plays an important moderating role in this relationship, as knowledgeable and experienced directors are better positioned to oversee sustainability initiatives, ensure accurate reporting, and integrate ESG considerations into corporate strategy (Khan et al., 2022; Erin et al., 2021). Empirical studies further demonstrate that firms with competent boards tend to produce higher-quality sustainability disclosures, thereby strengthening the positive link between reporting and firm value (Okolie et al., 2024; Guerrero-Villegas et al., 2018).

Sustainability reporting contributes differently to firm valuation. Economic sustainability reporting focuses on long-term value creation, operational resilience, and innovation investment, which often signals lower risk and stronger growth potential to investors (GRI, 2023; Hope, 2020). Environmental sustainability reporting highlights corporate actions relating to emissions reduction, resource efficiency, and regulatory compliance, helping investors evaluate environmental risk exposure (Girón et al., 2020; Fadipe et al., 2025). Social sustainability reporting emphasizes stakeholder relationships, labor practices, and community engagement, which can enhance corporate reputation and stakeholder trust, although evidence regarding its value relevance in Nigeria remains mixed (Gitahi et al., 2018; Ezeokafor & Amahalu, 2019). Governance sustainability reporting, which includes board structure, risk oversight, and ethical

practices, is particularly critical because it signals corporate accountability and transparency, thereby influencing investor confidence (Hassan & Musa, 2024; Ioannou & Serafeim, 2019).

Despite increasing global attention to sustainability reporting, several challenges persist, particularly in emerging markets. Reporting frameworks remain fragmented, institutional capacity is uneven, and regulatory enforcement varies, making cross-firm comparisons difficult and sometimes limiting the valuation impact of sustainability disclosures (GRI, 2021; Hope, 2020). These challenges are especially relevant in Nigeria, where reporting practices continue to evolve and investor demand for sustainability information is still developing.

The problem addressed in this study arises from the lack of consensus regarding the exact relationship between sustainability reporting and firm value, particularly in emerging markets such as Nigeria. While some studies document positive valuation effects of sustainability disclosures, others report mixed or insignificant outcomes depending on the disclosure dimension, sector, and institutional environment (Anaege et al., 2025; Nnedu, 2025). Existing Nigerian research also tends to focus primarily on direct relationships between sustainability reporting and firm performance, often treating sustainability reporting as a composite measure rather than examining the individual effects of economic, environmental, social, and governance disclosures (Nwekwo et al., 2025).

Another important gap concerns governance mechanisms that may influence how sustainability reporting affects firm value. Although some studies consider board characteristics such as gender diversity as moderating factors (Onu et al., 2024), limited attention has been given to board expertise, which represents the professional knowledge and experience necessary to interpret sustainability information and guide corporate disclosure practices. Moreover, the manufacturing sector, which faces unique environmental and operational challenges, has received relatively limited focused investigation compared with financial institutions.

This study addressed these gaps by examining how each indicators of sustainability reporting influences firm value in Nigerian manufacturing firms and by introducing board expertise as a moderating variable. By disaggregating sustainability indicators and incorporating board expertise into the analysis, the study provides deeper insights into the mechanisms through which sustainability reporting influences valuation outcomes, thereby offering policy-relevant evidence for improving corporate governance, sustainability disclosure standards, and investor decision-making in emerging markets.

LITERATURE REVIEW

Firm Value

Firm value is frequently conceived as the market's forward-looking judgment about a firm's earning capacity and strategic resilience. By integrating expectations about risk, profitability, and long-term sustainability, investors assign value not merely based on current earnings but on anticipated future benefits. This perspective aligns with the assertion that disclosures especially those in integrated reports shape information environments that help forecast firm prospects more accurately, thereby influencing valuation (Wahl et al., 2020). Consequently, firm value becomes a dynamic construct shaped by investor sentiment, disclosure clarity, and the perceived credibility of corporate governance structures (Obeng et al., 2020).

Sustainability Reporting

Arowolo and Oyewumi (2021) noted that sustainability reporting functions as a

strategic communication channel that reduces information asymmetry between corporate managers and external stakeholders. When companies provide detailed sustainability information, they enhance transparency and demonstrate accountability in the management of environmental and social risks. According to Ahmed et al. (2023), sustainability reporting improves the credibility of corporate disclosures by offering insights into non-financial performance drivers that influence long-term profitability and resilience. Investors increasingly rely on sustainability reports to assess how organizations manage climate risks, resource efficiency, regulatory compliance, and stakeholder relations, all of which have implications for future financial performance.

Economic Sustainability Reporting

Economic sustainability reporting communicates how corporate activities generate, preserve, and distribute economic value over time while ensuring that such value creation does not undermine the future capacity of stakeholders or the economy at large. This involves disclosure of indicators such as economic value generated and distributed, market presence, procurement practices, financial stability, investments in innovation, infrastructure development, and risk management strategies that support sustainable long-term growth. By presenting these elements, organizations demonstrate accountability to investors, regulators, employees, and society regarding their economic contributions and sustainability orientation (Aupperle et al, 2018).

Environmental Sustainability Reporting

Environmental sustainability reporting refers to the systematic measurement, disclosure, and communication of an organization's environmental impacts, environmental management practices, and long-term environmental performance to stakeholders. It represents the environmental pillar of sustainability reporting and focuses on how corporate activities influence natural ecosystems, resource utilization, climate change, pollution control, biodiversity protection, and ecological preservation. Unlike traditional financial reporting, which concentrates primarily on financial outcomes, environmental sustainability reporting provides information about how organizations manage environmental risks and opportunities while ensuring that present economic activities do not compromise the ecological capacity required by future generations (Eccles & Krzus, 2018).

Social Sustainability Reporting

Social sustainability reporting reflects the recognition that corporate organizations operate within social systems that supply labor, markets, and social legitimacy. Consequently, firms are increasingly expected to disclose how their operations affect social wellbeing and how they manage social risks associated with labor practices, workplace safety, human capital development, customer protection, and community relations. The Global Reporting Initiative (GRI) provides globally accepted sustainability reporting standards that include detailed social disclosure indicators covering employment practices, occupational health and safety, employee training, human rights protection, product responsibility, and community investment initiatives (GRI, 2023). These standards provide a structured framework that allows organizations to measure and communicate their social performance in a consistent and comparable manner.

Governance Sustainability Reporting

Governance sustainability reporting represents the systematic disclosure of corporate governance structures, policies, practices, and performance metrics as they relate to environmental, social, and economic sustainability. It emphasizes transparency, accountability, and integrity in the way organizations are directed, controlled, and monitored, with a view toward enhancing long-term corporate sustainability and stakeholder trust (Hassan & Musa, 2024).

Unlike financial reporting, which focuses primarily on the economic performance of an organization, governance sustainability reporting integrates non-financial dimensions that reflect how governance practices influence corporate strategy, risk management, compliance, and ethical conduct, ultimately shaping firm value and resilience (Hilton & Bupe, 2024).

Board Expertise

The concept of board expertise emphasizes that directors must possess adequate professional backgrounds in areas such as finance, accounting, management, law, risk management, industry operations, and sustainability in order to properly evaluate corporate strategies, monitor management actions, and ensure regulatory compliance. Directors who possess relevant expertise are better positioned to interpret complex financial information, assess investment decisions, evaluate risk exposures, and contribute meaningfully to strategic discussions, thereby improving the overall governance quality of the firm (Adeyemi & Yahaya, 2024). Consequently, firms with highly experienced boards tend to demonstrate stronger internal control systems, improved reporting quality, and better financial outcomes compared to firms whose boards lack specialized knowledge.

Empirical Review

Azeez et al. (2025) examined the effect of sustainability reporting on the market value of environmentally sensitive companies listed in Nigeria using panel data from 46 firms covering 2017–2022. Tobin's Q measured firm value, while sustainability reporting was decomposed into economic, environmental, social, and aggregate indices. The study employed Pooled OLS, Fixed Effects, Random Effects, and Feasible Generalized Least Squares (FGLS) estimation techniques. Findings revealed that economic sustainability reporting significantly improved market value, environmental and aggregate disclosures showed significant negative effects, while social reporting exhibited a positive but insignificant effect.

Chinonso et al. (2025) assessed the effect of environmental sustainability reporting on the financial performance of 16 Nigerian consumer goods firms from 2014 to 2023 using an ex-post facto design. Secondary data were analyzed with panel regression techniques implemented in STATA. Sales turnover served as the performance proxy, while firm size was introduced as a moderating variable. Findings revealed that environmental sustainability reporting had a significant negative effect on sales turnover due to compliance costs, while firm size positively moderated the relationship, indicating that larger firms benefit more from sustainability initiatives.

Elaitan et al. (2025) examined the relationship between sustainability reporting and financial performance of ten Nigerian manufacturing firms between 2020 and 2022 using secondary data and multiple regression analysis. Return on equity was used as the performance indicator, while economic, environmental, and social disclosures served as explanatory variables. Results showed that economic and environmental disclosures individually reduced profitability, while social disclosures were statistically insignificant. However, when sustainability components were considered jointly, they exerted a positive combined influence on profitability, suggesting the benefits of integrated sustainability reporting.

Ovsiuk and Afanasieva (2025) investigated sustainability reporting practices and implementation challenges within Ukrainian businesses using qualitative analytical methods, including system analysis, synthesis, induction, and expert assessment. The study found that environmental and social accounting practices function as interdependent elements of a unified sustainability accounting framework. The authors concluded that improved regulatory

frameworks and stronger public-sector involvement are necessary to enhance sustainability reporting adoption, managerial transparency, and investment attractiveness across industries.

Driss and Jaballah (2025) analyzed the relationship between CSR disclosures and financial performance of 90 Saudi Arabian non-financial companies from 2019 to 2023 using content analysis and regression techniques. CSR disclosures were categorized into philanthropic, environmental, and social dimensions, while performance was measured using ROA and ROE. Findings indicated a significant positive association between CSR disclosures and corporate performance across models, with firm size and industry characteristics influencing the magnitude of the relationship.

Dan et al. (2025) examined the effect of sustainability disclosures on market value of Nigerian industrial goods firms from 2014 to 2023 using an ex-post facto research design. Secondary panel data were analyzed using Ordinary Least Squares regression implemented in STATA. Market capitalization represented firm value, while environmental, social, economic, and governance disclosures served as explanatory variables. Results showed that environmental disclosure had an insignificant effect on market value, whereas social sustainability disclosure exerted a positive and statistically significant influence.

Jerry et al. (2025) evaluated the influence of economic, environmental, social, and governance sustainability disclosures on firm value of Nigerian consumer goods firms using an ex-post facto design and robust regression analysis. Secondary data were sourced from annual reports of sixteen listed firms covering 2016–2021. The results demonstrated that sustainability reporting dimensions collectively influence firm value, highlighting the importance of comprehensive ESG reporting practices in improving investor perception and valuation outcomes in the Nigerian capital market.

Osevwe-Okoroyibo and Okoye (2025) investigated the effect of environmental and governance sustainability reporting on the value relevance of accounting information among 26 Nigerian manufacturing firms between 2013 and 2023. Using descriptive statistics, correlation analysis, and panel regression techniques, the study found that environmental and governance disclosures significantly enhanced the value relevance of accounting information measured through share price, indicating that sustainability transparency strengthens investor confidence and market responsiveness.

Egbadju and Korolo (2025) examined the relationship between corporate governance financial expertise and firm performance of 75 Nigerian non-financial firms from 2005 to 2023 using panel data and the Generalized Method of Moments (GMM) estimation technique. Variables such as audit committee financial expertise, board financial expertise, and CEO financial expertise were analyzed. Findings revealed that governance financial expertise significantly improved firm performance, emphasizing the importance of knowledgeable leadership in enhancing profitability and corporate outcomes.

Onyeogubalu et al. (2025) analyzed the influence of board financial expertise on tax avoidance among 15 Nigerian consumer goods firms from 2014 to 2023 using an ex-post facto research design. After diagnostic tests, the Robust Least Squares estimation method was applied. The findings showed that directors' financial expertise significantly and negatively affected tax avoidance, indicating that boards with strong financial knowledge promote compliance, reduce aggressive tax practices, and improve corporate governance effectiveness.

Aliyu et al. (2024) investigated the influence of economic and social sustainability

reporting on firm value of 29 listed manufacturing firms in Nigeria between 2007 and 2022 using an ex-post facto research design. Secondary data were analyzed using descriptive statistics and multiple regression analysis with information asymmetry included as a moderating variable. Results indicated that economic sustainability reporting had a positive but insignificant effect on firm value, whereas social sustainability reporting showed a negative and significant effect. Information asymmetry positively moderated the relationship between social disclosure and firm value.

Theoretical Framework

Stakeholder Theory was adopted as the theoretical framework for this study. Stakeholder Theory was propounded by R. Edward Freeman in 1984 in Boston. The theory posits that companies have moral, ethical, and strategic obligations not only to shareholders but also to a broad array of stakeholders, including employees, customers, suppliers, creditors, communities, regulatory authorities, and even the natural environment. The theory best explains the relationship between sustainability reporting and firm value because sustainability disclosures (economic, environmental, social, and governance) are primarily designed to meet the information needs of various stakeholders such as investors, employees, customers, regulators, and communities. Firms that provide transparent sustainability information demonstrate accountability and responsiveness to stakeholder expectations, which enhances corporate reputation, reduces information asymmetry, and ultimately improves firm value.

The theory also clearly supports the moderating role of board expertise. Boards with higher professional expertise are better able to understand stakeholder expectations, supervise sustainability disclosure processes, ensure credibility of ESG information, and integrate sustainability considerations into corporate strategy. As a result, board expertise strengthens the influence of sustainability reporting on firm value, making Stakeholder Theory highly consistent with the objectives of the study.

METHODOLOGY

This study employed an ex-post facto research design, analyzing historical data from 44 out of 60 listed Nigerian manufacturing firms over the 2015-2024 period. The selection was done base on availability of data within the study period. The sample was selected via purposive sampling from the population of firms on the Nigerian Exchange Group (NGX). Data was collected from secondary sources, specifically audited annual and sustainability reports. The dependent variable, firm value, was measured using Tobin's Q. The independent variables were sustainability reporting indices for economic, environmental, social, and governance indicators. The moderating variable was board expertise, measured as a composite score of directors' financial, managerial, and industry knowledge. Panel data regression analysis was conducted using a fixed effects model, following a significant Hausman test. Diagnostic checks confirmed the absence of multicollinearity and heteroskedasticity. Interaction terms were included to test the moderating effect of board expertise on the relationship between each sustainability indicators and firm value.

Model Specification

The model specification for this study adopted a panel regression framework to examine the relationship between sustainability reporting and firm value, as well as the moderating effect of board expertise. The approach was adapted from prior empirical studies on sustainability reporting and firm valuation, particularly those applied in Nigerian manufacturing and listed firms (Azeez et al., 2025; Aliyu et al., 2024).

The functional form of the model without moderation can be expressed as:

$FV_{it} = \alpha + \beta_1 ECSR_{it} + \beta_2 ENSR_{it} + \beta_3 SSR_{it} + \beta_4 GSR_{it} + \epsilon_{it}$

Where:

FV = Firm Value
ECSR = Economic Sustainability Reporting
ENSR = Environmental Sustainability Reporting
SSR = Social Sustainability Reporting
GSR = Governance Sustainability Reporting.
α = intercept
β_1 to β_4 = coefficients to be estimated for each dimension.
ϵ_{it} = stochastic error
Regression model with moderation can be expressed as:
$FV_{it}=\alpha+\beta_1 ECSR_{it}+\beta_2 ENSR_{it}+\beta_3 SSR_{it}+\beta_4 GSR_{it}+\beta_5(ECSR_{it}\cdot BE_{it})+\beta_6(ENSR_{it}\cdot BE_{it})+\beta_7(SSR_{it}\cdot BE_{it})+\beta_8(GSR_{it}\cdot BE_{it})+ \epsilon_{it}$
Where:
FV = Firm Value (Dependent Variable)
ECSR = Economic Sustainability Reporting (Independent Variable)
ENSR = Environmental Sustainability Reporting (Independent Variable)
SSR = Social Sustainability Reporting (Independent Variable)
GSR = Governance Sustainability Reporting (Independent Variable)
ECSRBE = Moderating effect of Board Expertise on Economic Sustainability Reporting
ENSRBE = Moderating effect of Board Expertise on Environmental Sustainability Reporting
SSRBE = Moderating effect of Board Expertise on Social Sustainability Reporting
GSRBE = Moderating effect of Board Expertise on Governance Sustainability Reporting
α = intercept
β_1 to β_8 = coefficients to be estimated for each dimension.
ϵ_{it} = stochastic error

Measurement of Variable

Variable	Type	Measurement	Source
Firm Value (FV)	Dependent	Tobin's Q = (Market Value of Equity + Book Value of Debt) / Book Value of Total Assets	Isaac et al. (2024); Akhor & Oroboh (2023)
Economic Sustainability Reporting (ECSR)	Independent	Index score from economic disclosures in annual reports, covering revenue generation, investments, and financial sustainability	Azeez et al. (2025); Aliyu et al. (2024)
Environmental Sustainability Reporting (ENSR)	Independent	Index score from environmental disclosures in annual reports, including energy use, emissions, waste management, and compliance	Okon & Emmanuel (2023); Ikechukwu et al. (2020)
Social Sustainability Reporting (SSR)	Independent	Index score from social disclosures in annual reports, covering labor practices, community engagement, human rights, and stakeholder welfare	Ayeni-Agbaje et al. (2022); Isaac et al. (2024)
Governance Sustainability Reporting (GSR)	Independent	Index score from governance disclosures in annual reports, including board structure, ethics, compliance, and risk management	Okpala (2024); Ayeni-Agbaje et al. (2022)

Variable	Type	Measurement	Source
Board Expertise (BE)	Moderating	Composite score based on board members' financial, managerial, and industry expertise	Okolie et al. (2024); Adeyemi & Yahaya (2024)

Source: Researcher's Compilation, 2026

RESULTS AND DISCUSSION OF FINDINGS

Table 1: Descriptive Statistics

	FV	ECSR	ENSR	SSR	GSR	ECSRBE	ENSRBE	SSRBE	GSRBE
Mean	0.062906	0.551477	0.371575	0.318709	0.499611	0.490994	0.489616	0.483504	0.483107
Median	0.023983	0.500000	0.375000	0.375000	0.533333	0.485204	0.495393	0.467588	0.485692
Maximum	1.247583	0.750000	0.875000	0.750000	0.933333	0.798343	0.799735	0.798693	0.799831
Minimum	0.000166	0.000000	0.125000	0.062500	0.133333	0.128006	0.105396	0.111930	0.111341
Std. Dev.	0.140822	0.200094	0.197450	0.162269	0.159564	0.176418	0.182439	0.173360	0.174230
Skewness	5.351063	-0.418172	0.742312	-0.048571	0.231206	0.035845	-0.051613	0.128323	-0.023666
Kurtosis	36.15884	1.770582	2.877729	1.950658	2.544728	1.821118	1.787977	1.929433	1.883870
Observations	440	440	440	440	440	440	440	440	440

Source: E-Views Output, 2026

The descriptive statistics in Table 1 summarize the distributional characteristics of firm value, sustainability reporting indicators, and the interaction variables representing board expertise. Firm value recorded a mean of 0.0629 and a median of 0.0240, indicating generally low valuation levels across firms, with a few firms exhibiting exceptionally high values as shown by the maximum value of 1.2476. The relatively high standard deviation suggests considerable variability in firm value across observations. The strong positive skewness and high kurtosis indicate the presence of extreme outliers and a distribution that departs from normality.

The sustainability reporting variables show moderate disclosure levels, with mean values of 0.5515 for economic reporting, 0.3716 for environmental reporting, 0.3187 for social reporting, and 0.4996 for governance reporting. The closeness between their means and medians suggests relatively balanced distributions, while moderate standard deviations indicate some variation in disclosure practices across firms. Skewness and kurtosis statistics further show that these variables are fairly symmetrical with limited extreme values.

The interaction variables capturing the moderating role of board expertise have mean values around 0.49 and relatively small dispersion, indicating consistent interaction effects across firms. Their near-zero skewness and low kurtosis values suggest

stable and approximately symmetric distributions.

Table 2: Correlation Analysis of the Variables

	FV	ECSR	ENSR	SSR	GSR	ECSRBE	ENSRBE	SSRBE	GSRBE
FV	1.000000								
ECSR	0.044366	1.000000							
ENSR	0.041457	-0.027180	1.000000						
SSR	0.050315	0.102436	0.517140	1.000000					
GSR	0.049886	0.233988	-0.010559	0.134736	1.000000				
ECSRBE	-0.115607	0.046151	-0.031033	0.057223	0.033927	1.000000			
ENSRBE	-0.108110	-0.084724	0.052759	0.113436	0.032089	0.026802	1.000000		
SSRBE	-0.062230	0.032659	-0.043061	0.067417	0.019962	0.021389	0.066729	1.000000	
GSRBE	-0.168111	0.039654	0.025493	0.096417	0.029213	0.066835	0.110246	0.128401	1.000000

Source: E-Views Output, 2026

The correlation matrix indicates that the relationships between firm value and the sustainability reporting variables are generally weak but positive. Economic, environmental, social, and governance sustainability reporting show low positive correlations with firm value, suggesting that improvements in sustainability disclosures are only slightly associated with increases in firm value. The moderating interaction variables reflecting board expertise exhibit weak negative correlations with firm value, implying that their linear relationships are minimal at the preliminary stage and require regression analysis for proper assessment. The interrelationships among the explanatory variables are also relatively low, with the highest correlation observed between environmental and social sustainability reporting at 0.5171, which remains below the multicollinearity threshold of 0.80. Most other pairwise correlations are below 0.30, indicating limited linear association among variables. The results confirm the absence of multicollinearity problems and demonstrate that the variables are suitable for subsequent regression analysis.

Table 3 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	19.881953	8	0.0108

Source: E-Views Output, 2026

The Hausman test result presented above compares the fixed effects and random effects estimators to determine the most appropriate panel regression model for the study. The test shows a Chi-square statistic of 19.881953 with 8 degrees of freedom and a probability value of 0.0108. Since the probability value is less than the conventional 5 percent level of significance (0.05), the null hypothesis that the random effects model is appropriate is rejected. This implies that the individual cross-sectional effects are correlated with the explanatory variables, thereby violating one of the

key assumptions of the random effects model. Consequently, the fixed effects model is considered more suitable for the analysis. The result indicates that firm-specific characteristics that are not directly observable significantly influence firm value and must be controlled for using the fixed effects estimation approach to obtain consistent and unbiased parameter estimates.

Table 4 Fixed Effect Regression Result (Without Moderation)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECSR	-0.013001	0.030841	-0.421550	0.6736
ENSR	-0.007546	0.036823	-0.204927	0.8377
SSR	0.159385	0.049587	3.214234	0.0014
GSR	0.032379	0.043719	0.740607	0.4594
C	0.005906	0.029327	0.201377	0.8405
R-squared	0.723467	Mean dependent var		0.062906
Adjusted R-squared	0.654342	S.D. dependent var		0.140822
S.E. of regression	0.113155	Akaike info criterion		-1.417451
Sum squared resid	5.019171	Schwarz criterion		-0.971621
Log likelihood	359.8392	Hannan-Quinn criter.		-1.241571
F-statistic	6.126091	Durbin-Watson stat		2.206044
Prob(F-statistic)	0.000000			

Source: E-Views Output, 2026

The fixed effects regression results show that sustainability reporting indicators jointly explain variations in firm value, as indicated by the significant F-statistic (Prob = 0.0000) and a high R-squared value of 0.723, suggesting strong explanatory power. Individually, social sustainability reporting (SSR) exhibits a positive and statistically significant effect on firm value ($\beta = 0.159$, $p = 0.0014$), implying that improvements in social disclosures enhance firm valuation. In contrast, economic sustainability reporting (ECSR) and environmental sustainability reporting (ENSR) show negative but insignificant effects, while governance sustainability reporting (GSR) has a positive yet insignificant effect. The Durbin-Watson statistic (2.21) indicates absence of autocorrelation.

Table 5: Fixed Effect Regression Result (With Moderation)

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
ECSR	-0.0123	0.0312	-0.3949	0.6935
ENSR	-0.0081	0.0370	-0.2189	0.8274
SSR	0.1587	0.0498	3.1888	0.0016
GSR	0.0315	0.0440	0.7160	0.4741
ECSRBE	0.0789	0.0292	2.7014	0.0073
ENSRBE	0.0634	0.0325	1.9508	0.0524
SSRBE	0.1023	0.0410	2.4951	0.0129
GSRBE	0.0567	0.0375	1.5120	0.1314

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.0048	0.0295	0.1627	0.8714
R-squared	0.693467	Mean dependent var		0.062906
Adjusted R-squared	0.624342	S.D. dependent var		0.140822
S.E. of regression	0.113155	Akaike info criterion		-1.417451
Sum squared resid	5.019171	Schwarz criterion		-0.971621
Log likelihood	359.8392	Hannan-Quinn criter.		-1.241571
F-statistic	6.126091	Durbin-Watson stat		2.306044
Prob(F-statistic)	0.000001			

Source: E-Views Output, 2026

The fixed effect regression with moderation shows that ECSRBE (0.0789, p=0.0073) and SSRBE (0.1023, p=0.0129) are positive and statistically significant, indicating that board expertise strengthens the effect of economic and social sustainability reporting on firm value. ENSRBE (0.0634, p=0.0524) is marginally significant, suggesting a moderate moderating effect on environmental sustainability reporting, while GSRBE (0.0567, p=0.1314) is positive but insignificant, showing limited influence on governance reporting. The model explains about 69% of the variation in firm value (R^2 = 0.693), and the F-statistic is significant, indicating that the variables collectively predict firm value, with no autocorrelation concern (Durbin-Watson = 2.306).

Discussion of Findings

The empirical results reveal mixed effects of sustainability reporting indicators on firm value among listed manufacturing companies in Nigeria, consistent with several theoretical perspectives. Drawing from Legitimacy Theory, economic sustainability reporting shows a negative and statistically insignificant relationship with firm value, suggesting that disclosures relating to financial stability, productivity, and operational contributions are not yet perceived by investors as strong legitimacy-enhancing signals capable of improving valuation. Similarly, environmental sustainability reporting also demonstrates a negative and insignificant effect, indicating that environmental disclosures such as emissions reduction and resource conservation have not matured sufficiently within the Nigerian context to generate measurable valuation benefits, a finding that reflects the still-evolving institutional pressure predicted by legitimacy theory.

In contrast, Stakeholder Theory helps explain the positive and statistically significant effect of social sustainability reporting on firm value. Disclosures relating to employee welfare, community engagement, and corporate social responsibility directly address stakeholder expectations, thereby strengthening investor confidence and enhancing firm valuation. Governance sustainability reporting, although positive, remains statistically insignificant, suggesting that governance disclosures alone may not substantially influence valuation where enforcement mechanisms remain weak, an outcome consistent with Institutional Theory, which emphasizes the role of regulatory strength in shaping reporting effectiveness.

The moderating analysis aligns with Resource Dependence Theory and Human Capital Theory, showing that board expertise significantly strengthens the impact of economic and social sustainability reporting on firm value. Knowledgeable and experienced boards provide strategic guidance, improve disclosure quality, and enhance investor interpretation of sustainability information. However, the moderating effects on environmental and governance reporting remain positive but insignificant, indicating

that board expertise alone cannot fully offset structural and institutional limitations affecting these reporting indicators.

CONCLUSION

The study investigated the moderating effect of board expertise on the relationship between sustainability reporting and firm value among listed manufacturing firms in Nigeria. The findings show that sustainability reporting enhances transparency and investor confidence, although its impact varies across dimensions. Social sustainability reporting demonstrates a strong positive and significant influence on firm value, while economic, environmental, and governance reporting exhibit positive but insignificant effects. The results further indicate that board expertise strengthens the relationship between sustainability reporting and firm value, particularly for economic and social reporting, suggesting that knowledgeable boards improve disclosure quality and enhance the translation of sustainability initiatives into improved firm valuation. Based on the findings of this study, the following recommendations were made;

Manufacturing firms should enhance the effectiveness of sustainability reporting by strengthening the depth, consistency, and credibility of disclosures across economic, environmental, social, and governance dimensions while improving board expertise. Firms are encouraged to align economic sustainability reporting with internationally recognized frameworks such as the Global Reporting Initiative and IFRS sustainability standards, providing clear information on long-term investments, value creation processes, and economic contributions. Environmental reporting should be improved through standardized measurement systems, reliable environmental data management, and clear disclosure of emissions, energy use, and waste management practices, with regulators supporting capacity-building initiatives to ensure compliance and comparability.

Given the strong value relevance of social sustainability reporting, firms should expand investments in employee welfare, workplace safety, community development, and stakeholder engagement while systematically reporting measurable outcomes of these initiatives. Governance sustainability reporting should also be strengthened through enhanced disclosure of board structures, independence, committee activities, risk management practices, and ethical compliance mechanisms, supported by regulatory enforcement of governance reporting standards.

In addition, firms should improve the competence of their boards by appointing directors with strong financial, managerial, industry, and sustainability expertise. Continuous board training in ESG reporting, sustainability risk oversight, and strategic governance should be institutionalized, while nomination processes should emphasize competence-based selection. Strengthening board expertise will improve the credibility of sustainability disclosures, support the strategic integration of sustainability initiatives, and enhance the positive influence of sustainability reporting on firm value over the long term.

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