

The Effects of Environmental, Social and Governance Disclosure on the Market Value of Industrial Goods Companies Listed on the Nigerian Stock Exchange Group: A Theoretical Perspective

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Article History	Abstract
Original Research Article	<p><i>This study examines the effects of Environmental, Social and Governance (ESG) disclosure on the market value of industrial goods companies listed on the Nigerian Stock Exchange Group. Leveraging theoretical perspectives, including signaling theory, voluntary disclosure theory, and agency theory, the study employs a qualitative research design and secondary data sources to understand the relationship between ESG disclosure and market value. The findings indicate that ESG disclosure can positively impact market value by reducing information asymmetry, improving transparency, and enhancing a company's reputation. However, the adoption of ESG disclosure practices in Nigeria faces challenges such as limited awareness and understanding of ESG disclosure, inadequate regulatory frameworks, lack of stakeholder engagement, limited resources and capacity, and cultural and social factors. To address these challenges, the study proposes strategies for enhancing ESG disclosure practices in Nigeria, including developing ESG reporting guidelines, stakeholder engagement, capacity building, regulatory support, and industry initiatives. The study highlights the importance of ESG disclosure in promoting sustainable development and improving market value, emphasizing the need for companies to prioritize ESG disclosure and for regulatory bodies to develop guidelines ensuring consistency and transparency. The findings of the study have implications for policymakers, regulators, and companies in Nigeria, emphasizing the importance of ESG disclosure in promoting sustainable development and improving market value.</i></p> <p>Keywords: Environmental, Social, and Governance (ESG) disclosure, market value, Nigerian Stock Exchange Group, industrial goods companies, signaling theory, voluntary disclosure theory, agency theory.</p>
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Introduction

Companies are naturally motivated to improve their performance and increase the wealth of their shareholders. This performance is measured by both financial indicators and market-based measures. The latter, which is the focus of this study, shows how much the investment community values an asset or equity, specifically the price it would get on the market. Even though these goals were set, corporate performance—whether it's financial or market-based—has often gone down, which is not what the companies wanted. This has led them to look for strategic ways to turn this around. One way to do this is to use environmental, social,

and governance (ESG) disclosure procedures more often. These practices involve regularly sharing information on a company's impact on the environment, its social responsibilities, and its governance systems. Because corporate sustainability depends on both the health of society and the health of the environment, companies must be open with stakeholders about how their profit-making operations affect these areas (Igbinovia, 2021). ESG disclosure is an evolution of sustainability reporting that goes beyond traditional financial statements to include non-financial, and often voluntary, information. This gives a

more complete picture of how a company is doing. This change shows that people are starting to realise that creating value isn't just about making money; it also includes economic, social, and environmental factors (Bassen & Kovacs, 2008). As a result, companies all over the world have started to improve the quality and scope of ESG disclosures, recognising how important they are to different groups of stakeholders. However, regulatory approaches are still different in different places, with some requiring such disclosures and others having voluntary or minimally regulated frameworks (Hossain & Hammami, 2009). The growing importance of ESG in the business world is supported by evidence that companies that act ethically, are socially responsible, and use sustainable practices tend to do better and have higher firm value (Igbino, 2021). In addition, companies with strong ESG disclosures often have better governance systems, environmentally friendly operations, and a long-term focus on development, all of which help reduce earnings volatility and make it easier to get lower-cost capital. Furthermore, ESG transparency bolsters competitive advantage by fostering investor confidence, enhancing corporate reputation, and preparing firms for enduring future performance (Mohammad & Wasiuzzaman, 2021). Concurrent studies, including Schramade and Schoenmaker (2018) and Mohammed and Wasiuzzaman (2020), illustrate that the incorporation of ESG factors into corporate valuation frameworks produces substantial intangible benefits, including heightened customer satisfaction, expanded market acceptance, diminished cost of debt, and improved societal value creation for stakeholders.

The literature on disclosure is mostly made up of two different theoretical points of view that are at odds with each other. The initial perspective, sometimes termed the “cost of finance” or cost-reduction method, asserts that ESG disclosure could lead to negative economic repercussions by elevating reporting expenses and possibly diminishing market prices. From this standpoint, Milton Friedman (1962) argues that involvement in non-financial disclosure distracts from the primary goal of profit maximisation, thereby diminishing business profitability. Mackey et al. (2007) support this idea by saying that investors care more about financial transparency and might want companies to focus on making money instead of doing social good, which they say is better done by non-profit groups. The second perspective, referred to as the “value creation” approach, posits that ESG disclosure serves as a strategic tool for improving corporate performance and obtaining a competitive edge. Hahn and Kühnen (2013) assert that ESG reporting enhances openness, bolsters business reputation, elevates staff motivation, fosters customer loyalty, and improves internal control systems. Moreover, empirical research conducted by Lindgreen et al.

(2009) and Mohammed and Wasiuzzaman (2021) demonstrates that ESG-oriented disclosure can promote cost savings and increase profitability, thereby solidifying its position as a value-generating business strategy.

Due to the contradictory arguments on the impact of ESG disclosure on business performance, this study aims to collaborate with other academics to investigate the influence of ESG disclosure on performance, utilising the checklist supplied by the Sustainability Accounting Standards Board. Prior research has utilised the Global Reporting Initiative (GRI) checklist; however, the Sustainability Accounting rules Board (SASB) emphasises industry-specific disclosure rules that assist organisations in identifying and reporting financially material ESG information.

Statement of the Problem

The performance of companies in terms of market value has been a puzzle globally, with Nigerian companies experiencing fluctuations over time. This is an indication that various factors drive market value and Environmental, Social and Governance (ESG) disclosure is a key consideration. Environmental, Social, and Governance disclosure signals a company's commitment to sustainability and responsible practices, influencing investor decisions.

Theoretical perspectives suggest that, Environmental, Social, and Governance disclosure is a significant factor influencing market value, as it attracts or deters investors. Given this context, the major problem this study seeks to solve is applying relevant theoretical frameworks to investigate the impact of ESG disclosure on the market value of industrial goods companies listed on the Nigerian Exchange Group.

To fill this gap, this study looks at how Environmental, Social, and Governance (ESG) disclosure affects the market value of industrial goods companies that are listed on the Nigerian Stock Exchange Group. It uses a theoretical framework that fits the study and looks at how ESG disclosure changes market value because it signals ability in the capital market.

Objectives of the Study

The broad objective of the study is to examine the effect of ESG disclosure on market value of industrial goods companies listed on the Nigeria Exchange Group: A theoretical Perspective.

The specific objectives are to:

1. Examine the theoretical perspective of environmental disclosure on market value of

industrial goods companies listed on the Nigeria Stock Exchange Group.

2. Propose strategies for enhancing ESG disclosure practices among listed industrial goods companies in Nigeria.
3. Give recommendations based on theoretical insights to improve ESG disclosure and increase market value of listed Industrial goods companies in Nigeria.

Research Questions

The following research questions are set in line with the research objectives.

1. What is the effect of theoretical perspective of environmental disclosure on market value of industrial goods companies listed on the Nigeria Exchange Group?
2. What are the strategies that can be developed to enhance ESG disclosure practices among listed Industrial goods companies in Nigeria?
3. What theoretical insights can be recommended to improve ESG disclosure and increase market value of listed Industrial goods companies in Nigeria?

Literature Review

Environmental disclosure

In recent years, the idea of environmental disclosure has gotten a lot of attention since businesses have realised how important it is to be open about their operations and use sustainable methods. Environmental disclosure is when a company tells its stakeholders about how well it is doing in terms of the environment (Utile et al., 2017). This includes information about how company activities affect the environment and what steps are being taken to lessen these effects, such as waste management, pollution control, and conservation efforts.

Environmental disclosure is a critical aspect of corporate social responsibility, as it enables stakeholders to assess an organization's environmental performance and make informed decisions. According to Norhashima et al (2016), environmental disclosure is essential for ensuring that organizations use environmental resources sustainably, without compromising the needs of future generations. Idil and Destan (2019) further emphasize that environmental disclosure is a means by which organizations communicate their environmental actions to stakeholders.

The importance of environmental disclosure cannot be overstated. It serves as a medium of communication between the company and stakeholders, providing valuable insights into a company's environmental performance (Dibia & Onwuchekwu, 2015). Environmental disclosure can also influence investor decisions, as it provides

information on a company's environmental risks and opportunities (Ezejiofor et al, 2016). Companies that disclose environmental information are likely to gain a reputational advantage, attract investors, and access low-cost funding (Riana, et al, 2018).

Social Disclosure

Social disclosure is a critical aspect of corporate social responsibility (CSR), which refers to the voluntary actions taken by businesses to address social and environmental concerns (Shafa & Nasir, 2018). CSR is about integrating business operations with societal and environmental considerations and communicating these efforts to stakeholders (Omoike et al, 2018). Social disclosure encompasses various aspects, including employee welfare, labor rights, workplace health and safety, human rights, and community development (Bebbington, et al, 2008).

The importance of social disclosure lies in its ability to enhance a company's reputation, attract investors, and improve financial performance (Falck & Hebllich, 2009). Stakeholders value companies that demonstrate social responsibility, leading to increased investment and market value (Wasara & Ganda, 2019). The stakeholder theory suggests that CSR improves firm market value by fostering positive relationships with stakeholders and reducing information asymmetry (Freeman, 1984). However, some argue that CSR is an additional cost that negatively impacts profit (Friedman, 1970). This study argues that CSR can have both short-term costs and long-term benefits, such as enhanced reputation and competitive advantage.

Governance disclosure

Corporate governance disclosure refers to the information provided to the public on governance issues, enabling stakeholders to understand a firm's policies on factors of production and resource utilization (Elize & Elda-du, 2018). Good corporate governance makes ensuring that long-term strategic goals are set and that there are management structures in place to reach those goals while keeping the organization honest and responsible (Chinedu & Okerekeoti, 2018). Corporate governance is a framework that guides and regulates firms, guaranteeing that management operates in the best interests of shareholders and stakeholders (Albert, 2015; Agyemang-Mintah, 2015). It includes the connections between the company's managers, directors, and shareholders, as well as the company's connections with stakeholders and society (Babalola, 2013). The Global Reporting Initiative (GRI) gives companies a way to report on their corporate governance, covering things like their organisational structure, board composition, and how they interact with stakeholders (GRI, 2020).

Market Value

Market value is a vital measure of how well a company is doing since it shows how well it can increase profits, shareholder wealth, and market value (Renata & Petr, 2019). There are other ways to quantify it, such as asset-based, market-based, and earnings-based methodologies. This study utilises the market-based method, employing Tobin's Q as a surrogate for market value. Tobin's Q is the ratio of a company's market value to the cost of replacing its assets. It gives a complete picture of a company's value (Okoth & Coskun, 2016). A Tobin's Q greater than one means that the market value of the company is higher than the value of its assets on paper. This means that there are stronger investment prospects and more room for growth (Kapopoulos & Lazaretou, 2007).

Theoretical Framework

Since no single theory can completely clarify the subject matter, the study uses the following theories to underpin the relationship between ESG disclosure and market value of firms: signaling theory, voluntary disclosure theory and agency theory. This study is however, anchored on signaling theory that best elucidate the relationship between the variables.

Signaling theory

Michael Spence created signalling theory in 1973. It helps us understand how corporate financial actions act as signals that managers send to investors to fix information gaps. The hypothesis is based on the idea that knowledge is not shared equally among parties, with information asymmetry being the main issue. In this context, signalling theory elucidates how actors with superior or private information might mitigate asymmetries by voluntarily revealing pertinent information to less-informed stakeholders (Spence, 1973). It recognises that individuals involved in corporate transactions frequently possess uneven access to information, with managers generally having more extensive and privileged insights on the firm than external stakeholders. Because of these differences, investors face two main problems: they don't trust what managers do as much and they don't know how much investment opportunities are really worth. Signalling theory suggests that the need for greater information disclosure emerges as a direct reaction to these informational deficiencies, with disclosure acting as a means to foster transparency, cultivate trust, and boost investment decision-making.

Wesley (2022) says that signalling theory has five main parts: the signaler, the signal, the receiver, receiver feedback, and the signalling environment. Signalers are usually people who work for the organization and have

access to information that outsiders can't get to. They send this information using signals. Most of the time, signalers provide good news to people outside of their group on purpose. However, they may also send bad news by accident. Signals, whether good or negative, intentional or unintentional, help to reduce information asymmetry by adding to the information that outside stakeholders have. Stephen A. Ross (1977) said that the effectiveness of these signals depends on how easy they are to see, how credible they are, and how much it costs to copy them. On the other hand, receivers make sense of these signals and use them to get knowledge that may affect their choices later. Receivers may give feedback to signalers based on how they understand the signal, which can make future signalling processes work better. The signalling environment is also very important since it affects how signals are sent and received, as well as how feedback systems work (Connelly et al.). In a business setting, managers use voluntary disclosures, especially those on sustainability and ESG practices, to let stakeholders know what their strategic plans are. Stakeholders are the ones who get these signals. External stakeholders analyse company reports for non-financial information to enhance their understanding of firm activities and to inform their decision-making processes (Connelly et al., 2011).

In the context of signalling theory, corporate voluntary disclosure is perceived to significantly impact firm value, as it indicates the degree to which managers successfully convey information that accurately represents the firm's economic status to the market (Hossain and Taylor). In this context, companies strategically share information to show that their investment opportunities are better than those of their competitors. This improves their standing in the market and builds investor trust (Robert E. Verrecchia). Despite these advantages, voluntary disclosure procedures may occasionally be conveyed in a manner that is exceedingly complex or opaque, thereby constraining stakeholders' capacity to accurately evaluate the information offered. Moreover, for these disclosures to serve successfully as signals, they must exhibit a significant level of credibility. As Jennings (1987) pointed out, how disclosed information affects the market depends a lot on how reliable people think it is and how much it gives them fresh, valuable insights. Signalling theory also emphasises that various stakeholders connected to the organization possess differing levels of information, hence highlighting the necessity for managers to deliver transparent and pertinent disclosures, especially in financial reporting. Companies use financial statements and other disclosures to share important information about how managers are doing their jobs and what they are doing. This lets stakeholders know how well management has met the expectations of owners and other interested parties.

Voluntary disclosure theory

Voluntary disclosure theory, based on agency theory and defined by Brammer and Pavelin (2008), elucidates the strategic function of discretionary information disclosure in reducing information asymmetry among firms, external stakeholders, and principal agents within the investment community. From the point of view of agency theory, the framework stresses that the amount and quality of information that companies share is affected by the desire to make managers and stakeholders' interests more compatible through better transparency. In this setting, voluntary disclosure acts as a way to close knowledge gaps and boost stakeholder trust. The theory also says that companies that do well for the environment are less likely to hide the environmental effects of their work and are more likely to share important environmental information with stakeholders, which makes them more trustworthy and responsible.

According to voluntary disclosure theory, more openness lowers information risk for both current and potential investors, which improves the company's total information environment (Brammer and Pavelin). Also, voluntary disclosure can give a company a competitive edge by bringing attention to its environmental efforts and the overall effect of its business on the environment in the country. Importantly, these kinds of disclosures usually include both good and bad information, which gives a more balanced picture of what a company is doing. Investments in environmental management and sustainability initiatives sometimes entail significant expenses and may not provide immediate financial benefits. However, insufficient or absent disclosure might cause stakeholders to conclude that a company's environmental strategy is inadequate or ineffective (Clarkson et al.). On the other hand, companies that do well for the environment are more likely to give full and high-quality information about how they do things, which sets them apart from those that don't do as well. These companies are usually sure that their strengths are greater than any possible weaknesses, thus they are less worried about how stakeholders will react to open reporting (Clarkson et al., 2008).

This theory has a direct connection with the study as it explains the concept of voluntary disclosure and its purpose relating to market value of firms. That is voluntary disclosures are used by firms to send signal to investors and other stakeholders about their corporate environmental, social and governance disclosure and such information tend to boost the investors' confidence that usually translates into the market value of the companies.

Agency theory

Michael C. Jensen and William H. Meckling (1976) first came up with agency theory, which talks about the

problems that come up in businesses when ownership and control are separate. In these kinds of agreements, shareholders (the principals) give managers (the agents) the power to make decisions. The managers are in charge of running the business on a daily basis. But this delegation means that managers might do things that aren't in the best interests of shareholders. The structural separation of ownership and managerial control, a hallmark of contemporary organisations, inherently generates agency-related problems and conflicts of interest (Jensen & Meckling, 1976).

The theory also posits that organisational connections are influenced by divergent objectives and self-interests arising from the division between capital sources and business operators. Managers usually have better access to internal information than shareholders do, which leads to situations of information asymmetry (Jensen & Meckling, 1976). This imbalance is exacerbated by the differing objectives of principals and agents, as both parties often operate in pursuit of individual advantage. This concept posits that voluntary corporate disclosure serves as a significant strategy for alleviating agency issues by diminishing information asymmetry, decreasing monitoring and bonding expenses, and increasing transparency (Grey et al., 1995; Watson et al., 2002).

Watson et al. (2008) assert that managers may deliberately utilise voluntary disclosure to reassure investors that their actions are congruent with shareholder interests, thereby diminishing the probability of further scrutiny or intervention. Nevertheless, since disclosure practices are controlled by management, there exists a risk that such information may be presented in a manner that reflects managerial self-interest rather than objective reality. S. P. Kothari et al. (2009) emphasise that investors can perceive voluntary disclosures as potentially skewed reflections of historical performance and prospective opportunities. Moreover, disparities in investors' capacity to receive and comprehend given information might intensify informational inequalities across stakeholders, hence creating further levels of asymmetry (Kim and Verrecchia).

A primary focus of agency theory is to address the conflict between managerial incentives and shareholder interests. Managers might be encouraged to manipulate earnings, especially when they have performance goals or pay structures that are linked to financial results. In these situations, the reported financial figures may be changed to make the organization's performance look better than it really is. Donaldson and Davis (1994) assert that the dissemination of incorrect or distorted financial information can be regarded as an indication of agency costs, frequently linked to techniques such as creative accounting. To deal with these problems, the theory says

that effective monitoring systems should be put in place, such as hiring independent and high-quality outside auditors, to make sure that managers are held accountable and that their actions are in line with what shareholders want. Consequently, agency conflicts impose various costs on firms, including monitoring expenses, contractual costs, and potential losses arising from suboptimal managerial decisions.

Even though agency theory is used a lot, it has been criticised a lot. Davis et al. and Olaison et al. contend that, despite the theory's prevalence in corporate governance research, it offers a constrained perspective on organisational dynamics by neglecting wider social and behavioural intricacies. Sumantra Ghoshal (2005) also criticises it for making people look like they only care about themselves and don't care about others. In the same way, Edward J. Zajac and James D. Westphal (1995) say that the theory may reinforce itself since its assumptions affect how managers act in line with its predictions, which makes it harder to verify in real life. Additionally, the emphasis on shareholder wealth maximization has been questioned, particularly in light of persistent agency problems that may undermine its effectiveness (Pandey, 2010). Despite recognising these constraints, agency theory retains its significance in this study owing to its capacity to elucidate disclosure procedures and managerial conduct in corporate environments.

The connectivity between agency theory and this study stems from the fact that, corporate voluntary disclosure is capable of reducing information asymmetry which is the concern of agency theory. Furthermore, voluntary disclosure is a bonding cost that seeks to reduce the agency cost suffered by the shareholders as a result of the agency problem. Notwithstanding, this theory does not completely underpin this study because voluntary disclosure could be seen as a signal in the capital market that inform the stakeholders about the non-financial performance of the firm.

The three theories are interconnected, as signaling theory explains how companies signal their ESG performance, voluntary disclosure theory explains why companies disclose ESG information, and agency theory explains the relationship between managers and shareholders. Together, they provide a comprehensive framework for understanding the effects of ESG disclosure on market value. By understanding these theories, companies can develop effective ESG disclosure strategies that reduce information asymmetry, improve transparency, and enhance market value.

In applying these theories to the Nigerian context, it's essential to consider the regulatory environment, industry characteristics, and stakeholder expectations. For example,

the Nigerian Stock Exchange Group may need to develop guidelines or regulations for ESG disclosure to ensure consistency and transparency across industrial companies. Additionally, companies may need to engage with stakeholders to understand their ESG expectations and develop disclosure strategies that meet those expectations.

Methodology

This study utilised a qualitative research design, employing secondary data sources to investigate the impact of environmental, social, and governance (ESG) disclosure on the market value of industrial products companies listed on the Nigerian Stock Exchange Group: A Theoretical Perspective. The data is derived from government reports, international publications, peer-reviewed journal papers, national surveys, and academic literature about accounting and the market value of industrial goods firms. These materials supplied the theoretical and conceptual basis for the analysis.

The use of secondary data is justified as it offers several benefits, including: Access to a broad body of knowledge, enables comparison of theories and practices across multiple sectors and Cost-effective and time-efficient for addressing conceptual and policy-related issues (Smith, 2020). By synthesizing secondary evidence, this study integrates theoretical perspectives with practical insights, providing a comprehensive understanding of how ESG disclosure can be applied to improve the Nigerian Stock Exchange Group.

Challenges in Adopting the Theoretical Perspective in Nigeria

The following are some of the challenges faced in adopting the theoretical perspective in Nigeria:

1. Limited Awareness and Understanding of ESG Disclosure: Many companies in Nigeria may not be aware of the importance of ESG disclosure, leading to a lack of commitment to implementing ESG practices. This limited awareness can hinder the adoption of ESG disclosure, making it challenging for companies to reap its benefits. Furthermore, the absence of standardized ESG reporting frameworks in Nigeria can lead to inconsistent and unreliable disclosure practices, exacerbating the problem.
2. Inadequate Regulatory Framework: The regulatory environment in Nigeria may not be conducive to ESG disclosure, with inadequate laws and regulations to support ESG reporting. This can lead to a lack of transparency and accountability, undermining the effectiveness of ESG disclosure. Moreover, the absence of enforcement mechanisms can result in companies not taking

ESG disclosure seriously, perpetuating the problem.

3. **Lack of Stakeholder Engagement:** Stakeholders, including investors, customers, and employees, may not be actively engaged in ESG issues, reducing the pressure on companies to disclose ESG information. This lack of engagement can lead to a lack of demand for ESG disclosure, making it challenging for companies to prioritize ESG reporting.
4. **Limited Resources and Capacity:** Companies in Nigeria may face resource constraints, including lack of expertise, technology, and financial resources, making it challenging to implement ESG disclosure practices. This can lead to inadequate ESG reporting, undermining the credibility of ESG disclosure.
5. **Cultural and Social Factors:** Cultural and social factors, such as corruption and lack of transparency, can hinder the adoption of ESG disclosure practices in Nigeria. This can lead to a lack of trust in ESG reporting, reducing its effectiveness in influencing market value.

Strategies that can be adopted to enhance Environmental, Social and Governance Disclosure

The following are the Strategies that can be considered for enhancing Environmental, Social and Governance Disclosure in Nigeria:

1. **Develop ESG Reporting Guidelines:** Developing industry-specific ESG reporting guidelines to provide a framework for companies on how to disclose ESG information can help standardize ESG reporting, improving transparency and comparability. The guidelines should be developed in consultation with stakeholders, including investors, companies, and regulators.
2. **Stakeholder Engagement:** Engage stakeholders, including investors, creditors, customers, the host community and employees, to raise awareness of ESG issues and encourage them to demand ESG disclosure from companies. This can help create a demand-driven approach to ESG reporting, increasing its effectiveness.
3. **Capacity Building:** Provide training and capacity-building programs for companies to develop the necessary skills and expertise to implement ESG disclosure practices. This can help address resource constraints, improving the quality of ESG reporting.
4. **Regulatory Support:** Strengthening the existing regulatory frameworks to support ESG disclosure, including laws and regulations that mandates

companies to disclose ESG information. This can help create a level playing field, increasing transparency and accountability.

5. **Industry Initiatives:** Encourage industry associations and initiatives to promote ESG disclosure and develop industry-specific best practices. This can help create a culture of ESG reporting, increasing its adoption and effectiveness.

Conclusion

The study investigated the impact of Environmental, Social, and Governance (ESG) disclosure on the market value of industrial products firms listed on the Nigerian Stock Exchange Group, utilising theoretical frameworks to elucidate the correlation between ESG disclosure and market value. The research underscores the significance of ESG disclosure in affecting market value, since it indicates a company's dedication to sustainability and ethical standards.

The study's results indicate that ESG disclosure may positively influence market value by diminishing information asymmetry, increasing transparency, and bolstering a company's reputation. However, Nigeria's adoption of ESG disclosure methods is slowed down by problems like not enough people knowing about or understanding ESG disclosure, not enough regulations, not enough stakeholder involvement, not enough resources and capability, and cultural and social considerations.

To address these challenges, the study proposes strategies for enhancing ESG disclosure practices in Nigerian including; developing ESG reporting guidelines, stakeholder engagement, capacity building, regulatory support, and industry initiatives. These strategies can help create a culture of ESG reporting, increasing transparency and accountability, and ultimately contributing to sustainable development in Nigeria.

The study's results have important effects on Nigerian officials, regulators, and businesses. They show how important ESG disclosure is for supporting sustainable development and raising market value. Companies may improve their reputation, attract investors, and help the Nigerian economy grow and flourish by making ESG disclosure a priority.

Recommendations

Based on the study's findings, the following suggestions are given to improve the use of Environmental, Social, and Governance (ESG) disclosure and its effect on the market value of industrial goods companies listed on the Nigerian Stock Exchange Group:

1. **Develop ESG Reporting Guidelines:** The Nigerian Stock Exchange Group (NSEG) should develop industry-specific ESG reporting guidelines to provide a framework for companies to disclose ESG information. This can help standardize ESG reporting, improving transparency and comparability. The guidelines should be developed in consultation with stakeholders, including investors, companies, and regulators. The guidelines should also provide a clear framework for companies to report on ESG issues, including environmental impact, social responsibility, and governance practices. This will help companies to prioritize ESG disclosure and ensure that stakeholders have access to relevant and reliable information.
2. **Stakeholder Engagement:** Companies listed on the NSEG should engage stakeholders, including investors, customers, and employees, to raise awareness of ESG issues and encourage them to demand ESG disclosure from companies. This can help create a demand-driven approach to ESG reporting, increasing its effectiveness. Stakeholder engagement can be achieved through regular meetings, surveys, and feedback mechanisms. Companies should also consider establishing ESG committees or working groups to oversee ESG disclosure and stakeholder engagement. This will help to ensure that ESG disclosure is integrated into the company's overall strategy and decision-making processes.
3. **Capacity Building:** The NSEG and relevant stakeholders should provide training and capacity-building programs for companies to develop the necessary skills and expertise to implement ESG disclosure practices. This can help address resource constraints, improving the quality of ESG reporting. The programs should focus on developing skills in ESG reporting, data collection, and analysis. Companies should also consider hiring ESG experts or consultants to support their ESG disclosure efforts. This will help to ensure that companies have the necessary resources and expertise to implement ESG disclosure practices effectively.
4. **Regulatory Support:** The Securities and Exchange Commission (SEC) and the NSEG should strengthen regulatory frameworks to support ESG disclosure, including laws and regulations that require companies to disclose ESG information. This can help create a level playing field, increasing transparency and accountability. The regulatory framework should also provide incentives for companies to prioritize ESG disclosure, such as tax benefits or preferential treatment in public procurement processes. This will help to ensure that ESG disclosure is integrated into the company's overall strategy and decision-making processes.
5. **Industry Initiatives:** Industry associations and initiatives should promote ESG disclosure and develop industry-specific best practices. This can help create a culture of ESG reporting, increasing its adoption and effectiveness. Industry associations can provide guidance on ESG reporting, share best practices, and facilitate peer-to-peer learning. Companies should also consider partnering with industry associations and initiatives to support ESG disclosure efforts. This will help to ensure that ESG disclosure is integrated into the company's overall strategy and decision-making processes, and that companies are able to learn from and share best practices with their peers.

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