VALUE RELEVANCE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) DISCLOSURE: A CROSS-NATIONAL COMPARISON OF LISTED FIRMS

AUDU OMOAKELE GABRIEL
University of Benin
gabriel.audu@uniben.edu

EMENI. F.K.
University of Benin
francis.emeni@uniben.edu

Abstract

The study examined the value relevance of Environmental, Social and Governance (ESG) disclosure in Nigerian and South Africa firms. It specifically assessed the level of disclosures (in terms of environmental, social and governance at individual and aggregate level) of environmentally sensitive firms in Nigeria and South Africa.

The descriptive and causal research design were adopted in carrying out the study. The population of the study is the total sum of 567 quoted firms in Nigeria Exchange (NGX) and Johannesburg Stock Exchange (JSE) as at 31st December, 2020. Secondary data were collected from annual reports while qualitative data were generated through content analysis using the Global Reporting Initiative (GRI) sustainability reporting guidelines. The data collected were analysed using both descriptive statistics and panel least squares regression techniques.

The results of the study showed that environmental disclosure and ESG disclosure have significant and positive effect on firms in South Africa while for Nigeria firms, no significant effect was experienced. Corporate social responsibility and corporate governance disclosure exhibits negative influence on South African firms but corporate social responsibility disclosure exhibits a positive and significant impact on Nigeria firms. The results also revealed that corporate governance disclosure for Nigeria firms has negative but insignificant effect on market value. The study recommends that Nigeria firms should embrace environmental reporting and disclosure. Firms' corporate governance practices should be improved upon in order to meet investment goals of shareholders. Finally, The ESG practices of Nigeria firms must align with global best practices, as the study observed that market participants value ESG disclosure.

1. INTRODUCTION

Over the course of the past two decades, conventional accounting has gone through a series of changes in order to accommodate the evolving nature of the economy and the growing need for non-financial data. Reporting has evolved to include lengthy appendices, information on employee, board, and managerial reward methods, and management discussion on environmental, social, and governance framework (Laksmana, 2008). It is becoming apparent that conventional accounting practices are now inadequate in determining a firm's true worth. This is because it does not fully represent how an organization affects society and the environment. Sustainability accounting is an alternative to standard accounting that takes into consideration and reports on an organization's social and environmental implications.

Taking into account the three pillars (Environmental, Social, and Governance), the international capital markets have seen a dramatic increase in the number of private and public enterprises measuring and reporting ESG data on environmental (such as greenhouse discharges, water and food consumption, waste generation, and others), social (such as employee, product, and customer related), and governance issues (gender in board, audit committee, executive compensation). By 2020, 90% of the 500 biggest American cities will have adopted e-commerce. S&P 500 firms, which are publicly traded, have disclosed their ESG practices (Governance Accountability Institute, 2020). The Johannesburg Stock Exchange has been a leader in sustainability issues in Africa, and in 2010, as part of its strategy to ensure accountability, it decided in its capacity as a capital market regulator and authority to include the King III Report on corporate governance as part of her listing requirements. This made it the only capital market in the Africa continent mandating integrated reporting from its listed companies.

Full compliance with ESG disclosure does come with costs and advantages, as Zuraida et al. (2014) pointed out. Companies may face limitations on their operations if they participate in certain practices, such as the sale or distribution of illicit or hard narcotics, the use of child or forced labour, or the practice of discrimination based on sexual orientation or religious belief. Zuraida et al. (2014) opined that ESG disclosure has a significant impact on a firm reputation, goodwill and financial performance. firms that disclose non-financial information will have a higher market value than those that do not, hence the compliance mechanism for eenforcement is growing in developed nations (Margolis & Ehiataer, 2009; Matsumurah et al., 2014).

In a bid to understand the contrast among listed companies in Nigeria and other countries that have embraced ESG disclosure in Africa, at a point in time, and against the backdrop of their contextual conditions, comparative research on value relevance of ESG disclosure on market value of selected listed companies in Nigeria and Johannesburg Stock Exchanges is necessary. Few studies have been conducted on the relationship between environmental, social, and governance (ESG) disclosure and market value. Most of the studies (Emeka et al., 2019; Marcial et al., 2015;

Oberholzer et al., 2011; Qiu, et al., 2016; Ruth & Johnson, 2018; Setyahuni & Sri-Handaya, 2020) had come up with conflicting results.

Value Relevance of Accounting Information

Amir et al. (1993) was the first to use the phrase "value relevance" in the context of accounting. Nonetheless, the roots of value relevance may be traced back to the 1960s with the work of writers like Ball and Brown (1968) and Beaver and Dukes (1969). The share price of firm is highly correlated with accounting data that is valuable to the market (Perera &Thrikawala, 2010). One element often evaluated in value relevance study is efficiency with which an accounting number recreates the information utilized by investors in valuing a company's shares. Pioneers scholars in value relevance studies include Amir et al. (1993), Ohlson (1999), Barth et al.(2000) and Nilson (2003). The meanings offered by these experts are related and intertwined with one another. According to Nilson (2003), value relevance of accounting information is concerned with the usefulness of financial statements in equity valuation; however, according to Beaver (2002), it is concerned with the relationship between the price of a security and other kinds of accounting variables. According to Beisland (2009), value relevance is measured by how well financial statements represent and aggregate a company's value. Value relevance of accounting information is defined by Otuya et al. (2019) as the degree to which accounting data provided in a financial statement influences investors' choices to maintain or increase their level of investment in a firm. Such decisions are often made by investors after they have researched the correlation between earnings per share (EPS), market price per share (MPS), book value per share (BVP), and dividend per share (DPS).

Non-Financial Information

Accounting research (Barth & McNichols, 1994; Hughs, 2000; Daniel &Titman, 2006; Zuraida, 2016) had studied the value of non-financial data, building on the groundwork laid by Amir and Lev (1996). Corporate Sustainability (CS), Corporate Social Responsibility Disclosure (CSRD), Triple Bottom Line (TBL), Corporate Environmental Reporting (CER), and Corporate Social Disclosure (CSD) are all terms that are often used interchangeably in relation to non-financial reporting (CSD). Supporters of corporate sustainability disclosure point to the fact that disclosing ESG information enhances accountability to the public and stakeholders. While non-financial information disclosure is primarily concerned with sustainable development, it is equally important for investors to do the necessary financial analysis to guide investment decisions. Non-financial data may be utilized to get valuable insight into the health of a business, in addition to its intended purpose of informing stakeholders like shareholders, employees, and consumers. This information is priceless for making ESG evaluations (Weber, 2013). Stock returns are characterized by intangible assets information disclosure about future financial returns that is independent of past performances. Barth et al. (1994), Daniel and Titman (2006), and Hughs (2000) all opined that stock price discrepancies cannot be explained by looking just at traditional accounting data, as shown by the literature.

One of the primaries aims of non-financial disclosure is to determine the geographical scope (for example, operating in the selected region(s) but not all land regions in which an organization works) or the business scope (select area(s) of the corporation excluding the other areas).

Environmental, Social and Governance (ESG)

Corporate social responsibility and ethical investing are the cornerstones of the Environmental, Social, and Governance (ESG) framework. In the essay "Who Cares Wins?" the acronym ESG was first used: As the World Changes, the Financial Markets Must Change with It. This was drafted in 2004 by the Swiss Federal Department of Foreign Affairs in consultation with the United Nations Global Compact (UNGC) (Thomson Reuters, 2019). Environmental, social, and governance (ESG) metrics are a set of indicators that may be used to evaluate an organization's credibility and moral standing. According to White-Lock (2015), ESG refers to an organization's set of internal controls and processes for managing its business in a way that benefits its shareholders and other stakeholders, as well as the company's relationship with the communities in which it operates and the people it serves. Many academics and researchers prefer using ESG because it looks at broader variety of business or company operations than other terms with similar definitions and popularity, such as corporate social responsibility and sustainable reporting. ESG may also be thought of as a set of criteria other than financial performance that are used by the investment community to assess a company's potential for long-term success.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Environmental Disclosure and Market Value

Van-Marrewijk and Werre (2003) states that businesses must publicly acknowledge the incorporation of environmental concerns into their daily operations and stakeholder relations. Zuraida (2014) analysed the impact of environmental, social, and governance (ESG) disclosure on the market value of companies throughout the globe. Incorporating data from non-financial firms listed in 41 countries between 2008 and 2012, the research provided evidence for the value additive of ESG disclosure even for its individual components. The results of this research provide credence to the idea of "attention shifting" and back up the need for widespread dissemination of environmental data. Despite agreeing with Natalia et al. (2010), Maria et al. (2018) found no correlation between environmental disclosure and ESG. Nevertheless, the data corroborate the findings on corporate authority practices and the importance of company value reported by Maria et al. (2018).

Hypothesis: H1. Environmental disclosure does not have a significant effect on market value of companies in Nigeria and South Africa.

Corporate Social Responsibility Disclosure and Market Value

De-Klerk et al. (2015) conducts a novel investigation on the relationship between CSR disclosures and market value across European enterprises. They analysed the impact of CSR disclosure on the share prices of over a hundred prominent UK corporations using a modified Olson model and share price specification supplied by Barth and Clinch (2009). Stock performance was shown to be significantly correlated with GRI-related disclosures. It also revealed that the stock price of environmentally conscious firms increased when they disclosed more information about their CSR efforts. The results support the hypothesis of information disparity. . The results support the hypothesis of information disparity. The value relevance of CSR performance by firms listed on the Sao Paulo Stock Exchange is investigated by Mirralles-Quiroset et al. (2018) during a six-year period. Shultz (2017) conducted further research in Germany to investigate the consequences of nonmonetary transparency from the perspective of a participant in the financial market.). Non-financial accomplishments were shown to increase a company's market value in a regression study.

Hypothesis: H2. Corporate social responsibility disclosure does not have a significant effect on market value of companies in Nigeria and South Africa.

Corporate Governance Disclosure and Market Value

Li et al. (2018) looked at the connection between environmental, social, and governance (ESG) factors and company success. Using cross-sectional data, researchers examine whether or not ESG disclosure has an effect on the value of FTSE 350 companies, a favourable association was inferred from the data. Thus, it is clear that better governance transparency is essential for boosting stock price. The study also discovered that an ESG impact occurs when the CEO has more authority. The issue that Jun et al. (2017) set out to solve was whether or not ESG practices really improved the financial performance of businesses. The study was able to accomplish its goal of studying the hypothesized nonlinear relationship between company efficiency and ESG disclosure by using data envelopment analysis to approximate business efficiency.

Hypothesis: H3. Corporate governance disclosure does not have a significant effect on market value of companies in Nigeria and South Africa.

3. METHODOLOGY

This study employed a quasi-experimental design with a view to addressing the problem of the study. All companies listed on the Nigerian Exchange Group and the Johannesburg Stock Exchange as of the end of 2020 make up the study's population. To minimize instances of data becoming unavailable in the middle of the study, the study used judgmental sampling method in selection of firms within the environmental sensitive firms based on their ratings in ESG disclosure across the period of study. this criterion resulted in the exclusion of sectors including construction; Nigeria (8), South Africa (17), services; Nigeria (25), South Africa (47) and ICT; Nigeria (10), South Africa (19). This left a total of 68 and 198 in Nigeria

and South Africa firms expected to participate in the study's sample, representing the agribusiness, conglomerate, consumer goods, healthcare, industrial goods, natural resources, and oil and gas industries. Due to incomplete data from eight of the firms in Nigeria, the study concluded on using data from the remaining sixty companies; this created a balanced sample test drawn equally from the Nigeria Exchange Group and the Johannesburg Stock Exchange (JSE) over a five-year period (2016-2020). The year 2020 was selected because it is the most recent reporting year for which data are expected to be readily available.

In order to test the hypotheses, our study adapted the model of Indawarati et al. (2016) captured as their model goes thus; $ECO = ß0 + ß1ENV + ß2SOC + ß3GOV + ε$.

In the modification of the above model, the study introduced one independent variable; the ESG aggregate and two control variables: firm size (FSIZE) and auditor type (AT). The researcher intends to retain Tobin's Q as measure of firm value.

Hence, the functional form of our model is expressed as MV= f (ENV, CSR, GOV, ESG, FSIZE, AT, LEV)

The econometric model is given below for Nigeria companies as:

$MV\_Nig = ß0 + ß1ENV_{i,t} + ß2CSR_{i,t} + ß3GOV_{i,t} + ß4ESG_{i,t} + B5FSIZE_{i,t} + B6AT_{i,t} + B7LEV_{i,t} + ε_{i,t}\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(1)$

Similarly, for the South Africa companies, the econometric model is expressed as:

$MV\_SA = ß0 + ß1ENV_{i,t} + ß2CSR_{i,t} + ß3GOV_{i,t} + ß4ESG_{i,t} + B5FSIZE_{i,t} + B6AT_{i,t} + B7LEV_{i,t} + ε_{i,t}\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots(2)$

Where:

MV = Market value
$ß0$ = Intercept estimates
$ε_{i,t}$ = represents the error term
ENV   = Environmental disclosure
CSR   = Corporate Social Responsibility disclosure
GOV   = Corporate Governance disclosure
ESG   = Aggregate of ESG i.e Sustainability disclosure indices of the environmental, social and governance.
FSIZE (control variable) = Firm size
AT (control variable) = Auditor type
LEV (control variable) = Leverage.

4. RESULTS AND DISCUSSION

Table 4.1. *Descriptive Statistics (NIGERIA)*

	TOBINS_Q	ENVD	SOCD	GOV	ESG	FSIZE	BIG4	LEV
Mean	2.50582	0.2547	0.2837	0.6220	0.3868	120391148.9	0.550	0.8566
Median	1.05212	0.2500	0.2857	0.6250	0.3787	14244906	1.000	0.5899
Maximum	103.963	0.7083	0.4081	0.8750	0.6638	2022451000.	1.000	19.557
Minimum	0.19329	0.0000	0.1632	0.3500	0.1710	57287.00	0.000	0.0253
Std. Dev.	8.76834	0.1484	0.0496	0.0968	0.0802	289424492.9	0.498	1.9186
Skewness	8.48297	0.2928	-0.2941	-0.6142	0.3307	3.973319	-0.201	8.1484
Kurtosis	81.3044	3.3827	2.9972	3.7470	4.1552	20.33447	1.040	72.643
Jarque-Bera	80242.8	6.1195	4.3248	25.839	22.153	4545.412	50.02	6394.7
Probability	0.00000	0.0468	0.1150	0.0000	0.0000	0.000000	0.000	0.0000
Observations	300	300	300	300	300	300	300	300

Source: Eviews 10 (2024)

Table 4.2. *Descriptive Statistics (SOUTH AFRICA)*

	TOBINSQ	ENVD	SOCD	GOV	ESG	FSIZE	BIG4	LEV
Mean	2.456753	0.4636	0.3161	0.6655	0.4817	29646449	0.9166	0.494445
Median	1.180332	0.5000	0.3265	0.6750	0.4952	10438134	1.0000	0.492894
Maximum	37.16150	0.8750	0.4693	0.9500	0.6625	469968000.	1.0000	2.986317
Minimum	0.260584	0.0000	0.1836	0.3500	0.2581	64356.00	0.0000	-0.495716
Std. Dev.	4.103153	0.1995	0.0587	0.1054	0.0809	55276629	0.2768	0.231953
Skewness	4.542961	-0.9456	-0.2245	-0.6476	-0.6891	5.230780	-3.0151	3.908676
Kurtosis	28.06365	3.3124	3.2119	4.2737	3.4702	36.95523	10.090	46.70570
Jarque-Bera	8884.254	45.929	3.0835	41.251	26.513	15780.03	1083.1	24641.24
Probability	0.000000	0.0000	0.2139	0.0000	0.0000	0.000000	0.0000	0.000000
Observations	300	300	300	300	300	300	300	300

Source: Eviews 10 (2024)

To represent the sample characteristics of both nations, the results were presented in a comparative format. According to the data, the mean values of TOBIN_S_Q (that is market value of the businesses proxied by TOBINS_Q) were 2.505 (for Nigeria firms) and 2.456 (for South Africa firms). This implies that the Nigeria firms are on average less valued than their South African counterparts. The median value for TOBINS_Q is 1.18 and 1.052 respectively for South African and Nigerian firms, with associated Standard deviation of 4.103 and 8.77 respectively. These values shows that market value is more dispersed from the mean value for Nigerian firms compared to the South African firms, this is can be attributed to the fact that South Africa economy has larger firms in terms of market value compared to Nigeria reflected in the value of their respective stock exchanges. On the variable of ENV_D, the mean value for South African and Nigerian firms are 0.463 and 0.254 respectively, with median values standing at 0.5 and 0.25 respectively. When juxtaposed with the standard deviation of 0.199 and 0.148 we find that average environmental disclosure is higher for South African firms relative to the Nigerian firms. We observe that the mean and median values for both set of countries are close indicative that there is little or no variations in the environmental disclosure of sample firms in both countries.

For SOCD social sustainability disclosure, the mean values for South African and Nigeria firms are 0.316 and 0.283 respectively, with median values of 0.326 and 0.285. The associated standard deviation is 0.059 and 0.049 respectively. These values indicated that on average South African firms make more disclosure relative to Nigerian firms, however as in the case of environmental disclosure, there is little variation in the disclosure amongst sample firms from both countries. For GOV measuring the Corporate Governance disclosure, we find that the mean values for South African and Nigerian firms are 0.665 and 0.622 respectively. The median value of the observations is 0.675 and 0.625 with associated standard deviation of 0.105 and 0.097 respectively. Again, average disclosure for GOV is marginally higher for South African firms compared to Nigerian firms. The disclosures aggregated in the ESG scores shows that for South African and Nigerian firms the mean ESG values 0.482 and 0.386 respectively. The median values for ESG for sample firms in both countries are 0.495 and 0.379 with the standard deviations at 0.08 and 0.08 respectively. We observe that on the average ESG for South African Firms are higher than Nigerian firms, we can attribute this to the fact that South African embraced ESG earlier than Nigeria, firms and regulatory agencies in that country have more experience compared to Nigeria.

Table 4.3. Correlation Matrix (Models 1 and 2)

SOUTH AFRICA	TBSQ	ENVD	SOCD	GOV	ESG	SIZE	BIG4	LEV
TBSQ	1.000							

ENVD	0.178	1.000						
	(0.002)***	-----						
SOCD	0.227	0.034	1.000					
	(0.001)***	(0.549)	-----					
GOV	0.109*	-0.037	0.0427	1.000				
	(0.058)	(0.519)	(0.00)	-----				
ESG	0.249	0.814	0.456	0.507	1.000			
	(0.00)***	(0.00)***	(0.00)*	(0.00)	-----			
SIZE	-0.082	0.567	-0.042	-0.085	0.419	1.000		
	(0.154)	(0.00)***	(0.466)	(0.142)	(0.00)*	-----		
BIG4	0.078	0.346	0.085	-0.026	0.293	0.354	1.000	
	(0.176)	(0.00)*	(0.142)	(0.642)	(0.00)*	(0.00)*	-----	
LEV	0.073	0.085	-0.008	0.019	0.076	0.186	0.062*	1.000
	(0.209)	(0144)	(0.88)	(0.746)	(0.192)	(0.0012)	(0.012)	-----

NIGERIA	TBSQ	ENVD	SOCD	GOV	ESG	SIZE	BIG4	LEV
TBSQ	1.000							

ENVD	-0.056	1.00						
	(0.326)	-----						
SOCD	-0.079	0.316	1.000					
	(0.172)	(0.00)*	-----					
GOV	0.049	0.477	0.591	1.000				
	(0.396)	(0.00)*	(0.00)*	-----				
ESG	-0.003	0.773	0.639	0.718	1.000			
	(0.588)	(0.00)*	(0.00)*	(000)*	-----			
SIZE	-0.298	0.493	0.362	0.286	0.494	1.000		
	(0.00)*	(0.00)*	(0.00)*	(0.00)*	(0.00)*	-----		
BIG4	-0.129	0.441	0.182	0.216	0.396	0.517	1.000	
	(0.024)	(0.00)*	(0.002)*	(0.002)*	(0.00)*	(0.00)*	-----	
LEV	0.739	-0.053	-0.03	0.079	-0.007	-0.308	-0.162	1.000
	(0.00)*	(0.368)	(0.582)	(0.168)	(0.905)	(0.00)*	(0.041)*	-----

Source: Eviews 10 (2024) NOTE: The p-values are in parentheses (); while the significant correlation coefficients are marked

with an asterisk (*)

As observed from the part one of Table 4.2 (using only South African firms), the measures of environmental disclosure (ENVD), social sustainability disclosure (SOCK), Corporate Governance disclosure (GOV) environmental, social and governance disclosure (ESG), audit type (Big4) and leverage (LEV) are all positively correlated with market value (TOBINS_Q) except for FSIZE which is negatively correlate. However, the large p-values of 0.154, 0.176 and 0.209 for FSIZE, BIG 4 and LEV respectively, suggest non-significant associations between the four aforementioned variables and the variable of interest (i.e., TOBINS_Q). With respect to ENVD, the variables of SOCD, ESG, FSIZE, BIG 4 and LEV are positively correlated with, but GOV is negatively correlated.

Table 4.4. *Results of the VIF Tests*

SOUTH AFRICA Variable	Coefficient Variance	Centered VIF	NIGERIA Variable	Coefficient Variance	Centered VIF
C	631.12	NA	C	131.19	NA
ENVD	49.72	4.67	ENVD	15.24	1.25
SOCD	58.99	4.18	SOCD	32.91	2.72
GOV	53.50	2.22	GOV	24.91	7.82
ESG	80.23	5.36	ESG	19.14	3.11
FSIZE	0.027	1.62	FSIZE	0.011	1.82
BIG4	0.761	1.19	BIG4	0.179	1.48
LEV	0.945	1.04	LEV	0.009	1.15

Table 4.4 presents the results of the VIF test, indicating that all centered VIF values for both models are below the benchmark value of 10. The VIF test follows a decision rule that if any explanatory factor has a VIF value of 10 or greater, it indicates correlation with other independent variables. Conversely, if VIF value is less than 10, it suggests the absence of multicollinearity concerns among the variables. Based on this criterion, it can be concluded that there are no issues of unstable parameter estimates in the regression lines of the model.

Table 4.5. *Results of Other Regression Diagnostics Tests*

	Model 2 (South African firms)	Model 1 (Nigeria firms)
Heteroskedasticity Test: Breusch-Pagan-Godfrey:		
F-statistics	1.198327	0.568979
Prob. F(33, 226))	0.2190	0.7237
Breusch-Godfrey Serial Correlation LM Test:		
F-statistic	3.035564	0.311848
Prob. F(2,290)	0.0503	0.5716

Source: Compiled from Eviews 10 Output (2024)

The decision rule is that there is no heteroscedasticity if the related probability value of the F-statistic is greater than the 5% threshold (which indicates homoscedastic residuals, desired in regression analysis). The upper part of the table shows the probability values of South African and Nigerian firms, which are 0.2190 (South Africa) and 0.7237 (Nigeria), respectively, indicating the absence of heteroscedasticity. Therefore, the residuals of both models are homoskedastic (as intended) due to the high p-values of 21.90% and 72.37%, respectively. Additionally, Table 4.5 displays the Breusch-Godfrey Lagrange Multiplier (LM) test for higher order serial correlation for both datasets. The results demonstrate that the null hypothesis of zero autocorrelation in the residuals may be accepted since the probability values for both models are greater than 5%. This indicates the absence of autocorrelation in the model.

Table 4.6. *Hausman Test Results*

Nigeria	TOBINS_Q (Model 1)		
	Test Summary	Chi-Sq. Statistic	Prob.
	Cross-section random	102.9443	0.000
South Africa	TOBINS_Q (Model 2)		
	Test Summary	Chi-Sq. Statistic	Prob.
	Cross-section random	23.944562	0.0012*

*Source: Eviews 10 (2024) NOTE: *Significant, showing desirability of the fixed effect models*

The corresponding probability values of the chi-squared statistic in TOBINS Q models one and two (0.000 and 0.0012, respectively) are both less than 5%, as shown in Table 4.6. This illustrates the usefulness of fixed effect

models. This suggests that the fixed effect model is preferred above the random effect model in most circumstances.

Table 4.7. *Panel Regression Results*

To examine the causal effect relationship between the dependent and independent variables, as well as test the hypotheses formulated in the study, we employ a panel regression analysis. The panel regression results are presented and discussed.

Dependent variable: TOBIN'S_Q	Model 2 (South Africa)	Model 1 (Nigeria)
C	29.1789*** (112.113) {0.000}	-17.44717*** (5.081853) {0.000}
ENVD	1.405729** (2.271439) {0.0240}	-1.599488 (-.1083445) {0.2979}
SOCD	-4.162060** (-2.1422) {0.0332}	0.47639* (1.766908) {0.0783}
GOV	-2.911756*** (-2.668931) {0.0081}	-3.875393** (-2.1733318) {0.0308}
ESG	1.467276** (2.413780) {0.0166}	-0.620759 (-0.371136) {0.7109}
FSIZE	-1.171368*** (-14.8123) {0.000}	-0.735350*** (-10.37470) {0.000}
BIG 4	-0.018012 (-0.325424) {0.7452}	0.268824*** (2.929311) {0.0037}
LEV	0.878069*** (12.44649) {0.000}	1.572170*** (11.60252) {0.0000}
R^2	0.935875	0.473574
Adjusted R^2	0.917711	0.355129
F-Stat	51.52304	3.99824***
Prob(f-stat)	0.00000	0.000009
D.W.	1.687260	1.800816

Source: Eviews10 (2024) NB: T-Stat (); p-value {};
*** , ** , *significant at 1%, 5% & 10%.*

It was shown that the explanatory factors impact changes in the dependent variable in an additive manner (TOBINS Q). In terms of the proportion of variations in the dependent variable accounted for by ESG disclosures, the adjusted R2 for South African samples is 0.917, indicating that the explanatory factors can account for about 92% of the variability in the dependent variable. For the Nigerian sample, the adjusted R2 is 0.883, indicating that the explanatory variables explain for about 88% of the variation in the dependent variable. The explanatory factor coefficients for the South African sample data show that all variables are significant to varying degrees.

According to the F-statistics values of 51.52 and 325.71 for the South African and Nigerian samples, respectively, the statistical significance of the models is ensured at the 5% level. This implies that the explanatory factors effect changes in the dependent variable (TOBINS Q) in concert. In terms of the proportion of fluctuations in the dependent variable accounted for by ESG disclosures, the results for South African samples reveal that the adjusted R2 is 0.917, meaning that the explanatory factors can account for almost 92% of the variability in the dependent variable. For Nigerian sample the adjusted R^2 is 0.883, indicating that about 88 per cent of variations in the dependent variable can be attributed to the explanatory variable. From the foregoing, it is found that Environmental disclosure has significant and positive effect on market values of firms in South Africa; however, for Nigerian firms, it does not significantly affect market value. Corporate Social Responsibility disclosure has a considerable but negative influence on the market values of South African businesses, whereas it has a positive and significant impact on the market values of sample enterprises in Nigeria. Corporate Governance disclosure for South African firms has negative and significant effect on the market values of these firms, for Nigerian listed firms' corporate governance disclosure has negative but significant effect on market values. ESG disclosure has a positive and significant effect on market value of firms listed in South Africa, but for Nigerian listed firms, ESG has negative but insignificant effect on market values of listed firms.

5. CONCLUSION

This research assessed the connection between environmental, social, and governance (ESG) factors and value relevance of public quoted firms in South Africa and Nigeria. Sixty (60) firms from the Nigerian Exchange group and sixty (60) chosen enterprises from the Johannesburg Stock Exchange were randomly selected to participate in the study from 2016 to 2020. Descriptive statistics, correlation analysis, and panel regression analysis were

used to evaluate the study's sample data and account for the data's heterogeneity. According to the summary figures, South Africa firms disclosed more ESG data than Nigeria. Panel regression analysis reveals that environmental, CSR, and corporate governance disclosure all have a material impact on the market value of South African firms. Corporate social responsibility disclosure is inadequate in comparison to South African businesses, although environmental, corporate governance, and ESG disclosure have no relevant relationship with market values in Nigeria. For Nigerian businesses, we find that auditor type is significantly correlated to market value, but for South African businesses, auditor type is not significantly correlated to market value.

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