Empirical Analysis of The Effect of Non-Mandatory Information Disclosures on Market Value Added: Evidence from Listed Companies in Nigeria

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Abstract

The main objective of this study was to examine the effect of non-mandatory information disclosures on market value added of consumer goods companies listed on Nigerian Exchange Group from 2014-2023. The research design adopted for the study was ex post facto, secondary data were employed and purposive sampling technique was adopted to select 16 out of 21 listed consumer goods firms in Nigeria. The method of data analysis employed for the study was ordinary least square regression analysis and the statistical package employed was E-views version 10. The results obtained from the regression analysis revealed that corporate governance disclosure does not have a significant effect on market value added; environmental performance disclosure has a significant negative effect on market value added while social donations and gifting disclosure does not have any significant effect on market value added of the listed consumer goods firms in Nigeria. It was thus concluded that non mandatory information disclosures have a significant effect on shareholders' wealth maximization of listed consumer good firms in Nigeria. Based on this, it was recommended that management of listed consumer goods firms should highlight key governance practices, board effectiveness and disclose these practices to signal the investors of their responsible activities. It was also recommended that management of listed consumer goods companies should emphasize the strategic benefits and potential cost savings associated with environmental initiatives, rather than just the associated costs.

Keywords: *Non-mandatory disclosure, market value added, corporate governance, environmental disclosure*

1.0 Introduction

The current global waves for sustainable business practices have made companies to look beyond the traditional mandatory disclosures to all inclusive reporting framework that encompasses on both the mandatory and non-mandatory disclosures. According to Seiyaibo and Okoye (2021) accounting is viewed primarily from the standpoint of agents fulfilling a stewardship function by providing accurate accounts to their principals, who entrust them with the care of their wealth. Thus, disclosure of mandatory and non-mandatory information gives the true picture of both the operational activities and financial health of the reporting entity. Non-mandatory information disclosure refers to the voluntary release of information by a company that is not required by law, regulations or any accounting standard (Iliemena et al., 2023). It is often aimed at enhancing transparency, building trust, and demonstrating corporate responsibility and thus allows companies to communicate additional details about their operations, performance, governance practices, social and environmental impact, and future plans. It encompasses various qualitative and quantitative measures that provide insights into aspects such as human capital, risk management, corporate strategy and mission, sustainability practices, corporate governance practices and employees wellbeing. This information helps stakeholders evaluate a company's overall performance and thus a good key performance indicator of qualitative financial reporting. Corporate observers may use this organic information to identify effective internal controls, as well as to uncover improper and otherwise inappropriate business methods such as fraudulent or illegal activities (Islam, 2017).

Corporate governance disclosure refers to the transparency and communication of information related to how a company is governed, including its management structure, board composition, decision-making processes, and internal controls. Corporate governance disclosure plays a crucial role in safeguarding shareholder interests, fostering transparency and accountability, managing risks effectively, attracting institutional investors, and promoting long-term value creation. According to Deegan (2014), companies that prioritize and communicate their governance practices openly are more likely to enhance shareholder wealth by building trust, minimizing risks, and driving sustainable growth. Environmental performance disclosure refers to the practice of companies providing information about their environmental impacts, activities, policies, and strategies in their public disclosures, such as annual reports, sustainability reports, and other communications. As noted by Akpan and Nkanta (2023), this disclosure helps stakeholders, including shareholders, understand how a company is managing its environmental risks and opportunities, and how it is contributing to sustainable practices. Social donation and gifting disclosure can play a significant role in shaping shareholders' perceptions of a company's commitment to social responsibility, sustainability, stakeholder engagement, and ethical conduct. By actively engaging in philanthropic endeavors, supporting social causes, and communicating these activities transparently, companies can enhance their reputation, build trust with stakeholders, differentiate themselves from competitors, create long-term value, mitigate risks, and attract investors who prioritize ESG considerations, all of which can contribute to increased shareholder wealth over time.

Market value added (MVA) represents the wealth generated by a company for its shareholders. According to Stewart (1991), it equals the amount by which the market value of the company’s share capital exceed the book value of equity capital invested or the amount by which

the market value of the firm's capital (equity and debt) exceeds the economic book value of capital employed. Market value is an important measure use to analyze how much value a company has added to the wealth of its shareholders. MVA provides a holistic view of a company's wealth creation by considering both the capital invested in the business and the market's valuation of the company. By monitoring MVA over time, investors and management can assess the company's ability to generate value for shareholders and make informed decisions about investment opportunities and strategic initiatives that can enhance shareholder wealth (Sahara, 2018).

The adoption of IFRS has been instrumental to mandatory disclosure, while the level of non-mandatory disclosure by companies in their financial statements depends on the judgement and intention of management. It has been noticed from the literature, that information disclosures (as a whole) in Nigeria seems to be weak compared to many developed countries and this has hampered growth of shareholders' wealth because disclosure of both mandatory and non-mandatory information gives complete measurement of the shareholders' wealth (Zandi et al., 2019). In essence, preparers of financial reports may be unaware of the fact that disclosure of corporate governance practices, environmental information and social donations could significantly add to the value of the firm. From the review of empirical studies, it was observed that few studies carried out in Nigeria focused on other sectors of the economy such as non-financial firms, healthcare companies and banks while the consumer goods firms were not given priority (Mutiva et al., 2015; Soyemi & Olawale, 2019). It was also noted in the literature that most of the previous studies did not focus on market value added as majorly other performance measures were used such as financial performance (Loan et al. (2024)), economic value added (Umeanozie & Ofoegbu, 2022), cash flow return on investment (Akpan & Simeon, 2022), and earnings quality (Igbinovia and Ekwueme, 2024). Unfortunately, there was no consensus as per the actual effect of non-mandatory information disclosure as some of the researches either had a positive effect (Vitale et al., 2023; Dragomir et al., 2022); or negative and no relationship (Matope & Vaye, 2022). This has established a literature gap to be filled in this study.

2.0 Literature review

Non-mandatory information disclosure

Non-mandatory disclosure is defined as the free choices on the part of company management to provide accounting and other information deemed relevant to the decision needs of users of their annual reports. It spans across all information types and can be of both financial and non-financial nature. Non-mandatory information disclosure implies additional information that depends on the management's discretion, the external pressures from various stakeholders, the specific legislation, and the cultural factor (Uwah & Akpan, 2019). It is not easy to define corporate voluntary disclosure because of its abstract nature, as it does not follow a definite or recognized time pattern (Yang et al., 2023). This results in diverse understanding of corporate voluntary disclosure. From these definitions, corporate voluntary disclosure is the presentation of information to the public beyond the level required by standards and legal reporting requirements. And in contrast to mandatory disclosure, relies completely in management's hands. Typically, managers have more information and decision making rights on a firm's economic conditions than shareholders and other stakeholders. The degree to which management voluntarily disclose

information can significantly vary. It is recognized that a number of parties to a company transaction may possibly have more superior information than others. As a result, the economy is assumed to be characterized by information asymmetry (Elmghaamez et al., 2023).

According to Ukpong and Essien (2019), the voluntary offer of information represents the excess of information, dependent both on the free choice of the enterprise leadership and on the regulations in force. Although the voluntary disclosure represents the reporting outside the financial statements, which is not explicitly ruled through norms or laws, it is admitted that many of these voluntary disclosures" are made in order to be in agreement with the requests of the stock exchange commission in order to obtain capital and moreover to attract investors.

Market value added (MVA)

Market value added (MVA) represents the wealth generated by a company for its shareholders. It equals the amount by which the market value of the company's share capital exceeds the book value of equity capital invested or the amount by which the market value of the firm's capital (equity and debt) exceeds the economic book value of capital employed. According to Uwah and Akpan (2019), **m**arket value is an important measure use to analyze how much value a company has added to the wealth of its shareholders. MVA is an indication of how successful corporate leaders have utilized the company's assets by creating the wealth for the shareholders. In other words, it is a tangible way to measure the success of the management team as agents of shareholders. From MVA calculations, the value added by a company to shareholders investments can be achieved. Furthermore, de Wet (2005) mentioned that MVA is the best performance measure because it indicates market assessment.

According to Stewart (1991), MVA is the difference between the book value and market value of capital, including both debt and equity. MVA is a financial performance measure that compares the market value of a company to the total capital invested in it. It represents the difference between the current market value of a company (its market capitalization) and the total capital invested in the business over time. Market Value Added is a key indicator of how much value a company has created for its shareholders. A positive MVA implies that the company's market value exceeds the total capital invested, indicating that shareholders have achieved a positive return on their investment. On the other hand, a negative MVA suggests that the market value is lower than the total capital invested, indicating a wealth destruction situation for shareholders. MVA provides a holistic view of a company's wealth creation by considering both the capital invested in the business and the market's valuation of the company. By monitoring MVA over time, investors and management can assess the company's ability to generate value for shareholders and make informed decisions about investment opportunities and strategic initiatives that can enhance shareholder wealth.

Corporate governance disclosure and market value added

Corporate governance disclosure refers to the transparent communication of information relating to how a company is governed, including its management structure, board composition, decision-making processes, and internal controls. It offers the framework for establishing the company's goals, as well as the methods for achieving them and keeping track of performance (Iliemena et al., 2023). The impact of corporate governance disclosure on shareholders' wealth can be

significant, as it influences investor confidence, risk perception, and long-term value creation. According to William et al. (2023), corporate governance disclosure promotes transparency by providing shareholders with insight into how the company is managed and controlled. This transparency can help build trust among investors, reduce information asymmetry, and increase confidence in the company's management practices, potentially leading to higher stock prices and increased shareholder wealth. Gompers et al. (2023) also noted that companies with robust corporate governance practices tend to have better risk management processes in place, which can help protect shareholders' wealth by mitigating operational, financial, and reputational risks. By disclosing information about risk management frameworks and internal controls, companies can instil confidence in investors and minimize the potential for value-eroding events. In addition to this institutional investors often prioritize corporate governance factors when making investment decisions.

From review of related literature, Ogochukwu and Grace (2022) found a positive significant relationship between governance disclosures and MVA. Iliemena et al. (2023) discovered a significant positive relationship between corporate governance disclosure and average market price per share; Durnev and Kim (2022) further found that firms with higher governance and transparency rankings are valued higher in stock markets. However, Xie et al. (2019), Gompers et al. (2023) found no relationship between governance disclosure and financial performance. Contrary findings exist in Rouf (2022) who found negative relationship between governance disclosure and financial performance. Based on this varying findings this study hypothesized that;

Ho: Corporate governance disclosures have no significant effect on market value added of listed consumer goods companies Nigeria.

Environmental disclosure and market value added

Environmental performance disclosure refers to the practice of companies providing information about their environmental impacts, activities, policies, and strategies in their public disclosures, such as annual reports, sustainability reports, and other communications. This disclosure helps stakeholders, including shareholders, understand how a company is managing its environmental risks and opportunities, and how it is contributing to sustainable practices. Environmental performance is a firm's performance in creating a green environment (Zandi et al., 2019). The environmental dimension of sustainability concerns an organization's impact on living and non-living natural systems, including ecosystems, land, air, and water (NSE, 2018). Environmental disclosure depicts different ways that companies disclose information about their environmental activities to various users of financial statement (Olayinka & Oluwamayuwa, 2014). Companies that disclose positive environmental performance signals to investors and other stakeholders that they are managing their environmental risks effectively. This can enhance the company's reputation and attractiveness to socially responsible investors, potentially leading to a higher stock price and increased shareholder wealth. According to Albertini (2021) by disclosing detailed information about their environmental impacts and management practices, companies can reduce the perception of environmental risks. This can mitigate regulatory risks and potential fines, which can preserve shareholder wealth by avoiding costly legal consequences (Akume, 2023). Alodat et al. (2024) also noted that companies that prioritize environmental performance disclosure are often better positioned to adapt to changing market dynamics, consumer preferences, and

regulatory requirements. This long-term focus on sustainability can lead to improved operational efficiency, innovation, and resilience, ultimately benefiting shareholder wealth.

Ziegler et al. (2022) found that growth of environmental performance by companies have a positive impact on average monthly share returns. Likewise, Guenster et al. (2021) and Jiao (2020) found that environmental performance announcements increase the shareholder value of the company. On the contrary, Ganda (2017) found environmental performance to be negatively related to market value added; Prado-Lorenzo et al. (2019), and Hsu and Wang (2013) also found environmental performance to have a negative effect on return on investment (ROI). Based on this, this study hypothesized that;

Ho_1: Environmental disclosure does not have any significant effect on market value added of listed consumer goods firms in Nigeria.

Social donation and gifting disclosure and market value added

Social donation and gifting disclosure refer to the communication of information related to a company's charitable contributions, community investments, philanthropic activities, and support for social causes. This includes details about the organization's donations to non-profit organizations, sponsorships of charitable events, employee volunteer programs, and other initiatives aimed at giving back to society and making a positive impact beyond financial performance. It also refers to the practice of publicly reporting donations and gifts made by a corporation to social causes, charities, and other entities. The impact of social donation and gifting disclosure on shareholders' wealth can be multifaceted, as it reflects the company's commitment to social responsibility, sustainability, stakeholder engagement, and ethical behavior. Social donation and gifting disclosure can enhance a company's reputation and brand image by showcasing its commitment to corporate social responsibility, community involvement, and contributing to the greater good. According to Nkanga and Akpan (2023) a strong reputation for social responsibility can attract more customers and investors, potentially increasing sales and stock prices. CSR activities can improve employee morale and productivity, leading to better financial performance.

By disclosing their social donation and gifting activities, companies demonstrate transparency and accountability in their efforts to create shared value for multiple stakeholders, including shareholders. Investors who see that a company is actively engaging in philanthropic endeavors and supporting social causes may view the organization as more trustworthy, responsible, and caring, which can foster stronger relationships and support shareholder wealth. Nkanga et al. (2023) and Abdullahi and Matanda (2020) found no relationship between social donation and gifting disclosure and firms value. Conversely found negative relationship between social donations and shareholders' wealth. Based on the above findings, this study hypothesized that:

H03: Social donation and gifting disclosure has no significant effect on market value added of listed consumer goods companies in Nigeria.

Theoretical framework

Stakeholder theory by Freeman (1984)

Stakeholder theory emphasizes that companies should consider the interests of all stakeholders, including shareholders, employees, customers, communities, and the environment, when making business decisions. According to Uwa et al. (2018), companies that engage in non-mandatory information disclosures demonstrate their awareness of and responsiveness to the diverse needs and concerns of stakeholders. All internal and external parties that are connected to, or have an impact on, the business, either directly or indirectly, are considered stakeholders (Tanjung & Wahyudi, 2019). Stakeholders were portrayed as those groups without whose support the organization would cease to exist. According to Brooks and Oikonomou (2018), the formation and evolution of stakeholder theory (William et al., 2023) and its instrumental aspects in particular has provided the foundation for proponents of environmental and other disclosures such as the human capital disclosure to theorize that these can help in building and solidifying trusting relationships with a variety of constituents (employees, consumers, local communities, environmental activists and concerned citizens among many others) that are important to the firm's long term success and financial standing. Fiandrino et al. (2022) posit that stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders. According to the stakeholder theory, for an organization to increase its overall performance, its management should focus on stakeholder issues rather than just shareholders (Syder et al., 2020).

According to Harrison et al. (2015), in order to succeed and be sustainable overtime, business executives must keep the interest of customers, suppliers, employees, communities and shareholders aligned to go in the same direction. According to Syder et al. (2020), emphasizing shareholder issues is always easy, but striking a balance between stakeholder interests and increased shareholder value is not. Thus, when a firm's goal is to increase shareholder wealth, a corporate organization constructs its corporate governance structure in such a way that it improves communications between the firm and the various stakeholder groups, which is accomplished through sustainability reports and financial statement reports (Syder, et al., 2020). This assertion was supported by Ackermann and Eden (2020) who also opined that the stakeholder theory refutes the concept of stockholder by recognizing the vast group of interest in the company and requiring the business executives to manage these interests, relationships and trade-offs in aligned direction to create as much value as possible for stakeholders and most importantly; manage the distribution of the value.

For this research, stakeholder theory is essential since it identifies many parties other than shareholders who should be satisfied by organizational behaviour. By acknowledging the interests and needs of stakeholders, stakeholders' theory supports the importance of non-mandatory disclosures in promoting transparency, accountability and ultimately shareholders' wealth. According to Harrison et al. (2015), the theory is practical because it encourages all firms to manage stakeholders. Also, it is efficient because well-treated stakeholders tend to reciprocate with positive attitudes and behaviours toward the organization, such as sharing valuable information, purchasing more products or services, providing tax breaks or other incentives, providing better financial terms, purchasing more stock, or working hard and remaining loyal to the organization even during difficult times.

Empirical review

Atube and Okolie (2024) explored the impact of non-financial information disclosures on the performance of non-financial service firms listed in Nigeria, using an ex-post facto research design on panel data from annual financial reports of selected firms spanning from 2013 to 2022. The methodology involved Generalized Linear Models (GLS) regression analysis performed with E-Views V.9.0 software, and diagnostic tests were conducted to ensure compliance with panel assumptions.. The findings indicated that environmental disclosures significantly and positively affected the performance of listed non-financial companies in Nigeria. In contrast, social disclosures had negative impacts on both NAPS and ROE; governance disclosures were statistically significant in ROE but negligible in NAPS.

Cheng et al. (2024) investigated the impacts of ESG-related information disclosures on firm value and tested the relationship between ESG scores and firm value using a Chinese dataset. The research design adopted for the study was longitudinal and secondary data were used. These secondary data were obtained from the studied firms annual report and the stock exchange fact books. A fixed-effects panel regression model was employed to assess the impact of ESG performance on firm value in terms of enterprise multiples while controlling for corporate attributes. The results revealed that disclosing ESG-related information significantly increased firm value, with this relationship intensifying after the pandemic. However, the influence of ESG scores on firm value (Tobins Q) only appeared significant after the pandemic.

Dagunduro et al. (2024) explored the relationship between non-financial disclosure and firm performance within the context of listed consumer goods manufacturing firms in Nigeria. The research design adopted for the study was ex post facto and secondary data were used. The results found that environmental disclosure and social disclosure had a positive and significant effect on the firm's performance. While governance disclosure had a negative and significant effect on the firm's performance. Loan et al. (2024) examined whether ESG disclosure impacted the financial performance of 24 Vietnamese commercial banks in terms of return on assets (ROA), return on equity (ROE), and net interest margin (NIM). The results highlighted the positive effects of ESG policy disclosure, individual environment disclosure (E), and individual governance disclosure (G) on bank financial performance.

Maina et al. (2024) examined the relationship between voluntary disclosures and the financial performance of listed manufacturing firms on the Nairobi Securities Exchange (NSE). The study adopted ex post facto research design and secondary data from 2018 to 2022. The results indicated that financial information disclosure (β=0.405377, P=0.006), forward-looking information disclosure (β=0.334582, P=0.029), and value-added statement disclosure (β=0.11397, P=0.014) had a positive and significant relationship with financial performance, while non-financial information disclosure (β=0.163917, P=0.073) had an insignificant positive relationship. Voluntary disclosure significantly accounted for 40.32% variance in financial performance of listed manufacturing firms on the NSE.

Nkanga et al. (2023) examined the effect of voluntary disclosures on firms' value taking samples from deposit money banks listed on the floor of the Nigeria Exchange Group from 2012-2021. The research design adopted for this study was *ex post facto,* purposive sampling technique was employed and secondary source of data used was obtained from the studied companies' annual report and Nigeria Exchange Group fact book. Dummy Least Square Variable regression was

adopted to analyze the data.The findings of the study revealed that social donation and gifting disclosure has a positive significant effect on the market value of deposit money banks while employee health and safety disclosure has an no significant negative effect on market value of listed deposit money banks in Nigeria.

Akpan and Nkanta (2023) investigated the effect of green accounting practices on shareholders' value in Nigeria by drawing samples from listed consumer goods firms on the floor of the Nigerian Exchange Group from 2012 to 2021. Ex post facto design was used, secondary data were employed and least square dummy variable regression was used in analyzing the data. A sample size of 20 companies were determined using Tato Yamane formula and these companies were selected using simple random sampling technique. The result showed that biodiversity disclosure and compliance to environmental laws disclosures have a positive significant effect on shareholders' value added; water & effluents disclosures have a positive significant effect on shareholders' value added of listed consumer goods firms in Nigeria during the period under study

Akpan et al. (2020) investigated the effect of integrated reporting on firms' value drawing samples from listed manufacturing firms in Nigeria between the periods of 2011-2020. Ex post factor research design was used and the study made use of secondary data sourced from the sampled companies' annual reports and Nigeria Exchange Group Fact book. Data for integrated reporting variables were derived using disclosure checklist developed in accordance with the integrated reporting framework disclosure guidelines. The results of the analysis showed that the disclosure of human capital information in the annual report of listed manufacturing firms in Nigeria significantly improves the firm's value.

3.0 Methodology

The research design adopted for this study was ex post facto and this design was suitable for this study because secondary data source were used. The population of this study comprised 21 listed consumer goods companies out of which 16 were purposively selected as the sample size. Furthermore, Content analysis was used as an instrument of secondary data collection to collect the necessary information for the proxies of non-mandatory information disclosure based on the researchers' developed checklist. Ordinary least square regression technique was used to analyze the data of this study and the statistical software package employed was E-views version version 20. The model used in this study is as presented below;

$$MVA_{it} = \beta_0 + \beta_1 CGOD_{it} + \beta_2 ENVD_{it} + \beta_3 SODG_{it} + \mu_{it}$$

Where

MVA	=	Market value added
GOVD	=	Corporate governance disclosure
ENVD	=	Environmental performance disclosure
SOGD	=	Social donation and gifting disclosure
β_0	=	Model intercept
β_1-β_3	=	Coefficient to be derived from results of data analysis
$_{it}$	=	Cross section of listed consumer goods firms with time variant
$£_{it}$	=	Stochastic error term

Table 3.1: Operationalization of variables

S/N	Variable	Measurement	Sources	Apriori sign
1	Market value added (Dependent variable)	Log (Market capitalization - Capital Employed).	Atube & Okolie,2024	
INDEPENDENT VARIABLES				
2	Governance disclosure	A dichotomous procedure by (GRI) was applied in scoring the items whereby, a "1-point" score was awarded for each item that was disclosed in the annual report and otherwise, a "0-point".	Atube & Okolie,	+
3	Environmental responsibility disclosure	A dichotomous procedure by (GRI) was applied in scoring the items whereby, a "1-point" score was awarded for each item that was disclosed in the annual report and otherwise, a "0-point".	Nkanga et al., 2023	+
4	Social donation and gifting disclosure	A dichotomous procedure by (GRI) was applied in scoring the items whereby, a "1-point" score was awarded for each item that was disclosed in the annual report and otherwise, a "0-point".	Nkanga et al., 2023	+

Data analysis and discussion

Table 4.1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
mva	160	0.253	2.133	0.143	3.219
govd	160	0.411	0.201	0.010	0.750
envd	160	0.171	0.261	0.000	1.000
sodg	160	0.378	0.201	0.000	1.000

Source: Authors Computation (2024)

Table 4.1 shows the descriptive statistics of the study and it shows that corporate governance disclosure (GOVD) has the highest mean among the disclosure variables at 0.411, indicating a relatively higher focus on governance-related transparency, though there is still notable variability (standard deviation of 0.201). In contrast, Environmental Performance Disclosure (ENVD) has the lowest mean at 0.171 and a high standard deviation of 0.261, indicating limited but highly variable environmental performance disclosures among the firms. Social Donations and Gifting Disclosure (SODG), with a mean of 0.378 and a standard deviation of 0.201,

suggests that social donations and gifting are moderately reported, with some firms being particularly active in this area.

Table 4.2: Correlation Analyses

Variables	Mva	Govd	Envd	sodg
mva	1.000			
govd	0.298	1.000		
envd	0.167	0.151	1.000	
sodg	0.109	0.521	0.397	1.000

Source: Authors Computation (2024)

Table 4.2 presents the regression results for the study and it shows the association between the variables of the study. It shows that governance disclosure (0.298) is positively associated with the dependent variable of MVA. Similarly, the result shows that environmental performance disclosure (0.167) is positively associated with the dependent variable of MVA. The correlation between social donations and gifting disclosure (0.109) and MVA is also positive. The associations are seen to be weak and hence indicate the absence of multicollinearity among the variables.

4.2.3 Regression analysis

Table 4.3 Regression analysis for the effect of non-financial information disclosure on financial reporting quality

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.074544	0.172129	-2.433069	0.0077
COGD	0.127656	0.090511	4.110389	0.0632
ENVD	-0.164469	0.072883	-2.884555	0.0009
SOGG	-0.018903	0.069152	-0.273350	0.7855
R-squared	0.442702	Mean dependent var		0.091112
Adjusted R-squared	0.408410	S.D. dependent var		0.100174
S.E. of regression	0.100983	Akaike info criterion		-1.678989
Sum squared resid	0.662836	Schwarz criterion		-1.518382
Log likelihood	63.76462	Hannan-Quinn criter.		-1.615194
F-statistic	9.724862	Durbin-Watson stat		2.261994
Prob(F-statistic)	0.000039			

Source: Author's computation (2024)

The pooled OLS regression model above shows an F-statistic of 9.724862 with p-value of 0.000039 indicating that the model is fit for statistical inference and that overall, non-mandatory information disclosures have significant effect on market value added of the companies under study. The model gave an R-squared value of 0.44 which means that 44% of the changes in the dependent variable can be explained by the independent variables of this study. However, the unexplained part is captured in the error term.

4.0 Discussion of findings

Corporate governance disclosure (GOVD) and market value

The results obtained from the regression model in table 4.3 revealed that corporate governance disclosure (Coef 0.127656; p-value 0.0632) has no significant effect on market value added of listed consumer companies in Nigeria. This suggests that investors may not place considerable weight on the levels of transparency and information provided in governance-related communications. This result indicates that while governance practices are crucial for ensuring ethical and effective management, the extent of their disclosure does not necessarily translate into immediate or measurable financial benefits as reflected in market value added. One possible interpretation is that the market may already have a baseline expectation of governance standards, and additional disclosures beyond this threshold do not provide substantial new information to influence investment decisions. This finding aligns with the conclusions drawn by Atube and Okolie (2024), who argue that in certain contexts, governance disclosures may be seen as routine and, therefore, do not significantly alter investor perceptions or market valuations. They suggest that as long as firms meet regulatory and expected governance standards, further disclosures may not provide additional value to investors. Similarly, Akume (2023) found that in markets where governance practices are relatively standardized and expected, detailed governance disclosures do not significantly impact investor behavior or firm valuation.

Environmental performance disclosure (ENVD) and market value added

The results obtained from the regression model in table 3 revealed that environmental disclosure ((Coef -0.164469; p-value 0.0009)) has significant negative effect on market value added of listed consumer companies in Nigeria. This suggests that investors might perceive detailed environmental reporting as a potential indicator of high costs or liabilities associated with environmental compliance and sustainability initiatives. This negative association implies that increased transparency in environmental matters could lead to concerns about potential financial burdens, such as costs related to pollution controls, compliance with environmental regulations, or future environmental liabilities. In the context of an emerging market like Nigeria, where economic conditions and regulatory enforcement can be inconsistent, these concerns might weigh heavily on investor sentiment, leading to a decrease in market value added. This result contrasts with the findings of Elmghaamez et al. (2023), who argue that environmental performance disclosure can enhance a company's reputation and attract socially responsible investors, thus potentially increasing market value. However, the negative impact observed in this study aligns with the perspectives of Al-Homaidi et al. (2024) and Eniefiok et al. (2024), who noted that in contexts where investors are primarily focused on short-term financial returns, environmental disclosures might be viewed as a diversion of resources away from profit-maximizing activities.

4.4.6 Social donations and gifting disclosure (SODG) and market value added

he results obtained from the regression model in table 4.3 revealed that social donation and gifting disclosure (Coef -0.018903; p-value 0.7855) has no significant effect on market value

added of listed consumer companies in Nigeria. This indicates that investors do not attribute significant financial importance to these corporate social responsibility (CSR) activities. This lack of significant impact suggests that while companies may engage in social donations and gifting as part of their CSR strategies, these activities do not necessarily translate into increased market value. This could imply that investors prioritize financial metrics and core business activities over philanthropic efforts when evaluating a company's market value. This result aligns with the observations of Akume (2023), who suggested that in emerging markets, CSR activities like social donations and gifting are often seen as secondary to the primary business objectives. Investors might perceive these activities as non-essential expenditures that do not directly contribute to the company's profitability or competitive advantage. Consequently, the disclosure of such activities may not influence investor decisions significantly.In contrast, studies such as those by Al-Homaidi et al. (2024) and Alodat et al. (2024) have highlighted the potential for positive investor reactions to CSR disclosures, arguing that they can enhance a company's reputation and build goodwill among stakeholders.

Conclusion and recommendation

With a growing emphasis on corporate transparency, it is critical to understand how disclosures related to corporate governance, environmental performance, and social initiatives affect shareholder's wealth. The findings of this study led to the conclusion that non-mandatory disclosures have significant effect on market value added of listed consumer goods firms in Nigeria. It was thus recommended that the management of listed consumer goods firms should highlight key governance practices, board effectiveness, and accountability mechanisms. Corporate managers and directors should emphasize the strategic benefits and potential cost savings associated with environmental initiatives, rather than just the associated costs. Regulators should provide frameworks that encourage transparent reporting while guiding firms on how to contextualize their environmental impacts. Analysts and investors should look beyond the immediate financial implications and consider the long-term benefits of sustainable practices, including potential regulatory incentives or cost savings. Policymakers can encourage transparency in this area to highlight the social contributions of businesses. Analysts and investors should consider these activities as part of the company's brand and reputation management strategies.

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