



**KWARA STATE UNIVERSITY, MALETE, NIGERIA**  
**SCHOOL OF POSTGRADUATE STUDIES (SPGS)**

**DETERMINANTS OF CORPORATE SUSTAINABILITY  
REPORTING OF LISTED INDUSTRIAL AND DOMESTIC GOODS  
COMPANIES IN NIGERIA**

**Ganiyat Folashade OWOLABI**

**MATRIC NO: 18/27/MAC031**

**MARCH, 2022**



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**M.Sc. THESIS SUBMITTED AND PRESENTED**

*BY*

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FACULTY OF HUMANITIES, MANAGEMENT AND SOCIAL SCIENCES  
KWARA STATE UNIVERSITY, MALETE  
NIGERIA**

**MARCH, 2022**

## **DECLARATION**

I hereby declare that this thesis titled “Determinants of Corporate Sustainability Reporting of Listed Industrial and Domestic Goods Companies in Nigeria” is a record of my research. It has neither been presented nor accepted in any previous application for higher degree.

.....

Ganiyat Folashade Owolabi

.....

Signature/Date

**APPROVAL**

This is to certify that this thesis by Ganiyat Folashade Owolabi has been read and approved as meeting the requirements of Department of Accounting and Finance for the award of the degree of Master of Science(M.Sc.) in Accounting.

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## **DEDICATION**

This research work is dedicated to the Almighty Allah, the most beneficent, the most glorified.

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## ABSTRACT

*Organizations aimed at making profit and disclose the financial aspects of their report to their stakeholders depicting their financial performances. However, most of the firms disclose less information about the negative effects of their activities on social, economic and environment issues and how they respond to the challenges. Hence, this study examined the factors that determine the level of sustainability reporting practices among listed industrial and domestic goods sector in Nigeria. The study employed a cross-sectional research design. The target population consists of the chief executive officer, chief financial manager, compliance officer, and three top managers of companies under study. The study employed a census sampling technique by considering all the total number of respondents, that is, one hundred and ten (110) respondents of the total population. The hypotheses of the study were tested using partial least square structural equation modeling (PLS-SEM). The result of the PLS-SEM revealed that corporate strategic posture, organizational culture and organizational structure have positive and significant effect on the level of sustainability reporting practice among listed industrial and domestic goods sector in Nigeria as supported by t-values of 12.306; 3.969; and 21.06 with p-values of 0.000; 0.000; and 0.000 respectively. However, the study found that stakeholders' pressure has an insignificant effect on sustainability reporting practices of industrial and domestic goods sector in Nigeria as shown by t-value of 1.072 with p-value of 0.280 at 5% level of significance. The results indicated that an organization that have effective strategy in both short and long-term for sustainability issues, incorporates sustainable goals in its vision and mission statement as well as having an effective organization structure on social and environmental issues would disclose more information about its sustainability reporting practices. This study concluded that company strategic posture, organizational culture and organizational structure would enhance the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. This study therefore recommended that the Board of Directors should ensure that the issues of sustainability reporting are well capture in their organizational goals (both short-term and long-term goals) as this may determine the long-term survival of the company through acceptance of the company's product in the market.*



# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Private organizations aimed at making profit as well as ensuring long-term survival of the firm. However, due to advancement in technology and cyclized world, making profit alone may not ensure long-term survival of firms around the globe. This is because firms cannot exist in isolation and in the course of doing business activities, there could be destruction of some natural resources and consequently decreases in development of the society (Wachira, 2017). This shows that traditional method of reporting financial aspect of organization is not enough, hence reporting of social, economic and environmental impact of the organization is required.

Due to economic expansion and the population growth there is a lot of pressure on diminishing natural resources on one hand and it also results in degradation of environment on the other hand. So, it is very clear that there is need for changing the way business is carried out traditionally. Accounting and reporting is not an exception to this. Increasing awareness among the different groups of society needs a new era of public reporting. It means that conventional method of financial reporting is not enough. It also implies that non-financial reporting like social responsibility reporting needs some change and needs expansion in the way information is reported (Ekelenburg, 2016)

However, sustainability reporting is subject to concerns in terms of the completeness and credibility of the information provided (Adams and Evans, 2004; Adams, 2004; Dando and Swift, 2003). Enterprises disclose only appropriate information to gain corporate advantage, and a good reputation instead of looking for transparency and accountability for stakeholders (Owen et al.,

2000). However, reporting of companies' sustainability activities is still voluntary. This make the level of disclosure to be low as management of companies reports only parts that can give them good image.

Various initiatives had been made to ensure that companies around the world disclose more information about their sustainability activities in the financial report. For instance, the Global Reporting Initiative (GRI) Index initiated by the World Bank in 2013 (GRI G3) had been reviewed in 2019 (now GRI G4) in order to ensure that the sustainability reporting is more encompassing. This Index has been adopted by companies in different countries of the world, Nigeria inclusive. Despite this initiative, companies still tend to decide the type of information to be disclosed in their financial statements, hence low sustainability reporting system seems to be pervasive among Nigerian companies.

## **1.2 Statement of the Problem**

Companies are not expected to only focus on their survival alone but also the development of the communities in which they operate. However, the persistent issues of land degradation and other natural resources in various communities in Nigeria which detail information regarding environmental, social, economic and corporate governance seems not to be adequately captured in the financial report of firms in Nigeria. This has raised concerns on the deficiency of information disclosure system of Nigerian companies.

These companies provide detailed information on their financial activities (financial performance and financial status) but hardly report their damages done on the environment where they located. This could be evident from the report of KPMG (2020) that the level of sustainability reporting by

Nigerian companies is selective making them to disclose scanty information about their sustainability activities despite their negative impact on the environment in which they operate.

The negative impacts of the activities of these companies are not only detrimental to community and economic development but have also lead to loss of homes, farmland, agricultural products, loss of investment, increase in unemployment rate, decrease in standard of living and reduction in social and economic development (Aloitabi, 2020). The decision to disclose the information relating to environmental, economic and social activities by companies could be as a result of various factors taken into consideration while reporting on sustainability activities.

For instance, the organizational culture may contribute to low sustainability reporting. Different organizations have their culture which may not be subject to sudden change and this may lead to failure of implementing organizational change programmes, strategies or innovations that are required to create and integrate sustainability initiatives. In addition, little or no pressure by both internal and external stakeholders in demanding for information on sustainability activities may lead to low sustainability reporting as firm may think that there is little benefit in reporting sustainability issues.

Furthermore, the form of strategic posture adopted by a firm could also influence sustainability reporting. A company that adopts passive strategic posture (that is, unwilling to take risk on environment) would not consider environmental issues because their strategic planning may not incorporate the conditions in which the organization operate, hence low sustainability reporting. In addition, the structure of the organization in terms of information dissemination process could affect sustainability system, It was argued that company that mismanage its information as well as failed to convey effective information on sustainability practice within the firm and the external

environment would find it difficult to report adequate report in the non- financial segments of the report, hence low sustainability reporting.

Various factors influencing sustainability reporting had been largely studied by researcher in the last decade due to growing concern from different stakeholders and regulatory bodies in the world. However, it was observed that most of these studies had been viewed from three perspectives namely corporate attributes like profitability, corporate size, leverage, firm age, industry type, liquidity, industry affiliation, firm growth(such as Gunawan, 2013; Dienes, Sassen & Fischer, 2015; Arthur, 2016; Wachira, 2017; Petera, Wagner, Paksiova & Krenacova, 2019; Handoyo, 2020), corporate governance attributes such as board size, board meetings, board independence, board gender diversity, inter-board link, presence of dual leadership, audit committee size, audit committee meetings amongst others (see Hussain, 2016; Al-Shaer & Zaman, 2017; Eisinga, 2017; Naseem, Riaz, Rehman, Ikram & Malik, 2017; Malik, Wang, Naseem, Ikram & Ali, 2020) and assurance providers (see Nguyen, Tran, Nguyen & Lee, 2017; Martinez-Ferrero, Garcia-Sanchez & Ruiz-Barbadillo, 2019).

Based on the reviewed literatures, it was discovered that studies (Dibia & Onwuchekwa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, Mohd Said, Johari & Kamarudin, 2020) in Nigeria had focused on corporate attributes such as size, age, leverage, among others. This study filled the gaps in the literature by focusing on the organizational internal factors affecting sustainability reporting.

### **1.3 Research Questions**

From the foregoing, the following research questions were raised:

- i. To what extent does company strategic posture affect sustainability reporting practice of listed non-financial companies in Nigeria?
- ii. What is the effect of stakeholders' pressure on sustainability reporting of listed non-financial companies in Nigeria?
- iii. To what extent does organizational culture impact on sustainability reporting of listed non-financial companies in Nigeria?
- iv. How does organizational structure affect sustainability reporting of listed non-financial companies in Nigeria?

### **1.4 Research Objectives**

The broad objective of this study was to investigate the determinants of sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria. To achieve this objective, the specific objectives were to:

- i. examine the extent to which company strategic posture affect sustainability reporting practice of listed industrial and domestic goods sectors companies in Nigeria;
- ii. determine the effect of stakeholders' pressure on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria;
- iii. investigate the extent to which organizational culture impact on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria; and

iv. evaluate how organizational structure affect sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria.

### **1.5 Statement of Research Hypotheses**

The following hypotheses were raised in order to provide relevant answers as well as achieve the objective of the study:

H<sub>01</sub>: Company strategic posture has no significant effect on sustainability reporting practice of listed industrial and domestic goods sectors companies in Nigeria;

H<sub>02</sub>: There is no significant effect of stakeholders' pressure on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria;

H<sub>03</sub>: Organizational culture has no significant effect on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria; and

H<sub>04</sub>: There is no significant effect of organizational structure on sustainability reporting of industrial and domestic goods sectors listed companies in Nigeria.

### **1.6 Justification of the Study**

The motivation for this study is as a result of the continual reported cases of loss of natural resources which had not only posed negative impact on the societies but also the development of societies in Nigeria. Various studies (such as Arthur, 2016; Eisinga, 2017; Naseem, et al., 2017; Uyar, et al., 2019; Ahmad & Zhao, 2020; Malik, et al., 2020; Aloitabi, 2020; Handoyo, 2020) had been conducted on factors determining sustainability reporting in various countries of the world and had reported conflicting empirical results. However, it was discovered that a very large number of the studies reviewed focused on company's attributes (such as firm size, profitability, leverage,

international affiliation, firm age, amongst others), audit firm attributes (such as audit firm size, industry specialization of the auditor; audit firm tenure, auditor type) and corporate governance attributes (such as board size, board independence, CEO duality, audit committee size, board/audit committee financial expertise, amongst others) as factors influencing sustainability reporting.

In addition, studies in Nigeria had largely used secondary source of data using annual financial reports of their sampled firms. This might have provided a bias result as little information that can provide good image of the firm may be provided and hide vital information. More so, most of these studies (see Dibia & Onwuchekwa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, Mohd Said, Johari & Kamarudin, 2020) had used ordinary regression analysis techniques in testing the hypotheses of their studies which is did not use estimation technique that are robust enough to capture latent variable characteristics. These gaps found in the literature reviewed call for further investigation into factors determining sustainability reporting of non-financial listed companies in Nigeria.

The outcome of this study would be relevant to academic field of knowledge by adding to scanty literature on the effect of strategic posture, organizational practice and internal organizational process as determinants of sustainability reporting in the Nigerian context. The result will also serve as a body reference for future researcher that may want to conduct study on determinants of sustainability reporting.

In addition, the outcome on strategic posture, organizational practice and internal organizational process would be relevant to management of the sample companies. This would assist them in highlighting some factors that could enhance their corporate image which can positively increase

their market coverage, profitability index through acceptability of the company's product in the market.

The result of the study on stakeholders' pressure would also enlighten the public on how firms are responding to the yearning of their communities. The outcome would assist the regulatory authorities such as Securities and Exchange Commission (SEC) and other regulatory bodies in making a framework that would ensure that companies provide detailed information about their sustainability performance to the members of the public.

### **1.7 Scope of the Study**

This study focused on the factors determining the level of sustainability disclosure of listed industrial and domestic goods sector in Nigeria. This sector was chosen based on the report of Oketola and Osibanjo (2011 and 2015) and Industrial Pollution Projection System (IPPS) of 2016 which reported that the industrial and domestic contributed more pollution and degradation of natural resources in Nigeria compared to other sectors.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

This section discussed the concepts of both dependent and independent variables used in the study. It also examined relevant theories and their assumptions on the relationship between the dependent and independent variables. Previous empirical studies were reviewed from both developed and developing countries in order bring out gaps left unfilled in the past studies, especially in the Nigerian context.

#### **2.1 Conceptual Review**

This section focused on the concepts of both dependent (sustainability reporting) and independent variables (determinants of sustainability reporting practices) considered in this study.

##### **2.1.1 Sustainability Reporting**

Managements aimed at long-term survival of their companies. To achieve that, the company should not only focus on the short-term goals (financial performance) but also consideration of the environment in which they operate, hence sustainability activities. Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development. It is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of are porting organization – including both positive and negative contributions (GRI, 2006).

World Bank Corporate Sustainability Development (2003) defined sustainable development reports as public reports by companies to provide internal and external stakeholders with a picture

of corporate position and activities on economic, environmental and social dimensions. In short, such reports attempt to describe the company's contribution toward sustainable development. A one-size-fits-all approach does not work for sustainable development reporting. It is up to each company to determine the approach it wishes to take, depending on its situation and needs. Be it an environmental report, a social report, an environment, health and safety report or an integrated report which is also called triple bottom line, sustainable development or sustainability report – all these various reporting formats contribute toward sustainable development reporting.

From the definitions above, it could be deduced that sustainability reporting refers to reports prepared by companies in order to furnish its stakeholders (both internal and external stakeholders) with the corporate perspective on social, environmental, economic (performance and financial position) and governance and its contribution towards development sustainable development.

### **2.1.2 Determinants of Sustainability Reporting**

Various factors had been considered to influence the level of sustainability reporting by firms around the globe. These factors include firm's attributes (such as profitability, firm size, firm age, firm leverage, amongst others); corporate governance attributes (such as board/audit committee size, board/audit committee independence, board/audit committee gender diversity, board/audit committee financial expertise, amongst others) and audit firm attributes (such as auditor size, audit firm type, audit firm tenure, audit fee,, amongst others) (see Nwobu, 2015; Martinez-Ferrero, et al., 2019; Rustam, Wang & Zameer, 2019; Karthikeyani, 2020; Bello, et al., 2020;). However, this study focused on internal organizational factors (such as strategic posture, organizational process, organizational practice and internal organization process) and stakeholders' perception.

### **2.1.2.1 Strategic Posture**

Organizations, especially the medium and large organizations needs strategic planning that can aid effective decision on both short and long-term survival of the organization as well as incorporating corporate social activities into their actions. In order to achieve this, firms are obliged to adopt a given strategic posture. Jogaratnam, Tse and Olsen (1990) define strategic posture as a firm's overall competitive orientation or the composition of competitive options that firms used within their industry. In the same vein, Child (1972) sees strategic posture as the strategic managerial decisions concerning the ways and manner a firm responds to environmental conditions and its relationship with the environment.

It could be deduced from these definitions that strategic posture could be seen as a planning process adopted by management of firms on both short-term and long-term needs of the firm as well as incorporating corporate social needs in order to have a competitive edge among its competitors in the industry. Strategic posture is created by corporations so as to synchronize anticipated corporate social reflections with organization vision and mission in order to show that organization participates in social responsibilities despite of it being guided by the wealth maximization principle (Njoroge, 2019).

Active management of social needs information will minimize conflict among corporation stakeholders (Magness, 2006). This will be achieved through corporate motivation to respond to social needs in a coherent, transparent and accountable manner. Successful corporate sustainability participation is enshrined on a coherent relationship between management and organization stakeholders. The management may create passive or active strategic posture. An active strategic posture ensures continued response and disclosure on community needs. A corporation's active

participation on social needs will create a positive enterprise image. For the purpose of this study, strategic posture mean sacrificing short-term goal for long-term needs; communication within the organization on sustainability issues; incorporation of employees' empowerment; incorporation of customers' feedback; and frequent review of product prices.

#### **2.1.2.2 Stakeholders' Pressure**

Stakeholders are set of people that can influence or be influenced by the decision made by an organization such as employees, government, management, investors (prospective and existing), and lenders, among others (Feijoo, Romero & Ruiz, 2013). These people can mount pressure on the organization to disclose positive and negative effect of the firm's activities on the environment in their financial statement. Organization business sustainability and survival is dependent on its capacity to effectively integrate its resources in activities which would maximize shareholder wealth or enhance its coexistent with other stakeholders (Benson & Davidson, 2010). In addition, Njoroge (2019) asserts that input and output evaluation techniques have revealed corporation financial and non-financial gains is dependent on its capacity to integrate its corporate resources to stakeholders needs even in situations on non-monetary gains.

#### **2.1.2.3 Organizational Culture**

Organizational culture is as significant and complex as it is difficult to understand and use in a thoughtful way (Alvesson, 2013). Schein (2010) defines three levels of organizational culture: artefacts (including observable symbols, mission and vision statements) (e.g., Owens and Steinhoff, 1989; Seidel et al., 2008; Seidel-Sterzik et al., 2018), espoused beliefs and values, and basic underlying assumptions. Chang, Amran, Iranmanesh and Foroughi (2019) define

organizational culture as shared philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit a community together. Schein and Schein (2016) as a pattern of underlying assumptions or values that were shared among the group who learned and used it to solve its problems due to internal integration and external adaptation, that has sufficiently designed and competently worked to be considered valid and, thus, to be taught to new members in the correct ways they can perceive, think, feel about those problems.

Organizational culture is a set of structures, routines, rules, shared meanings, values, and norms that guide and constrain behavior (Schein, 2004). According to Daft et al. (2014) organizational culture is valued for performing two functions: to integrate organizational members so that they know how to relate to one another (internal integration) and to facilitate adaptation to the external environment (external adaptation). Through internal integration members of the organization develop a collective identity and learn how to work together effectively (Daft et al., 2014). Organizational culture determines what behavior is acceptable and how power and status are allocated. Additionally, it guides internal and external working relationships and determines the way people communicate with each other (Daft et al., 2014). Furthermore, a certain culture of an organization, with their visible and invisible aspects, differentiates an organization from other organizations (Suharti & Suliyanto, 2012). In this study, organizational culture was measured using assumptions, attitudes, (ethical) behavior, beliefs, knowledge, leadership, management, mission and vision, adaptability, consistency, involvement, norms, organizational capabilities, perspective, rules, strategy, symbols, and values (e.g., Schein, 2010; Grayson et al., 2018; Chaabane, 2019).

## **Organisation Structure**

The is a significant factor that determines the level of sustainability reporting practices among listed industrial and domestic goods sector in Nigeria. This implies that companies with strong line of reporting and communication on sustainability activities, consider sustainable goals in their decisions, willing to be accountable to external users and constitute a risk management committee that weigh the benefits and cost of complying and not complying with the requirements of sustainability reporting framework (GRI4) would disclose more information on sustainability reporting practice. A good organization structure would reveal information on its sustainability reporting activities in order to show outsiders and its environment that it is socially and environmentally responsible, hence long-term survival of the firm would be certain.

The result concurs with the findings of Mink (2012) who reported that combination of an organization's leadership expressing a genuine commitment to sustainability reporting. The compliance level of an organization's sustainability report is observed to be contingent upon the organization's ability to overcome resource constraints and to recognize the value of the market incentives generated by the development of a sustainability report.

## **2.2 Theoretical Review**

Previous researchers had used different theories suggesting the relationship between various variables and sustainability reporting. These theories include but not limited to legitimacy theory, stakeholders' theory, agency theory, signaling theory, institutional theory and contingency theory. This study focused on legitimacy theory, stakeholders' theory and contingency theory. This study

examines the originators of these theories, the philosophy underpinning the theories, assumptions and their relevance to the study.

### **2.2.1 Contingency Theory**

Contingency theory is a behavioral theory developed by Woodward in 1958. This theory asserts that there is no best way to manage. Contingency theory is an established theory in organizational research, due to the fact that the theory is deep-rooted in various concepts of organizational literature (Sauser, Reilly & Shenhar, 2009; Donaldson, 2001).

According to Chenhall (2003), the term contingency refers to something that is only true under specified conditions. Donaldson (2001) also refers to a situation where the effects of one variable on another variable depend on third variables (Donaldson, 2001). In line with this, Haldma and Laats (2002) and Reid and Smith (2000) also pointed out that there is no perfect way to provide a robust sustainability reporting system but rather depend upon some contingency factors such as organizational process, internal organization structure and company's strategic planning towards sustainability activities. Kloot (1997) explained that strategic planning should embrace contingency planning. This would improve organizational flexibility, and in particular would make the firm more adaptive to unanticipated external pressure.

Despite the strength of the contingency theory, some researchers had criticized the theory. For instance, Schoonhoven (1981) criticized the theory by identifying five problems of the theory among which is lack of clarity because the theory depends on few assumptions. Furthermore, Drazin and Van de Ven (1985) realized that contingency theory lack the ability to settle theoretical and empirical difficulties. In spite of the above criticisms against the contingency theory, Sauser, Reilly and Shenhar (2009) established that the contingency theory has the capability that goes

beyond traditional achievement because the theory has essential roles in project management and organizational success as well as prevent it failures.

### **2.2.2 Legitimacy Theory**

Legitimacy theory was propounded by Dowling and Pfeffer (1975) Deegan (2002). The central reasoning behind the legitimacy theory asserts that the corporation is granted legitimacy (the right to conduct a business) by society, but in return should adhere to the requirements and expectations of this society, one expectation obviously being corporate responsibility and accountability. This accountability axiomatically involves sustainability reporting disclosure. The corporate obligation to society owing to its legitimacy, is expressed by the notion of the "social contract": an imaginary representation of the societal expectations. Non-compliance may result in loss of autonomy or even endanger survival.

As cited by Patten (1992), Shocker and Sethi (1974) explained that any social institution and/or business, with no exception, that operates in society via a social contract, expressed or implied, whereby its survival and growth are based on two notions. These include the delivery of some socially desirable ends to society in general and the distribution of economic, social, or political benefits to groups from which it derives its power. In a dynamic society, neither the sources of institutional power nor the needs for its services are permanent. Therefore, an institution must constantly meet the twin tests of legitimacy and relevance by demonstrating that society requires its services and that the groups benefiting from its rewards have society's approval (Patten, 1992). According to Suchman (1995), legitimacy can be considered as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions.

As simple and straightforward these theoretical concepts may appear, science has managed to transform these fundamentals into a quite peculiar operationalization. Consistent with common economic principles and positive accounting theories, the theory has evolved to allow for opportunistic behavior of corporations (i.e. their executive management), to enable explanation of actual practices. The theorizing process has developed the legitimacy theory in this tradition of economic theories according to the following reasoning. Based on the premise of legitimacy, organizations are assumed to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger social system of which they are part (Dowling & Pfeffer, 1975). Consequently, Richardson (1987) asserted accounting is a legitimating institution, and subsequently Lindblom (1994) devised that an organization may employ certain ‘legitimizing’ strategies. Accordingly, legitimation strategies aim at securing legitimacy as a valuable resource itself (e.g., Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990; Suchman, 1995).

Deegan (2002) argued that analysis of sustainability reporting disclosure utilizing legitimacy theory is flawed as it results in critique of the motivations for disclosure. Van der Laan (2009) subsequently argues that this critique may be a natural consequence of analysis of motivations for sustainability disclosure, as disclosure is one response to a perceived threat to or gap in organizational legitimacy. Disclosure would not be required unless a section of society or ‘relevant’ public is questioning the appropriateness of the organization's output, methods or goals.

### **2.2.3 Stakeholder Theory**

The origin of stakeholder theory was traced to Freeman (1984). This theory’s central tenet is that firms are naturally linked to various groups that have interests and/or are affected by organizations’

activities, and managers need to somehow address their concerns and demands in order to create value and achieve long-term survival. Stakeholders have increasingly urged firms to disclose information concerning economic, social and governance aspects of their operations to discern how companies impact society and the environment, and if necessary to hold them accountable for any negative effects (Kaur & Lodhias, 2014).

A way in which corporations often respond to these pressures and try to build meaningful relationships with stakeholders is through NFD, which generally takes the form of standalone annual reports that communicate firms' ESG performance. According to Reverte (2009) and Sierra-García Gambetta, García-Benau and Orta-Perez(2019),through this practice companies convey their attempts to address non-financial concerns that constituent groups have, thus satisfying informational needs of stakeholders.

However, stakeholders' ability to scrutinize and pressure firms is heterogeneous. Concerning NFD, scholars argue that managers are selective when incorporating stakeholder concerns into their accounting processes, and usually prioritize the demands of the more powerful parties (Feijoo, et al., 2013).Hence, consistent with arguments from stakeholder salience analysis the motivation to engagein this activity—and the resulting ESG information that will be included in these reports—seems to be a function of the 'stakeholders' power' over a certain firm.

Liu and Anbumozhi (2009) hinted that companies are pressured to satisfy informational needs through NFD given that stakeholders possess at least one of two power sources. The first one stems from controlling resources that are vital for firms' operations (e.g., creditors lend money) and disclosing environmental, social and governance information could somehow facilitate obtaining these assets. The second source derives from the ability to affect value creation—for instance,

through riots, boycotts, or fines—and publishing non-financial information constitutes a means in which to persuade groups (e.g., consumers or governments) that a company is being responsible and thus should not be disciplined (Ekelenburg, 2016).

Therefore, drawing on the classical power typology used in stakeholder analysis (Matthew, 2008), power sources that compel firms to engage in non-financial disclosure can be ‘utilitarian’ (based on material or financial resources) and/or ‘coercive’ (based on force or restraint), and depending on how these means are configured, stakeholders’ capability of pressing companies into preparing ESG reports varies.

## **2.3 Empirical Review**

This section focused on review of prior related literature that had been conducted on the various factors influencing sustainability reporting in different economies. The previous studies were reviewed on developed countries, developing countries and Nigeria. This was done in order to identify the gap(s) left unfilled by the previous researchers.

### **2.3.1 Studies on Developed Countries**

Mink (2012) investigated the effects of organizational structure on sustainability report compliance. The study used judgment sampling technique to select organizations that received an A+ GRI application level in 2010. These organizations were then surveyed using a fifteen-question survey which was disseminated to one hundred and seven (107) organizations and the responses were collated and analyzed to determine important themes relevant to this research study. The

results of the regression analysis showed a relationship between an organization's genuine commitment to sustainability by their leadership and a sustainability report's compliance level.

Furthermore, the outcome of the study also implies a relationship between the stakeholders' sustainability expectations and the sustainability report compliance level. The combination of an organization's leadership expressing a genuine commitment to sustainability reporting, as well as the stakeholder's expressing expectations for sustainably promotes a sustainability-minded culture within the organization, which facilitates sustainability report production. Also, the compliance level of an organization's sustainability report was observed to be contingent upon the organization's ability to overcome resource constraints and to recognize the value of the market incentives generated by the development of a sustainability report.

Feijoo, Romero and Ruiz (2013) examined the effect of stakeholders' pressure on transparency of sustainability reports within the GRI Framework. Data were collected from companies in thirty-eight (38) industries from four (4) regions which presented their annual reports using GRI 3 between 2008 and 2010. The result of the study found that the pressure of some groups of stakeholders (customers, clients, employees, and environment) improves the quality of transparency of the reports. We extend previous research by studying the effect of stakeholder group pressure on transparency when reporting sustainability. Our results show that transparency is affected by ownership, along with size and global region.

Kaur and Lodhias (2014) examined the state and extent of disclosures on stakeholder engagement in sustainability reporting in Australian local councils. Content analysis was used to analysed twenty-three (23) sustainability/state of environment/annual reports out of a total of 563 local councils (city, shire, district, borough and regional) in Australia for the year 2009-2010 – those

found to be using stakeholder engagement in the development of sustainability reports. A stakeholder engagement index was developed on the basis of the literature review to examine the extent of disclosures on stakeholder engagement. This study identifies: the Australian local councils that are engaging with their stakeholders in the development of sustainability reports; key stakeholders for sustainability reports; extent of engagement; media and approaches used for engagement; and difficulties in the engagement process. Using descriptive analysis, the results suggest that stakeholder engagement is an essential component in the development of sustainability reporting as it informs reporters of material concerns, issues and aspirations of key stakeholders.

Dienes, Sassen and Fischer (2015) reviewed existing studies and analyses drivers of sustainability reporting using a qualitative approach in Germany in order to demonstrate and discuss the wide range of approaches used in literature. The review suggests that firm size, media visibility and ownership structure are the most important drivers of the disclosure of sustainability reports, while corporate governance only seems to have an influence on the existence of audit or sustainability committees. In contrast, other determinants such as profitability, capital structure, firm age or board composition as an indicator of corporate governance do not show a clear tendency.

Ekelenburg (2016) examined the determinants of voluntary external assurance on corporate sustainability reports; a comparison between Europe and North America companies. The study employed panel data logistic regression analysis to analyze the data obtained from the databases of Thomson One Analytics, CompuStat and World Bank for six hundred and fifty-six (656) companies in European countries and one hundred and seventy-nine (179) companies from North America countries for the financial years 2009 to 2014. The results show that companies with superior social and environmental performance are more likely to demand for corporate social

responsibility accounting than companies with inferior social and environmental performance. The study also found that, in Europe, companies domiciled in stakeholder-oriented countries are more likely to demand for CSRA than companies domiciled in shareholder-oriented countries. Also, companies in countries with weaker legal enforcement mechanisms are more likely to demand for CSRA than companies in countries with stronger legal enforcement mechanisms. Specifically, the study found that legal environment and rule of law have positive and significant influence on sustainability reporting. This implies that companies domiciled in countries with a stakeholder orientation and countries with weaker legal system are more likely to disclose a CSR report. The results showed that the main differences between the European and North American subsample are on rule of law.

Visser (2016) examined the determinants of voluntary external assurance of sustainability reporting in Europe. The study focused on country- and firm-related factors to explain the choices regarding assurance, assurance provider and level of assurance. The data for the study were obtained from the GRI sustainability disclosure database, Asset4 ESG database (Datastream) and the World Bank database for six hundred and fifty-six (656) firms among nineteen (19) European countries over a period from 2009 till 2014. The results of the logistic regression analysis revealed that the legal strength of a country is negatively related to the choice to produce stand-alone sustainability reports or integrated reports and firms in stakeholder countries are more likely to choose for assurance.

Hussain (2016) investigated the factors determining corporate sustainability performance and disclosure among firms in the United State. The data obtained from the financial reports of one hundred and fifty-two (152) firms chosen as sample for the financial years 2007 to 2011 were analyzed using fixed-effect regression analysis. The study found that the impact of environmental

and social dimensions of sustainability remains relevant and significant across different measures of corporate governance mechanisms. The result of the study revealed that board size, board independence, CEO duality, board diversity and board meeting have significant effect in improving the level of sustainability disclosure of the sample firms.

Munshia and Dutta (2016) conducted a comparative analysis of the quality of sustainability reporting between Indian and American manufacturing firms. The data for the study were extracted from the annual reports of ten (10) manufacturing companies each from India and America for the financial years of 2011 to 2013. Scores of 2, 1 and 0 have been respectively assigned for full, partial and non-disclosure of sub clauses of economic, environment and social indicators to compute a SDI (sustainability disclosure index). The result of the independent t-test found a significant difference in the quality of sustainability disclosure of the sampled American and Indian manufacturing firms during 2011-13. The improvement/deterioration in the quality of disclosure over the period was correlated with changes in performance parameters like EPS and ROA to examine if betterment in quality of sustainability reporting translates into financial performance of the firms. Multiple regression analysis was performed to determine the variables which explain the variation in the sustainability reporting quality of firms.

Al-Shaer and Zaman (2017) examines the relationship between sustainability committees and independent external assurance on the inclusion of sustainability-related targets in CEO compensation contracts. Using a sample of UK FTSE350 companies for 2011–2015 and controlling for governance and firm characteristics, we find both board-level sustainability committees and sustainability reporting assurance have a positive and significant association with the inclusion of sustainability terms in compensation contracts. However, there is no joint impact between the voluntary use of independent external assurance and the role of sustainability

committees on CEO compensation contracts. Sustainability-related terms in compensation contracts are more likely to be included, and higher compensation is likely to be paid, when assurance is provided by a Big4 firm and when a company operates in a sustainability-sensitive industry. Our findings highlight the potential of assured sustainability reports in assessing CEO performance in sustainability-related tasks, especially when sustainability metrics are included in CEO compensation contracts. Overall, our results suggest companies that invest in voluntary assurance are more likely to monitor management's behaviour and be concerned about the achievement of sustainability goals.

Martínez-Ferrero and García-Sánchez (2017) examined the effect of corporate governance mechanisms on companies' decision to assure their sustainability reports and their choice of assurance provider in countries with a greater stakeholder orientation. The data for the study were extracted from the Thomson One DataStream for six hundred and ten (610) companies from twelve (12) European countries for the period of 2007 to 2014. The data were analyzed using logistic (logit) regression analysis. The study found that a firm's sustainability assurance and its choice of the accounting profession are positively associated with board independence and the activity of the sustainability committee but the empirical evidence obtained shows a U-shaped relationship between the board size and assurance issues, that is, board size reduces the level of voluntary disclosure of sustainability reporting of the sample firms.

Eisinga (2017) investigated the determinants of corporate responsibility disclosure quality using a whole application of legitimacy theory to explain quantitative environmental reporting in the Netherlands. The data for the study were extracted from the financial reports and websites of fifty (50) firms listed on the floor of the Amsterdam Exchange Index for the period 2011 to 2015. The results of the ordinary least square (OLS) regression analysis indicated that larger companies,

CEO's compensation and the presence of independent director in the board would improve the level of environmental disclosure level of the sample firms in the Netherlands. The study also revealed that industry affiliation and manager's age do not have significant influence of the level of environmental responsibility disclosure.

Gallego-Álvarez and Ortas (2017) examined the extent of corporate environmental sustainability reporting in the context of national cultures using a quantile regression approach. Quantile regression model was used to analyze the data obtained from ASSET4 Database of Thomas Reuter's DataStream which comprises companies operating in different geographical spreads and listed in a wide range of stock exchange indexes such as the MSCI World, MSCI Europe, STOXX600, NASDAQ 100, ASX 300, and MSCI Emerging Markets for three thousand, nine hundred and seventeen (3,917) companies. The study found that uncertainty avoidance improves sustainability reporting but found masculinity reduces the tendency of disclosing corporate sustainability reporting among the sample firms. The study also revealed that power distance, individualism, pragmatism and indulgence have no significant effect on sustainability reporting.

Negro and Vargas (2019) investigated how organisations can change their organisational culture in order to fully integrate sustainability by engaging employees and managers. Specifically, it studies how employee engagement can contribute to transforming organizational cultures to fully embed sustainability. The data for the study was collected through semi-structured interviews (conducted on three employees and two managers) and document analysis of three documents: the 2019-2030 Business Plan (BP), the company's 2018 Annual and Sustainability Report (ASR) and the 2020-2030 Operations Strategy (OS) of a Swedish public company, which has begun to integrate sustainability into its culture. The result of the Nvivo revealed that organisations' cultures are being changed at the artifact levels and, partially, at the values and beliefs level of their cultures.

In addition, the study established that organisations are failing to create the conditions for employee engagement. The study concluded that leadership in companies is not efficiently supporting the engagement of employees to integrate sustainability into their culture.

Martinez-Ferrero, Garcia-Sanchez and Ruiz-Barbadillo (2019) assessed the influence of the attributes of assurance providers as determinants sustainability quality assurance in European countries. The data for the study were obtained from the database of Thomson One Analytics and Ethical Investment Research Institute for two hundred and forty-two (242) companies from seventeen (17) countries for the years 2007 to 2014. The results of the logistic (logit) regression analysis indicated that there is greater assurance quality when the assurers are from accounting firms, when the assurers are industry specialists and when the assurers have greater experience in the assurance market. This implies that higher quality of sustainability is associated with industry specialization and long tenure is even greater when assurance providers are also accounting firms.

### **2.3.2 Studies on Developing Countries**

Abbett, Coldham and Whisnant (2010) examined the effect of organizational culture on the success of corporate sustainability initiative. This study uses the Competing Values Framework (CVF) to understand the relationship between company culture and sustainability initiative success across twenty-three (23) companies. Data was collected through an online survey and supplemented with secondary research and interviews with five hundred and thirty-two (532) respondents from participating companies. The results of the random effect regression analysis revealed that culture does indeed matter in corporate sustainability success and points towards additional dimensions for companies to consider when planning and implementing such initiatives.

Gunawan (2013) examined the determinants of corporate social responsibility in listed companies in Indonesia. Fixed-effect regression analysis was employed in analyzing the data collected from the annual reports of twenty-two (22) companies listed on the Indonesian Stock Exchange for the period 2014 and 2015. The study showed that current ratio, debt to equity, size, institutional ownership and age have significant influence on the level of corporate social responsibility in listed companies in Indonesia but found profitability and Board of commissioners to be insignificant.

Ali and Rizwan (2013) explored the factors influencing corporate social and environmental disclosure (CSED) practices in the developing countries using an institutional theoretical perspective. Using meta-analysis and case study methods, the study concluded that institutional theory is more sophisticated than other theories (legitimacy and stakeholder theory) to explain CSED practices in the developing countries. The researcher concluded that companies are exposed to different institutions and at the same time, these institutions can exert normative, coercive pressure, and mimetic pressure on the firm to adopt particular practice (i.e. CSED) in the institutional context. The more the intensity of institutional pressure, the more quickly the particular practice (i.e. CSED) will be adopted by the firm to look similar to other firms operating in the institutional environment.

Using a multi-group analysis to examine the effect of organizational culture on sustainability endeavours, Pennington (2014) explained that two distinct cultural aspects: General Cultural dimensions, comprised of those which may exist in organizations regardless of whether they are progressing towards sustainability; and more specific Sustainability Cultural dimensions. Secondly, each of these had a strong positive association with organizational commitment to sustainability. Thirdly, out of the eighteen (18) tested individual cultural dimensions, seven (7) made a positive contribution to organizational commitment to sustainability. Furthermore, the

study determined an organization's subcultures may make a very small difference to the relationships between organizational culture and organizational commitment to sustainability.

Arthur (2016) examined the determinants of the level of sustainability report of mining companies in Ghana in the absence of regulatory and statutory requirements. The data of the study were obtained from the annual reports of large ten (10) mining companies for the financial years of 2008 to 2014 and were analyzed using ordinary least square regression analysis. The study found that firm size and profitability increase the possibility of the mining companies disclosing more information about their sustainability reporting but revealed that gearing ratio, working capital and firm's complexity have significant and negative influence on the level of sustainability reporting. Furthermore, the study showed that firm age, efficiency and growth rate have no significant influence on the level of sustainability reporting.

Ansong (2016) investigated the firm-level determinants of corporate sustainability reporting with evidence from small and medium-sized enterprises in Ghana. The study collected data through the questionnaire administered to five hundred and fifty-six (556) respondents from four hundred and twenty-three (423) SMEs used as sample and were analyzed using ordinary least square regression analysis. The result of the study revealed that there is positive relationship between managerial competence, financial performance and corporate sustainability reporting, but found a negative relationship between leverage and corporate sustainability reporting.

Naseem, Riaz, Rehman, Ikram and Malik (2017) investigated the impact of board characteristics on corporate social responsibility disclosure in Pakistan. The data for the study were extracted from the annual reports and websites of one hundred and seventy-nine (179) companies listed on the Pakistan Stock Exchange for the years 2009 to 2015. The result of the binary logistic regression

analysis indicated that that board size, number of meetings and board independence are significant corporate governance characteristics that ensure good corporate social responsibility disclosure among the sample firms but found board gender diversity to be insignificant.

Nguyen, Tran, Nguyen and Lee (2017) investigated the factors affecting disclosure levels of environmental accounting information with evidence from Vietnam. Data were collected from seventy-four (74) construction firms listed on Vietnam Stock Exchange for the period from 2013 to 2016. Based on quantitative research method, the disclosure levels of accounting information and factors affecting this level were scrutinized. The results of the multivariate linear regression indicated that the disclosure levels of environmental accounting information of construction firms tend to increase, especially in 2016. In addition, the results also point out that the level of disclosure is influenced by factors of firm size, profitability, financial leverage, number of years listed and independent audit.

Othman, Mohd Razali, Mohd Sazanuddin, Jaafar and Yushmadin (2017) investigated the factors determining factors the level of CSR disclosure among public listed companies in selected industries in Malaysia. The study employed Pearson correlation and Analysis of Variance (ANOVA) in analyzing the data obtained from the annual reports of two hundred and sixty-five (265) companies listed on the main Board of the Bursa Malaysia. The study found that firm value, using company's stock price, has significant positive effect on CSR disclosure. This implies that the higher the stock price of a firm, the more it would be willing to disclose more information on its CSR activities in order to attract more investors. In contrast, the study revealed that both board diversity (women on board) and industry type did not have any influence on the level of CSR disclosure.

Wachira (2017) examined the determinants of corporate social disclosures in Kenya using a longitudinal study of firms listed on the Nairobi Securities Exchange. The data for the study were obtained from the financial reports of the sample firms for the years 2006 to 2011 and were analyzed using fixed effect regression analysis. The results of the study depicts that that size, profitability, liquidity, industry in which a company operates have a positive influence on the level of corporate social disclosure. In addition, a company that a disperse downership disclosed more information than a company with concentrated ownership. Gearing and country of origin were found to have no influence on the level of corporate social disclosure. The study failed to state the number of firms used as sample as well as the way in which corporate social disclosure was proxy.

Wuttichindanon (2017) investigated the report choices used for corporate social responsibility (CSR) disclosure and the determinants of CSR disclosure of firms listed on the Stock Exchange of Thailand (SET). The study made of secondary source of data. The financial data were gathered from DataStream by Thomson Reuters while data on the report choices and firm ownership were gathered from companies' websites and the Stock Exchange of Thailand database for one hundred and thirty-seven (137) firms chosen as sample in 2014 financial year. The data for CSR disclosures for 2014 were collected from Form 56-1 and 2014 sustainability reports. The results of the logistic regression analysis revealed that the three highest CSR disclosure items found were declaring concerns of human rights and equality, having a policy of anti-corruption, and generous giving. Moreover, this study found a positive relationship between the number of CSR disclosure items and government ownership indicating that the probability that a firm chooses to report CSR activities in a sustainability report increases when the firm has the government in the top-10 major shareholders or when the firm is getting large.; however, neither firm age nor economic performance in the year before was related to the CSR disclosure.

Ali, Frynas and Mahmood (2017) conducted a meta-analytics review on the determinants of corporate social responsibility (CSR) disclosure in developed and developing countries. Based on a survey and content analysis of 76 empirical research articles, this article reviews the factors driving Corporate Social Responsibility (CSR) disclosure in both developed and developing countries. We find that firm characteristics such as company size, industry sector, profitability, and corporate governance mechanisms predominantly appear to drive the CSR reporting agenda. Furthermore, political, social, and cultural factors influence the CSR disclosure agenda. We find crucial differences between the determinants of CSR disclosure in developed and developing countries. In developed countries, the concerns of specific stakeholders, for example, regulators, shareholders, creditors, investors, environmentalists and the media are considered very important in disclosing CSR information. In developing countries, CSR reporting is more heavily influenced by the external forces/powerful stakeholders such as international buyers, foreign investors, international media and international regulatory bodies (e.g. the World Bank). Furthermore, in contrast to developed countries, firms in developing countries perceive relatively little pressure from the public with regards to CSR disclosure.

Ozigi, Mohd Said and Daud (2017) evaluated the determinants and level of corporate sustainability disclosure on employees in Malaysia. This study employs two-step system generalized method of moment (GMM) to analyze the data obtained from the financial reports of two hundred and fifty-three (253) companies listed in Bursa Malaysia for the financial years 2010 to 2015. The findings reveal a low level of corporate sustainability disclosure on employee in Malaysia. The findings reveal that company size and age are strong determinants of employee disclosure which are consistent with previous studies; multiple directorships appear to be insignificant with employee disclosure. The study also establishes the need for government involvement to enhance disclosure

as voluntary disclosure appears to be inadequate to achieve the desired result as evidence shows that countries where disclosure is compulsory have high disclosure compare to countries with voluntary disclosure.

Topp-Becker and Jason (2017) examined the role of sustainability reporting from Agri-food supply chain companies. Data for the quantitative content analysis were collected using a scorecard based on the Global Reporting Initiative (GRI) guidelines on sixteen (16) companies from manufacturing and retailing businesses. The result of the study indicated that sustainability reporting is limited among companies involved in the Agri-food supply chain and reports focus primarily on environmental aspects of sustainability while the result of Fisher's Least Square Differences (LSD) that there are differences in the level of sustainability reporting among the firms.

Gnanaweera and Kunori (2018) evaluated the linkage between corporate disclosure information and performance of companies in Japan. The data for the study were extracted from the annual reports and websites of eighty-five (85) Japanese companies listed on Tokyo Stock Exchange for the financial years of 2008 to 2014 and were analyzed using multiple regression analysis. The result of the study indicates that listed firms on TSE disclose some extent on environmental, social and economic information but the level of disclosure is vary; CSDF indicator with maximum disclosure level attributed to total amount of greenhouse emissions with 99% disclosing rate and the minimum is the index and grades with 0% rate.

Kuhn, Stiglbauer and Fifka (2018) evaluated the contents and determinants of corporate social responsibility website reporting in seven sub-Saharan African countries. The data for the study were obtained from the websites of two hundred and eleven (211) companies from seven (7) sub-Saharan African countries comprising of Nigeria; Kenya; Ghana; Tanzania; Uganda; Zambia; and

Botswana. The results of the logistic regression analysis indicated that that GDP and level of governance standard positively affect CSR reporting. The study further revealed that the sample African companies' CSR efforts focus strongly on local philanthropy and therefore differ substantially from Western CSR approaches.

Shwairef, Amran, Iranmanesh and Ahmad (2019) investigated the mediating effect of strategic posture on corporate governance and environmental reporting. The data were collected from chief executive managers and chief financial managers of one hundred and ninety-seven (197) large companies in Malaysia. The partial least squares technique was used to test the proposed relationships. The results show that managers' strategic posture mediates the impact of four aspects of corporate governance, namely, board size, board independency, CSR committee presence, and institutional ownership on environmental reporting. These findings extend the literature on the relationship between corporate governance and environmental reporting by providing insight into the reasons for these relationships. The results of the study will be useful for managers of companies and investors to become knowledgeable about those aspects of corporate governance which lead to higher environmental reporting.

Chaabane (2019) investigates whether or not organizational culture can contribute to the integration of CSR activities in order to differentiate it from competitors, by looking at four variables of organizational culture that were proven to increase the organizational performance; mission, adaptability, consistency, and involvement. Based on a survey of forty-three (43) companies in the Dutch oil and energy branch used as sample, the study found that organizational culture contributes to CSR integration positively. The result of the regression analysis showed that of all cultural aspects, mission has the most influence on CSR integration. Furthermore, this study showed a non-linear relationship between these variables. On the base of these findings, it is argued

that companies should recognize the importance of organizational culture when integrating CSR and they should take into account, next to the positive effects of transformational leadership, the negative effects of transformational leadership as well.

Uyar Karaman and Kilic (2019) examined whether institutional factors are associated with sustainability reporting adoption (i.e. presence) and the number of sustainability reports (i.e. quantity) in the tourism sector worldwide. We compiled data regarding three pillars of the institutional environment (i.e. governance, social, and environmental performance) and macroeconomic and sector-level control variables from different sources for the years from 2011 to 2016. Panel Logistic and Poisson regression analyses with random effects after preliminary Pooled Logistic and Poisson regression analyses were used in testing the hypotheses of the study. The findings revealed that the overall sustainable development of countries as measured by three indicators (i.e. governance, social, and environmental) are important forces behind a sustainable tourism industry, although they are not all encompassing. Specifically, the study found that governance and ecological circumstances are more relevant than the social development of nations in disclosing sustainability information regarding the tourism industry.

Petera, Wagner, Paksiova and Krehnacova (2019) evaluated the sustainability information in annual reports of companies domiciled in the Czech Republic and the Slovak Republic. The data for the study were extracted from the financial reports of eighty-nine (89) companies chosen from both Czech Republic and Slovakia and were analyzed using panel regression analysis. The study found that company size, company affiliation to a high-profile industry as well as reporting the financial statement in accordance with the IFRS positively impact the relative share of both environmental and social disclosure in the total disclosure. The study concluded that the level of sustainability disclosure in Czech Republic is low compared to Slovakian companies. The use of

panel regression analysis in explaining the relationship between the dependent and independent variables seems to be ineffective and wrong as the dependent variable was measured using dichotomous variable of one (1) and zero (0).

Chang, Amran, Iranmanesh and Foroughi (2019) investigated how institutional, cultural and corporate factors affect the sustainability reporting quality (SRQ) of financial institutions and to test the moderating effect of equator principles (EP). The study employed multiple regression analysis to analyzing the data obtained from the annual reports of one hundred (100) financial institutions from twenty-four (24) countries in the Europe for the financial year of 2016 using content analysis. The results show that the quality of sustainability reports is higher among financial institutions in developed countries. Furthermore, the study found that institutions that practice Islamic values and those that integrate corporate social responsibility values into their mission and vision have higher levels of sustainability reporting quality. Privately owned institutions also have higher quality of sustainability reporting in comparison to government-owned ones.

Quartey and Oguntoye (2019) explored the key determinants of intermediary performance in promoting corporate sustainability in small and medium-sized enterprises in Africa. As a qualitative study, interview responses from thirty-two (32) experts working in National Cleaner Production Centres in four African countries (Kenya, Uganda, South Africa, and Ghana) which comprised of seventeen (17) from NCPC in South Africa; seven (7) from NCPC in Kenya; six (6) from NCPC in Uganda; and two (2) from NCPC in Ghana; were analysed using inductive thematic approach. The findings suggest that programme constraints, external profile, small and medium-sized enterprises context, impact strategy, and service networks are the key determinants of

intermediary performance in promoting corporate sustainability in small and medium-sized enterprises.

Rustam, Wang and Zameer (2019) investigate the potential impacts of foreign ownership on the corporate sustainability disclosure of leading non-financial companies in the context of an emerging economy of Pakistan. The study employed data collected through the annual reports of one hundred (100) companies listed on the Pakistan Stock Exchange, ranging from the year 2006 to 2018. Further, the data on foreign ownership and corporate sustainability disclosure obtained from the firm's annual reports and the global reporting initiatives (GRI) database. The study employed a sequential mixed methods technique. The empirical results indicate that foreign ownership has a significant impact on total sustainability disclosure (TCSRI). Whereas having an individual assessment, the study found that foreign ownership is positively associated with each component (economic, social, and environmental) disclosure respectively, that is, foreign ownership effectively improves sustainability governance mechanism. In contrast, the study revealed that higher financial leverage restricts the sustainability disclosure capacity of firms in terms of TCSRI, economic, social, and environmental sustainability exposure. Moreover, our findings prove that firm size and growth are positively related to foreign ownership, TCSRI, and its aspects.

Kilic, Uyar and Karaman (2019) investigated the link between sustainability performance and sustainability reporting over the period 2011 and 2016 in the global aviation industry. The data for three sustainability performance metrics were derived from three different sources such as Worldwide Governance Indicators, Social Progress Imperative, and Environmental Performance Index while sustainability reporting data were obtained from the Global Reporting Initiative (GRI) Disclosure Database for four hundred and twenty-two (422) companies from forty-four (44)

countries of the world. The data for control variables such as Gross Domestic Product (GDP), size of the aviation industry, and trade openness were downloaded from World Development Indicators. The results indicated that aviation companies originated from countries with strong governance structure and high social and environmental development are more likely to produce sustainability reports using the GRI framework. The study concluded that the three indices are not equivalently affecting sustainability reporting practices such that the social and environmental indices are more consequential than governance quality. Among control variables, the size of the economy of a country and industry are also significant predictors of sustainability reporting presence and level.

The results of the logit and Poisson regression analyses indicated that aviation companies originated from countries with strong governance structure and high social and environmental development are more likely to produce sustainability reports using the GRI framework. Specifically, the study confirmed that governance quality has significant positive effect on sustainability reporting decision and level of the aviation industry, that is, formal institutions such as the government and its mandates, institutional frameworks of countries, national contexts such as culture, values, and norms of society are highly influential in forcing aviation firms to undertake sustainability initiatives. More so, the study also found that social and environmental performances of a country are driving forces in undertaking sustainability reporting by the aviation firms implying that the aviation companies from countries with high social and environmental development tend to respect to non-financial and social issues in order to be perceived good environmental citizen.

Chang, Amran, Iranmanesh and Foroughi (2019) investigated how institutional, cultural and corporate factors affect the sustainability reporting quality of financial institutions and to test the

moderating effect of equator principles (EP). The annual reports of one hundred (100) financial institutions were examined for the year 2016 using content analysis. The multiple regression technique was used to test the relationships. The results show that the quality of sustainability reports is higher among financial institutions in developed countries. Furthermore, the study explained that institutions that practice Islamic values and those that integrate corporate social responsibility values into their mission and vision have higher levels of sustainability reporting quality. Privately owned institutions also have higher quality of sustainability reporting in comparison to government-owned ones. Adopting the equator principles has a greater effect on the sustainability reporting quality of non-Islamic financial institutions in comparison to Islamic ones.

Srisathan, Ketkaew and Naruetharadhol (2020) examined the relationship between organizational culture (OC) and open innovation performance (OIP) of SMEs and the mediating effect of organizational sustainability. The study covered three hundred (300) Small and Medium Enterprises from different business industries in Thailand and China reveals that organizational sustainability significantly intervenes in the interaction of organizational culture and open innovation performance. From the findings, it is established that organizations should set robust and appropriate strategies for organizational sustainability to have excellent innovation outputs in SMEs' performance. This paper also shows the significant effect of organizational culture on organizational sustainability in that cultural characteristics maintain the core business competencies in terms of marketing, operations, customer orientation, capital management, and monitoring and evaluation for sustainability. Such elements of organizational sustainability operate in a significant mediator contribution to SMEs' performance to manage open innovation.

Karthikeyani (2020) examined the influence of age of companies as determinants of corporate social reporting. Secondary data were collected from the Capoline database and annual reports of the top one hundred (100) companies, listed in BSE-200 for the financial years of 2010 to 2015. The result of the ordinary least square regression analysis showed that the level of reporting of selected companies is varies according to their age, that is, firm's age is positively and significantly related to environmental disclosure. This implies that older firms disclose more information about their environmental issues when compared with younger firms that are less likely to report social information.

Handoyo (2020) investigated the determinants of corporate social responsibility disclosure with empirical evidence from Indonesia listed firms. The study used multiple regression analysis to analyzed the data extracted from the annual reports and stock price database of thirty-three (33) companies listed on Indonesian Stock Exchange for the financial year of 2017 only. The results indicated that the firm size, earning per share and stock price significantly influence the corporate social responsibilities disclosure. This implies that larger companies, firms with high stock price have the initiative to disclose CSR information better due to investors consider CSR information is important for assessing the risk of stock prices. The study also revealed that firm age and industry type did not influence the level of corporate social responsibility disclosure. However, the use of multiple regression analysis seems to be inappropriate because the dependent variable was measured using dummy variable of zero (0) and one (1). Multiple regression gives biased result when the independent variable is not measured with absolute figure.

Aloitabi (2020) examine the determinants of environmental sustainability disclosure of Saudi listed companies. The data for the study were collected from the annual reports of one hundred and nineteen (119) non-financial companies listed in the Saudi stock market between 2015 and

2017 and were analyzed using panel least square regression analysis. The findings of this paper reveal that the type of industry, company's profits, company size and company age are important determinants when it comes to the disclosure of environmental sustainability for Saudi non-financial companies listed in the period of 2015–2017. The elements of corporate governance except for board independence are not important factors, which might be due to the voluntary nature of disclosure of sustainability information. These results suggest that factors related to the identity of a group of companies might influence the disclosure for such type of companies, particularly when the disclosure is voluntary in nature.

Malik, Wang, Naseem, Ikram and Ali (2020) explored whether the CEO's personal and professional attributes affect corporate social responsibility (CSR) disclosure or not in Pakistan. The data for the study were sourced from the financial reports and websites of one hundred and seventy-nine (179) firms listed at the Pakistan Stock Exchange for the period covering 2009 to 2018 and were analyzed using logistic regression technique. The outcomes of the study documented that CEO ownership has a negative impact, whereas CEO tenure, CEO education, CEO age, and CEO compensation are the variables that have a positive impact on CSR disclosure. In addition, duality, ownership, and gender of the CEO are found to be insignificant. Evidence on CEO demographics and their impact on disclosure choice might be helpful for policymakers and regulators.

Ahmed and Zhao (2020) analyzed the nexus between corporate social responsibility disclosure and its determinants in energy enterprises in Pakistan. The data for the study were obtained from the annual reports of thirty (30) energy enterprises listed on the floor of the Pakistan Stock Exchange for the period of 2015 to 2019. The result of the random-effect regression analysis revealed that profitability, financial leverage, board size and being a multinational subsidiary has

a significant relationship with the level of CSR disclosure. This implies that profitable firm with large board size tend to disclose more information on sustainability reporting of the sample firm. More so, firm with high leverage disclose more information to avoid sanction and penalty by the regulatory bodies. In contrast, the study showed that firm size, foreign shareholders, institutional shareholders, firm age and multinational subsidiary do not have influence on the level of sustainability reporting of the sample energy firms in Pakistan.

Pratiwi, Meutia and Syamsurijal (2020) investigated the effect of environmental management accounting on corporate sustainability in Indonesia. The study employed panel regression analysis to analyze the data obtained from the annual reports of twenty (20) companies listed on the floor of the Indonesian Stock Exchange for the financial years 2014 to 2018. The results show that there is a positive influence between environmental management accounting on corporate sustainability. The high value of the eco-efficiency of the companies indicates the low usage of energy. More so, the study revealed that low use of energy which certainly has a positive impact on environmental and social aspects as well as being a determining factor for corporate sustainability. The weakness of this study is that it has only one independent variable (EMA) in its model which has high tendency of given spurious and biased result. In addition, the study only employed environmental and social factors to measure sustainability reporting and ignore the economic factors.

Mulugeta and Muhammed Nur (2020) studied the determinants of corporate social responsibility practice of manufacturing firms in Dire Dawa Administration in Ethiopia. The data for the study were collected through questionnaire administered to three hundred (300) respondents chosen from eight water companies and thirty-eight (38) managers from four (4) public organizations in Ethiopia. The result of the binary logistic regression analysis revealed that showed that community pressure (CP), labour pressure (LP), customer demand (CD) and social license to operate (SL) are

significant determinants of CSR, while sustainability practice (SU) is not significant determinant of CSR practice.

### **2.3.3 Empirical Studies in Nigeria**

Dibia and Onwuchekwa (2015) examined the determinants of environmental disclosures in the oil and gas companies in Nigeria. Secondary data were sourced from the annual reports of the fifteen (15) sampled oil and gas companies listed on the floor of the Nigerian Stock Exchange for the financial years 2008-2013 and were analyzed using binary regression technique. The finding of the study shows that there is a significant negative relationship between company size and corporate social responsibility disclosures. Furthermore, the results of the study indicated that there is no significant relationship between profitability, leverage and audit firm type and corporate social responsibility disclosures. The study concludes that the voluntary stance of environmental reporting has often be used as a cliché for companies to under report their effect on the environment and this is responsible for the negligence of several corporate entities with regards to corporate social and environmental reporting. The weakness of this study is that it focused on oil and gas industries while there are other sectors that also contribute to environmental issues in Nigeria. More so, the study only concentrated on environmental disclosures ignoring other sustainability reporting contents like social performance and economic performance indicators. In addition, the study considered only the firm attributes that determine the level of environmental disclosure of the sectors ignoring other relevant factors such as corporate governance factors and institutional factors.

Nwobu (2015) investigated the relationship between corporate sustainability reporting and profitability and shareholders fund in Nigerian banks. The study employed Analysis of Variance (ANOVA) to analyze the data obtained from the annual reports of eight (8) banks used as sample for the financial years 2010 to 2013. The study found that there is insignificant relationship between profit after tax, shareholders fund and sustainability reporting in the Nigerian banking industry. This study failed to clearly state the method used in selecting eight banks out of the fifteen (15) banks listed as at the time of the study. More so, the analytical technique used in testing the hypotheses is weak due to the categorical nature of the dependent variable (measured with 0 and 1) which is likely to give a biased outcome. In addition, the study failed to state how sustainability reporting was measured in the content of the study.

Okezie and Ihendinihu (2019) investigated the determinants of corporate social responsibility disclosure practices of listed firms in Nigeria. Data covering the period of 2010- 2017 were collected from the annual report and account of sixteen (16) listed firms on Nigerian stock exchange market. Ordinary least Square panel regression estimator was employed owing to the cross sectional and time series nature of the data. The result showed that board independence, financial leverage and age were positively related to corporate social responsibility disclosure while profitability was found to exhibit a negative relationship with corporate social responsibility disclosure. This study has some weaknesses. The procedure(s) used in taking the sample size of sixteen (16) firms from the total population of one hundred and seventy (170) listed on the floor of the Nigerian Stock Exchange as at 31st December, 2019 was not stated and the sectors where the firms were chosen. More so, the study also used OLS regression analysis to test its hypotheses when the dependent variable is in form of categorical data. The result of the OLS is not always BLUE when the dependent is in categorical form. In addition, the corporate social responsibility

was only measured using dichotomous variable of one (1) and zero (0) without considering economic and environmental disclosure.

Bello, Mohd Said, Johari and Kamarudin (2020) explores the moderating effect of corruption control in strengthening the influence of firm attributes on corporate sustainability disclosure compliance in Nigeria. The study focuses on the existing discussion on mandatory disclosure compliance with corporate governance code using a total unweighted disclosure index. The study obtained its data from the annual reports of one hundred and eighteen (118) companies from all sectors listed on the Nigerian for the financial years 2011 to 2017. The results of the GMM regression revealed significant moderating effect of corruption control, evidenced from the interaction of corruption control with selected firm attributes, namely; industry type, leverage and taxation.

#### **2.4 Summary and Gaps Identified in the Literature**

This centered on both sustainability reporting and the factors determining the disclosure of sustainability reporting. The study reviewed relevant theories and the results of previous empirical studies. The empirical studies reviewed showed that there were some conceptual, theoretical and methodological gaps left unfilled in the literature. Conceptually, it was observed that most of the reviewed from developed countries (see Dienes, et al., 2015; Vischer, 2016; Hussain, 2016; Al-Shaer & Zaman, 2017; Eisinga, 2017; Martinez-Ferrero, et al., 2019), other developing countries (see Arthur, 2016; Ansong, 2016; Naseem, et al., 2017; Nguyen, et al., 2017; Wachira, 2017; Rustam, et al., 2019; Kilic, et al., 2019; Karthikeyani, 2020; Handoyo, 2020; Aloitabi, 2020) and Nigerian studies (see Dibia & Onwuchekewa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, et al., 2020) focused on company's attributes (such as firm age, firm size, industry type,

profitability, leverage amongst others); assurance providers (such as auditor type, auditor size, audit industry specialization, audit firm affiliation, audit tenure, amongst others); corporate governance mechanisms (such as board size, board independence, audit committee size, audit committee financial expertise, audit committee gender diversity, amongst others). This study is different as it examined the influence of firm's internal factors such company's strategy posture, organizational culture, organizational structure and stakeholders' pressure as determinants of sustainability reporting.

In addition, this study also filled methodological gap found in the literature. A very large number of the previous studies reviewed (see Nwobu, 2015; Gunawan, 2018; Chang, et al., 2019; Martinez, et al., 2019; Okezie & Ihendinihu, 2019; Bello, et al., 2020, amongst others) collected the data for their study through secondary source of data, that is, financial reports. This study is unique as it obtained primary data through the questionnaire administered on the sample respondents. This allows the researcher to obtained relevant data by taking the perceptions of both parties (internal and external stakeholders) that can influence and be influenced by the decision of the firm.

More so, most of the studies reviewed employed the use of various analytical technique such as multiple regression analysis (see Wuttichindanon, 2017; Okezie & Ihendinihu, 2019; Chang, et al., 2019); panel regression analysis (such as Ekelenburg, 2016; Wachira, 2017; Gunawan, 2018; Rustam, et al., 2019; Aloitabi, 2020); general method moment (GMM) analytical techniques; descriptive statistics (see Bello, et al., 2020); and binary logit regression analysis (see Dibia & Onwuchekwa, 2015; Martinez, et al., 2017; Kilic, et al., 2019; Uyar, et al., 2019) to test the hypotheses of their study. This study used partial-least square – structural equation modeling (PLS-SEM) regression analysis due to its advantage over other statistical method especially ordinary least square regression analysis. For instance, PLS-SEM has the power to deal with small sample

size, conveniently take care of multicollinearity problem and outliers as well as avoid providing spurious results that is usually found in OLS regression results.

In terms of theory, the study observed that a very large number of the studies reviewed (see Ali & Rizwan, 2013; Hussain, 2016; Naseem, et al., 2017; Eisinga, 2017; Gunawan, 2018; Gnanaweera & Kunori, 2018; Rustam, et al., 2019; Petera, et al., 2019; Handoyo, 2020; Ahmed & Zhao, 2020) employed the assumptions of different theories such as agency theory, legitimacy theory, institutional theory, stakeholders' theory and resource dependency theory. This study contributes to knowledge by applying the assumptions of both contingency theory and stakeholders' theory to explain the relationship between sustainability reporting and independent variables.

## **2.5 Theoretical Framework**

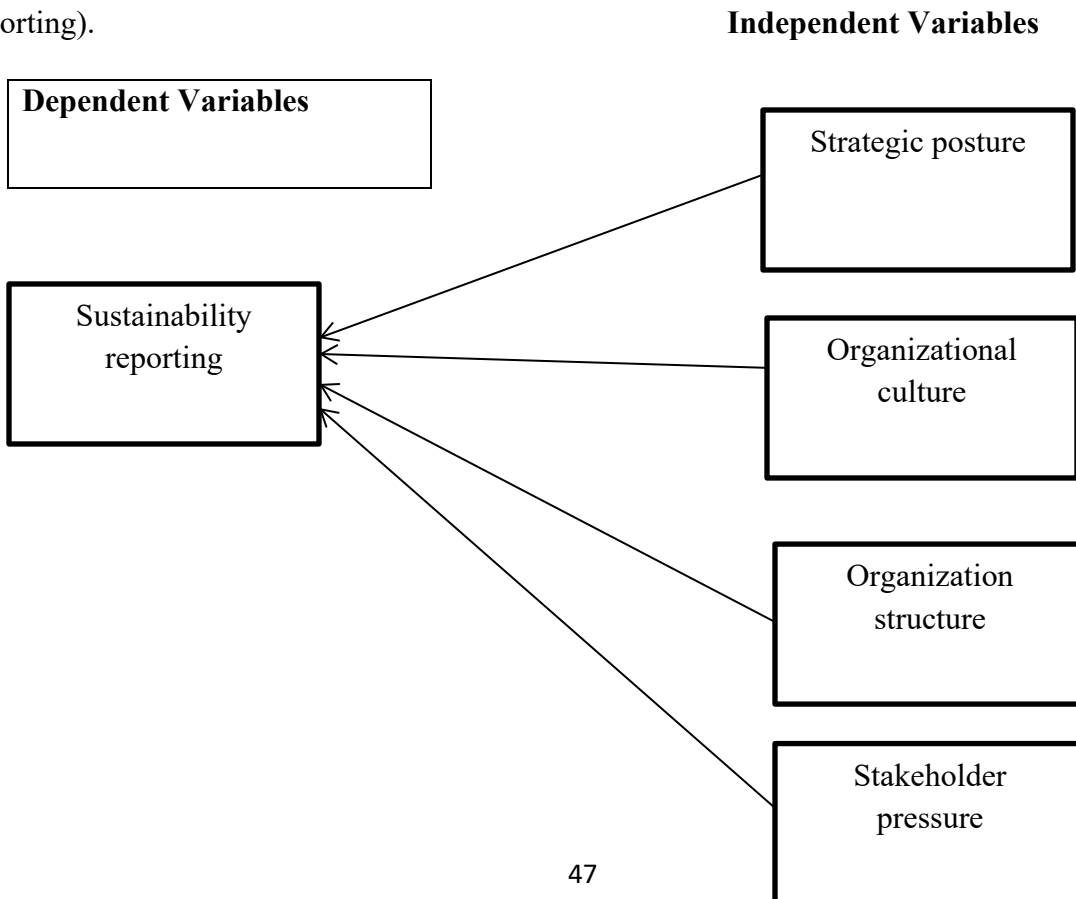
This study is guided by the assumptions of both contingency theory and stakeholders' theory. The reason for the use of two theories is that considering various factors that influence the level of sustainability reporting among firms, one theory may not be capable of covering all factors considered in this study. The assumption of stakeholders' theory was used to predict the relationship between the stakeholders' pressure and sustainability reporting while contingency theory was used to predict the expected relationship among organizational culture, strategic posture, organizational structure and sustainability reporting.

The assumption of stakeholder theory suggests that firms cannot exist in isolation and is responsible to various stakeholders (both internal and external users) who are influenced or be influenced by the companies' information for various decision making process. This theory posits that firm that responds to demands of various stakeholders tends to be more transparent, thereby disclose information on both financial and non-financial activities.

Contingency theory assumed that effectiveness of management is based on the interplay between the application of management behaviours, culture, structure and specific conditions. This implies that adoption of a particular method of reporting would depend on some factors. This suggest that firms that would not do something in which they would not benefit from such action. Therefore, firms that has already incorporate sustainability framework in its culture, have a department that deal separately with the issue of sustainability reporting in its organizational structure as well as have a good strategic planning for both short term and long-term survival of its operation would be willing to disclose more information about the sustainability activities of the firm to various users.

## 2.6 Conceptual Framework

This section shows the diagrammatic representation of the relationship between the dependent variable (sustainability reporting) and independent variables (factors influencing sustainability reporting).



### **Figure 2.1: Conceptual Framework, 2021**

The figure 2.1 showed the pictorial aspect of the conceptual framework of the dependent and the independent variables used in the study. The dependent variable is sustainability reporting while the independent variables are the organizational factors (proxy with strategic posture, organizational culture, organization structure and stakeholders' pressure). The researcher expects that effective focus and consideration of these internal factors would enhance the level of sustainability reporting qualities of listed firms in the industrial and domestic goods sector.

This was based on the assumptions of both stakeholders' theory and contingency theory adopted in the study. Stakeholders' theory assumed that ability of a company to include the information needed by those that can influence and be influenced the company's decision in the financial statement would not only improve the image of the company's product but also rate the company high in terms of sustainability activities. In the same vein, contingency theory posits that action(s) of an organization is based on particular factor(s). It assumed that firm that incorporate sustainability activities in its culture, ensure effective flow of sustainability information within and outside the organization as well as focusing on long-term survival of firm would be disclose more information about its sustainability actions.

Furthermore, the expectation was as a result of the outcome of the prior empirical studies on the subject matter (see Mink, 2012; Feijoo, et al., 2013; Pennington, 2014; Kaur & Iodhias, 2014; Ekelburg, 2016; Gallego-Alvarez & Ortas, 2017; Negro & Vargas, 2019; Chaabane, 2019; Chang, et al., 2019; Srisathan, Ketkaew & Naruetharadhol, 2020) as they found their empirical studies that organizational culture, strategic posture, stakeholders' pressure and organizational structure led to improve sustainability reporting.

## **CHAPTER THREE**

### **METHODOLOGY**

This chapter discusses the procedures used in collecting data for the study and the technique employed in analyzing the data collected. It also discusses the population of the study, the sample size and the sampling technique used, the definition and measurement of variables and model specification of the study.

#### **3.1 Research Design**

This study employed a cross-sectional survey research design. This form of research design focused on collection of information through administration of structured questionnaire to the sample respondents. Therefore, this research design seems to be appropriate as the data for the study were obtained through questionnaire administered to the sample respondents in order to know their opinion on the effect of the independent variables on dependent variable.

#### **3.2 Population of the study**

The primary population of the study comprised all the one hundred and seventeen non-financial companies listed on the floor of the Nigerian Stock Exchange as at 31<sup>st</sup> December, 2020. However, the study focused on the sector that was rated to produce more environmental hazard to the society in which they operate. Based on the report of Industrial Pollution Projection System (IPPS, 2017), industrial and domestic goods sector was ranked highest as sectors that polluted and cause havoc to the society compared to other sectors. Therefore, this sector constitutes the secondary population of this study. The total number of companies in this sector is twenty-two (22) (Nigerian Stock Exchange, December, 2020).

The main respondents in this study are the chief executive officer, chief financial manager, and other three (3) top managers of the companies. This is in line with the study of Mulugenta and Muhammed Nur (2020). Therefore, the total population size for this study is one hundred and ten (110) respondents.

### **3.3 Sample Size and Sampling Technique**

This study used census sampling technique. This sampling technique involves using all the population of a study due to small population size (Parker, 2018). Therefore, the sample size for this study is one hundred and ten (110) respondents. The justification for using the whole of the respondents is due to small size of the total population. This was supported by the argument of Anderson, Kelly, & Maxwell, 2017; Parker, 2018; who stated that that it would be better to use the whole population as sample when the total population is less than two hundred (200) respondents. This would assist in avoiding a bias result.

### **3.4 Source and Data Collection Method**

The main source of data for this study is through primary source. The primary source of data was collected through copies of questionnaire administered to the sample respondents. To make the questionnaire clear, it was divided into two (2) parts. The first part concentrates on the profile of the respondents such as age, gender, marital status, educational qualification, working experience and status. The second part focused on the questions raised on both independent and dependent variables in order to ascertain clear responses on the subject matter and provide answers to the research questions. The study adapted the measurement instrument used in the questionnaire of Njoroge (2019).

### 3.5 Model Specification

This study investigated the factors influencing the level of sustainability reporting of non-financial listed companies in Nigeria. The model of Ozigi, et al. (2017) was adapted and modified in order to suit the objective of this study. The model of Rustam, et al. (2019) was stated as:

$$TCSRI_{it} = \alpha + \beta_1 FOWN_{it} + \beta_2 Size_{it} + \beta_3 Leverage_{it} + \beta_4 Growth_{it} + \epsilon_{it}$$

*Where:*

TCSRI<sub>it</sub> represents total corporate sustainability reporting index; FOWN represents foreign ownership; Size represents firm size; Leverage represents leverage of the firm; and Growth represents firm growth during the year.

The model of Rustam, et al. (2019) was modified. Therefore, the model of this study is written as:

$$TCSR = f(\text{Factors influencing sustainability reporting practice})$$

The model was written explicitly as:

$$SR_i = \beta_0 + \beta_1 CSP_i + \beta_2 OC_i + \beta_3 OS_i + \beta_4 SP_i + \epsilon$$

SR = Sustainability reporting;

CSP = Company's Strategic posture;

OC = Organizational culture;

IOP = Organizational structure;

SP = Stakeholders' pressure;

$\beta_0$  = intercept or constant of the coefficient

$\beta_1 - \beta_4$  = are the parameters of the estimate

$i$  = cross-sectional

$\varepsilon$  = error term

### ***a priori expectation***

Based on the justification of variable inclusion, the researcher expects that company with effective strategic posture, consider stakeholders' interest and possess sound organizational practice and internal organizational process would have the willingness of including both voluntary and mandatory report that comprise both financial and other information that would serve the general stakeholders and the organization (see Mink 2012; Feijoo, et al., 2013; Kaur & Lodhias, 2014; Pennington, 2014; Negro & Vargas, 2019; Srisathan, et al., 2020). This was based on the assumptions of both stakeholders' theory and contingency theory adopted in the study as explained under the conceptual framework in chapter two.

### **3.6 Measurement of Variables**

There are two variables in the study which are dependent and independent variables. The dependent variable is the sustainability disclosure practice which was proxy with economic indicators, environmental indicators, social indicators and governance indicators. This measurement was based on the provision of Global Reporting Initiatives of 2019. The independent variables are the factors determining sustainability reporting disclosure practice. This was proxy with company's strategic disclosure, organizational culture, organizational structure and stakeholders' pressure. Table 3.6 shows clearly the instruments used in measuring the variables.

**Table 3.6.1 Definition and Measurement of Variables**

<b>Variables</b>	<b>Construct</b>	<b>Measurement</b>	<b>Previous Studies</b>
<b>Dependent variable</b>			
Sustainability reporting	SR	Measured with economic, environmental, social and governance indicators	Global Reporting Initiatives (GRI4), 2019; Njoroge (2019)
<b>Independent Variables</b>			
Company's strategic posture	CSP	Measured with willingness to sacrifice short-term profits; frequent review of product prices; communication within the organization on sustainability issues; incorporation of employees' empowerment strategies; incorporation of customers' feedback	Njoroge (2019); Shwairef, Amran, Iranmanesh & Ahmad (2019)
Stakeholders' pressure	SP	Primary stakeholders (employees, customers, investors, government/regulators, international suppliers, domestic suppliers, domestic/international customers); Secondary stakeholders (media, NGO/activists, domestic/international rivals)	Feijoo, et al. (2013); Ali and Rizwan (2013); Kaur and Lodhias (2014); Ali, et al. (2017); Wuttichindanon

			(2017); and Bhattacharya, et al. (2020)& Mangla (2020)
Organization culture	OC	Measured with firm’s vision statement; firm’s mission statement; adaptability; involvement in sustainability issues; top management initiation on sustainability issues.	Mink (2012); Ali et al. (2017); Kilic, et al. (2019); Chang, et al. (2019); Chaabane (2019)
Organizational structure	OS	Measured with reporting structure; decision rights; align incentives; external accountability; risk management committee.	Mink (2012)

**Source: Author’s Compilation from Previous Literature, (2021).**

### 3.7 Data Analysis Technique

The data collected through the questionnaire administered to the sample respondents were analyzed with both descriptive and inferential statistics. The descriptive statistics used were means, standard deviation, minimum and maximum values of the variables in order to depict the summary of the large set of data collected on both dependent and independent variables. The hypotheses of the study were tested using partial least square – structural equation modeling (PLS-SEM) regression analysis with the use of Smart-PLS version 3.3. some of the arguments in favour of PLS-SEM analytical method is that it has the ability of taking effect of multicollinearity problem among the independent variables, conduct a bootstrapping or jackknife test for resampling of the

sample, deal with bias result that usually generated from using small sample size, amongst others when compared with other statistical methods (Hair, Hult, Ringle & Sarstedt, 2016).

Before testing of hypotheses, some diagnostics tests were conducted in order to ensure that the questionnaire instruments and the data collected are reliable. These tests include normality distribution test using skewness and kurtosis, multicollinearity test through variance inflation factor, reliability tests using Cronbach Alpha's test, composite reliability test, validity test with the use of discriminant validity test and model fitness. This is to ensure that the result of the partial least square is not bias and reliable.

## CHAPTER FOUR

### PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

This chapter presents the results and analysis for the quantitative data that were collected via the questionnaire distributed to the target respondents. The responses from the survey depicts the respondents' demographic profile, measures of validity and reliability of the measurement model, model specification, path analyses of the structural model through which the result of the hypotheses tested were shown and discussed. The descriptive analysis was carried out using SPSS Version 22 and testing for the relationship test was carried out using Partial Least Square-Structural Equation Modeling (PLS-SEM).

#### 4.1 Analysis of the Data Sampled

This section discussed the analysis of the response rate as well as the discussion of the respondents' opinion on both dependent and independent variables used in the study.

##### 4.1.1 Response Rate of Questionnaires Distributed

In this study, one hundred and ten (110) questionnaires were distributed to the target respondents. Out of this, a total number of ninety-six (96) questionnaires were filled and duly returned. Nevertheless, ninety-three (92) questionnaires were rightly filled out of the ninety-six (96) questionnaires returned while four were wrongly filled. Therefore, the analysis of this study was based on ninety-two (92) questionnaires that are duly filled and returned.

##### Table 4.1.1 Response Rate of the Questionnaires

The result in table 4.1.1 shows the descriptive analysis of the questionnaire administered and returned by the target and sampled respondents in order to know the number of questionnaires valid for answering the research questions.

**Table 4.1 Analysis of Questionnaire Distributed**

<b>Response</b>	<b>Frequency</b>	<b>Rate (%)</b>
Number of questionnaire administered	110	100
Number questionnaires returned	96	87
Returned and usable questionnaires	92	96
Returned and excluded questionnaires	4	4

**Source: Author’s Computation, 2021**

The result in table 4.1 revealed that out of one hundred and ten (110) copies of questionnaire administered, ninety-six (96) copies were retrieved which represents 87% response rate. However, out of the ninety-six (96) questionnaires filled and returned, ninety-two (92) copies were rightly filled representing 96% of the questionnaire returned while four (4) copies were wrongly filled representing 4% of the questionnaire returned. Hence, the analysis of the study was based on ninety-six (96) copies of questionnaire that are usable.

#### **4.1.2 Descriptive Analysis of the Respondents’ Demographics**

The result in table 4.2 shows the demography of the respondents such as the age of the respondents; gender; marital status; educational qualification; working experience and professional qualification possessed by the sample respondents.

**Table 4.2 Summary of the Respondents’ Demographics**

<b>No</b>	<b>Item</b>	<b>Description</b>	<b>Frequency</b>	<b>Percent</b>
1	Gender	Male	75	81.5
		Female	17	18.5
		<b>Total</b>	<b>92</b>	<b>100</b>
2	Age	Below 30 Years	0	0
		30-35 years	0	0
		36-40 Years	12	13.05

		41-45 Years	42	45.65
		46 year and above	38	41.30
		<b>Total</b>	<b>92</b>	<b>100</b>
3	Marital status	Single	0	0
		Married	89	96.74
		Divorced	0	0
		Widow/Widower	3	3.26
		<b>Total</b>	<b>92</b>	<b>100</b>
4	Educational Qualification	HND/B.Sc.	47	51.09
		M.Sc./MBA	36	39.13
		Professional qualification	9	9.78
		<b>Total</b>	<b>92</b>	<b>100</b>
5	Work Experience	5-10years	2	2.17
		11-15 years	63	68.48
		16-20years	23	25
		26 years and above	4	4.35
		<b>Total</b>	<b>92</b>	<b>100</b>

**Source: Author's Computation, 2022.**

The result in table 4.2 shows the analysis of the demographic profile of the respondents based on the questionnaire returned. The results in table 4.2 also depicts that seventy-five (75) of the respondents were male representing 81.5% while seventeen (17) respondents were female which constitute 18.5% of the total respondents. More so, the results in table 4.2 revealed that none of the respondents fall within the age bracket below 30 to 35 years; twelve (12) respondents fall within the age bracket of 36-40 years representing 13.05%; forty-two (42) respondents fall within the age bracket of 41-45 years representing 45.65%; while thirty-eight (38) respondents are 41 years and above representing 41.30% of the total respondents. This shows that most the sample respondents are matured enough to provide relevant response to the items of the questionnaire.

In addition, the result in table 4.2 indicated that none of the respondents was single nor divorcee; eighty-nine (89) were married representing 96.74%; while three (3) respondents were either widows or widowers which represents 3.26%. Furthermore, the results in table 4.2 revealed that forty-seven (47) respondents have HND/B.Sc. which represents 51.09% of the total respondents;

thirty-six (36) respondents have M.Sc./MBA which constitutes 39.13% of the total respondents, while nine (9) respondents have professional qualification such as ICAN, CIBN, amongst others. This represents 9.78% of the total respondents.

The results in table 4.2 showed that two (3) respondents have working experience between 5-10 years representing 2.17%; sixty-three (63) have working experience between 11-15 years which constitute 68.48% of the respondents; twenty-three (23) respondents have working experience between 16-20 years which constitute 25%; while four (4) respondents have working experience of 21 years and above representing 4.35% of the total respondents. This implies that the responses given would be reliable since most of the respondents have been working in the internal audit department for more than ten (10) years. This indicates that most of the respondents have the required experience and competence in providing relevant responses to the questionnaire items.

#### **4.1.3 Descriptive Statistics of the Indicators of the Variables**

This sub-section shows the summary of the responses on the variables (dependent and independent) used in the study through mean, standard deviation, minimum and maximum values. This is to show whether the respondents support the questionnaire items or are against them.

#### **4.1.4 Descriptive Statistics of all Measurement Items for Sustainability Reporting**

Table 4.1.4 provides the summary of the responses on the measurement items on sustainability reporting through mean, standard deviation, minimum and maximum values.

#### **Table 4.3 Descriptive Statistics of all Measurement Items for Sustainability Reporting**

S/N	Items	Mean	S.D	Minimum values	Maximum values
1	Presence of sustainability disclosure committee	3.5941	0.6508	3.00	5.00
2	Risk and return posed by climatic changes	3.8218	0.8648	1.00	5.00
3	Potential negative impact from the society	3.5545	0.8304	2.00	5.00
4	Suppliers and customers subjected on community needs	3.4356	0.7130	2.00	4.00
5	Amount and procedure of discharging water	2.9109	0.8378	1.00	5.00
6	Waste products and procedures	2.9802	0.7872	2.00	5.00
7	Cost on environmental protection	3.4752	0.9010	1.00	5.00
8	Clients environment management evaluation	3.3465	0.9213	1.00	5.00
9	Suppliers environmental management evaluation	3.3069	0.8688	1.00	5.00

**Source: Author's Computation, 2022**

The result in table 4.3 indicated that most of the sample respondents agreed that with the statements raised their companies disclose information on sustainability reporting regarding economic, social, environmental and governance while few disagreed with some statements raised as the ranges of mean values is between 3.8218 and 2.9109 with standard deviation of 0.8648 and 0.8378. This implies that majority of the respondents concluded that their companies report the required information on environmental, social, economic and governance activities. The minimum value of one (1) represents very poor disclosure while the maximum value of five (5) indicates very good disclosure.

#### **4.1.5 Descriptive Statistics of all Measurement Items for Strategic Posture**

Table 4.4 provides the summary of the responses on the measurement items on strategic posture through mean, standard deviation, minimum and maximum values.

**Table 4.4 Descriptive Statistics of all Measurement Items for Strategic Posture**

S/N	Items	Mean	S.D	Minimum values	Maximum values
1	Our firm's willingness to sacrifice short term profits is guided by corporate sustainability disclosure	3.5842	0.7780	2.00	5.00
2	Our firm frequently reviews product prices to enhance our corporate sustainability disclosure	4.2178	0.7824	2.00	5.00
3	Frequent communication in our organization on sustainability issues has enhanced our corporate sustainability disclosure	3.9901	1.0440	1.00	5.00
4	The desire to enhance on quality of goods and services has enhanced our corporate sustainability disclosure.	4.2079	0.9931	2.00	5.00
5	Provision of incentives on our goods and services has enhanced our corporate sustainability disclosure.	3.6931	0.6744	2.00	5.00
6	Our participative product development has enhanced our corporate sustainability disclosure.	3.6139	0.6320	2.00	5.00
7	Our service quality continuous improvement has enhanced our corporate sustainability disclosure.	4.3168	0.8710	2.00	5.00

**Source: Author's Computation, 2022**

The result in table 4.4 revealed that a very large number of the sampled respondents agreed with the statements raised on strategic posture as the ranges of average values are between 4.3168 and 3.5842 with standard deviation of 0.8710 and 0.7780. This implies that majority of the respondents strongly agreed to the statement raised on strategic posture as a factor that influence the level of sustainability reporting among listed industrial and domestic goods sector in Nigeria. The

minimum value of one (1) represents strongly disagree while the maximum value of five (5) indicates strongly agree.

#### 4.1.6 Descriptive Statistics of all Measurement Items for Organizational Structure

Table 4.5 provides the summary of the responses on the measurement items on organizational structure through the average values, standard deviation, minimum and maximum values.

**Table 4.5 Descriptive Statistics of all Measurement Items for Organizational Structure**

S/N	Statement	Mean	S.D	Minimum values	Maximum values
1	Our initiation of sustainability issues from top management has enhanced our corporate sustainability disclosure	4.0990	0.8545	2.00	5.00
2	Our internal training on sustainability issues has enhanced our corporate sustainability disclosure.	4.3564	0.8898	2.00	5.00
3	Our financial structure has enhanced our corporate sustainability disclosure.	3.8911	0.9890	1.00	5.00
4	Our mode of retaining and managing our human capital has enhanced our corporate sustainability disclosure.	4.0198	0.5653	3.00	5.00
5	The presence of sustainability officers in our organization has enhanced our corporate sustainability disclosure.	3.1980	1.4698	1.00	5.00

**Source: Author's Computation,2022**

The result in table 4.5 showed that most of the sampled respondents agreed with the statements raised on organizational structure as the ranges of average values are between 4.3564 and 3.1980 with standard deviation of 0.8898 and 0.1.4698. This indicates that majority of the respondents strongly agreed to the statement raised on organizational structure as a determinant that influence the level of sustainability reporting among listed industrial and domestic goods sector in Nigeria.

The minimum value of one (1) represents strongly disagree while the maximum value of five (5) indicates strongly agree.

#### 4.1.7 Descriptive Statistics of all Measurement Items for Stakeholders' Pressure

Table 4.6 provides the summary of the responses on the measurement items on Stakeholders' Pressure through the average values, standard deviation, minimum and maximum values.

**Table 4.6 Descriptive Statistics of all Measurement Items for Stakeholders' Pressure**

S/N	Statement	Mean	S.D	Minimum values	Maximum values
1	Employees share business knowledge from stakeholders (such as customers, suppliers and allies)	3.5842	.7780	2.00	5.00
2	Our company places lots of emphasis on developing good relationship with stakeholders	4.2178	.78235	2.00	5.00
3	The management tries to balance competing stakeholders needs over the long term	3.9901	1.04398	1.00	5.00
4	Management consider stakeholder values when making decisions about out responses to social issues	4.2079	.99314	2.00	5.00
5	The company's responsibility to customers, stockholders and employees is more important than our responsibility towards sustainability activities	3.6931	.67443	2.00	5.00
6	Community and social issues are explicitly considered within the strategic planning process of the company	3.6139	.63199	2.00	5.00
7	Stakeholders have a great influence in the decision making process of the organization	4.3168	.8710	2.00	5.00

**Source: Author's Computation,2022**

The result in table 4.6 revealed that most of the sampled respondents agreed with the statements raised on stakeholders' pressure as a determinant of sustainability reporting. This is based on the

averages values which range between 4.3168 and 3.5842 with standard deviation of 0.8710 and 0.7780. This implies that majority of the respondents strongly agreed to the statement raised on stakeholders' pressure as a determinant that influence the level of sustainability reporting among listed industrial and domestic goods sector in Nigeria. The minimum value of one (1) represents strongly disagree while the maximum value of five (5) indicates strongly agree.

#### 4.1.8 Descriptive Statistics of all Measurement Items for Organizational Culture

Table 4.7 provides the summary of the responses on the measurement items on organizational culture through the average values, standard deviation, minimum and maximum values.

**Table 4.7 Descriptive Statistics of all Measurement Items for Strategic Posture**

S/N	Statement	Mean	S.D	Minimum values	Maximum values
1	Consideration for the natural environment is addressed within the company's mission statement	3.9505	0.5723	2.00	5.00
2	When environmental issues are considered within the strategic planning process, the top management team makes proactive, forward thinking	3.6535	0.6846	1.00	4.00
3	The company's belief and ideas are openly developed throughout the company.	3.7228	0.9178	2.00	5.00
4	Top management initiation on sustainability issues	4.3069	0.7175	2.00	5.00
5	Protection of environment is part of the core values of the company	4.2673	0.7986	2.00	5.00

**Source: Author's Computation (2021)**

The result in table 4.7 revealed that a very large number of the sampled respondents agreed with the statements raised on strategic posture as the ranges of average values are between 4.3069 and 3.6535 with standard deviation of 0.7175 and 0.6846. This implies that majority of the respondents

strongly agreed to the statement raised on organizational culture as a factor that influence the level of sustainability reporting among listed industrial and domestic goods sector in Nigeria. The minimum value of one (1) represents strongly disagree while the maximum value of five (5) indicates strongly agree.

## 4.2 Preliminary Analysis of Data

This section shows the results of the preliminary tests conducted before the testing of the hypotheses concerning the distribution of the scores of variables used in the study. The preliminary test was conducted to ensure non-violation of the assumptions and this include non-existence of collinearity among the independents variables, and normality and linearity of the distribution of scores on the variables used for the testing of hypotheses on the research questions raised in chapter one.

### 4.2.1 Normality Test

The study conducted a normality distribution test through the use of skewness and kurtosis. The rule of thumb is that a normality distribution problem arises when the values of skewness and kurtosis fall outside the range of -3 and +3 (Tabachnick & Fidell, 2007).Hair, Hult, Ringle and Sarstedt (2012) suggested that researchers should perform a normality test on the data. Highly skewed or kurtosis data can inflate the bootstrapped standard error estimates which in turn underestimate the statistical significance of the path coefficients (Ringle, Sarstedt, & Straub, 2012).

**Table 4.8 Normality Distribution Result**

<b>Constructs</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>Skewness</b>	<b>Kurtosis</b>
<b>SR</b>	92	3.3808	0.48738	-0.297	-0.762
<b>CSP</b>	92	3.5149	0.62055	0.064	-0.361
<b>OC</b>	92	3.9461	0.59657	-1.273	1.437
<b>OS</b>	92	3.9802	0.42942	-0.828	-0.366

<b>SP</b>	92	3.9129	0.59358	-0.738	1.739
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**Source: Author's Computation, 2022**

The result in table 4.8 shows the skewness and kurtosis result of the normality distribution of the data collected. Skewness and Kurtosis have been widely used in testing the normality distribution of data set. The rule of thumb is that any value of skewness and kurtosis that falls outside  $\pm 3$  has problem of normality distribution (Verbeek, 2004). It could be deduced from the result in table 4.8 that none of the variables has normality distribution problems as none of the variable has values that falls outside the range of -3 to +3.

#### **4.2.2 Correlation Matrix**

It is important to explore the extent of the correlation among all of the independent variables. High correlation among variables can lead to multicollinearity problem and thus the reliability of model estimates will be affected (Porter, 2009). Moreover, collinearity among the independent variables can cause a problem when evaluating the significance of the variables in the regression. The correlation matrix is a basic tool to detect the problem of multicollinearity. Wooldridge (2006) opined that if the correlation is greater than 0.80 for variables, the correlation is considered high. Therefore, in this study, multicollinearity is not considered a problem if individual correlation coefficients are less than 0.80.

**Table 4.9 Correlation Matrix**

	SR	CSP	OC	SP	OS
SR	1.0000				
CSP	0.3325	1.0000			
OC	-0.2596	0.0127	1.0000		
SP	0.2272	0.1412	-0.6554	1.0000	
OS	-0.2867	-0.1438	0.2099	-0.3257	1.0000

**Source: Author’s Computation, 2022**

The result in table 4.9 showed the result of the correlation matrix of the variables used in the study. It could be deduced from the result in table 4.9 that the variables with highest collinearity is 0.3325 which is between sustainability reporting and corporate strategic posture and the lowest collinearity is -0.6554 as shown between organizational culture and stakeholders’ pressure. Hence, it could be seen that there is no problem of multicollinearity among the independent variables as all the variables have figures less than the threshold of 0.8

### **4.2.3 Multicollinearity Test**

The result in table 4.10 shows the result of the multicollinearity test. This was used to test whether the independent variables used in the study measure the same thing which could result into collinearity problem.

**Table 4.10: Multicollinearity Result**

<b>Variables</b>	<b>VIF</b>	<b>Tolerance</b>
<b>CSP</b>	1.213	.825
<b>OC</b>	1.349	.742
<b>OS</b>	2.257	.443
<b>SP</b>	2.010	.497

**Source: Author's Computation, 2022**

Multicollinearity test was conducted using variance inflation factor (VIF) and tolerance level among the independent variables. This test was carried out so as to avoid using two variables that measure the same thing, thereby preventing the problem of multicollinearity. Based on the result in table 4.10, it shows that there is absence of multicollinearity problem in this study as none of the independent variables used in the study has variance inflation factor greater than 5 and tolerance values less than 5% level of significance. The rule of thumb is that if the value of variance inflation factor is 5 and above, there is problem of multicollinearity and vice-versa (Ringle, Sarstedt, & Straub, 2012).

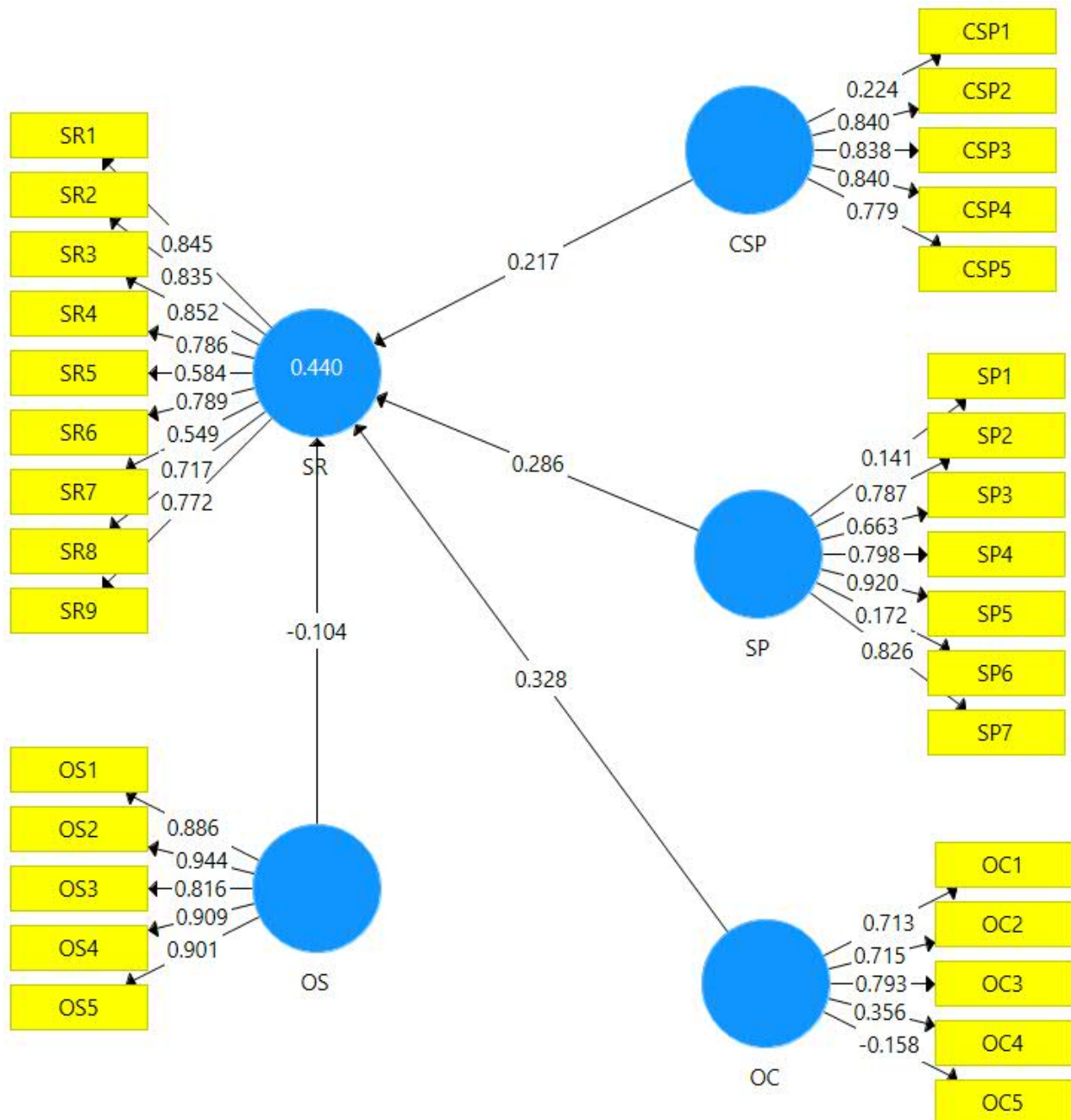
#### **4.2.4 Assessment of Measurement Model**

The evaluation of the measurement model can be done by assessing two main factors which are reliability and validity of the construct (Sarstedt, Ringle & Hair, 2018). This test is conducted in order to ensure that all indicators of the variables are measuring the constructs accurately. Concerning the relationship between the construct and the indicators, there are two main types of measurement model: reflective model and formative model. However, for this study, all the constructs were in form of reflective model where each construct causes and explains its indicators (Diamantopoulos and Winklhofer, 2001; Tahajjuddin & Kertali, 2018).

According to Hair, Hult, Ringle and Sarstedt (2017), the examination of the measurement model requires some statistical tests including internal consistency, indicator reliability, convergent validity and discriminant validity. They posit that the first step in reflective model assessment is to examine the indicators loading factor. Loadings above 0.50 are recommended as this indicates that the constructs explain more than 50% of the indicators' variance, thus providing acceptable item reliability.

The figure 2 shows the cross loadings of both dependent and independent variables used in the study. The items that are below the recommended benchmark of 0.50 were dropped in hypotheses testing.

**Figure 2: Diagrammatic Representation for Cross-Loadings of Latent Variables**



## **Figure 2      Cross-Loadings of the Latent Variables**

The results in figure 2 indicate that SR1 to SR9 have factor loadings greater than 0.5. The factor loading of CSP2 to CSP5 have loading factors greater than 0.5 but CSP1 has factor loading of 0.224 which is lower than the benchmark of 0.5. This led to dropping of CSP1 in the hypothesis of the study.

In addition, the factor loading of SP showed that SP2, SP3, SP4, SP5 and SP7 have loading factor greater than 0.5 but SP1 and SP6 have loading factors of 0.141 and 0.172 respectively. This led to dropping of SP1 and SP6. The results in figure 2 revealed that the factor loading of OC1, OC2 and OC3 have loading factor of 0.713; 0.715; and 0.793 respectively but OC4 and OC5 have loading factors less than 0.5 hence dropping of OC4 and OC5.

Furthermore, the result in figure 2 revealed that all the loading factors of OS1 to OS5 have ranges between 0.816 and 0.944 which are greater than 0.5. Based on the rule of thumb, factor loading below 0.50 were dropped during hypotheses testing.

### **4.2.5 Internal Consistency Reliability**

Internal consistency reliability refers to the extent to which all items on a particular scale are measuring the same concept (Sun *et al.*, 2007). Cronbach's alpha coefficient and composite reliability coefficient are the most commonly used estimators of the internal consistency reliability of an instrument in organizational research (e.g., Peterson & Kim, 2013). In this study, composite reliability coefficient was chosen to ascertain the internal consistency reliability of measures adapted.

Two main reasons justified the use of composite reliability coefficient. Firstly, composite reliability coefficient provides a much less biased estimate of reliability than Cronbach's alpha

coefficient because the later assumes all items contribute equally to its construct without considering the actual contribution of individual loadings (Gotz, Liehr-Gobbers, & Krafft, 2010). In addition, Cronbach Alpha is a less precise measure of reliability as the items are unweighted. In contrast, composite reliability items are weighted based on the construct indicators' individual loadings, hence this reliability is higher than Cronbach Alpha.

Table 4.11 was used to explain the internal consistency reliability of the measurement instruments through individual loading factor, composite reliability and average variance extracted (AVE).

**Table 4.11 Summary of the Measurement Model (Composite Reliability and Average Variance Extracted)**

<b>Construct</b>	<b>Items</b>	<b>Loadings</b>	<b>Cronbach</b>	<b>rho A</b>	<b>Composite</b>	<b>AVE</b>	<b>R<sup>2</sup></b>
Company Strategic Posture	<b>CSP1</b>	0.224	0.792	0.843	0.848	0.554	
	<b>CSP2</b>	<b>0.84</b>					
	<b>CSP3</b>	<b>0.838</b>					
	<b>CSP4</b>	<b>0.84</b>					
	<b>CSP5</b>	<b>0.779</b>					
Organizational Culture	<b>OC1</b>	<b>0.713</b>	0.75	0.906	0.847	0.56	0.498
	<b>OC2</b>	<b>0.715</b>					
	<b>OC3</b>	<b>0.793</b>					
	<b>OC4</b>	0.356					
	<b>OC5</b>	-0.158					
Organizational Structure	<b>OS1</b>	<b>0.886</b>	0.936	0.98	0.951	0.796	
	<b>OS2</b>	<b>0.944</b>					
	<b>OS3</b>	<b>0.816</b>					
	<b>OS4</b>	<b>0.909</b>					
	<b>OS5</b>	<b>0.901</b>					
Stakeholders' Pressure	<b>SP1</b>	0.141	0.792	0.877	0.833	0.568	
	<b>SP2</b>	<b>0.787</b>					
	<b>SP3</b>	<b>0.663</b>					
	<b>SP4</b>	<b>0.798</b>					
	<b>SP5</b>	<b>0.92</b>					
	<b>SP6</b>	0.172					
	<b>SP7</b>	<b>0.826</b>					
Sustainability Reporting	<b>SR1</b>	<b>0.845</b>	0.904	0.934	0.921	0.57	
	<b>SR2</b>	<b>0.835</b>					
	<b>SR3</b>	<b>0.852</b>					
	<b>SR4</b>	<b>0.786</b>					
	<b>SR5</b>	<b>0.584</b>					

	<b>SR6</b>	<b>0.789</b>					
	<b>SR7</b>	<b>0.549</b>					
	<b>SR8</b>	<b>0.717</b>					
	<b>SR9</b>	<b>0.772</b>					

**Source: Author’s Computation, 2022.**

The result in table 4.11 revealed the results of reliability test in order to assessing the internal consistency reliability using composite reliability. Based on the results in table 4.11, it shows that the items used in the questionnaire are reliable as the composite reliability values for each latent variable is greater than the benchmark of 0.70. The latent variable with the least composite reliability values is stakeholders’ pressure which has a value of 0.833 while the largest composite reliability value is organizational structure with composite reliability of 0.951.

#### **4.2.6 Discriminant Validity**

Discriminant validity was used to provide evidence that the construct in the model is truly distinct from other constructs by empirical results (Hair et al., 2014). The metric used for evaluating a construct’s convergent validity is the average variance extracted (AVE) for all items of each construct. The rule of thumb for evaluating discriminant validity, as suggested by Fornell and Larcker (1981) is that AVE with a score of 0.50 or more is acceptable. To achieve adequate discriminant validity, Fornell and Larcker (1981) further suggest that the square root of the AVE should be greater than the correlations among latent constructs.

**Table 4.12 Discriminant Validity (Fornell-Larcker Criterion)**

<b>Construct</b>	CSP	OC	OS	SP	SR
CSP	0.744				
OC	0.654	0.600			
OS	0.585	0.673	0.892		
SP	0.570	0.776	0.806	0.684	

SR	0.544	0.621	0.552	0.580	0.755
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**Source: Author's Computation, 2022**

The results in table 4.12 showed that the values of the average variances extracted fall within the range of 0.552 and 0.892. This indicates that the construct of the questionnaire items are greater than rule of thumb which is greater than 0.50. This implies that the construct explains more than 50% of the variance of the questionnaire items.

#### **4.2.7 Structural Model and Hypotheses Testing**

After the reliability and the validity of all constructs of the measurement model have been confirmed to be reliable, it is necessary to evaluate the structural model of the study in order to test the significance of the hypotheses. This step of analysis includes assessing the path coefficient, the coefficient of determination ( $R^2$  value) and the predictive relevance ( $Q^2$  value) (Hair et al.,2014; Ramayah et al., 2018). Therefore, the bootstrapping test has been carried out using Smart-PLS 3 by re-sampling 5000 random subsamples. The justification for the selection of 5000 samples is because it ensures that every model parameter has empirical sampling distribution and the standard deviation of the distribution will serve as proxy of the parameter's empirical standard error (Hair *et al.*, 2012).

#### **4.3 Re-statement and Testing of Hypotheses**

The result in table 4.3 depicts the regression results in order to test the hypotheses raised as well as answer the research questions raised in chapter one.

**Table 4.13 Results of the Regression Analysis**

Variables	T-statistics	p-value	Q <sup>2</sup>
CSP → SR	12.306	0.00	0.266
OC →SR	3.969	0.00	0.131
OS → SR	21.06	0.00	0.161
SP → SR	1.072	0.28	0.316
R square	0.440		
Adjusted R <sup>2</sup>	0.412		

**Source: Author's Computation, 2021**

The study assessed the PLS path model's predictive accuracy of the structural model. The coefficients of determination ( $R^2$ ) and the predictive of relevance ( $Q^2$ ) are important tests to measure and evaluate the predictive accuracy and the predictive relevance of the research model (Hair et al., 2014). Hair et al. (2017) recommended that ( $R^2$ ) values of 0.75, 0.5 and 0.25 respectively indicate substantial, moderate and weak levels of predictive accuracy.

The result in table 4.13 indicates that the independent variables (company strategic posture, organizational culture, stakeholders' pressure and organizational structure) of the study explained around 41.2% of the variation in the dependent variables (sustainability reporting practice).

As a rule of thumb,  $Q^2$  values higher than zero (0), 0.25 and 0.50 depict small, medium and large predictive relevance of the PLS path model (Tahajuddin & Kertali, 2018). The result in table 4.13 shows that the  $Q^2$  values of 0.266; 0.131; 0.161; and 0.316 for integrity, information technology, internal auditor's remuneration and internal auditor's competency respectively. This indicates that the model has a predictive relevance.

The acceptance or rejection of the study was based on p-value at 5% level of significance while the direction of the relationship between the dependent and independent variables were determined

with the use of t-value. Following the result of the coefficient of determination and predictive of relevance, the hypotheses of the study were conducted.

#### **4.3.1 Restatement and Test of Hypothesis One**

H<sub>01</sub>: Company strategic posture has no significant effect on sustainability reporting practice of listed industrial and domestic goods sectors companies in Nigeria

The result in table 4.13 revealed that company's strategic posture has a significant and positive effect on sustainability reporting of listed industrial and domestic goods sector in Nigeria as supported by t-value of 12.306 and 0.000 at 5% level of significance. This result led to the acceptance of the alternative hypothesis which states that company strategic posture has significant effect on sustainability reporting practice of listed industrial and domestic goods sectors companies in Nigeria and consequently, rejection of null hypothesis. This indicates that a company which incorporates sustainability plan in its strategy as well as incorporate employees' empowerment strategies and review its products' prices frequently tends to report its activities on sustainability activities.

#### **4.3.2 Re-statement and Test of Hypothesis Two**

H<sub>02</sub>: There is no significant effect of stakeholders' pressure on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria.

The result in table 4.13 showed that stakeholders' pressure has an insignificance effect on sustainability reporting practice of listed industrial and domestic goods sector in Nigeria as shown by t-value of 1.072 with p-value of 0.28 at 5% level of significance. This led to the acceptance of null hypothesis which posits that there is no significant effect of stakeholders' pressure on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria. The outcome implies that whether a company considers the pressure from its stakeholders (either

primary and secondary stakeholders) or not, it would not have any effect on the sustainability reporting practices of listed industrial and domestic goods sector in Nigeria.

#### **4.3.3 Re-statement and Test of Hypothesis Three**

H<sub>03</sub>: Organizational culture has no significant impact on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria.

Based on the result in table 4.13, it could be deduced that organizational culture has a positive and significant effect on sustainability reporting practices of listed industrial and domestic goods sector as supported by t-value of 3.969 with p-value of 0.000 at 5% level of significance. The result led to the acceptance of the alternative hypothesis and rejection of null hypothesis. The alternative hypothesis states that organizational culture has significant impact on sustainability reporting of listed industrial and domestic goods sectors companies in Nigeria. This implies that an organization which considers sustainable activities in its vision and mission statement as well as top management initiate sustainability issues tend to disclose more information on economic, social, environmental and corporate governance (sustainability reporting) activities in relation to sustainability reporting.

#### **4.3.4 Re-statement and Test of Hypothesis Four**

H<sub>04</sub>: There is no significant effect of organizational structure on sustainability reporting of industrial and domestic goods sectors listed companies in Nigeria

The result in table 4.13 revealed that organizational structure has a significant and positive effect on sustainability reporting practice of listed industrial and domestic goods sector in Nigeria as shown by t-value of 21.06 with p-value of 0.000 at 5% level of significance. This outcome leads to the rejection of null hypothesis and acceptance of the alternative hypothesis which states that there is significant effect of organizational structure on sustainability reporting of industrial and

domestic goods sectors listed companies in Nigeria. This implies that a company has an established risk management committee would be able to weigh the benefits of complying with the requirements of sustainability reporting practice and the penalties for non-compliance as well as the consequential effect of it on long-term survival of the company.

#### **4.4 Discussion of Findings**

This section presents the discussion of key findings in relation to the research objectives of the study. The discussions are presented in the sequence of the research questions and objectives raised in chapter one for the study. Individually, the study found that company strategic posture, organizational culture and organizational structure would increase the level of sustainability reporting practice. However, the study found that stakeholders' pressure has an insignificant effect on sustainability reporting practice of listed industrial and domestic goods sector in Nigeria.

The study specifically found that company's strategic posture would enhance the level of sustainability reporting practice of listed industrial and domestic goods sector in Nigeria. This implies that where the manager and senior manager team have a progressive attitude, actively searching to satisfy stakeholders' claims, and consequently pursue both a competitive advantage and business opportunism, it would motivate the management to have positive attitude towards incorporation of sustainability issues in their strategies, hence disclosure of more information on social and environmental reporting practice. This will not only prevent the company from being exposed to risk but also incorporation of customers' feedback which could lead to acceptance of the company's product in the market, hence long-term survival of the company through compliance with sustainability requirements.

The result is in line with the a-priori expectation as the researcher expected that company with active strategic posture would be more willing to disclose information about corporate governance,

economic, social and environmental reporting. The outcome of the study also confirm the assumption of contingency theory which posits that a company that plans for both short and long-term survival of its operation, ensures frequent communication within the organization on sustainability issues would disclose information n its sustainability activities.

The result of this study concurs with the outcome of Penington (2014); Quartey and Oguntoye (2019); and Shwairef, et al. (2019) as they revealed in their various studies that corporate strategic posture gives a company the opportunity to incorporate sustainability issues in their long-term planning hence high level of compliance with sustainability reporting practices.

In addition the study found that organizational culture has a significant and positive effect on sustainability reporting practice among listed industrial and domestic goods sector in Nigeria. This indicates companies that consider sustainability reporting plan in their vision and mission statement as well as top management team has implement strategy on sustainability issues would disclose more information about their sustainability activities in order to show that it cares for the environment where it operate.

The result corroborates with the findings of Abbett, et al. (2010); Ali et al. (2017); Kilic, et al. (2019); Chang, et al. (2019); Chaabane (2019) as they found that organizational culture is an important factors that determines the level of sustainability reporting of firms. The outcome of this study also confirmed the argument of contingency theory which postulates that a firm that incorporate sustainability reporting practice in its culture would ensure effective flow of information about sustainability reporting within and outside the organization and consequently assist in achieving its long-term goals.

Furthermore, the outcome of this study revealed that stakeholders' pressure does not have effect on sustainability reporting practice among listed industrial and domestic goods sector in Nigeria.

This indicates that whether a company considers various stakeholders such as creditors, customers, government, employees, media, domestic and local regulators or not, it would not have any effect on its sustainability reporting practice. This could be as a result of the fact that most of the stakeholders focused on financial aspect of the financial reporting of firms rather than other qualitative aspect of the financial report.

The result of this study contradicts the of stakeholders; theory as it posited that groups of stakeholder have power to determine the kind of information to be disclose by an organization and the pressure of these stakeholders can make a company to disclose the required information on its sustainability reporting practices. The result concurs with the findings of Mulugenta and Mohammed Nur (2020) as they found that stakeholders' pressure is not a significant factor that influences sustainability reporting practice. However, the outcome of this study contradicts the findings of Feijoo, et al. (2013); Ali and Rizwan (2013); Kaur and Lodhias (2014); Ali, et al. (2017); Wuttichindanon (2017); and Bhattacharya, et al. (2020) where they reported that the pressures from both primary and secondary stakeholders have a long way to determine the level of sustainability reporting practice.

The study also found that organizational structure is a significant factor that determines the level of sustainability reporting practices among listed industrial and domestic goods sector in Nigeria. This implies that companies with strong line of reporting and communication on sustainability activities, consider sustainable goals in their decisions, willing to be accountable to external users and constitute a risk management committee that weigh the benefits and cost of complying and not complying with the requirements of sustainability reporting framework (GRI4) would disclose more information on sustainability reporting practice. The result confirms the expectation of the researcher as it was posited that good organization structure would reveal information on its

sustainability reporting activities in order to show outsiders and its environment that it is socially and environmentally responsible, hence long-term survival of the firm would be certain.

The result concurs with the findings of Mink (2012) who reported that combination of an organization's leadership expressing a genuine commitment to sustainability reporting. The result also confirmed the arguments of contingency theory which states that the compliance level of an organization's sustainability report was observed to be contingent upon the organization's ability to overcome resource constraints and to recognize the value of the market incentives generated by the development of a sustainability report.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

This chapter presents the summary, conclusions and corresponding recommendations based on the empirical outcome of the study. In addition, the study further presents the research's contribution

to knowledge frontiers, limitations of the study, suggestions for future studies and limitation as well as delimitation of the study.

## **5.1 Summary**

Most organizations aimed at making profit and disclose the financial aspects of their report to their stakeholders depicting their financial performances. However, most of the firms disclose less information about the effects of their activities on social and environment in which they operate and how they respond to the challenges. Hence, this study examined factors that determine the level of sustainability reporting practices among listed industrial and domestic goods sector in Nigeria.

The study reviewed past empirical literatures on various factors determining the level of sustainability reporting with emphasis on company's strategic posture, stakeholders' pressure, organizational culture and organizational structure. The reviews were divided into three aspects; the conceptual review; theoretical review and empirical review. The study vividly examined the concept of sustainability reporting and organizational factors that can affect sustainability reporting. This study was guided by the assumptions of stakeholders' theory and contingency theory. More so, the results of the previous studies were empirically reviewed and were divided into international and local studies. The international studies were further divided into developed and developing countries for easy understanding and to bring out lacuna on previous studies on determinants of sustainability reporting practices.

The study employed a cross-sectional research design. The target population consists of the chief executive officer, chief financial manager, compliance officer, and three top managers of companies under study. The study employed a census sampling technique by considering all the total number of respondents, that is, one hundred and ten (110) respondents of the total population.

The hypotheses of the study were tested using partial least square structural equation modeling (PLS-SEM).

The result of the PLS-SEM revealed that corporate strategic posture, organizational culture and organizational structure would improve the level of sustainability reporting practice among listed industrial and domestic goods sector in Nigeria as supported by t-values of 12.306; 3.969; and 21.06 with p-values of 0.000; 0.000; and 0.000 respectively. The results indicated that an organization that have effective strategy in both short and long-term for sustainability issues, incorporates sustainable goals in its vision and mission statement as well as have an effective organization structure on social and environmental issues would disclose more information about its sustainability reporting practices. However, the study found that stakeholders' pressure has an insignificant effect on sustainability reporting practices of industrial and domestic goods sector in Nigeria as shown by t-value of 1.072 with p-value of 0.280.

## **5.2 Conclusion**

Based on the result of the hypotheses tested in chapter four, the study concluded that corporate strategic posture, organizational culture and organizational structure have significant and positive influence on sustainability reporting practices of listed industrial and domestic goods sector in Nigeria but found stakeholders' pressure to be insignificant. Hence, this study concluded that:

i. company strategic posture is an important factor that enhances the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. This implies that an organization that adopts active strategic posture, the manager and senior manager team have a progressive attitude, actively searching to satisfy stakeholders' claims, and consequently pursue

both a competitive advantage and business opportunism, hence increasing the level of compliance with sustainability reporting of firms in Nigeria.

ii. The study also concluded that stakeholders' pressure would not improve nor reduce the level of sustainability reporting practice of listed industrial and domestic goods sector in Nigeria.

iii. In addition, the study concluded that the organizational culture would improve sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. Inclusion of sustainable development goals in a company's vision and mission statement as well as its adaptability to changes social and environmental issues would be able to disclose more information on its activities on sustainability reporting practices.

iv. Furthermore, the study also concluded that organizational structure increases the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria.

### **5.3 Recommendations**

Based on the findings of this study, following recommendations were made which would assist in improving the level of sustainability reporting practices in Nigeria in relation to corporate strategic posture, stakeholders' pressure, organizational culture and organizational structure.

i. The study found that corporate strategic posture improves level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. This study therefore recommends that the Board of Directors should ensure that the issues of sustainability reporting are well capture in their organizational goals (both short-term and long-term goals) as this may determine the long-term survival of the company through acceptance of the company's product in the market. This would also give them a competitive edge over their competitors because

community prefers the products of a company that is socially and environmentally responsible to .company that care less about them.

ii. The study also revealed that stakeholders' pressure has an insignificant effect on the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. Therefore, this study recommends that users of company financial statement should not only focus on financial aspect of the reports but also examine the level at which a company contributes to the development of the environment and the country at large through implementation of sustainable goals. More so, external regulators should sanction companies that disclose less information about its sustainability reporting practices. This would improve the level of compliance of Nigerian companies with the new GRI4 requirements.

iii. The study also found that organizational culture enhances the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. This study therefore recommends that management of the companies involve in sustainability issues while the Board of Directors should ensure that the vision and mission of the company incorporate sustainability reporting practices.

iv. The study found that organizational structure improves the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria. Hence, this study recommends that management of companies in Nigeria should set up a weel line of reporting for the achievement of sustainability activities in order to know the order areas not yet covered or that have not been touched at all.

#### **5.4 Contributions to Knowledge**

This section focused on the areas in which this study contributes to knowledge on factors determining the level of sustainability reporting practices of listed industrial and domestic goods sector in Nigeria.

i. A very large of the previous studies (such as Dibia & Onwuchekwa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, et al., 2020) reviewed on determinants of sustainability reporting largely focused other factors such as company's size, age, profitability, leverage, corporate governance factors and Board attributes like board/audit committee size, board/audit committee independence among others. This study seems to be one of the few studies that examine the effect of corporate strategic posture, stakeholders' pressure, organizational culture and organizational structure as determinants of sustainability reporting practices in the Nigerian context.

ii. In addition, the previous studies reviewed had employed the assumptions of various theories such as legitimacy theory, stakeholders' theory and institutional theory to link the relationship between the independent and dependent variables of their studies. The study is one of the few studies to have employed the assumptions of contingency theory to link the relationship between factors influencing the level of sustainability reporting practice.

iii. More so, the previous studies (see Dibia & Onwuchekwa, 2015; Nwobu, 2015; Okezie & Ihendinihu, 2019; Bello, et al., 2020) reviewed used pool ordinary least square, multiple regression, Logit and Probit estimation in finding the relationship between the dependent and independent variables of their studies. These methods are prone to bias and give spurious results. This study is different and unique as it used Partial Least Square Structural Equation Model (PLS-SEM) that can cater for such bias and shortcomings.

## **5.5 Limitations and Delimitation to the study**

No study of this nature would be done without limitations. The first limitation to this study is the measurement adopted. The study relied on self-reported behaviour of the targeted respondents through questionnaire administered. However, scholars have pointed out that the behaviour that portray under such a method may not be a truthful representation of their actual behaviour (Van Dijke & Verboon, 2010). Therefore, drawing conclusion from this study's findings with respect to actual behaviour must be done with caution.

Nevertheless, despite these limitations, this did not affect the findings of this study due to the fact that adequate empirical supportive evidence available in the study as the results is reliable, and fit for policy formulation and implementation.

## **5.6 Suggestions for Further Studies**

- i. Future studies may widen the scope of the study by considering all the companies in the manufacturing industry of Nigeria so as to have a more robust result.
- ii. Future studies may also consider other variables that are not used in this study.
- iii. Future studies may consider to use a mix-methodology in order to have a more robust result.

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## Appendix I

Department of Accounting and Finance,

School of Business and Governance,  
Kwara State University, Malete.  
17<sup>th</sup> August, 2021.

Dear Sir/Ma,

**LETTER OF INTRODUCTION AND QUESTIONNAIRE**

I am a M.Sc. student in the Department of Accounting and Finance, School of Business and Governance, Kwara State University, Malete. I am presently carrying out a research titled: “Determinants of sustainability reporting practices among listed industrial and domestic goods in Nigeria”. A questionnaire has been developed essentially for this research purpose. I humbly request your invaluable contribution to the success of this research work. All information provided will be treated with strict confidentiality and for academic pursuit.

Thank you in anticipation of your kind assistance and cooperation.

Yours faithfully,

Ganiyat OWOLABI.

18/27/MAC031

**INSTRUCTION**

Please, tick against the appropriate option from the options given in sections A and B.

NOTE: SA = Strongly Agree; A = Agree; D = Disagree; SD = Strongly Disagree

### Section A

#### Demographic Information

1. Age: Below 30 years (  ) 30-35 years (  ) 36-40 years (  ) 41-45 years (  ) 46 years above(  )
2. Gender: Male (  ) Female(  )
3. Marital Status: Single (  ) Married (  ) Divorced (  ) Widowed(  )
4. Working Experience: 5-10 years (  ) 11-15 years (  ) 16-20 years(  ) 21 years above(  )
5. Highest Qualification: HND/B.Sc (  ) M.Sc./MBA(  ) Others, specify \_\_\_\_\_
6. Professional Qualification: ICAN (  ) ACCA (  ) ANAN (  ) Others specify (  )
7. Chief Executive Officer (  ) Chief Financial Manager (  ) Quality Control Manager (  )  
Production Manager (  ) Internal Auditor (  )

### Section B (Independent Variable)

#### Level of Corporate Sustainability Disclosure

The table below outlines various indicators of sustainability disclosure. Based on the activities being undertaken in your firm, kindly assign score as per the level of disclosure you deem your

firm to be; **Very Poor Disclosure (1), Poor Disclosure (2), Moderate Disclosure (3), Good Disclosure (4), Very Good Disclosure (5).**

**Please indicate the extent of your agreement with each statement**

S/N	Sustainability Reporting Disclosure	1	2	3	4	5
1	Presence of sustainability disclosure committee					
2	Risk and return posed by climatic changes					
3	Potential negative impact from the society					
4	Suppliers and customers subjected on community needs					
5	Amount and procedure of discharging water					
6	Waste products and procedures					
7	Cost on environmental protection					
8	Clients environment management evaluation					
9	Suppliers environmental management evaluation					

### **Strategic Posture and Corporate Sustainability Disclosure**

The following section shows strategic posture that may exist in your organization. You are required to indicate the level of agreement on a five-point Likert- scale on how strategic posture influence corporate sustainability disclosure in your organization. **Strongly Disagree (1), Disagree (2), Moderate (3), Agree (4), Strongly Agree (5).**

**Please indicate the extent of your agreement with each statement**

S/N	Statement	1	2	3	4	5
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1	Our firm's willingness to sacrifice short term profits is guided by corporate sustainability disclosure					
2	Our firm frequently reviews product prices to enhance our corporate sustainability disclosure					
3	Frequent communication in our organization on sustainability issues has enhanced our corporate sustainability disclosure					
4	The desire to enhance on quality of goods and services has enhanced our corporate sustainability disclosure.					
5	Provision of incentives on our goods and services has enhanced our corporate sustainability disclosure.					
6	Our participative product development has enhanced our corporate sustainability disclosure.					
7	Our service quality continuous improvement has enhanced our corporate sustainability disclosure.					

### Organizational Structure

Please indicate the extent of your agreement with each statement

S/N	Statement	1	2	3	4	5
1	Our initiation of sustainability issues from top management has enhanced our corporate sustainability disclosure					
2	Our internal training on sustainability issues has enhanced our corporate sustainability disclosure.					
3	Our financial structure has enhanced our corporate sustainability disclosure.					
4	Our mode of retaining and managing our human capital has enhanced our corporate sustainability disclosure.					
5	The presence of sustainability officers in our organization has enhanced our corporate sustainability disclosure.					

### Organizational Culture

Please indicate the extent of your agreement with each statement

S/N	Statement	1	2	3	4	5
1	Consideration for the natural environment is addressed within the company's mission statement					
2	When environmental issues are considered within the strategic planning process, the top management team makes proactive, forward thinking					
3	The company's belief and ideas are openly developed throughout the company.					
4	Top management initiation on sustainability issues					
5	Protection of environment is part of the core values of the company					

**Stakeholders' Pressure**

Please indicate the extent of your agreement with each statement

S/N	Statement	1	2	3	4	5
1	Employees share business knowledge from stakeholders (such as customers, suppliers and allies)					
2	Our company places lots of emphasis on developing good relationship with stakeholders					
3	The management tries to balance competing stakeholders needs over the long term					
4	Management consider stakeholder values when making decisions about out responses to social issues					
5	The company's responsibility to customers, stockholders and employees is more important than our responsibility towards sustainability activities					
6	Community and social issues are explicitly considered within the strategic planning process of the company					
7	Stakeholders have a great influence in the decision making process of the organization					

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