MANAGERIAL ENERGIZING AS A DETERMINANT OF CORPORATE SUSTAINABILITY REPORTING: EVIDENCE FROM NIGERIA MANUFACTURING COMPANIES

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Abstract

The implementation of the Global Reporting Initiative (GRI) has been highly dependent on managerial energizing, especially in light of Nigeria's manufacturing companies. This is because stakeholders are increasingly demanding complete accountability in terms of economic, social, and governance disclosures. Through the lens of the GRI framework, this study especially attempts to evaluate the impact of managerial energizing on corporate sustainability reportin35g. This study made use of secondary data from a sample of 49 manufacturing firms that continued to be regularly listed on the Nigerian Exchange Group (NGX) from 2011 to 2023. Both descriptive and inferential statistical methods were applied to the statistical analysis of the acquired data. Our results, which were obtained using the Generalized Least Square (GLS) regression method, indicate that managerial energizing has a significant impact on corporate sustainability reporting. Moreover, companies with higher managerial energizing levels also typically have more thorough and open corporate sustainability policies. Additionally, our study revealed that organizations with managerial energizing had higher GRI reporting rates because these managers are more driven to show their support for corporate social responsibility and sustainability. These results underscore the significance of high-energy management within the framework of GRI reporting, and recommend that organizations work to foster a managerial energizing leadership culture in order to attain more transparent and sustainable economic, environmental and social disclosure practices.

Key Words: Managerial Energizing, Managerial Efficiency, Corporate Sustainability Reporting, GRI

Introduction

Corporate sustainability reporting practices have becoming issues among companies across the globe particularly developing companies. These were as a result of increase in volume output of production activities across Nigeria manufacturing have negatively resulted into carbon emission, climate change and material wastage. For instance Sanni, et. al (2023) observed that in Malaysia, it was documented that environmental issues cost the most of the companies in Malaysia a whole lot of money (over RM10 billion) in the past 20 years. However, these issues was said to be as a result of over production activities of their companies which have resulted into negative impact on the communities, employees and investor. In addition, a UNEP report (2011), shows that Shell which is one of the oil producing companies in the country that has been contributing to environmental degradation in the oil region of Niger Delta (Alabere, 2024).

In spite of ongoing issues, expectedly, companies at both global and developing countries which are found of social and environmental issues are necessitated to disclosing some of these information that have negative impact on host communities, employees, customers, shareholder and other affected stakeholders, particular those that within companies and outside the resident organization. As a result, it is clear that environmental pollution and social issues has severely harmed oil producing regions,

affected their primary economic driver, and ultimately brought excessive acid rain to the regions where these societies are based. According to a UN estimate from 2008, the life expectancy in the Niger Delta is 44.7 years for men and 46 for women, as subsequent data reveals. However, it is higher in other regions of the nation 46.76 for males and 48 for women (Alabere, 2024).

However, generally, efforts have been made at global level in curbing some of these environmental and social implications. In the year 2000, the guidelines' initial version, known as G1, was released. Other versions came after: G2 (2002), G3 (2006), and an updated and comprehensive version (G3.1) in 2011. This study, however, creates a scorecard based on the principles outlined in the GRI (4) guidelines, with a focus on the following areas: waste disposal, emission treatment and remediation cost disclosure (WDCD), environmental management cost disclosure (PMCD), and environmental prevention expenditure disclosure (EPED).

These issues are seriously becoming unbearable among companies in Nigeria particular Nigeria manufacturing companies. The Federal Republic of Nigeria's 2007 constitution established the National Environment Standards and Regulation Enforcement Agency (NESREA) with the primary goal of making sure that all companies protect and sustain development of the environment, social issues and its natural resources in order to curb these calamities (Alabere, et al 2024). Furthermore, all listed companies particular manufacturing companies were required by Nigeria Exchange Group (NGX) to comply with the Global Reporting Initiative (GRI) in 2011. This non-profit organization offers a complete sustainability reporting system that is extensively utilized globally to all companies and organizations. It also supports economic, environmental, and social sustainability.

Stakeholders such as investors, shareholders, creditors, host communities and employees are becoming worried for total accountability by disclosing some of these information that are needed for the sustainability of their companies in the annual report and account. However, management is seen as a driver of this GRI compliance which resulted into disclosing some of this information. Moreover, Hofer, et al (2012) have been contending how managerial energetic in influencing environmental disclosure of manufacturing companies which are basically on the management efficiency.

Therefore, managerial efforts in curbing these issues have becoming paramount most importantly strategies level officer who are within the aim of affairs of their companies. In spite of this, when management decides on disclosure that is best for the firms, major issues arise. For instance, such disclosure lacks basic quality like consistency and comparability, both over time and across entities (Michelon, et al (2015). This is due to the fact that companies are typically allowed to provide information about their environmental initiatives and social matters. However, it is important to measure the quality of disclosure as well, because measuring the quantity of information alone can often be misleading. This is due to the fact that evaluating the disclosures' quality may add new elements to the analysis of environmental reporting. Expectedly, management are to this disclose some of these information that will be in the interest of their stakeholders.

Despite these regulations at developed, developing and Nigeria content, the persistence of carbon emission, social economic injustices among employees, environmental pollution, air pollution among others are becoming more worrisome. In spite of these, within contents of literature searched such as Robinson, Rogers, Skinner, & Wellman (2023); Phung, et. al, (2023); (Bini et.al, 2023); (Berrone, et.al, (2013), Alabere, 2024; Sanni, et al. 2023). None or view of these studies examined managerial energizing as a determinant of sustainability reporting particular combining the three disclosure as whole.

Literature Review

Conceptual Review

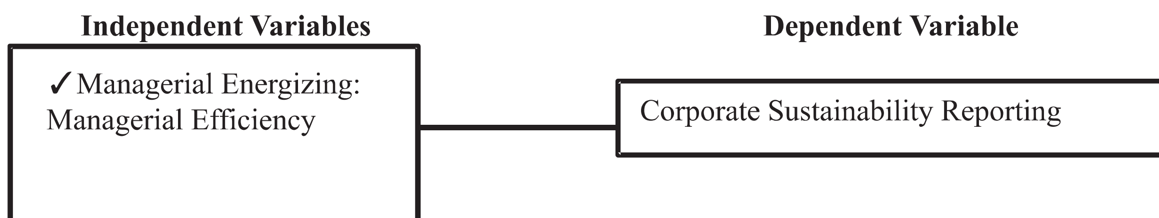
Nigri & Del Baldo (2018) defined sustainability reporting as a design to help corporations plan, prepare, report and disclose information about corporate commitment, implementation, measurement, disclosure, and accountability to performance management of economic, social, and environmental issues and corporate governance to internal and external stakeholders to realize the vision and objectives

of sustainable corporations and stakeholders. Furthermore, companies can benefit from sustainability reporting in the following ways: they can target and improve performance, benchmark against other businesses, engage and manage stakeholders more structured, better manage sustainability risk, and establish accountability (Ariyani & Hartomo 2018).

Reports on sustainability are issued by businesses or groups and discuss the effects that daily operations have on the environment, society, and economy. The sustainability report also demonstrates the relationship between strategy and the company's commitment to the global economy, as well as the principles and models of organizational governance (GRI, 2014) (Amran, Lee & Devi, 2014). Nonetheless, Nigri, et. al. (2018) have distinguished between many global sustainability reporting frameworks, including the Global Reporting Initiative (GRI), the Principle of Responsible Investing (PRI), the International Organization for Standardization (ISO), and Economic, Social, and Governance (ESG). Consequently, the goal of this study is to adopt GRI as a concept and its best practices for sustainability reporting worldwide.

Notwithstanding the aforementioned definitions, it is imperative to deliberate on the applicability of this idea to the present study; corporations have the potential to advance their sustainable development agenda or objectives by means of sustainability reporting. According to the Global Reporting Initiative [GRI], 2019, sustainability reporting is the process by which companies reveal the social, economic, and environmental effects that their regular business operations have on society and the environment. In the context of managerial energizing, Brahma and Chakraborty (2011) defined managerial high-energy as the power of management to achieve something within strategic plan of an organization. However, management play crucial roles in achieving the sustainable growth of an organization most importantly providing some non-financial information that will allow the stakeholder to achieved their long term goals. Again, Managerial energizing was defined by Zhang, et al (2023) as the process by which a manager transforms the product (input) of enterprises into a good output. According to this definition, the study's interpretation of managerial high-energy was the management's capacity to supply information now that will enable the business to survive into the future. Nonetheless, this assesses how well management transforms input into output that is sustainable.

Thus, managerial efficiency was described by Kim, Song & Triche (2015) as the total of the effects of teamwork, leadership, and management on organizational productivity. Nonetheless, the results of this study show how advantageous it is for managers to use their high levels of energy to convert inputs such as operating costs and property, plant, and equipment costs into outputs such as money. A competent manager establishes goals and standards for the productivity and effectiveness of a team. To satisfy stakeholder demands and elevate the standard of their administrative work, managers must take great care and furnish information on matters such as capital flow among shareholders and economic repercussions. Therefore, conceptual framework of this study is:



Source: Authors (2024)

Theoretical Review

However, certain theories regarding sustainability reporting have been examined in earlier research. These theories include, to name a few, stakeholder theory, agency theory, management theory, and contingency theory. Stakeholder theory, however, was taken into consideration to support the study in order to meet its goal. Freeman introduced the stakeholder hypothesis in 1984 (Stieb, 2009). The idea centers on capitalism and emphasizes the interdependent interactions that exist between a business and

its stakeholders, including shareholders, investors, consumers, suppliers, employees, investors, communities, and other parties. The theory states that regardless of the size of any stakeholder group, all stakeholders have a right to obtain information about environmental and social accounting information supplied by the company (Deegan, 2014).

Furthermore, according to its ideals, a corporation should provide value for all parties involved, not just shareholders. In the light of this, Adams, Licht & Sagiv (2011) suggestion that a company's values should be defined by its stakeholders in addition to its shareholders. The stakeholder theory of corporate governance has to address all aspect of an organization's activities that are grounded in the shareholders' corporation. The goal of the study may be accomplished since stakeholders are interested in both financial and non-financial information, according to the empirical justification previously given. Managers must, in fact, ensure that any information included in their annual report about labor practices, human rights, society, and product responsibility that affects employees, clients, communities, and other stakeholders is reported.

Empirical Review

Nevertheless, there are several discussions in the literature about what motivates sustainability reporting practices, especially in the context of global reporting that draws inspiration from the GRI. For instance, management dynamics was made clear in Sanni, et al (2023) study as a determining factor for corporate social disclosures among quoted industrial businesses in Nigeria. Out of the seventy-six (76) listed industrial firms, sixty-three (63) industrial enterprises comprised the sample size used in the ex-post factor research design. Data were analyzed using Panel Corrected Standard Error Estimation. The results showed that, among Nigerian listed industrial businesses, management effectiveness and corporate social disclosure had a positive association of 0.019, with a significant level of 0.000. Consequently, the study definitively showed that, notwithstanding its benefits, management performance has a significant influence on corporate social disclosure.

In the same vein, Alabere, et al (2024) investigated managerial high-energy as a driver for global reporting initiative (economic disclosure): in the context of Nigeria manufacturing companies. The research made use of secondary data from a sample of 49 manufacturing firms that continued to be regularly listed on the Nigerian Exchange (NGX) from 2011 to 2023. Both descriptive and inferential statistical methods were applied to the statistical analysis of the acquired data. Their results, which were obtained using the Generalized Least Square (GLS) regression method, indicate that managerial high-energy has a significant impact on economic disclosure. Companies that demonstrate higher levels of managerial high-energy also typically have more thorough and open economic disclosure procedures. Additionally, our research revealed that organizations with high-energy managers had higher GRI reporting rates because these managers are more driven to show their support for corporate social responsibility and sustainability.

In contrast, Yang & Li (2023) used data from energy-hungry Chinese firms to examine corporate ESG performance and the energy internet. In order to examine the microscopic policy implications of the Energy Internet demonstration project in 2016, this paper designs a difference-in-difference model using the project as a quasi-natural experiment. Panel data from 726 highly energy-consuming companies listed on the Shanghai and Shenzhen A shares, spanning the years 2011 to 2020, was utilized in the study. Accordingly, the study found that energy Internet may greatly enhance the ESG performance of high energy-consuming firms. The mechanism test's second finding is that Energy Internet can assist high energy-consuming companies in improving their ESG performance through three different channels: increasing government subsidies for environmentally and energy-conscious companies, recruiting skilled personnel, and improving the information environment within the companies.

However, Du, et al (2024) elucidated local government competition, environmental regulation and the investment efficiency of high energy-consuming enterprises. The study used panel regression and a moderating effects model based on data for Chinese firms with high energy consumption from

2011 to 2020. In light of this, the study discovered that, in the short run, environmental legislation and local government competition can encourage higher investment efficiency in energy-intensive businesses. On the other hand, in the long run, environmental regulations have no positive impact on investment efficiency. The influence of environmental restrictions on the investment efficiency of energy-intensive firms is beneficially mitigated by competition among local governments.

In the light of managerial efficiency, Heng (2024) investigated senior managers' perceptions of energy efficiency investment evidence from Malaysian SMEs. Finding out how SMEs felt about investing in energy efficiency was the main objective of the study. Data were gathered through a survey, and the study model was empirically tested. The study's conclusions showed that senior managers' perceptions of the costs and benefits of the initiative had a major influence on their support for energy efficiency initiatives, and that personal norms were a significant mediating factor affecting SMEs' energy efficiency investment.

Aliyu (2019) evaluates the influence of business attributes on the environmental reporting protocols of listed Nigerian manufacturing enterprises. Data was collected through an annual report. The results of the study show that the age, size, leverage, and return on assets of Nigerian listed manufacturing companies have a positive and significant influence on their environmental reporting practices.

Unlike this study and Abdulrasheeed (2022), Ndalu, Ibanichuka & Ofurum (2019) examine the innovativeness and environmental disclosure of listed oil and gas corporations in Nigeria; they find a negative correlation between environmental disclosure and board independence and conclude that firm complexity does not appear to have a moderating effect on the association between environmental disclosure and board qualities.

In order to broaden our understanding of sustainability disclosure, Santos, Moura-Leite, Pereira & Pagán (2021) evaluate environmental disclosure and innovation in the Portuguese manufacturing sector. They find that technological infrastructures have a significant positive correlation with environmental disclosure, but they also have a negative correlation. In addition, Eljayash (2015), however, also provides clarification on the financial results and corporate environmental disclosure of companies operating in Libya's manufacturing industry. The results, which were derived from a survey questionnaire, show that a company's financial performance is greatly impacted by its environmental disclosure.

Additionally, Wang, Zhang Zeng Meng & Lin (2023) examine the impact of corporate characteristics on environmental information disclosure. The financial statements from the disclosure book for the pre-revolutionary years of 2007 to 2011 as well as the annual reports of the 50 busiest companies listed on the Egyptian stock exchange were used in this study. Consequently, the results showed that the firm age and EID significantly correlated negatively, the firm profitability and EID positively correlated, and the business financial leverage and EID positively correlated. Summarily, obviously, there different scholars that have written on corporate sustainability reporting particular those that have written on environmental, social and governance, however, none of these studies of this have emphasize on managerial emerging has a determinant of these variables.

Methodology

In order to achieve objective of study, data were gathered from the Nigerian manufacturing enterprises' annual reports that were listed. Nigerian Exchange Group (NGX) has seventy-six (76) listed manufacturing businesses as of the date (December, 2024) of information extraction from the annual report of these manufacturing companies. Nonetheless, the selection of manufacturing was made due to its role in the growth of Nigeria's economy and the country's GDP, which is the most significant indicator. The sample size for this study is sixty-three (63) listed manufacturing organizations since Krejcie and Morgan's 1970 analysis of the easy accessibility and simplicity of non-financial information of these manufacturing companies were utilized to calculate the sample size. Due to irregularities in the manufacturing companies, as of December 2020, only forty-nine (49) manufacturing companies are

consistently listed between the 2011 and 2023 accounting year; as a result, this number serves as the study's sample size.

The study's data were taken from these listed corporations' annual reports. This is based on the notion that yearly reports are often available to a wide variety of people. Both descriptive and inferential statistical approaches were used to statistically analyze the collected data. The descriptive statistics utilized to provide an overview of the annual reports and accounts of the chosen organizations for the years 2011 through 2024 include the mean, standard deviation maximum, and lowest value. The inferential statistic employed in this work is the Generalized Least Square Model Result.

The model used to test the above mentioned theories is as follows:
$SR=\beta 1ME+\varepsilon$……………………………………………………………………………
Where:
SR= Sustainability Reporting
ME= Managerial Efficiency

Table 1: Variable Measurement

Variables	Construct	Measurement	Evidence from previous studies	A-prior expectation
Sustainability Reporting	SR	GRI Index (G4) = The average of total disclosure of economic, environmental and Social disclosure.	Sanni, et al. 2023; Alabere 2024	+/-
Managerial Energizing	ME	Managerial efficiency: Output (Revenue) / Input (Cost of Sale + Operating expenses + PPE(introduce)	Alabere. et. al 2024	+/-

Source: Authors (2024)

Results and Discussion

Before conducting an analysis of the hypotheses, a number of preliminary tests were carried out to make sure the data collected was normal. These tests included the use of kurtosis and skewness in the Normality Test; the results of this test indicate that most variables are normally distributed based on skewness, even though most variables are not normally dependent on kurtosis; this is because the majority of the kurtosis values, which are larger than the range of ±1.96, indicate that the data are not normally distributed; as a result, generalized least square (GLS) was employed as an inferential statistic in this work.The data were subjected to a number of diagnostic tests prior to being exposed to inferential statistics, including the Hausman test, auto and serial correlation test, heteroscedasticity test, normality test, and linearity test. The null hypothesis—that the residuals are not regularly distributed across the model—is supported by the Shapiro-Wilk test results for the normality test, which showed that the p-value was significant at 1%. However, if the sample size is greater than 15 observations, the Gauss-Markov theorem states that the best linear un-bias estimate (BLUE) can be derived without the residual distribution and data normality.

Table 2: Inferential statistics: Panel Corrected Standard Error (PCSE)

Model Result/ Variable	Coefficient	Significant
Managerial Efficiency and Sustainability reporting	(0.0356)	(0.000)

Source: Authors (2024)

Discussion of Findings

Companies are required to disclose the effects, and implications of these resources on the their companies stakeholder. The study's results showed that managerial efficiency has a positive and significant impact on sustainability reporting (as measured by SR), with a significant level of 0.0356 $p<0.01$ and a coefficient of 0.0356. This is consistent with the prediction made by the stakeholder theory that businesses generate more revenue than they consume in the form of operating expenses, sales costs, and property, plant, and machinery. Conversely, this aligns with the empirical findings of Sanni et al. (2023) and Heng (2024), who found that managerial effectiveness positively impacted economic transparency. Furthermore, it requests that managers explain the ways in which their primary stakeholders cooperate and acknowledge the value that they generate collectively. It also forces managers to be explicit about their preferred modes of conducting companies, particularly with regard to the connections they must and wish to forge with their stakeholders in order to accomplish their sustainable growth.

Conclusion and Recommendation

Evidently, the factors influencing corporate sustainability disclosure and, above all, stakeholder sustainability reporting have already been covered in earlier studies. But in light of this study, it was discovered that high management power significantly affects economic disclosure through their effectiveness. Consequently, the study comes to the conclusion that their highly effective management, including the managing director and other directors, has a substantial impact on the disclosure of sustainability information, including Examples of the direct economic value created and supplied include revenues, operational costs, employee compensation, gifts and other community investments, retained earnings, and payments to governments and capital suppliers. The study concludes once more that management's capacity to disclose information regarding climate change, both financial and non-financial, that has implications for the organization's operations and presents possibilities and risks, is crucial.

In the light of this conclusion, In order to protect the interests of all stakeholders, including employees, communities, customers, and other respected parties, this study recommends that strategic management of all listed manufacturing be fair to these parties. Examples of such information include the range of gender-specific standard entry-level pay ratios to the local minimum wage at key operational locations, policy, procedures, and percentage of funds spent at major operating locations on locally based suppliers and hiring processes, as well as the percentage of top managers employed locally in major operating areas.

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