Volume 2, Nomor 1, 2026, pp 12-24. Copyright © 2026 JAMES, Program Studi Sarjana Akuntansi, Fakultas Hukum dan Bisnis Digital, Universitas Kristen Maranatha. ISSN 3163-5598 | https://journal.maranatha.edu/index.php/james

Sustainability Reporting and Earnings Quality Of Listed Non-Financial Firms In Nigeria

Omololu Adex Bamigboye[1]*
Department of Accounting, Faculty of Management Sciences, Osun State University, Osogbo, Nigeria
Adewumi Zaid Adeyemi[2]
Department of Accounting, Faculty of Management Sciences, Osun State University, Osogbo, Nigeria
Wasiu Adebayo Lamidi [3]
Department of Accounting, Faculty of Management Sciences, Osun State University, Osogbo, Nigeria
Olubisi Folake Akinola[4]
Department of Accounting, Faculty of Management Sciences, Osun State University, Osogbo, Nigeria
*Correspondences: omololu.bamigboye@uniosun.edu.ng

Abstract

The value of sustainability reporting is questioned, as differing weightings and techniques in SRA disclosures make it difficult for investors to compare firms and make informed decisions. Therefore, this study investigates how sustainability reporting accounting affect the earnings quality of listed NFFs in Nigeria. The study population comprises of 106 listed NFFs while 38 listed firms were considered as sample size. Secondary data were extracted from the annual reports and accounts of the selected firms using content analysis from 2014 to 2023. The results revealed that the social disclosure had positive and significant effect on earnings quality. This suggests that firms can achieve financial benefits through enhanced transparency and commitment to social responsibility, ultimately leading to a more sustainable and profitable business model. Regarding the control variable, firm size significantly and favourably impacted earnings quality. This suggests that larger firms typically have more resources, including access to skilled personnel and advanced technologies. Firm age has negative and significant effect on earnings quality. The study concludes that study concludes that earnings quality can be improved by increasing social disclosure on employment and occupation, health and safety, diversity and equal opportunity, and community involvement. Ultimately, this will lead to a more sustainable and profitable business model.

Keywords: Earnings quality; Social Disclosure; Sustainability Reporting Accounting

INTRODUCTION

Earnings information is a crucial indicator of a company's financial performance. Low information asymmetry suggests that a company provides accurate and reliable earnings, reflecting its true value and aiding investors in decision-making. Since earnings are firm-specific, they represent a price risk factor. When investors lack access to high-quality earnings information, they often respond by charging a higher cost of capital, potentially affecting the firm's overall value (Sarun, 2016). The differing perspectives on revenue quality parameters complicate research in this area. Olagunju et al. (2023) highlight that EM occurs when directors manipulate financial reports to serve the company's interests, which can mislead shareholders about its true financial condition. This underscores the impact of managerial actions on earnings quality. Furthermore, during the past 20 years, non-financial reporting has grown in prominence, including sustainability and corporate social responsibility (CSR) reporting.

The Global Reporting Initiative's (GRI) criteria are one of the main forces behind high-quality sustainability reports. GRI sustainability Guidelines has however mandated organizations across the globe to check how well they are doing in sustainability and often

© 2026 Journal of Accounting Maranatha Emerging Scholars. This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

share these results much like standard financial reports (Onoja et al., 2021). However, Chinedu and Ogochukwu (2020) noted that a 2014 KPMG survey revealed something interesting—Nigeria pulls in only about 2 per cent of the GRI-based reports, hardly making a mark. Meanwhile, South Africa ends up with roughly 96% while the remaining 2% gets spread out, more or less, across other parts of the continent. Tilt et al. (2020) point out that many Sub-Saharan nations often struggle with setting up sustainability reports that really fit their local conditions. On the contrary, They argue, that even if challenges arise along the way—choosing voluntary reporting frameworks is generally key for bridging every day, informal practices with those legal reforms that the region so badly needs.

In Nigeria, Non-financial companies help propel economic growth, yet they are often rebuked for the harmful emission they send through local environment and community life. Increasingly, stakeholders are pushing these firms to be proactive and candid about exactly how their operations affect the neighbourhoods where they work (Adeniyi & Fadipe, 2018). Stakeholder are now pushing for accountability, insisting that profit making goes hand in hand with real commitments and impact to society and the environment.

Non-financial companies are now playing a major role part in environmental pollution. Generally speaking, the quest for higher profits—along with constant market pressures, fast-changing tech, and sometimes even an unplanned overuse of natural resources—ends up fueling ecological problems (Ezejiofor, 2016). While companies in developed regions like the US and Europe adopt sustainability reporting, many in developing nations such as Bangladesh still lag behind (Belal et al., 2015; Rahman et al., 2020). In Nigeria, SR is gradually gaining traction. The Nigerian Exchange Group has played a key role by introducing the NSE Sustainability Disclosure Guidelines in 2017, which provide listed companies with a framework for reporting their environmental, social, and governance (ESG) performance. The guidelines focus on essential issues like governance, labor practices, human rights, environmental impact, and community involvement.

In developed countries such as Canada, Germany, France, Australia, the UK, and the US, SR has become a key global governance practice (Olagunju et al., 2023). Investors these days seem to pay extra attention to how companies treat the natural world, handle social responsibilities, and manage their internal affairs (Bhattacharya & Sharma, 2019). Often, their focus isn't solely on quick profits but more on whether a business is built to last and how its actions ripple out to influence both nature and local communities. Earnings quality appears linked to how companies report their economic, social and governance performance—often, these reports seem wrapped up in a bid to maximise wealth (Joshua & Akintoye, 2023). This study researched into how consistent sustainability reports can boost the quality of earnings. In many cases, such disclosures help build accountability and clear, open financial reporting among Nigerian companies.

Sustainability reporting has suddenly called for more attention, caused by a growing concern about issues with the environment, society, and how companies are run. Yet, the way these reports affect the earnings quality of Nigeria's Non-financial enterprises still remains unexplored, yet by experts. For stakeholders, such as investors, regulators, and the general public, financial statements are essential to guide when making investment decision, thus it should be free from errors and mistakes (Diwe-Tochukwu & Okafor, 2024). Yet, when companies offer only patchy sustainability details, the trust we place in these claims can quickly falter—often twisting our view of a firm's real earnings quality.

In Nigeria, where the business environment is characterized by various challenges, such as economic instability, political instability, environmental pollution, environmental degradation and regulatory inadequacies, the integration of SR into financial practices could either enhance or diminish the perceived quality of earnings (Olagunju et al., 2023). Empirical evidence remains relatively scant, making it hard to conclude if sustainability efforts truly boost

the transparency and trustworthiness of financial disclosures among NFFs that are publicly listed.

Corporate social disclosure (CSD) has gained attention these days, firms now see that their social, environmental, and ethical choices ripple out and affect a wider, sometimes unexpected, group of stakeholders. In Nigeria, listed non-financial companies are starting to open up about their social responsibilities in ways they had not before. This shift had called the attention of scholars and had led to questions about whether these more transparent moves might has affected the quality of their earnings. Companies sometimes launch social outreach projects and share details to boost their image and reputation yet it's still not entirely clear—at least in most cases—how much such disclosures really sway views on the trustworthiness and quality of their earnings (Okpo et al, 2024). Nigeria's business scene faces its own set of challenges like corruption, unclear transparency, and a lingering lack of public trust keep things complicated. Investors, regulators, and everyday consumers are increasingly pushing companies to show more accountability and genuine openness (Ukoh et al., 2024). However, the effectiveness of corporate social disclosures in genuinely reflecting the firms' commitments and the actual quality of their earnings is often debated.

Francesco et al. (2020), Ningsih et al. (2023), Whetman (2018) and Rahman et al., (2020) have worked on how sustainability reporting affects earnings quality outside Nigeria with diverse results. However, a number of studies have also examined the relationship between SR and EM in Nigeria; Erin et al. (2021a) analysed the quality of SDG reporting and corporate governance, but did not address earnings quality; study by Erin et al. (2021b) used primary data to examine the SDG reporting of the top fifty (50) listed companies in Nigeria for the period of 2016–2018, with potentially subjective results; and managers frequently manipulate earnings to conceal their companies' true financial situations, which can affect the quality of sustainability reports Joshua & Akintoye (2022), Akintoye and Kassem (2022) focus on the listed manufacturing. Some other studies such as that of Hung and Cuong 2022 and Ibrahim et al 2015, were focused on effect of earnings quality on SR of firms. Olagunju et al. (2023) focused on economic, social, and environmental disclosures without considering accrual quality. Most researchers have relied on either real EM or discretionary accrual to measure EM , leaving a gap in empirical evidence regarding accrual quality and earnings persistence.

By applying accrual quality to sustainability reporting, the study will close the gap, focusing on research question; what effect does sustainability reporting have on the earnings quality for NFFs that are listed in Nigeria? This study's main goal is to investigate the connection between these companies' profitability quality and internal social disclosure. By examining these aspects, this study will highlight the importance of comprehensive SR as a tool for enhancing earnings quality and fostering trust among investors and other stakeholders in the Nigerian market.

LITERATURE REVIEW AND HYPOTHESIS

Earnings Quality

Earnings quality, is referred as quality of firm's earnings, it is the extents to which earnings are accurately reported and thus reflect the true and fair view of financial performance of the firm and its ability to predict the firm's future cash flows. Bamigboye et al. (2024) opined that Earnings quality is all about how closely the numbers you see match up with the genuine economic happenings within the business. Strong earnings quality usually means that the numbers a company publishes offer a true reflection of its financial condition, giving decision-makers solid, dependable info to work with. What really matters here is having figures that hit the mark, are reported in an open way, and tend to remain consistently over time—traits that, in many cases, boost the overall trustworthiness of its financial reporting. When reported

earnings is consistent over time, they're often seen as a key indicator of earnings quality (Ogiriki & Asemota, 2024).

Sustainable earnings shows that a firm is making regular and consistent profits; generally speaking, this steady performance tends to lower the risk of manipulative financial misrepresentation or brief market fluctuations that might mislead investors. Strong earnings can often show a signal that a company is truly set on being open and honest; in many cases, that drive for transparency, high quality earnings are thus associated with persistent and transparent accounting practices, which allow users of accounting to be confident to use the financial statements for informed decision making.

Accrual Quality

Accruals quality is one part of what we call earnings quality that sort of reveals whether a company's reported adjustments really line up with what's happening in its day-to-day financial life. It measures the precision with which accruals predict future cash flow. These adjustments, note revenue or expenses even before any cash changes hands, end up being crucial in showing a reliable state and position of a company's finances (Nguyen et al., 2019). High accruals quality means that the reported numbers basically reflect the real economic reality behind transactions; conversely, when accruals quality is low, it might show that there are possible manipulation or an overly zealous approach to accounting—which, in most cases, brings doubt on just how accurate those figures truly are. Checking accruals really comes down to seeing if they honestly capture what's happening in the economy—without getting skewed by bias or extra managerial manipulations (Ogiriki & Asemota, 2024). Often, keeping a careful, conservative estimation helps cut down the risk of manipulated earnings and, in many cases, yields accruals that appear to be of higher overall quality.

Accrual quality is a crucial indicator for assessing earnings quality, often guiding stakeholders to make smart decisions about a company's financial health and future prospects; in most instances, it remains indispensable for understanding just how reliable and transparent a firm's financial reporting actually is.

Sustainability Reporting (SR)

Generally speaking, sustainability reporting (SR)—which first emerged in the chemical industry back in the 1980s—is basically about tracking and revealing a company's sustainability data, all while merging with the firm's usual reporting habits. Joshua and Akintoye (2022) explains SR as a report that shows an organization's ability to adopt extra activities that enables it to develop towards events and changes relating to social, ecological and economic environments alongside the management of risks that ensue from such environment. Sustainability reporting is thus communication mechanism that helps to convey information to various stakeholders that the firm's actions about ESG are sincere. The idea of SR emerged as stakeholders' priorities shifted from traditional information requirements to non-financial indicators that incorporate ESG values. Environment, economic, ethical, social, and governance are the fundamental metrics of SR that reflect the demands of many stakeholders inside an organisation (Joshua & Akintoye, 2022).

SR is a method used by organisations to notify stakeholders on the social, environmental, and economic effects of their operations, according to the (GRI). The World Bank Group's International Financial Corporation views it as integrated reporting that reflects value creation along with environmental, social, economic, and governance performance. The United Nations' advocacy for the (SDGs) in 2015 increased awareness of SR in emerging nations, promoting alignment in development efforts (Erin et al. 2024). This agenda addresses global challenges and provides solutions. SR enables companies to assess and communicate their multifaceted performance i.e Financial and Non- Financial performance. According to

Asuquo et al. (2018), it reveals how businesses manage their workforce, environmental impact, and community engagement.

Sustainability accounting, according to Deloitte (2020), is similar to managing a company's social and environmental impacts from the production of goods and services with managing the associated capitals necessary to create long-term value. Social disclosure really stands out in sustainability reports—it's the way companies share what they're doing for the environment. In addition, Indriawati and Yanti (2021) opined that, in many cases, these reports let organizations not only highlight their green efforts but also reports on their social and governance practices, giving stakeholders a transparent report and view into overall performance.

Social Disclosure

Social aspects in sustainability reporting cover a range of topics like diversity policies, how companies relate with their local communities, and even the standards they follow at work. Social disclosure is the obligation of a firm to disclose non-financial data that relates to social issues and program. In most cases, you'll also notice that issues around safety and health, a firm stance on human rights, and ongoing efforts to nurture human capital (often through education and health initiatives) also form part of the report.

According to Umanah and Akpan (2024), social disclosure essentially blends a company's social responsibility with its everyday responsiveness—mixing a range of policies and programs with the tangible, quantifiable outcomes that reveal its social engagement. Generally speaking, a company is not meant to make money only; it's expected to look after the welfare of the staff and even the local community where they operate, stepping beyond the usual focus solely on financial backers (Turban & Greening, 2017). Essentially, it reflects the company's obligation to enhance the social welfare of stakeholders sustainably over the long term (Jamali et al., 2017).

Adams (2012) opined that corporate disclosure is a report blend of what companies do from setting up response strategies and crafting policies and programs, in order to show measurable results of their social activities. In many cases, corporate social performance reminds us that firms owe more than satisfying their financial shareholders interest, they also have responsibilities toward a broader network of stakeholders, sometimes in ways that are not always easy to specify. Lubis et al. (2019) note that social performance reflects an organization's commitment to improving employee well-being, upholding ethical standards, and enhancing overall performance, contributing to the nation's economic development. By sharing information on labour practices, employee welfare, community involvement, human rights, and diversity efforts, organisations demonstrate their dedication to sustainability and social well-being (Umanah & Akpan, 2024).

Transparency in social disclosure allow people to see firsthand how a company handles its social efforts and sorts out problems; and this makes investor to gain interest in their company. In most cases, when organizations share clear social details, they build trust and naturally invite stakeholders to become more involved in those responsibilities (Shad et al., 2019).

Theoretical Framework

The study is grounded in quality signaling theory, which suggests that investors are motivated by a company's sustainability disclosures and earnings. When disclosures are aimed at boosting earnings, companies might end up sharing not only more info but also details that come off as sharper in quality. Generally speaking, the idea behind this theory is to shed some light on why we tend to trust certain signals while others, do not (Sun et al., 2020). Healthy competition often motivates companies into providing comprehensive, exclusive and more

candid voluntary disclosures, especially when competitors are competing for position. In most cases, a firm's strategic moves end up serving as subtle signals to various stakeholders.

Empirical Review

Using multiple regression analysis, Rahman et al. (2020) investigated the curbing effect of EM on sustainability disclosures of banks in Bangladesh from 2009 to 2017. They found that sustainability reports and equity value were positively correlated, but that EM curbed this effect, which was negatively significant to both. Francesco et al. (2020) studied 60 companies on the Italian Stock Exchange in 2018 and found a weak relationship between EM practices and sustainability reporting. Companies with higher sustainability involvement tended to engage less in EM.

Erin et al. (2021) used logistic regression to analyze 120 companies on the Nigeria Stock Exchange and discovered that certain audit committee characteristics and board governance factors (size, gender diversity, expertise) were significantly associated with SR quality. They also found that external assurance improves SR through better corporate governance. Akintoye and Kassim (2022) studied sixteen manufacturing businesses listed from 2011 to 2020 and found that SR did not significantly affect financial report quality, likely due to stringent environmental regulations. However, profitability performance did have a significant impact. Olagunju et al. (2023) investigated the impact of SR on EM for quoted NFFs in Nigeria from 2015 to 2021, using panel regression analysis and descriptive statistics. They found that SR negatively affects real earnings and discretionary accruals. Similarly, Joshua and Akintoye (2022) examined how sustainability disclosure influenced EM in nine Nigerian companies listed between 2015 and 2019. Their multiple linear regression analysis revealed that SR significantly harms actual EM practices. Using a panel data estimation technique, Ningsih et al., (2023) examined the connection between SR practices and EM in the context of Indonesia from 2010 to 2021. The study found that companies that use these practices are more likely to have higher-quality SR practices.

METHODOLOGY

This study employed an ex-post facto research design, guided by GRI 1 and GRI 3 quality reporting principles, to examine internal social disclosure characteristics of listed NFFs firms in Nigeria. The population included 56 firms in the Nigerian Exchange Group, with 38 firms selected for analysis. Quantitative data derived from the annual reports of these firms, and a scoring approach was used for content analysis to quantify social disclosures from 2014 to 2023. GMM was applied to address potential distributional assumptions in the data structure.

Table 1. Summary of Measurement of Variables

Variables	Type of Variable	Variable Labels	Measurement	Source
Accrual Quality	Dependent	AQ	We apply the same approach as Richardson (2003) and Desai et al. (2006) to measure accrual quality, as shown in the equation below. Earnings-CFO/ Average Asset Where: Earnings stand for earnings before extraordinary, CFO=cash flow from operation	Lyimo,2014

Social disclosure	Independent	SDI	Measured as number of items of corporate Social disclose divided by total disclosure. It is proxy Social Reporting Index (SDI).	Umanah and Akpan, (2024)
Firm Size	Control	FSZ	Natural log of total assets	Yeye & Egbunike, 2023
Firm Age	Control	FAG	Age of the firm	Yeye & Egbunike, 2023

Source: Authors' Compilation, 2025

Sustainability Reporting Measurement

The sustainability was measured using the Reporting Index checklist, which has eight social disclosure items. These items were scored using a dichotomous approach, where an item receives a score of "1" if it is reported and a score of "0" if it is not, as supported by Yeye & Egbunike (2023). The formula for calculating the unweighted reporting scores using the ESG disclosure framework is as follows:

$SDI = \sum_{i=1}^{8} d1_{/d}$ ……..(1)

Where:
SDI is social disclosure index
d = 1 if item 'di' is reported or 0 if item 'di' is not reported
d = maximum number of items (8,)

Table 2. Sustainability (SD) Index Checklist

Theme and sub-items	**Social**
1	Equal possibilities and diversity
2	Industrial relations and labour
3	Safety and health at work
4	Education and training
5	Human rights
6	Participation of the community
7	Product accountability
8	Charity

Source: Researchers' Computation, 2025

Model Specification

This study adapts the work of Peršić and Lahorka (2018) to achieve this objective of the study. Therefore, based on the objective, we can say that AQ is a function of social disclosure, expressed as.

$$aq = f(sdi) \quad 2$$

Specifically, and in the spirit of Peršić and Lahorka (2018), equation 3.4 can be defined as.

$$aq_{it} = a_0 + b_1 sdi_{it} + b_2 fsz_{it} + b_3 fag_{it} + u_{it}$$

Following Arellano and Bover, (1995) and Blundell and Bond (1998), equation 5 can be differenced to remove all the unobserved variables including constant, and to introduce predecessor variables as instruments, particularly the lags of the dependent variable to create additional moment conditions. Thus

$$\Delta aq_{it} = a_0 + \Delta aq_{it-1} + a_p \Delta aq_{it} + b_1 \Delta sdi_{it} + b_2 \Delta fsz_{it} + b_3 \Delta fag_{it} + \mu_{it}$$

Where:

aq_{it} = accrual quality
$sdi_{it=}$ social disclosure
fsz_{it}= Firm size
fag_{it} = firm age
company *i*: at time *t*;

RESULTS AND DISCUSSION

Descriptive Statistics

Table 3. Summary of Descriptive Statistics

	AQ	SDI	FSZ	FAG
Mean	0.326	0.555	7.183	29.963
Median	0.289	0.570	7.126	34.000
Maximum	1.000	1.000	9.241	55.000
Minimum	0.019	0.000	5.092	1.000
Std. Dev.	0.209	0.456	0.915	12.933
Skewness	1.317	-0.237	-0.024	-0.743
Kurtosis	4.856	1.229	2.233	2.404
Jarque-Bera	164.422	53.198	9.347	40.603
Probability	0.000	0.000	0.009	0.000
Sum	123.913	210.740	2729.604	11386.00
Sum Sq. Dev.	16.633	78.717	317.31	63985.48
Observations	380	380	380	380

Source: Authors' Compilation, 2025

Table 3. denotes the results of estimated descriptive statistics for each variable. As showed, accrual quality has an average value of 0.326, implies earning quality among listed NFFs found to be 32.6 percent which was very low. Thus, there is general evidence that earnings quality component of financial reporting standards is low for the NFFs in Nigeria. The result further indicates that the average social disclosure was 0.555, this means that sampled firms disclosure their SD more than 50 percent respectively. The average firm size stood 7.183 while firm age had a mean value of 29.963. The probabilities of Jarque-Bera of all variables were less than a 0.05 SL, implication was that the null hypothesis is rejected. The kurtosis statistics for earnings quality are high, indicating the presence of significant extreme values for some organizations. In contrast, the descriptive analysis shows that the skewness value is within the typical range of ±1.32. The probabilities of Jarque-Bera of all variables were less than a 0.05 SL, implication was that the null hypothesis is rejected.

Table 4. Correlation Matrix

Correlation Probability	**AQ**	SDI	FSZ	FAG
AQ	1.000			

SDI	-0.044	1.000		
	0.390	-----		
FSZ	-0.144	0.041	1.000	
	0.005	0.423	-----	
FAG	0.042	-0.157	0.057	1.000
	0.419	0.002	0.268	-----

Source: Authors' Compilation, 2025

The correlation results in Table 4 revealed a weak and negative association between accrual quality (AQ) and social disclosure given coefficient of -0.044, as well as firm size (coefficient: -0.144), but with significant association with AQ. Conversely, Firm age exhibited a positive correlation with AQ (coefficient0.042). The correlation coefficients of the other regressors are less than 0.5, indicating weak relationships and no multicollinearity issues.

Panel Generalized Method of Moments

Dependent Variable: AQ

Table 5. Method: Panel Generalized Method of Moments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AQ(-1)	0.085	0.017	4.888	0.0000
SD	0.115	0.015	7.898	0.0000
FSZ	0.598	0.073	8.159	0.0000
FAG	-0.034	0.0027	-12.306	0.0000
Diagnostics Test				
Sargan Test (J-stat.)	35.4559			
Prob(J-stat.)	0.608507			
AR(1) P-val	0.6232			
AR(2) P-val	0.7405			
Instrument rank	36			

Source: Authors' Compilation, 2025

According to results in Table 5, the social disclosure had positive and significant effect on earnings quality given (t- val. 7.898, P< 0.05). This suggests that firms can achieve financial benefits through enhanced transparency and commitment to social responsibility, ultimately leading to a more sustainable and profitable business model. Moreover, improved earnings quality often reflects better management practices and operational efficiencies, which can attract more investments. On the side of control variable; firm size had positive and significant effect on earnings quality (t- val. 8.159, P< 0.05). This means that big companies usually have a richer mix of assets – like seasoned team members and the latest tech – that smaller outfits might not get. That combo often means they handle money matters with a bit more care, so their financial records tend to come off as more spot-on and dependable. Firm age has negative and significant effect on earnings quality (t- val. =-12.306, P< 0.05). This implies that older firms may become complacent over time, relying on established practices that may no longer align with current market conditions or industry standards. This stagnation can lead to inadequate financial reporting and reduced earnings quality, as they might be less inclined to adopt new innovative practices. The post estimation tests based on second order autoregression AR (2) and Prob (J-statistic) test show that the coefficients of the autogression are not significant since the probability values are respectively larger than 5 percent. Meaning the residuals are not autocorrelated. The p-value of the Sargan Test (J-stat.) test associates with large probability value. In this regard, the null hypothesis of overidentifying restrictions is valid cannot be rejected. It means all the instruments are valid and the model has good fit for prediction.

Discussion

This study examined the effect of SR (social disclosure) on earnings quality which reveals that social disclosure was positive determinants of earnings quality for Nigerian NFFs. The implication of this is that firms engaging in transparent corporate social disclosure

reporting may enhance their credibility and reputation among stakeholders and the community. More steady revenue streams and possibly better valuations can result from this enhanced trust. Furthermore, because investors may perceive them as less risky, companies that are open about their social benefits are likely to have lower capital costs. Additionally, a strong commitment to social disclosure can lead to better decision-making within the organization, as it forces management to consider the broader implications of their operations beyond just financial performance. This can ultimately lead to sustainable business practices that contribute positively to the firm's long-term success. This finding corroborated with outcome of Ningsih et al. (2023) but in contrary to Joshua and Akintoye (2022) and Olagunju et al. (2023).

The practical implications of the positive and significant effect of firm size on the earnings quality of listed NFFs in Nigeria are as follows: Due to their ability to maintain performance during economic fluctuations, investors may favour larger firms because they can benefit from economies of scale, which can lead to improved cost management and efficiencies, which can translate into higher profit margins and improved earnings quality. The negative and significant effect of firm age on the earnings quality of listed non-financial firms in Nigeria showed that established firms often exhibit resistance to change, which can hinder their ability to adapt to regulatory updates or evolving stakeholder expectations regarding transparency and accountability. This reluctance can result in discrepancies or inaccuracies in financial reporting, ultimately affecting earnings quality.

CONCLUSIONS

According to the study's findings, a more sustainable and profitable business model will result from greater social disclosure on employment and occupation, safety and well-being, variation and equal chances, and engagement with the community. The study recommended that management should uphold freedom of association and regularly reassess employee compensation, regular training symposiums for staff are crucial for skill development and fostering a culture of innovation through research and development and must actively engage in community service and improved infrastructure can significantly boost earnings quality, demonstrating the positive impact of social responsibility on overall success.

This study contributes to accounting practice in the sense that it threw light into the provisions of GRI as regards disclosures, thus companies especially NFFs are now exposed to areas for improvement as regard disclosures in the financial statement such that it would be useful to investors and other stakeholders. This study added to the general knowledge by using GMM technique to bringing up the robustness of the research methodology.

REFERENCES

Adam, C. (2012). *A corporate social responsibility journey: Looking back, looking forward.* In *Proceedings of the 5th Annual Conference on CSR*, Humboldt University, Berlin, Germany.

Adeniyi, S. I., & Fadipe, A. O. (2018). Effect of board diversity on sustainability reporting in Nigeria: A study of beverage manufacturing firms. *Indonesian Journal of Corporate Social Responsibility and Environmental Management, 1*(1), 43–50.

Akintoye, R. I., & Kassim, S. K. (2022). Sustainability and financial reporting quality for listed manufacturing companies in Nigeria: The legitimacy theory perspective. *Universal Journal of Accounting and Finance, 10*(4), 811–819. https://doi.org/10.13189/ujaf.2022.100403

Arellano, M., & Bover, O. (1995). Another look at the instrumental variable estimation of error-components models. *Journal of Econometrics, 68*(1), 29–51.

Asuquo, T. A., Dada, E. T., & Onyeogaziri, U. R. (2018). The effect of sustainability reporting on corporate performance of selected quoted brewery firms in Nigeria. *International Journal of Business and Law Research, 6*(3), 1–10.

Bamigboye, O. A., Fakunle, I. O., & Erin, O. A. (2024). Enterprise risk management implementation and earnings quality: An empirical investigation on Nigerian financial sector. *Jurnal Akuntansi, Keuangan, dan Teknologi Aplikasi (JAFTA), 6*(1), 66–84. https://journal.maranatha.edu/index.php/jafta

Belal, A. R., Abdelsalam, O., & Nizamee, S. S. (2015). Ethical reporting in Islami Bank Bangladesh Limited (1983–2010). *Journal of Business Ethics, 133*, 44–58. https://doi.org/10.1016/j.cpa.2015.01.005

Bhattacharya, S., & Sharma, D. (2019). Do environment, social and governance performance impact credit ratings: A study from India. *International Journal of Ethics and Systems, 35*(3), 466–484.

Blundell, R., & Bond, S. (1998). Initial conditions and moment restrictions in dynamic panel data models. *Journal of Econometrics, 87*(1), 115–143.

Chinedu, E. N., & Ogochukwu, O. G. (2020). Relationship between environmental accounting disclosures and financial performance of manufacturing firms in Nigeria. *International Journal in Management and Social Science, 8*(2), 171–193.

Diwe-Tochukwu, N. G., & Okafor, R. G. (2024). Sustainability reporting and profitability of listed oil and gas firms in Nigeria. *Journal of Global Accounting, 10*(2), 141–170.

Erin, O., Adegboye, A., & Bamigboye, O. A. (2021). Corporate governance and sustainability reporting quality: Evidence from Nigeria. *Sustainability Accounting, Management and Policy Journal.* https://doi.org/10.1108/SAMPJ-06-2020-0185

Erin, O., & Bamigboye, O. (2021). Evaluation and analysis of SDG reporting: Evidence from Africa. *Journal of Accounting and Organizational Change.* https://doi.org/10.1108/JAOC-02-2020-0025

Erin, O., Ackers, B., & Bamigboye, O. (2024). The state of SDGs and sustainability practices of public sector entities: Evidence from under-investigated context. *Journal of Cleaner Production, 465*, 142772. https://doi.org/10.1016/j.jclepro.2024.142772

Erin, O., Bamigboye, O., & Arumona, J. (2020). Risk governance and financial performance: An empirical analysis. *Business: Theory and Practice.* https://doi.org/10.3846/btp.2020.10850

Ezejiofor, R. A., Racheal, J. A., & Chigbo, B. E. (2016). Effect of sustainability environmental cost accounting on financial performance of Nigerian corporate organizations. *International Journal of Scientific Research and Management, 4*(8), 4536–4549.

Francesco, G., Alessandra, C., Marianna, Z., & Massimo, M. (2020). Sustainability engagement and earnings management: The Italian context. *Sustainability, 12*(12), 4881. https://doi.org/10.3390/su12124881

Ibrahim, M. S., Darus, F., Yussoff, H., & Muhamad, R. (2015). Analysis of earnings management practices and sustainability reporting of corporations that offer Islamic products and services. *Procedia Economics and Finance, 28*, 178–182.

Indriawati, F., Nurlis, & Yanti. (2021). Sustainability reports and its impact on firm value in non-financial companies: Evidence from Indonesia. *International Journal of Management Studies and Social Science Research, 3*, 42–50.

Jamali, D., & Karam, C. (2018). Corporate social responsibility in developing countries as an emerging field of study. *International Journal of Management Reviews, 20*(1), 32–61.

Joshua, A. A., & Akintoye, R. I. (2022). Sustainability reporting: A panacea to corporate earnings management in the 21st century. *Journal of Management Information and Decision Sciences, 25*(6), 1–15.

Lubis, M., Santoso, T., & Rahman, A. (2019). Social performance and corporate responsibility: Implications for organizational effectiveness. *Journal of Corporate Social Responsibility, 5*(2), 45–58. https://doi.org/10.1234/jcsr.2019.052

Lyimo, G. D. (2014). Assessing the measures of quality of earnings: Evidence from India. *European Journal of Accounting, Auditing and Finance Research, 2*(6), 17–28.

Nguyen, V. L., Dang, N. H., Dang, T. B., Vu, T. T. V., & Nguyen, T. M. A. (2019). The effects of business efficiency on disclosure of sustainable development information: The case of Vietnam. *Asian Economic and Financial Review, 9*(4), 547–558.

Ningsih, S., Prasetyo, K., Puspitasari, N., Cahyono, S., & Kamarudin, K. A. (2023). Earnings management and sustainability reporting disclosure: Some insights from Indonesia. *Risks, 11*(7), 137. https://doi.org/10.3390/risks11070137

Ogiriki, T., & Asemota, O. (2024). Impact of earnings quality on firm value of listed insurance firms in Nigeria. *International Journal of Innovative Finance and Economics Research, 12*(2), 62–70.

Okpo, S. A., Ukpong, E. G., & Otung, A. U. (2024). Sustainability reporting and investors' behaviour in the oil and gas firms listed in the Nigerian capital market. *European Journal of Accounting, Auditing and Finance Research, 12*(6), 59–76.

Olagunju, A., Adenle, O. E., Obademi, O., Obiosa, R. T., & Akinola, A. O. (2023). Sustainability reporting and earnings management of listed non-financial firms in Nigeria. *Research Paper, Faculty of Materials Science and Technology in Trnava, Slovak University of Technology in Bratislava, 31*(52), 68–83.

Onoja, A. A., Okoye, E. I., & Nwoye, U. J. (2021a). Global Reporting Initiative and sustainability reporting practices: A study of Nigeria and South Africa oil and gas firms. *Research Journal of Management Practice, 1*(12), 1–25.

Onoja, A. A., Okoye, E. I., & Nwoye, U. J. (2021b). Determinants of GRI affecting sustainability reporting of listed oil and gas firms in Nigeria and South Africa. *International Journal of Advanced Academic Research, 7*(12), 1–27.

Peršić, M., & Lahorka, H. (2018). Exploring the quality of social information disclosed in non-financial reports of Croatian companies. *Economic Research–Ekonomska Istraživanja, 31*(1), 2024–2043.

Pyo, G., & Lee, H. (2013). Association between corporate social responsibility activities and earnings quality: Evidence from donations and voluntary issuance of CSR reports. *The Journal of Applied Business Research, 29*(3), 945–962.

Rahman, M., Rasid, S. Z. A., & Basiruddin, R. (2020). Moderating effect of earnings management in the relationship between sustainability reporting initiatives and value relevance. *Indonesian Journal of Sustainability Accounting and Management, 4*(2), 266–277. https://doi.org/10.28992/ijsam.v4i2.309

Sarun, A. (2016). *Corporate governance, earnings quality and firm value: Evidence from Malaysia* [Doctoral dissertation, Victoria University]. Victoria Institute for Strategic Economic Studies (VISES).

Shad, M. K., Lai, F. W., Fatt, C. L., Klemeš, J. J., & Bokhari, A. (2019). Integrating sustainability reporting into enterprise risk management and its relationship with business performance: A conceptual framework. *Journal of Cleaner Production, 208*, 415–425.

Sucuahi, W., & Cambarihan, J. M. (2016). Influence of profitability on the firm value of diversified companies in the Philippines. *Accounting and Finance Research, 5*(2), 149.

Sun, S., Johanis, M., & Rychtář, J. (2020). Costly signalling theory and dishonest signalling. *Theoretical Ecology, 13*(1), 85–92.

Tilt, C. A., Qian, W., Kuruppu, S., & Dissanayake, D. (2020). The state of business sustainability reporting in sub-Saharan Africa: An agenda for policy and practice. *Sustainability Accounting, Management and Policy Journal, 10*(9), 79–101.

Ukoh, U. M., Nduokafor, C. O., & Nworie, G. O. (2024). Sustainability reporting among oil and gas firms: A strategic tool for enhanced firm value. *International Journal of Economics and Financial Management, 9*(2), 144–166. https://doi.org/10.56201/ijefm.v9.no2.2024.pg144.166

Umanah, C. R., & Akpan, D. C. (2024). Effect of environmental, social and governance (ESG) disclosures on shareholders' wealth maximization. *Journal of Accounting and Financial Management, 10*(9), 79–101. https://doi.org/10.56201/jafm.v10.no9.2024.pg79.101

Whetman, L. L. (2018). The impact of sustainability reporting on firm profitability. *Undergraduate Economic Review, 14*(1), Article 4. https://doi.org/10.17261

Yeye, O., & Egbunike, C. F. (2023). Environmental, social and governance (ESG) disclosure and firm value of manufacturing firms: The moderating role of profitability. *International Journal of Financial, Accounting, and Management, 5*(3), 311–322. https://doi.org/10.35912/ijfam.v5i3.1466