

**SUSTAINABILITY REPORTING AND TIMELY PUBLICATION OF
FINANCIAL STATEMENTS**

BY

**BANKOLE OLAGOKE
PG/MGS 2415218**

**DEPARTMENT OF ACCOUNTING
UNIVERSITY OF BENIN
BENIN CITY, NIGERIA**

FEBRUARY, 2026

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**A PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING, FACULTY
OF MANAGEMENT SCIENCE, UNIVERSITY OF BENIN, IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR POST GRADUATE DIPLOMA IN
ACCOUNTING (PGD) HONOURS DEGREE IN ACCOUNTING**

FEBRUARY, 2026

CERTIFICATION

We, the undersigned, hereby certify that this research work was carried out by Olagoke BANKOLE in the Department of Accounting, Faculty of Management Science, University of Benin, Benin City, Nigeria. It is the adequate scope and quality in partial fulfilment of the requirement for the award of Post Graduate Diploma in Accounting (PGD)

(Associate Prof.) Ohidoa Toluwa
(Project Supervisor)

Dr. Audu
(Project Coordinator)

Date _____

Date: _____

Prof. O. Obaretin
Head of Department

Date: _____

DEDICATION

This work is dedicated to God Almighty the Beginning and the End. The work is also dedicated to my wonderful Wife and Children

ACKNOWLEDGEMENTS

All thanks go to my Heavenly Father and Creator for making this work a success. His grace, strength, and guidance have been my anchor throughout this academic journey.

With deep gratitude, I dedicate this work to my wonderful wife, Mrs. Toyosi Bankole, whose unwavering support mentally, and spiritually has been the backbone of my success.

To my amazing children, Favour and Toluwanimi thank you for your prayers, care, and unwavering support throughout my program. Your love and encouragement mean the world to me, and also Ayo for your support and willingness, thank you.

I also extend my heartfelt appreciation to my wonderful coursemates, Wallins and Mojeed. The moments we shared, the experiences we navigated, and the countless memories we created in this great institution will forever remain cherished.

I also extend my heartfelt appreciation to my superior Dr. H. Toluwa, Dr. Adekunle, Dr. Obasze, Dr. Audu, and Dr Omoregbe who guided me through my PGD journey. Thank you for teaching and guiding me in this my journey as your student.

To everyone who contributed in one way or another, your impact has not gone unnoticed. Thank you for being a part of this unforgettable experience.

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ABSTRACT

This study examines the relationship between sustainability disclosure and the timeliness of financial reporting among listed firms in Nigeria. In the modern corporate landscape, stakeholders demand transparency regarding Environmental, Social, and Governance (ESG) impacts alongside traditional financial performance. However, Nigerian firms face challenges such as weak enforcement and institutional gaps, leading to delays in reporting and inadequate disclosures. The primary objective of this study is to assess the extent of sustainability disclosure, evaluate compliance with regulatory timelines, and determine if a significant relationship exists between these two variables.

The study adopts a descriptive and ex-post facto research design, focusing on companies listed on the Nigerian Exchange Group (NGX). Data are sourced from the annual reports and

accounts of selected firms. The study tests three hypotheses centered on the significance of disclosure levels and the correlation between sustainability reporting and reporting speed. Preliminary observations suggest that while awareness is growing, many firms still provide limited sustainability information and often exceed regulatory deadlines. The findings of this study will be of significant value to the Financial Reporting Council of Nigeria (FRCN), the Securities and Exchange Commission (SEC), and potential investors by highlighting areas for improved monitoring and enforcement. The study concludes that enhancing the quality and timeliness of disclosures is critical for boosting investor confidence and promoting corporate accountability in the Nigerian emerging market.

Keywords: Sustainability Disclosure, Financial Reporting Timeliness, ESG Reporting, Corporate Governance, Nigerian Exchange Group, Transparency.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The world continues to contend with unprecedented environmental, social, and governance (ESG) challenges, making the attainment of global development goals difficult. The transition from the Millennium Development Goals to the Sustainable Development Goals, expected to run until 2030, has not fully delivered its intended outcomes. Despite their laudable intentions, many of the issues these initiatives seek to resolve still persist in several countries, largely because their adoption remains voluntary. Critical concerns such as environmental degradation, biodiversity loss, global warming, depletion of natural resources, waste and water pollution, deforestation, overfishing, ocean acidification, air pollution, water scarcity, and human rights violations remain pressing barriers to sustainable development, much of which are linked to corporate activities (Ahmed et al., 2024).

Sustainability disclosures involve reporting on environmental, social, and governance factors that affect a company's operations and long-term sustainability. These disclosures have gained prominence among investors, regulators, and the public, as they provide transparency into corporate ESG practices (Ahmed et al., 2024). By enhancing accountability, such reporting encourages firms to uphold ethical and responsible standards, knowing their actions are under scrutiny. Stakeholders rely on sustainability information to evaluate corporate viability and risk profiles, while companies benefit

through better risk management by identifying and addressing environmental and social risks that could otherwise harm their operations and reputation. Moreover, organizations that embrace sustainability and disclose their ESG practices often achieve competitive advantages, including stronger customer loyalty, enhanced brand reputation, and expanded access to markets and investment opportunities (Tamasiga et al., 2024).

Financial reporting timeliness (FRT) refers to the promptness with which firms release their financial statements to stakeholders after the end of a financial period, ensuring that the information remains relevant for decision-making (Owusu-Ansah, 2000). Timeliness is the availability of financial information to users within a time frame in which it can influence their economic decisions. Timeliness, meanwhile, ensures that information is provided when needed, allowing stakeholders to act promptly. The interplay between traditional financial reporting and non-financial reporting underscores the importance of timeliness, as the speed of information delivery directly affects stakeholders' capacity to make timely and effective decisions (Ozer et al., 2023

Financial reporting timeliness and corporate accountability are significant as high-quality financial reporting enhances transparency, fosters trust, and builds confidence among stakeholders. According to Kabwe (2023). FRT and compliance with accounting standards and regulatory requirements, promotes ethical behavior, and provides stakeholders with the information needed to hold the company accountable for its actions and decisions. Companies can enhance their accountability, build stronger relationships with stakeholders, and contribute to their long-term success by prioritizing financial reporting timeliness. The interaction between traditional financial reporting and non-financial reporting is increasingly significant as stakeholders demand a comprehensive view of a

company's performance and impact (Gheorge, 2020). Traditional financial reporting focuses on quantitative information about a financial position, performance, and cash flows, adhering to established accounting standards and regulations. Non-financial reporting, encompassing environmental, social and governance (ESG) practices, provides qualitative and quantitative insights into company's sustainability efforts.

According to Oncioiu et al. (2020), the integration of non-financial information into financial reports enhances transparency and accountability, providing stakeholders with holistic view of the company's operations. This interaction ensures that stakeholders can access financial and non-financial factors, aiding in informed decision-making and risk management and fostering trust. By incorporating sustainability disclosure into financial reporting, companies can demonstrate their commitment to ethical practices, regulatory compliance, and long-term value creation, ultimately contributing to the overall quality of financial reporting and corporate accountability (Abdullahi & Makama, 2021). The growing emphasis on ESG issues justified by its alignment with stakeholders' expectations, risk mitigation, and long-term value creation (Seker & Sengur, 2021). ESG disclosures enhance transparency and accountability, complementing financial reporting timeliness (FRT) by addressing non-financial risks and fostering improved governance structures. Dechow et al. (2010) suggest that firms integrating ESG metrics often demonstrate better FRT due to reduced information asymmetry and a focus on long term value. Studies have equally shown that companies with robust ESG practices tend to exhibit higher financial transparency and reliability standards, which in turn enhances stakeholders' trust and confidence (Ellili, 2022; Shawari & Shawari, 2024).

However, challenges such as greenwashing, un-standardized disclosures, and resource tradeoffs can obscure FRT, particularly when ESG initiatives are used symbolically rather than substantively (Gafni et al., 2024). This can be achieved by providing a detailed ESG report with impressive sustainability goals but failing to implement the necessary operational or strategic changes to achieve those goals. The focus is on creating a positive public image rather than delivering measurable results. Some studies (Gipper, Ross, & Shi, 2024; OCED, 2025) have raised concerns that the focus on ESG metrics could lead to information overload, making it difficult to discern the most critical financial information. Additionally, there is a worry that the subjective nature of some ESG metrics could introduce inconsistencies and reduce the comparability of financial reports. Also, Pucker (2021), argues that sustainability disclosure can be burdensome and costly, particularly for smaller firms. Despite the challenges, the integration of ESG disclosures consistently enhances rather than undermine the quality of financial reporting. Empirical evidence on this issue is mixed. While some research suggest that ESG disclosures can be used to obscure financial performance and reporting, other studies indicate that comprehensive ESG reporting can enhance overall transparency and improve financial reporting timeliness by providing a more holistic view of a company's operations.

The debate continues, with ongoing research needed to fully understand the implications of ESG disclosure on financial reporting timeliness.

1.2 Statement of the Problem

In recent years, sustainability disclosure has emerged as a critical dimension of corporate transparency, reflecting firms' commitment to environmental, social, and governance (ESG) responsibility. However, the integration of sustainability information into

traditional financial reporting has introduced new complexities that may influence the timeliness of 37 financial reports. Timely financial reporting is essential for maintaining investor confidence, ensuring market efficiency, and supporting effective decision-making by stakeholders. Delays in the release of financial reports 55 can reduce the relevance of accounting information and erode stakeholder trust.

Despite the increasing global pressure for sustainability disclosure, particularly under frameworks such as the Global Reporting Initiative (GRI) and the International Sustainability Standards (ISSB) (2000) revealed that, empirical evidence on how disclosure affect reporting timeliness remains inconclusive. Pucker (2021) argued that sustainability disclosure enhances internal control systems, accountability, and reporting discipline, thus promoting timeliness.

Asiriwa et al. (2021) contends that the additional data collection, verification, and assurance processes required for sustainability information may prolong reporting cycles, resulting in reporting delays.

In emerging economies like Nigeria, where institutional frameworks, regulatory enforcement, and technological capacities are still developing, 114the relationship between sustainability disclosure and financial reporting timeliness is even more uncertain. Many firms struggle with balancing the demand for comprehensive sustainability reporting with the need to meet statutory deadlines for financial disclosure. This raises a critical question: Does sustainability disclosure promote or impede the timeliness of financial reporting?

The increasing integration of sustainability into corporate reporting frameworks has intensified scholarly and professional interest in the implications of sustainability disclosures on financial reporting timeliness (FRT). However, while the disclosure surrounding sustainability reporting has gained attention globally, there remains a paucity of rigorous empirical inquiry into its interaction with financial reporting practices, particularly within the context of emerging economies such as Nigerian. The idea that sustainability disclosures can enhance transparency, mitigate information asymmetry, and signal managerial integrity is widely accepted. Nevertheless, how these disclosures (when classified into environmental, social, governance, and economic components) affect financial reporting timeliness remains underexplored. This is further widened by inconsistent findings in the extant literature and institutional challenges peculiar to African economies, including regulator laxity, lack reporting transparency, and the absence of standardized disclosure guidelines (Pucker, 2021).

Delays in reporting ESG factors can undermine the perceived quality of financial reports and reduce their usefulness for stakeholders. Timeliness is a critical dimension of financial reporting timeliness, as delayed information can undermine stakeholder's ability to make informed decisions (Ozer, et al., 2023). The increasing emphasis on sustainability disclosure has introduced additional layers of reporting complexity, potentially impacting the promptness of financial reporting. While comprehensive ESG disclosure may enhance transparency and reduce information asymmetry, their resource-intensive nature and lack of standardization could also lead to delays in financial reporting processes (Pucker, 2021). This study is justified as it addresses the pressing need to understand whether

sustainability initiatives complement or compromise timeliness, the research contributes to the broader discourse on aligning ESG goals with efficient and effective corporate reporting practices. For instance, from an empirical standpoint, extant literature has predominantly concentrated on the association between sustainability disclosures and financial performance metrics such as return on assets, return on equity, and market valuation (Bullay, 2020; Okon et al., 2023; Ucheagwu et al., 2017). While these studies offer insights into market based response to sustainability initiatives, they fail to address whether such disclosures tangibly enhance or impair the quality of financial reports environmental, social, and governance disclosures and financial reporting timeliness remain inconclusive. For instance, while Michelon and Parbonetti (2012) and Appiah et al. (2020) affirm a positive link between ESG disclosures and financial transparency, Chithambo and Taurigana (2014) and Muttakin et al. (2015) report insignificant or even negative associations. This divergence calls for a deeper contextualized investigation that accounts for the institutional peculiarities of Nigerian firms, including managerial opportunism, compliance culture, and stakeholder engagement intensity.

In contrast, this study will employ an objective observable measure of timeliness component of financial reporting timeliness by audit report lag (Shawari & Shawari, 2024; Seker & Sengur, 2021). To assess the Furthermore, the prevalent use of pooled OLS models or unadjusted fixed-effects regressions in earlier studies limits the robustness of their findings.

From a practical perspective, the absence of a mandatory sustainability reporting framework in Nigeria has led to heterogeneous reporting practices, with firms engaging in selective disclosure or 'green washing'(Cohen & Simnett, 2015; Birkey et al., 2016). The

recent intervention by the Financial Reporting Council of Nigeria to curb ESG misrepresentation (Emejo, 2024) underscores the urgent need for empirical evidence to guide policy formation.

Consequently, there is a pressing need to empirically investigate the extent to which sustainability disclosure influences the timeliness of financial reporting, particularly within the context of developing economies. Addressing this gap is vital to understanding whether sustainability practices complement or conflict with the goal of prompt and reliable financial reporting. Therefore, the following research questions will drive this study

1.3 Purpose of the study

What is the relationship between economic disclosure and timeliness of financial reporting in Nigeria?

What is the relationship between governance disclosure and timeliness of financial reporting in Nigeria?

What is effect of environmental disclosure on the timeliness of financial reporting in Nigeria?

What is the effect of social disclosure on timeliness of financial reporting in Nigeria?

1.4 Research Questions

The broad objective of this study is the effect of sustainability disclosure on financial reporting timeliness in Nigeria. The specific objectives are to:

Examine the relationship between economic disclosure and timeliness of financial reporting in Nigeria;

Determine the relationship between governance disclosure and timeliness of financial reporting in Nigeria; iii. Ascertain the effect of environmental disclosure on timeliness of financial reporting in

Nigeria and; iv. Verify the effect of social disclosure on timeliness of financial reporting in Nigeria.

1.5 Research Hypotheses

The research hypotheses are formulated in the null hypothesis for testing are as follow:

- i. Economic disclosure has no statistical significant relationship with timeliness of financial reporting in Nigeria.
- ii. Governance disclosure has no statistical significant relationship with timeliness of financial reporting in Nigeria
- iii. Environmental disclosure has no statistical significant effect on timeliness of financial reporting in Nigeria.
- iv. Social disclosure has no statistically significant effect on timeliness of financial reporting in Nigeria.

1.6 Significance of Study

At end of this study, the study will stand to contributes to the existing body of literature on sustainability disclosures and financial reporting timeliness, considering all dimensions of sustainability (environmental, social, governance, and economic). This is crucial as

sustainability disclosures significantly influence a company financial reporting, providing evidence from an emerging market like Nigeria. Also, the study provides useful insight into companies' sustainability practices for investors who value ethical and responsible investment; it will help them make better-informed decisions.

Also, since sustainability disclosure is not mandatory in Nigeria yet, this research will be of importance to policymakers and regulators to understand the impact of sustainability disclosure on timeliness of financial reporting by helping the regulatory bodies to establish appropriate guidelines that will enhance sustainability disclosure in Nigeria. On the long term, this study will supports long -term value creation by considering environmental, social, and governance factors.

Furthermore, for market reputation, the outcome of this study will be crucial for enhancing financial reporting timeliness; as it will provide stakeholders with transparent and reliable information, enabling informed decision-making and promoting corporate accountability. For stakeholder engagement, this study will fosters better relationship with stakeholders, including customers, employees, and communities, by demonstrating commitment to sustainability and transparency.

1.7 Scope and Delimitation of the Study

This study will investigate sustainability reporting and the timeliness of financial reporting timeliness among the non-financial firms in the Nigeria context; secondary data will be collected from Nigerian Exchange Group (NGX) listed firms as at 2024 year end. The

justification for the choice of the companies in these sectors is that they are regarded as companies whose corporate activities are highly environmentally sensitive related in their operations. The study will cover a period of six(6) years from 2019 to 2024. The choice of 2019 to 2024 is based on the fact that, the period falls within the time when Nigeria has witness improvement in corporate governance (CGC, 2018) and the adoption of the International Financial Reporting Standards (IFRS).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

This chapter entails a review of relevant literature on environmental, social, governance, and economic disclosure and timeliness of financial reporting timeliness, empirical and theoretical review relevant to this study.

2.2 Financial Reporting Timeliness

Financial reporting timeliness refers to the extent to which financial statements present complete and accurate information about an organization's financial performance and position (Tamasiga et al., 2024). High-quality financial reports provide reliable insights into a company's financial health and overall economic conditions. Within the field of accounting, financial reporting plays a critical role by equipping users with the information necessary for evaluating profitability, assessing performance, and making informed economic decisions. For financial information to be considered of high quality, it must be capable of forecasting future profitability and expected operational outcomes. As noted by Qingliang (2017), financial reporting timeliness reflects the degree to which financial statements faithfully and fairly represent financial conditions and economic

performance. Reports are regarded as high quality when they deliver relevant information that enables stakeholders and investors to assess corporate performance and predict future prospects.

The increasing emphasis on financial reporting timeliness stems from a wide review of influencing factors such as economic crises, the harmonization of accounting standards, and stricter disclosure requirements (Tamasiga et al., 2024). Nevertheless, weaknesses in financial reporting have been revealed, especially in light of global accounting scandals that emerged in the early 21st century. These incidents highlight the urgent need for reliable financial reports, given their impact on stakeholders' decision-making. The qualitative characteristics of useful financial information - verifiability, timeliness, faithful representation, comparability, and understandability - are essential in improving reporting quality. Financial statements serve a diverse group of users by disclosing information on equity, liabilities, income, and expenditures, while also demonstrating management's accountability (Van Beest et al., 2009).

To enhance users' confidence, financial reports are subject to external audit. However, recurring corporate failures have raised doubts about the reliability of audited reports, further fueling global concern and research on financial reporting timeliness.

The central objective of general-purpose financial statements is to provide lenders, investors, and other stakeholders with decision-useful information about the reporting entity, enabling them to determine whether to allocate resources to it (IASB, 2010). According to Herath and Albarqi (2017), "financial reports of high quality must present comprehensive and transparent information - both financial and non-financial - without misleading or confusing users. A report achieves quality when it is relevant, reliable, and

accurately portrays the economic reality of the business. Maintaining high standards in financial reporting is essential for sustaining stakeholder trust and ensuring long-term organizational viability. As highlighted by Asyik et al. (2023), financial reporting timeliness reflects the degree to which financial statements accurately capture an entity's underlying economic reality. Importantly, reporting quality extends beyond financial metrics to incorporate non-financial information that influences firm value and risk exposure. Disclosures on sustainability practices, reputation, and stakeholder relationships provide valuable insights, with long-term implications for corporate performance and viability.

There has been an extensive review of the factors that affect financial reporting timeliness and these include increased disclosure requirements, harmonization and convergence of accounting standards, economic downturns, audit quality, corporate governance, and earnings management (Herath&Albarqi, 2017). Additionally, it is becoming more crucial to understand how financial reporting timeliness is affected by environmental, social, governance (ESG) reporting. Oncioiu, et al. (2020) asserts that the relationship between sustainability reporting quality is complex and multidimensional. This is because sustainability reporting and financial reporting is complex and multidimensional. This is because sustainability reporting has some potential impacts on financial reporting timeliness. This includes increased transparency and accountability, improved corporate governance, enhanced risk management, and improved investor's confidence. On the contrary, it could lead to greenwashing, an increase in reporting cost and burden, and the diverse metrics and framework could complicate ensuring reliability and comparability, ultimately affecting the quality of financial reports.

2.3. Measurement of Financial Reporting Timeliness

Financial reporting timeliness refers to the extent to which the information contained in financial statement is accurate, transparent, and reliable. In assessing the timeliness of financial reports, different models have been incorporated into extant literature. The study therefore addresses some measures of financial, accrual quality to gain a better knowledge of the concept.

The accrual-based model has been used as a significant measure of financial reporting timeliness. In accounting, the accrual-based model refers to a method where revenue and expenses are recognized when they are incurred or earned, regardless of when cash is received or paid. The accrual is essential in assessing the reliability and transparency of a company's financial statement, as higher accrual quality means lower earnings management. The degree of earnings management is used in this model as an indicator of financial reporting timeliness.

According to Herath and Albarqi (2017), accrual quality is concerned with the level of uncertainty in the cash flow of an organization to its actual correspondence. The greater of the discrepancies between an entity's cash flows and accruals for a given period, the lower the firm's accrual quality. This, in turn, diminishes the overall quality of its financial reports. Van Beest et al. (2009) assert that earnings management determines the extent of earnings quality under the current rules and legislations. Earnings management involves using various techniques in accounting to present financial statements that are overly positive. It determines how accounting rules are applied to produce financial statements that artificially boosts or smoothen profits. Earnings management diminishes the decision usefulness of financial reports and adversely affects the quality of financial reports

(Agienuhuwa & Ilaboya, 2018). Eze et al (2022), state that discretionary accruals are accruals that management can exert some control to manage earnings. Discretionary accruals refer to modifications made by managers to financial reporting to alter a company's financial results. These adjustments can affect contractual outcomes based on the reported accounting numbers or mislead stakeholders about the true economic performance of the company.

Essentially, discretionary accruals involve the use of judgment in financial reporting to manipulate earnings. This can either be by increasing incomes or decreasing expenses, often within the legal framework. The merits of this model include its high quality in data collection and measurement, the ability to establish causal effects, and the fact that the data required can be generated from annual reports. The drawbacks include the elimination of non-financial information, the use of an indirect proxy as a measure of earnings, the segregation of discretionary and non-discretionary accruals which can be tedious and lastly, it focuses on earnings quality only. According to Bartov et al (2000), there are several models to estimate these accruals, including the DeAngelo Model, Healy Model, Jones Model, Modified Jones Model, Industry Model, Cross-Sectional Models

2.4.1 The Modified Jones Model (1995)

Dechow et al. (1995) proposed a modification to the original Jones Model as a response to some limitations to better detect earnings management, especially during revenue manipulations. It focuses on periods when earnings management is probably going to occur and modifies revenue fluctuations to eliminate discretionary influences. Since its development, the model has become one of the mostly widely used tools for identifying discretionary accruals and earnings management practices in accounting research. The

significant modification in this approach is how the model accounts for revenue-based accruals. The model adjusts for changes in credit sales, assuming that managers have more discretion in determining revenue. To avoid misclassifying manipulated revenue, the model regresses total accruals against changes in revenue and property, plant, and equipment excluding credit sales. Dechow et al. (1995) highlight that discretionary revenues could be used by managers to manipulate earnings. This revenue manipulation could be mistakenly categorized as non-discretionary accruals in the original Jones Model. This adjustment is to increase the discretionary accrual estimates. The conjectured tendency of the Jones model to measure discretionary accruals when discretion is exercised over revenue recognition is intended to be eliminated by the Modified Jones Model (Bartov et al., 2000). This model has contributed significantly to earnings management research by improving detection precision, however, it has the limitation of its industry-specific application and detecting no-revenue based earning management.

2.4.2 Value Relevance Model

This model evaluates the value of accounting information for stock investors. It explains how accounting information affects the market value of firms. The value relevance model assesses how well accounting information affects the market value of firms. The value relevance model assesses how well accounting information reflects the value of a firm. The model examines which accounting variables are considered relevant by investors and how they influence their investments decisions-making. According to Beisland (2009), accounting information is value relevant if the market value of equity and accounting figures is related. Accounting numbers that accurately represent the company's current value are necessary for financial data to be considered relevant. This suggests that if there

is no correlation between the accounting figures and the company's value, the accounting information cannot be considered relevant, as such not fulfilling one of its primary objectives.

Chen et al. (2020) aver that value relevance is the degree to which information used by equity investors in their valuation decision is reflected in the accounting information. Financial statements provide market participants with relevant information needed for valuation judgment. The company's market value is represented by its stock price, whereas the accounting figures reflect the company's value as determined by the accounting process. The quality of the financial information is been measured by examining the relationship that exists between accounting figures and stock market responses (Nicholas & Whalen, 2004). The Ohlson model, developed in 1995, is one of the most commonly utilized models for assessing value relevance. The Olson model is designed to evaluate the value relevance of accounting information. It links a company's market value to its accounting figures by incorporating, book value, and other information that might affect the firm's value. Essentially, the model helps to determine how well accounting reflects the company's market value, offering valuable insights into the usefulness of financial statements for investors and other stakeholders. The merit of the value relevance model is that it is simple and intuitive as it makes use of widely available accounting data, the model is consistent with economic theory as it is based on the assumption that investors values based on their expected value of earnings figures, also, it is empirically testable as such it allows researchers to evaluate the value relevance and reliability. That is, it does not reveal if trade-offs have been established to arrive at the various accounting figures, it is also limited in scope as it captures only the relationship

between stock price and accounting variables. It does not consider other variables that may affect the value of the firm such as risk and the stage of growth of the firm such as risk and the stage of growth of the firm. Also, it provides an indirect proxy for financial reporting timeliness.

2.5 Content Analysis of Financial Reports

The Content analysis assesses the accuracy of the information disclosed in the organization's annual reports. According to Ali (2022), content analysis can help investors and analyst evaluate the accuracy and dependability of financial information and also the economic reality and financial conditions of a company's activities. Content analysis can provide insight into the quality of financial reporting as it focuses more on the qualitative aspect of financial reporting which may not be easily required captured by financial ratios (Chou et al., 2018). This measure thoroughly examines various aspects of the financial reports. Doing this will help identify the extent to which the company is transparent, how much relevant information the financial reports have provided, and how well it has compiled with specific accounting standards. According to Van Beest et al. (2009), content analysis specifically examines the impact of each piece of information in the annual reports and how it affects 40 items. This method operationalizes the user's ability to make useful decisions. One advantage of this approach is that it provides a direct measure that reflects the quality of reporting. Also, it provides a structured approach to analyzing financial reports which can be useful in identifying areas where financial quality is lacking. The demerit of this model is that it is time-consuming and requires a high-level of expertise to perform effectively.

2.5.1 Qualitative characteristics of financial reports

The conceptual frameworks outline that attributes that enhance the usefulness of financial information to its users. The qualitative characteristics play an essential role as they serve as guides for preparing financial reports. According to the IASB (2010), financial reporting timeliness attributes are broadly classified into fundamental and enhancing elements. The fundamental characteristics are attributes that make financial information useful while the enhancing qualitative characteristics improve the usefulness of financial information by distinguishing between more useful and less useful information. According to Herath and Albarqi (2017), qualitative characteristics are elements that have been agreed on that result in high-quality financial reports.

For these attributes to be operationalized successfully, the various elements (Fundamental and enhancing qualitative characteristics) must be translated into concrete actions within the financial reporting process. The fundamental attributes are relevance and faithful representation, while the enhancing attributes are verifiability, comparability, understandability, and timeliness. Each of these elements is examined individually, as given below, to emphasize its importance as qualitative characteristics.

According to the IASB information is considered relevant if it has the potential to influence the decisions made by various users, particularly capital providers. Information is considered relevant if it can affect the economic decisions of users of financial reports. It is deemed relevant helps evaluate or confirm past, present, or future outcome. Relevance is also closely related to the term usefulness and materiality (Herath & Albarqi, 2017). According to Ezelibe et al. (2017), information is useful only when it relates to the issues that are of primary concern or misstatements could influence the decisions of users.

Materiality depends on the nature and magnitude of the information and circumstances of its omission or misstatements (IASB, 2010).

Relevance refers to the capacity of information to enable end users to make informed decisions. It is the attribute that influences the decision-making process of users. For information to significantly impact users' decisions regarding financial reports, it must have predictive or/ (and) confirmatory value. Information has a predictive value when it enables users to form expectations about future outcomes, it has confirmatory value if it helps users confirm (authenticate) or correct (modify) their expectations (IASB, 2008). Consequently, confirmatory value evaluates how much information provided in the financial reports help to support or contradicts prior assumptions and beliefs. Van Beest et al. (2009) argue that annual reports are vital for assessing relevance by disclosing information about a business's prospects and risks, future projections, and offering feedback on the impact of significant market events and transactions on the organization.

Previous research has shown that fair values offers better predictive value compared to historical cost. According to Maines and Wahlen (2006), fair value accounting offers significant details compared to historical cost indicating the present value of assets as against the historical cost. Also, Van Beest et al. 2009 state that fair value is a key indicator of relevance. Furthermore, IASB (2008) consider the concept of confirmatory value. Information is deemed to have confirmatory value if validates or modifies past or present expectations derived from previous evaluations. When the reports of companies provide appropriate feedback to financial statements users about the information on prior dealings, it will help validate or change their prospects

Faithful representation means that the financial information accurately reflects the company's real economic position and financial status. It involves disclosing and reporting the financial information to decision makers before losing its influence. This concept explains how well the obligations and economic resources are fully represented in the financial reports. Information must be complete, neutral, and free from errors for it to be faithfully represented. According to Albana et al. (2021), for financial information to be complete, it must include accurately all information that depicts the economic conditions along with notes that explain the accounting methods and procedures that were used. For information to be neutral, it must not be manipulated in any way that could influence the decisions of users of the financial reports. It must be free from errors and accurately describe the process by which the financial reports were produced. Kabwe (2023) asserts that complete information includes everything a user needs to comprehend the phenomenon being portrayed, including relevant details and explanations. Neutral information is unbiased in its selection and applied without errors in the process, although this does not guarantee absolute accuracy in every detail.

According to International Accounting Standard Board (2008), faithful representation is a fundamental qualitative characteristic meaning that information should depict the substance of an economy entity completely, neutrally, and free from material errors. A financial statement is considered unbiased if it transparently explains the assumptions and estimates used during the financial reporting process, along with the rationale behind the selected accounting principles. Faithfully representation is an important component taken into consideration in financial reporting timeliness. This is because information that is reported must be reliable enough to be considered useful and this can only be said to have

been accomplished when the information is devoid of any form of bias and material mistakes (Cheung, et al., 2020).

Understandability is a crucial concept of financial reporting that can be achieved through effective communication. According to IASB framework, understandability is the attribute of information that allows users to grasp its meaning. According to Vokshi et al. (2017), to promote understandability and enable users to comprehend financial statements, standard setters seek to ensure that the presentation format and terminologies used for presenting financial statements are consistent. Achieving understandability is accomplished through clear and effective communication. Thus, the better the users understand the financial reports, the quality that will be attained (Cheung et al., 2010). Companies' Annual reports and accounts ought to be organized so that users can comprehend their needs. According to Agienohuwa and Ilaboya (2018), financial reports must be understandable, classified, and presented clearly and concisely, void of technical jargon and unnecessary complexity. However, IASB (2008) states that the nature and complexity of the economic phenomena, the clarity and conciseness of the presentation, and the knowledge and diligence of the users of the financial reports are among the factors that affect understandability. In complex cases, users of financial statements may need to consult a financial adviser. Financial reports should not exclude relevant and faithfully represented information, even if it is complex or difficult for some users to interpret independently. This variable is usually peroxide using five criteria which are 1) presentation of specific information through tables and graphs, 2) financial statement void of technical jargon, 3) inclusion of unfamiliar terminologies, 4) information disclosure in

notes to the account, and 5) adequate organization of information in the annual report and account.

According to the IASB (2008), comparability refers to the attribute of information that allows users of financial statements to recognize both similarities and differences between different economic phenomena. According to Vokshi et al. (2017), it is important to prepare accounting information in a way that can be easily comparable to the economic information of other entities over some time. This will require consistency in the valuation, recognition, and presentation of financial information. Consistency involves applying the same methods to identical items, either across different periods within an entity or across various entities within a single period. Herath and Albarqi (2017) assert that notes in the financial reports should disclose and explain adjustments that were made in the period and also changes in accounting policies and the implication of these changes. The benefits of comparability are that it helps users make predictions, assess relative economic value, confirm expectations, and allocate resources more efficiently. Comparability is measured based on six elements which measure the accounting procedures and policies consistently. The elements include notes on changes in accounting; adjustments based on figures from previous accounting period to aid the effective application of a change in accounting policy or revision in accounting estimates and judgments explaining their implications; comparison of current accounting period with previous periods; presentation of financial ratio and indices; and comparisons of information presented in the report with other organizations.

Verifiability ensures that the information in financial reports accurately reflects the economic events it claims to represent. This implies that various knowledgeable and

independent observers could agree that a specific depiction accurately represents the economic reality. Hasan et al. (2014) assert that verifiability enhances the usefulness of information that is relevant and faithfully represented. Verifiability means that knowledgeable and independent users can agree that the information accurately represents economic events without significant error or bias, or that the appropriate recognition or measurement methods have been applied correctly and without material errors or bias. Van Beest et al. (2009) asserted that through verifiability is treated as separate enhancing qualitative characteristics by the IASB conceptual framework, verifiability ensures that users of financial reports can trust that the information accurately reflects the economic events it claims to represent. Verifiability is directly related to evaluating faithful representation therefore it is considered as a sub-component of Faithful representation.

2.6 Audit Report Lag as a Measure of Timeliness of Financial Statements

Audit report lag is widely recognized as an essential measure of financial reporting timeliness and is defined as the interval between a company's financial year-end and the date the independent auditor signs off on the auditor report (Al-Dmour et al., 2018). This measure objectively captures the account efficiency of a firm's internal financial reporting processes as well as the effectiveness of external auditing activities; Timely financial information is fundamental for informed decision-making by stakeholders, thus enhancing their ability to evaluate corporate performance effectively (Sultana et al., 2015).

For instance, Abernathy, et al. (2017) suggests that shorter audit report lags significantly reduce information asymmetry, strengthening investor confidence and facilitating timely economic decisions. Similarly, prolonged audit report lags have been identified as indicative of potential compliance issues, inefficiencies in internal controls, or problematic

audit processes (El-Diftar, et al, 2017). Therefore, regulatory authorities frequently utilize audit report lags a critical benchmark to assess corporate transparency and financial reporting effectiveness. Despite the considerable strengths of audit report lag as timeliness measure particularly its objectivity, consistency, and regulatory relevance- it also presents certain limitations. Primarily, audit lag exclusively addresses an aspect of financial reporting timeliness, neglecting other essential qualitative characteristics such as completeness, accuracy, or relevance of the disclosed information (Habib & Bhuiyan, 2011). Additionally, the interpretation and comparison of audit lags across different regulatory environments can sometimes be changing due to jurisdictional differences in reporting requirements and auditing standards (Iyoha,2012).

The significance of publication lag lies in its direct link to transparency, efficiency, and market responsiveness. Shorter publication lag lies indicate greater organizational efficiency in preparing and disseminating financial information, reflecting stronger internal control systems, effective managerial oversight, and proactive compliance with regulatory requirements (ElBannanay, 2008). Conversely, extended publication lags may suggest weakness in internal financial reporting processes, inefficiencies in corporate governance mechanisms, or deliberate managerial delays, possibly due to the desire to withhold unfavorable information temporarily from stakeholders (Owusu-Ansah, 2000). Furthermore, publication lag is subject to external factors such as regulatory requirements and institutional frameworks, making cross-country comparisons challenging (El-Bannanay, 2008).

Audit report lag, defined as the number of days between a company's fiscal year-end and the date the auditor signs off on the financial statements, is widely regarded as the most

reliable and objective measure of financial statement timeliness. Compared to other timeliness measures, audit report lag offers a standardized and universally applicable benchmark for evaluating financial reporting efficiency across diverse corporate contexts (Habib & Bhuiyan, 2011). Since the audit report date signifies the formal conclusion of the audit process and the point at which the financial statements are deemed accurate and compliant with relevant accounting standards, it provides an unbiased measure that is less prone to managerial manipulation or subjective interpretation (Abernathy et al., 2017). Another key advantage of audit report lag is its objectivity.

Unlike comparative and timeliness and timeliness indices, which often rely on relative comparisons or subjective scoring, audit report lag provides a precise and quantifiable measure based on documented dates, making it less susceptible to bias or manipulation (Habib & Bhuiyan, 2011). Audit report lag holds regulatory significance, as many jurisdictions require listed companies to submit audited financial statements within a specified period after the fiscal year-end. Regulatory authorities, including the Securities and Exchange Commission (SEC) in the United States and the Financial Reporting Council of Nigeria (FRCN), closely monitor audit report lag to ensure compliance with statutory reporting deadlines (Iyoha, 2012). Audit report lag is also strongly correlated with audit committees, and effective governance structures tend to exhibit shorter audit report lags, signaling efficient financial reporting processes (Sultana et al., 2015).

Also, audit report lag is universal applicable and consistency across jurisdictions. Unlike timeliness indices or comparative timeliness measures that may vary depending on industry norms or regulatory environments, audit report lag standardized globally, allowing for meaningful cross-country and cross-industry comparisons. Leventis et al

(2005) conducted a comparative study of financial reporting timeliness in Greece and the United Kingdom and found out that audit report lag provided a consistent and comparable benchmark for evaluating reporting efficiency in both contexts, their findings underscored that audit report lag can be effectively applied across different regulatory regimes, making it a versatile tool for international research and benchmarking.

Audit report lag also possess strong predictive power regarding market reactions and investor confidence. Studies have shown that firms with shorter audit report lags tend to experience positive market responses, as timely financial reporting enhances transparency and reduce uncertainty (Owusu-Ansah &Leventis, 2006). El-Diftar et al. (2017) 80 examined audit report lag in Egyptian listed companies and observed that firms with shorter audit lags attracted greater investor confidence and exhibited lower share price volatility. The study suggested that timely

audit reports serve as a credible signal of financial health and managerial competence, ultimately influencing market perceptions and investments decision. Objectivity, regulatory relevance, correlation with audit quality, global applicability, and predictive power for market reactions. Empirical studies across different contexts consistently validate the robustness of audit report lag as a reliable and consistent proxy for evaluating financial reporting timeliness, making it an essential component in assessing financial reporting timeliness in Nigeria and beyond.

2.6.1 Timeliness Index as a measurement of Financial Statement Timeliness

The timeliness of financial statements is a critical qualitative characteristic that enhances the relevance and usefulness of financial information for stakeholders. Information must

be timely to be treated as relevant. Hasan, et al. (2014) asserts that the timeliness of information alone cannot make information relevant, but information that is not timely is not irrelevant.

Accounting information is considered relevant if it can influence the decisions of those who use financial reports. Timely information can help users make better decisions, avoid risks, and seize opportunities. Timeliness entails that decision-makers have access to information before it loses its influence (Herath & Albarqi, 2017). The concept of timeliness ensures that financial statements are useful for decision-making. It focuses on how quickly information is made available in the annual reports. Kabwe (2023) opines that some information may continue to be timely after the reporting period, for instance, information used by users of the financial reports to identify and evaluate trends.

In, contrast relative measures compare a company's reporting speed to industry benchmarks, regulatory deadlines, or peer companies' performance. Comparative timeliness and timeliness indices fall under this category. These measures assess how well a company performs in relation to industry norms or regulatory expectations, allowing for a more detailed evaluation of timeliness (Ismail & Chandler, 2005). Leventis et al. (2005) introduce a distinction between compliance-driven measures and market-driven measures of timeliness. Compliance-driven measures, such as regulatory submission lag and frequency of late reporting, focus on the firm's adherence to statutory reporting deadlines and regulatory requirements. These measures evaluate a firm's regulatory compliance and are closely monitored by regulatory authorities to ensure market discipline and transparency. On the other hand, market-driven measures, such as audit report lag and publication lag, focus on the speed with which companies provide information to capital

markets, emphasizing the importance of timely financial disclosures in enhancing investor confidence and market efficiency.

The timeliness index represents a composite measure used to systematically evaluate how promptly companies release their financial statements by assigning scores or ratings based on predefined reporting intervals (Abdelsalam & Street, 2007). Unlike measures such as audit report lag or publication lag, a timeliness index provides a structured, quantifiable method that categorizes timeliness into various levels or ranges, making comparisons straightforward across different firms or sectors. Typically, companies receive higher scores for earlier reporting and lower scores for delays, thus facilitating objective assessment of reporting efficiency across large datasets or industry. The timeliness index is vital due to its structured and easily interpretable approach. It allows efficient comparisons across diverse industries, and regulatory contexts, making it particularly suitable for assessing financial reporting timeliness.

However, the timeliness index also has some limitations. Primarily, its categorical scoring approach can sometimes oversimplify timeliness evaluations, as two companies classified in the same category may differ significantly in actual reporting speeds (Abdelsalam & Street, 2007). Additionally, while offering an intuitive ranking method, the index does not directly measure the accuracy, completeness, or quality of the reported financial information itself, thereby providing a one-dimensional assessment focused solely on timing

2.7 Regulatory Frameworks on Sustainability Report

The regulatory frameworks on sustainability reports are critical in shaping sustainability

reporting and providing guidelines for accurate and transparent reporting. There are several frameworks on sustainability reporting with emphases on the different issues in line with the objectives of the issuing bodies. One of the foremost regulatory frameworks on sustainability

reporting is the Global Reporting Initiative which is issued by the Global Sustainability Standard Board. The Global Sustainability Standard Board has issued about 418 GRIs to date, with the first being on foundation 2021 and the 418th on customer privacy. The applications of the GRIs are usually voluntary and a challenge associated with reporting sustainability information voluntary is that such reports can be greenwashed (Kalro, 2023). Sustainability Standard Accounting Board issues guidance on sustainability disclosure. This sustainability standards-issuing organisation was taken over by the International Sustainability Standard Board in 2022. The ISSB has issued industry-based sustainability standards to the date. The standards of the International Sustainability Standard Board, like the GSSB, are voluntary. However, unlike the GRIs, the standards issued by the ISSB are of sectorial applicability wherein different sustainability standards are given to guide the sustainability disclosures of companies in separate sectors.

There is also the Carbon Disclosure Project which is mandatory in its application. This organization operates the worldwide disclosure system, which enables investors, companies, cities, states, and regions to manage their carbon footprint. The organization advocates that the fight against climate change is crucial for a sustainable economy. The Carbon Disclosure Standard Board focuses on financial materiality and it is Rule-based. In 2022, about 20,000 companies have followed the guidance of the Carbon Disclosure Project in disclosing their carbon footprint (Carbon Disclosure Project, 2022).

There are many other sustainability standards issuing bodies such as the Taskforce on Climate related Financial Disclosures, Taskforce on Nature-related Financial Disclosures, United Nations Global Compact, Sustainable Development Goals, International Organisation for Standardization, and others. The Taskforce on Climate-related Financial Disclosures was established to develop voluntary, consistent climate-related financial disclosures for entities and to address concerns around insufficient disclosures of climate-related risks and opportunities. The TCFD issues recommendations on types of information that entities should disclose to support stakeholders and these are around governance strategy, risk management, metrics, and targets. Over the years it has issued the following documents: the taskforce report, scenario analysis in disclosure of climate-related risk and opportunities, guidance on scenario analysis for non-financial companies, and Guidance on risk management integration and disclosure (TCFD, 2022).

The Taskforce on Nature-related Financial Disclosures encourages integrating nature into decision-making and supporting a shift in financial flows towards nature-positive outcomes (Kerschner et al, 2023). The TNFD aims to establish a structure for entities to disclose the threats posed by the loss of biodiversity and degradation of ecosystems. The improved availability of data and information has allowed these entities to more accurately and reliably integrate nature-linked hazards into their decision-making processes. Similarly, the United Nations Global Compact is a voluntary initiative based on the chief executive officer's commitments to implement universal sustainability principles and to take steps to support United Nations goals. It encourages companies to align strategies and operations with universal 9 principles on human rights, labour, environment, and anti-corruption, and take actions that advance societal goals.

Further, the Sustainable Development Goals were adopted by the United Nations member states in 2015, with the core achievement being the 17 goals which are, “SDG 1: No poverty; SDG 2: Zero hunger; SDG 3: Good health and well-being; SDG 4: Quality education; SDG 5:

Gender equality; SDG 6: Clean water and sanitation; SDG 7: Affordable and clean energy; SDG 8: Decent work and economic growth; SDG 9: Industry innovation and infrastructure; SDG 10: Reduces inequalities; SDG 11: Sustainable cities and communities; SDG 12:

Responsible consumption and production; SDG 13: Climate change; SDG 14: Life below water; SDG 15: Life on land; SDG 16: Peace, justice and strong institutions; SDG 17: Partnership for goals. The Sustainable Development Goals (SDGs) offer a common plan for promoting worldwide harmony and well-being for both humans and the environment, both in the present and in the future. The 17 SDGs, which require the involvement of all nations - both developed and developing - in a global collaboration, lie at the heart of this campaign. Strategies to improve health and education, reduce inequality, and stimulate economic growth must be implemented alongside efforts to eradicate poverty and other forms of deprivation.

Finally, The International Organization for Standardization (ISO) is an autonomous and nongovernmental global organization that comprises 167 national standards bodies. Through its members, the ISO brings together experts to exchange knowledge and create voluntary, consensus-based, and market-relevant global standards. These standards support innovation and offer solutions to global challenges. ISO 26000 for instance addresses social responsibility which is an aspect of sustainability issues.

2.8 Sustainability Disclosure

Sustainability has become a crucial concept in business strategy, and policy making. Originating from debates on environmental issues, it has grown to encompass social, economic, and governance dimensions. The Brundtland Commission (1987) popularized the concept of sustainability development, defining it as “development that without at meets needs of the present without compromising the ability of future generations to meet their own needs. “ Elinkington (1998) further advances the concept by emphasizing three aspects of sustainability: environmental, social, and economic sustainability. His framework emphasized that companies should evaluate not just their financial performance, but also their social and environmental impacts. Sustainability reporting is a blend of two concepts; the former according to Brundtland

(1987) is “meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”. Reporting on the other hand means disclosing information for various purposes. Therefore, sustainability reporting is an organization’s practice of evaluating, disclosing, and, being held accountable to its stakeholders (internal and external) for its performance toward sustainable development goals (GRI, 2018). Firms publish sustainability reports to show their impacts on the environmental, economic, and social systems and their commitment to diverse stakeholders.

Al-Shaer (2020) describes sustainability reporting as a way of communicating information about an organization’s sustainable development to its stakeholders. It entails disclosing the financial and non-financial information that reflects the entity’s social, economic, and environmental performance and impacts.

According to Oluwadebi (2022), sustainability provides the framework for integrating society's long-term environmental, social, and economic goals. Sustainability refers to a system's capacity to sustain or enhance its economic, environmental, and social dimensions over time, without depleting resources or harming the environment. It reflects an organization's commitment to meet the needs of both the current and future generations. To achieve sustainability, a business must balance the use and conservation of natural resources.

Sustainability reporting entails disclosing an organization's influence on the social, economic, and environmental while adhering to reporting frameworks.

ESG disclosure involves disclosing a company's environmental, social, and governance performance with stakeholders (Perez, 2022). Corporate governance practices are the principle put in place by a firm to monitor, control, resolve conflicts of interest, and enforce transparency as it relates to sustainability reporting. Bullay (2020) defined sustainability as ensuring the current generation's environmental, social, and economic requirements are satisfied without endangering the capacity of future generations to meet their needs through implementing corporate governance procedures, thereby capturing corporate governance practices as a fourth dimension of sustainability reporting.,

2.8.1 Economic Sustainability Disclosure

The economic aspect of sustainability disclosure refers to how organisations impact the economic behaviour or conditions of the various stakeholders and the improvement in their lives as a result of their interactions. A firm ability to support future generations is a fundamental component of its economic sustainability (Sheth, et al, 2011). Economic

sustainability is the ability of corporations to maintain their financial and natural resources to ensure long-term going concern. In recent times, issues of economic disclosure have increasingly significant in the context of corporate disclosure. It entails providing a report on the firm's financial performance to interested stakeholders who are directly involved in funding the firm's operations. Economic performance is measured by a firm's profit margin. Therefore, adopting economic sustainability practice ensures that economic systems survive in the long run while minimising negative effects (Olawadebo, 2022).

2.8.2 Governance Sustainability Disclosure

The Nigerian Code of Corporate Governance NCCG (2018), was established to implement policies for the management of company's interactions with stakeholders. It enhances sustainable governance by fostering transparency, stakeholders' engagement, ethical behaviour, and risk management within the Nigerian environment. The code requires firms to disclose significant information about their governance practices. Transparency is an important component of sustainable governance, as it allows stakeholders to assess the firm's environmental, social, and economic impacts. According to the Organisation for Economic Cooperation (OECD) (2015), one the purposes of corporate governance is to establish and maintain a business environment that is built on a high standard of accountability and transparency in-order to promote sustainability. Governance disclosure helps organisations to put in practices and principles that help to monitor, control, and direct firms' resources and facilitate conflicts resolution in organisations. A well governed firm assists management in using its resources more effectively and efficiently to improve performance that enhances stakeholders' confidence in the firm's operations and sustainability (Altawalbel, 2023).

2.8.3 Environmental Sustainability Disclosure

Environmental sustainability involves using natural resources at a rate lower than the rate at which it is naturally created and ensuring that emissions generated are at a rate the natural environment can absorb and process faster than they are produced (Charfeddine & Umlai, 2023). Environmental sustainability reporting refers to the information organisations disclose about their environmental impact and sustainability practices. It is an important component of sustainability development that aims to reduce the negative externalities caused by climate change; it entails the protection and management of the natural capital to maintain a balance between environmental preservation and socioeconomic advancement for future generations (Ziaul & Shuwel, 2023).

Corporate environmental sustainability concerns a company's initiatives to protect the natural resources and actions to preserve the environment in which it operates. This means that a company must have the ability to preserve the attributes that are important in the natural environment. Environmental disclosure is important for mitigating any potential negative externalities associated with climate change and promoting sustainable development (Opoku et al, 2022). Corporate environmental responsibility is the process by which businesses provide stakeholders with information about their environmental impact, policies and performance and report such information about their environmental impact. These reports highlight the increasing public demand for transparency regarding how a firm's operations affect the business immediate environment in which the firm operates (Little et al, 2016).

2.8.4 Social Sustainability Disclosure

The goals of corporate social sustainability are both to the communities internal and external to the organisation. It involves a company being responsible for how its operations impact the environment and the general well-being of the people within the operations of the company (Olawadebo,2022). Social sustainability disclosure involves the incorporation of social consideration with corporate practices, with emphasis on community engagement, ethical business behaviour, and fairness in labour practices that promote smooth running of firm's operations.

According to GRI (2018), social sustainability requires that organisations must support high occupational health and safety standards, promote diversity, and provide ongoing training and development for employees that enhances cohesion, and inclusion in the face of environmental, economic, and cultural changes (Sebrina et al, 2023).

2.9 Corporate Social Responsibility Investment

ESG can be traced to socially responsible investment (SRI) which first gained popularity when businesses began to include social and ethical considerations in making investments decisions (Townsend,2020). The roots of responsible investments trace back to the 1970s with the rise of socially responsible investing (IBM, 2024). SRI involves making investing decisions with due considerations to the social impact and the financial return of the organization. This approach enabled investors to align their portfolios to reflect their personal values and ethical consider considerations. Townsend (2020) asserts that SRI evolved from religious practices.

The strategy used in this case or exclude an investment based on classifying it as either positive or negative. Business organization focused on negative screening for SRI which

meant that companies excluded investments from their portfolio they believed to be detrimental to society.

The concept has evolved over time, starting with Bowen's definition in 1953 of CSR as businesses' obligations to society to pursue policies and make decisions that align with societal values. CSR represents a core ethical principle in how companies interact with society, emphasizing ethical conduct towards stakeholders and adherence to legal and regulatory standards. Carroll (1991) built upon Bowen's work, introducing the widely-cited four-part model of CSR that includes economic, legal, ethical, and discretionary (or philanthropic) responsibilities. As the field evolved, definitions of CSR expanded to reflect a broad range of responsibilities. McWilliams and Siegel (2001) described CSR as actions that appear to further some good beyond the firms' interest and what is required by the law. For example, it is common to attribute it solely to social factors and the impact businesses have on people and their social lives while excluding other aspects such as environmental concerns. Corporate social responsibility refers to business initiatives centered on the needs of diverse stakeholders groups. Corporate social responsibility (CSR) started gaining prominence as business recognized the value of being transparent and accountable about how their actions affect the environment and society (CXO Magazine Team, 2023).

In recent times, the interpretations incorporate sustainable development, stakeholder engagement, and triple-bottom-line considerations. Furthermore, Corporate Social Innovation (CSI) has gained traction, as businesses adopt innovative strategies to address social and environmental issues while simultaneously fostering growth. Micheli and Fiorentino (2012) define CSI as the application of new technologies, business models, or

collaborations to achieve positive social outcomes. Another notable trend is the emphasis on transparency and accountability, driven by increased stakeholders demand for standardized and measurable CSR reporting. Reporting frameworks like the Global Reporting Initiative (GRI), Sustainability Accounting Board (SASBN), and Integrated Reporting (IR) are helping companies disclose their social and environmental impacts more effectively. Singh and Rahman (2021) highlight that there is a shift towards sustainability and sustainable goals alignment, with companies increasingly using CSR frameworks to align with the United Nation's Sustainable Development Goals (SDGs). This alignment reflects a move towards integrating sustainability into core business strategies.

2.9.1 Sustainable Development Goals

In 2000, world leaders pledged to achieve the United Nations millennium development goals (MDGs) by the end of 2015. The MDGs, aimed to address global challenges like poverty, education, health, gender equality, and environmental sustainability. The MDGs included eight goals, such as The MDGs encompassed eight objectives: eliminating extreme poverty, securing universal primary education, fostering gender equality, lowering child mortality rates, enhancing maternal health, fighting HIV/AIDS, promoting environmental sustainability, and establishing a global partnership for development. Significant improvements were made, including halving global poverty rates (World bank,2016) and increasing primary school enrolment to 91% by 2015 (UN,2015). Despite significant progress, there was uneven progress as many countries did not meet these targets (Battersby, 2017). The MDGs were criticized for their top-down approach, focus on quantitative targets over quality, persistent inequalities, and narrow environmental

targets. As a result, The MDGs transitioned to the Sustainable Development Goals (SDGs) in 2015, where are more comprehensive and address ongoing global issues (Kumar et al., 2016).

2.9.2 Environmental, Social and Governance

ESG originated from the principle of sustainability and the corporate social responsibility (CSR) movement. The term gained prominence after the 2004 United Nations Global Compact report “Who cares Win”. It emphasizes integrating environmental, social, and governance considerations into investments decisions. It describes a framework for evaluating nonfinancial performance indicators that report beyond the traditional financial measures. According to Rajan (2022), the United Nations Environment Programme Initiative was the first group to coin the phrase in the Fresh fields Report in 2005. At its initial stage, ESG assessment was characterized by a lack of uniformity in standards and as such there was little consistency in how ESG elements were measured and evaluated. However, as stakeholders and investors demand more information on organization ESG performance, there is a greater need for standardization and transparency in ESG reporting.

2.10 Sustainability Accounting Standard Board (SASB)

The environment aspect of ESG focuses on a company’s impact on the natural world, emphasizing the importance of reducing carbon footprints, minimizing waste, conserving natural resources, and adhering to climate change regulations (Buallay,2020). The social dimension of ESG addresses issues related to human capital, labour practices, community relations, diversity, equity, and inclusion. Companies with strong social policies, such as fair wages, employee welfare programs, and community engagement initiatives, tend to

experience greater employee satisfaction, lower turnover and enhanced customer loyalty (Kotsantonis & Serafeim, 2019). The governance component of ESG pertains to corporate policies, practices, and structures that shape governance dimension decision-making and accountability. The governance dimension examines issues like board diversity, executive compensation, shareholder rights, and ethical business conduct. Robust governance practices are crucial for aligning corporate strategies with sustainability goals and ensuring transparency and accountability in reporting ESG metrics (Bullay,2020).

The SASB is an autonomous non-profit organization founded in 2011, to assist investors and organization in developing a common language on the financial implications of sustainability. It establishes and maintains industry-specific rules that direct businesses' disclosure of financial material sustainability information to investors and stakeholders (Hales, 2021). The standards help organization in disclosing sustainability-related risks and opportunities that impact enterprise value, aligning with industry standards. The SASB has a set of standards that assist businesses in providing investors with financially meaningful sustainability information. The study covers seventy-seven industries and is intended to offer stakeholders valuable insights into the ESG aspects of financial performance within specific industries. According to SASB (2022), the standards were developed using thorough and transparent process comprising evidence-based research; oversight, and approval from the independent SASB Standards Board. Investors acknowledge the standards as prerequisites for businesses to disclose consistent and comparable sustainability. The standards enable investors to gain more insight into how a company influences and is influenced by a changing world (Hales,2021). The SASB uses five sustainability dimensions to categorize the sustainability themes, it includes the

environment, human capital, social capital, businesses model and innovation, and leadership and governance (SASB, 2024).

2.11 International Integrated Reporting Council Framework

The IIRC was established in 2010 to develop a universally recognized framework that would result in communication by organization about value time. To effectively communicate how an organization creates value over time, the framework considers various forms of capital, including financial, intellectual, social, and natural capital. The framework integrates financial and non-financial information to provide a holistic view of an organization's value creation. It adopts a principle based approach, emphasizing future prospects and strategic relevance. The goal of the principled based approach is to enable a sufficient degree of comparability across organizations to meet pertinent information needs while acknowledging the wide variation in individual circumstances of different organizations (IIRC, 2021). An integrated report is a concise explanation of how an organization's performance, governance, strategy, and prospects contribute to the creation, preservation or degradation of value over the short, medium, and long terms in contexts to its external environment (IIRC, 2021). The integrated Reporting Council (IRC) advocates for integrating financial and non-financial information to offer a complete picture of an organization's value creation, and to overcome the pitfalls in traditional corporate reporting; The integrated reporting system aligns financial and environmental, social, and governance (ESG) components with business plans and risks, conveys the organisation's value creation, and provides relevance to integrated thinking throughout the organization (Soriya & Rastogi, 2022).

In June 2023, the ISSB released IFRS S1, which outlines the general requirements for disclosing sustainability-related financial information, and IFRS S2, which focuses on climate related disclosures. The IFRS S1 mandates that businesses disclose all significant sustainability-related risks and opportunities that could reasonably impact their cash flow. This information is useful for the primary users of general- purpose financial statements in making resource provision decisions. The core content of the IFRS S1 includes governance, strategy, risk management, and sustainability-related metrics and targets.

2.11.1 Global Reporting Initiatives (GRI)

According to the De Villiers et al. (2022), GRI is a global independent standard-setting body that assists governments, corporations, and other organizations understand and communicate their impacts on climate change, human rights, and corruption. The GRI provides standards and sidelines for organization to create sustainability reports that are both comparable and credible.

The GRI is an independent international body that assists companies and other organizations take responsibility for their impacts by providing them with a universal language to communicate the impact of their activities (Global Reporting Initiative,2022).

It is a non-profit organization that helps to facilitate reporting of economic, environmental, social, and Governance performance. These reports usually enhance the corporate financial statements by enhancing an organization's communication of its strategy, prospects, and non-financial performance in governance and the external environment.

GRI provides free Sustainability

Reporting Guidelines to businesses and organizations. According to KPMG (2022), the GRI Standards are the most commonly utilized sustainability reporting standards worldwide.

2.12 Empirical Review of Prior Studies

2.12.1 Economic Disclosure and Financial Reporting Timeliness

Adegbayibi et al. (2024) examined the impact of sustainability reporting on the financial reporting timeliness of listed consumer goods firm in Nigeria. The study utilized data from the annual reports of consumer goods firms, covering from 2021 to 2022. Employing an ex post facto research design, the study used descriptive statistics and panel corrected standard error regression for analysis. The study found a significant negative effect of sustainability reporting on the financial quality of these firms. This suggests that when firms disclose their economic sustainability activities, it often results in a decline in the quality of their financial reports. This adverse effect may be attributed to management potentially using economics sustainability disclosures to manipulate financial information, resulting in less reliable and accurate financial reports. The study recommends that stakeholders (regulators, policy makers) should enhance the regulatory provisions or accounting guidelines for environmental reporting. Also, the study recommends that components of social sustainability should be more fully represented in financial reports. Also, they suggest that social sustainability reports should be audited (or assured) to improve their credibility and quality, which should in turn improve overall financial reporting quality.

El Qirem et al. (2023) examined how sustainability accounting affects the financial reporting timeliness of pharmaceutical and chemical firms listed on the Amman Stock Exchange (ASE) from 2016 to 2021. Using expose facto research design, the study analysed secondary data from the annual reports of these firms over a five-year period. The analysis employed simple and multiple regression models. The results indicated that economics sustainability accounting significantly enhances the quality of financial reports. This means that firms that disclose more information about their economics sustainability practices, such as resources efficiency, cost management, and economics contributions, tends to have higher quality financial reports. The positive and significant relationship suggests that such disclosures enhance transparency and accountability, leading to more reliable and accurate financial reporting. By providing detailed disclosures on economics sustainability, firms can improve stakeholders' trust and confidence in their financial statements. The study encourage listed firms should adopt a recognised sustainability reporting such as the global reporting initiative (GRI) to promote high-quality disclosures across environmental, social and economic dimensions for better measurement and standardised disclosure metrics.

Lamprey et al. (2023) study on CSR and audit report lag examined whether greater corporate social responsibility (CSR) activity is associated with longer audit report lag (i.e., less timely audited financial information).Data & method. The study sample was [100 Best Corporate Citizens](#) list as a proxy for CSR; the study used regression models robust standard errors to control for standard determinants of audit lag (firm size, complexity, profitability, governance).

On the findings, the study identified as high CSR performers on the [100-Best](#) list exhibit significantly longer audit report lags. Several CSR components (environment, climate change, human rights, employee relations, philanthropy) were positively associated with longer audit completion times; governance component was not significant. The authors interpret this as CSR activities increasing reporting and audit complexity and raising audit risk, which lengthens the audit process. The study suggests that greater CSR activity at least as measured by inclusion on a major CSR list can be associated with less timely audited financial reports, plausibly because CSR increases reporting complexity and auditor workload.

Furthermore, El Mahdy, Lee, Synn & Zhang (2025), carried an investigation on ESG disclosure and timeliness of earnings announcements and audit reports. The study aimed to test whether firms that disclose more environmental, social, and governance (ESG) metrics announce earnings sooner and experience shorter audit delays (i.e., more timely financial reporting) - and whether these relations strengthen after adoption of industry ESG standards (SASB). In terms of data and method; large United States firms were sampled (multi-year); ESG disclosure intensity measured by number of ESG metrics disclosed (and industry-material items); dependent variables were earnings announcement timeliness and audit report lag. The regression analysis was with robustness checks and tests for changes after SASB implementation. At the end, the study found that, firms with greater ESG disclosure announce earnings more quickly (shorter announcement lag); exhibit shorter audit delays (shorter audit report lag). The positive relation (i.e., more disclosure more timeliness) is stronger after SASB standard implementation and in industries where SASB identifies more material ESG items. The study therefore, argue

that ESG disclosure improves the internal information environment and reporting systems, producing spill over benefits for financial reporting and audit processes.

In the vein, the study of Bailey et al. (2024), examined the implication of disclosure committees on disclosure quality and timeliness. The study examine whether the presence of a formal disclosure committee (a corporate governance mechanism focused on disclosure decisions) affects disclosure quality and disclosure timeliness. That is, whether governance around disclosure operations influences how timely (and accurate) firms are in releasing financial information among listed firms in the United States hand-collected indicator for whether firms have disclosure committees (and whether membership details are publicly revealed); outcomes include filing timeliness, earnings announcement quality, and incidence of SEC comment letters. A multivariate regressions and robustness tests for endogeneity were carried out. The key findings of study revealed that, disclosure committee is associated with higher disclosure quality and more timely corporate disclosure. That benefits are larger when committee membership is disclosed publicly and when firms experience negative disclosure events. Also, disclosure committees are also associated with higher-quality earnings announcements.

2.12.2 Governance Disclosure and Financial Reporting Timeliness

Ozer et al. (2024) conducted a study on corporate environmental, social, and governance (ESG) activities and financial reporting timeliness (FRT), covering data from 2003 to 2021 across firms in 65 countries and various sectors. The study employed ordinary least squares regression to analyze the data. Financial reporting timeliness was measured using the performance matched Jones model, while ESG scores encompassed environmental, social, and governance components. The findings revealed a positive impact of ESG on

FRT, suggesting that companies with higher ESG scores generally exhibit better financial reporting timeliness. Strong corporate governance and ethical behavior towards stakeholders were associated with higher ESG scores, indicating that firms with robust governance practices are more transparent and accountable, leading to more accurate financial reports and increased FRT. The study recommends that since the environmental and governance dimensions tend to have stronger impact on financial metrics, firms should prioritise investing in emission reduction, energy efficiency, environmental risk mitigation; improving board structure governance policies, transparency, and compliance.

Sharawi and Shahawi (2024) investigated the impact of governance sustainability on financial reporting timeliness (FRT) among 25 non-financial firms listed on the Saudi Stock Exchange, resulting in 125 observations. Using panel data analysis from 2019 to 2023, the study employed regression models to examine the relationship between governance disclosures and FRT. The findings revealed a significant positive association, indicating that enhanced governance disclosure practices improve financial transparency and reliability. This underscores the crucial role of robust governance frameworks in enhancing financial reporting timeliness in Saudi

Arabia. The study recommends that firm should increase the scope, depth, and quality of their ESG disclosures. Not just superficial reporting, but meaningful metrics and narrative about environmental, social, and governance practices. Also, firms should make governance disclosure more robust because governance disclosure has strong bearing on reporting quality.

Bailey et al. (2024) examined the relationship between disclosure committees and disclosure quality and timeliness among United States firms. The study investigated the

disclosure process (presence of a disclosure committee and public disclosure of its membership/charter) improves disclosure quality and the timeliness of corporate reporting. Listed firms across multiple years were examined to establish whether the firms have a disclosure committee and whether committee membership/charter is publicly disclosed. The dependent variables include filing timeliness, earnings-announcement timeliness, audit-report lag, and proxies for disclosure quality (e.g., frequency/severity of SEC comment letters). A multivariate OLS regressions with controls for firm size, complexity, auditor type, and other governance variables; robustness checks for endogeneity was employed. The found that, firms with disclosure committees (and especially those that publicly disclose committee membership/charter) exhibit more timely disclosure (faster filings and earnings announcements) and higher disclosure quality (fewer or less severe SEC comment letters). That, benefits are larger in firms experiencing negative disclosure events, suggesting committees play a monitoring/coordination role when disclosure is most demanding.

Merter (2024) analysed the relationship between audit committee characteristics and timely reporting. The study evaluated how audit-committee traits (size, independence, financial expertise, meeting frequency, disclosure of committee information) relate to multiple measures of financial-reporting timeliness (filing timeliness, earnings-announcement lag, audit-report lag) among the U.S firms. A cross-section / panel analysis of listed firms (U.S. sample) over recent years. Audit-committee characteristics were hand-collected from proxy statements and annual reports. Dependent variables: time to file (e.g., 10-K/10-Q tardiness or days-to-file), earnings announcement lag, and audit report lag. Regressions control for firm complexity, auditor type, financial performance,

and other governance variables; robustness checks include alternative timeliness measure was used to analyse the data. In the findings, stronger auditcommittee governance - especially committees with financial experts, greater independence, and higher meeting frequency was found associated with shorter reporting lags and quicker earnings announcements. The relation was more pronounced for firms with weaker internal controls or higher information asymmetry, suggesting audit committees help coordinate remediation and the disclosure process where needs are greatest.

The established that audit-committee strength and transparency about committee attributes are empirically linked to improved timeliness of financial reporting, consistent with audit committees enhancing oversight of disclosure controls and the audit process.

Alexeyeva (2024) is another prominent study corporate governance (board composition) and timeliness of financial reporting. That aimed to establish whether board composition (independence, expertise, board size, director busyness) and the quality/transparency of board disclosures affect the timeliness of financial reporting (audit report lag and filing/announcement lags), with attention to private vs public firm differences. Multi-year sample of firms (the paper includes private and publicly listed firms depending on the specific analysis) were selected for examination. Board characteristics and directors' workload/busyness were collected from governance disclosures and regulatory filings. Outcomes include audit-report lag and other timeliness proxies. Econometric models control for firm size, complexity, auditor type, and use sensitivity tests for director busyness and institutional ownership. The study found that, boards with a higher proportion of independent and financially-expert directors, and boards that more transparently disclose governance arrangements, were associated with shorter reporting

lags. Director busyness (directors serving on many boards) is associated with longer audit delays, suggesting over-committed directors are less effective at overseeing timely reporting. These results hold after controlling for firm complexity and auditor characteristics.

The study suggests that, board composition, transparency about board arrangements, and reasonable director commitments are empirically important for timely financial reporting - too many outside commitments for directors can slow audit completion and filings, while expertise and independence speed them.

2.12.3 Environmental Disclosure and Financial Reporting Timeliness

Zhang, et al. (2024) was centered on ESG performance (including environmental) and audit delay / audit efficiency. Study test whether firms' ESG performance - which includes environmental performance/disclosure measures - is associated with audit efficiency, operationalized primarily as audit delay (audit report lag). The study comprises large sample of listed firms (multi-year panel); regression models with robustness checks (one-period lags, Heckman two-stage, cluster adjustments) and heterogeneity tests (e.g., Big-4 vs non-Big-4, ownership types). The study treats ESG performance as a multi-dimensional constructs (environmental, social, governance) and examine its independent association with audit delay. The study found that, higher ESG performance is associated with shorter audit delays - i.e., better ESG (including environmental) performance correlates with more timely audited financial reports. The effect is economically small but

statistically significant and stronger for firms with established ESG practices and for those audited by Big-4 firms.

The results suggests that better ESG performance (which includes environmental disclosure/performance) is associated with improved audit efficiency and shorter audit report lag, implying environmental disclosure may help internal processes (information systems, controls) that speed audit completion.

Also, Alsheikh (2025) investigates sustainability reporting level and audit report lag among Saudi Arabia firms. The study investigates whether more extensive sustainability disclosure shortens or lengthens audit delays. A panel of 140 non-financial firms in Saudi Arabia was examined; sustainability reporting level was measured with two complementary metrics (comprehensive sustainability index / level). Ordinary least squares and additional robustness tests (controls for firm size, complexity, governance) was employed. One of key findings of the study was that a significant negative association exists between sustainability reporting level and audit report lag of firms with more extensive sustainability disclosure (including environmental information) tend to have shorter audit delays. The author interprets this as improved transparency and reporting processes reducing audit effort and time. In a nutshell, greater sustainability disclosure (which includes environmental reporting) was linked to timelier audited financial reporting; supporting the view that standardized/ample sustainability disclosure can improve the internal information environment and audit efficiency.

El Mahdy et al. (2025) ESG disclosure and the timeliness of earnings announcements and audit reports. Study aimed to ascertain whether firms that disclose more ESG metrics (explicitly including environmental items) announce earnings sooner and experience

shorter audit delays, and whether this relationship strengthens after standards-related shocks (SASB adoption).the study made use of large U.S. sample firms over multiple years. ESG disclosure intensity was measured by count/coverage of ESG metrics (and industry-material items). The dependent variables were earnings-announcement timeliness and audit report lag. The study exploit the timing of SASB standards implementation and industry materiality (SASB item counts) for quasi-experimental variation. On the final analysis, the study revealed that, firms with greater ESG disclosure (including environmental metrics) tend to announce earnings more quickly (shorter earnings-announcement lag); experience shorter audit delays (shorter audit report lag). The disclosure - timeliness relation strengthens after SASB standard implementation and in industries where more ESG items were material - consistent with disclosure standardization improving internal reporting and hence timeliness. The study carefully provides evidence that richer, more standardized ESG disclosure - including environmental metrics - improves the timeliness of both earnings announcements and audited financial reports, plausibly via better internal information flows and clearer materiality guidance.

Adegbayibi et al. (2024) investigated the impact of environmental sustainability reporting on the financial reporting timeliness of listed consumer goods firms in Nigeria. The study used an ex-post facto research design, utilizing secondary data from the annual reports of 21 firms listed on the Nigerian Exchange Group from 2012 to 2022. The analysis employed descriptive statistics and panel-corrected standard error regression. The results indicated that while environmental sustainability reporting positively impacts the quality of financial reporting, this effect was not statistically significant. This suggests that

although environmental sustainability efforts may slightly enhance the quality of financial reports, they do not significantly influence the accuracy or reliability of these reports for the sampled firms.

Ozer et al. (2024) conducted a study on corporate environmental, social, and governance (ESG) activities and financial reporting timeliness (FRT), covering data from 2003 to 2021 across firms in 65 countries and various sectors. The study employed ordinary least squares regression to analyze the data. Financial reporting timeliness was assessed using the performance-matched

Jones model, while ESG scores included environmental, social, and governance components. The findings revealed a significant positive impact of the environmental component on FRT. Specifically, the environmental score, particularly the resources use score, plays a vital role in firms' interactions with natural resources and their resource management strategies, thereby enhancing FRT. The study recommends that firms should use global standards like GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), TCFD (for climate risks), or ISSB for sustainability standards. These help ensure comparability, completeness, consistency across firms and time.

Akintoye and Kassim (2022) investigated the relationship between sustainability disclosure and financial reporting timeliness in listed firms on the Nigerian Exchange Group, covering 65 firms. The study employed panel regression analysis using the Environmental Disclosure Index (EDI), Social Disclosure Index, and accrual-based measures for reporting quality. The analysis revealed a negative relationship between environmental disclosure and financial reporting timeliness, indicating that higher

environmental disclosure did not necessarily correspond to faster or more timely financial reporting. The study recommends that regulatory bodies should enact regulations or public policies that make environmental disclosure compulsory (for corporations, public entities). This would help ensure more uniform, comparable, and reliable disclosures.

2.12. 4 Social Disclosure and Financial Reporting Timeliness

Sharawi and Shahawi (2024) investigated the impact of ESG disclosures on financial reporting timeliness among non-financial firms listed on the Saudi Stock Exchange. Using panel data analysis and regression techniques, the study incorporated variables such as environmental, social, and governance disclosures, firm size, industry classification, and Big Four audit firms. The findings revealed a significant positive relationship between social sustainability disclosures and financial reporting timeliness, indicating that enhanced social disclosure practices improve transparency and reliability in financial reporting. The study recommends that firms should go beyond minimal or generic social information. Disclosure should include detailed metrics, not just statements, about social practices (employee relations, labor conditions, community engagement, diversity, human rights etc.). Where “social disclosure” is vague, it reduces its usefulness for assessing reporting quality.

Akintoye and Kassim (2022) examined the relationship between sustainability disclosure and financial reporting timeliness in Nigeria, focusing on manufacturing firms from 2011 to 2020. Secondary data were extracted from the annual financial statements of listed firms on the Nigerian Exchange Group, using the Environmental Disclosure Index (EDI) and Social Disclosure Index (SDI). The study found that social disclosure could potentially weaken the quality of financial reporting, implying that managers may use

disclosure opportunistically. The study recommends that auditors should develop deeper understanding of sustainability reporting. This helps uncover instances where social disclosures are being used to mask or dilute financial reporting issues. The Financial Reporting Council (or equivalent regulatory body) should require firms to disclose sustainability information, either as part of their annual report or as stand-alone sustainability reports. This would help ensure consistency, comparability, and accountability.

Lamprey et al. (2023) on CSR (social components) and audit-report lag was conducted to investigate whether firms with stronger CSR performance (measured by inclusion on the “100 Best Corporate Citizens” list) experience different audit-report lags (audit delay / timeliness of audited financial reports). The study covered a sample of 3,661 firm-year observations (2011-2016). CSR was measured as membership in the 100-Best list and by its components (environment, climate change, human rights, employee relations, philanthropy, and governance). A multivariate regressions (robust and 2SLS) control for size, complexity, audit characteristics, governance, and other determinants of audit lag was employed. The key findings of the study showed a positive and significant association between overall CSR performance and audit-report lag. That is, firms on the CSR list tend to have longer audit delays. Results hold for most CSR components (including employee relations and philanthropy), suggesting that greater CSR/social activities increase reporting/audit complexity and auditing risk, which lengthens audit completion times. These results are robust to 2SLS addressing endogeneity.

Also, Zhang and Guo (2024) on social disclosure and financial reporting lag among the Chinese firms examined ESG performance (including social) and audit efficiency (audit delay). The study investigate whether corporate ESG performance - which combines

environmental, social and governance measures (so includes social disclosure/performance) - is associated with audit efficiency measured by audit delay (audit-report lag). Data was extracted from share listed Chinese firms (2015–2022). ESG was measured by established ESG scores; audit delay = days between fiscal year-end and audit-report date. Regression analyses and structural equation models (SEM) with heterogeneity tests (state-ownership, Big-4 auditor subgroups). The key findings showed that better ESG performance is associated with shorter audit delays, that is, improved audit efficiency. The effect was economically small but statistically significant, and stronger for firms with mature ESG practices, non-state-owned firms, and those audited by Big-4 firms. The variable suggests that good ESG practices (including social disclosure processes) improve internal information flows and controls, helped auditors' to complete audits faster. This study provides evidence that stronger ESG performance (including social disclosure/performance) tends to improve timeliness by reducing audit delays - consistent with the idea that integrated social reporting can strengthen internal reporting and reduce audit effort.

Asante-Appiah (2022) titled: "does the severity of client's negative environmental, social and governance reputation affect audit effort and audit quality" was carried out to examine whether negative ESG incidents (intense media coverage of social/environmental/governance missteps, that is, ESG reputation") affect auditor behaviour, audit effort, audit quality and the timeliness of audit reports. Multi-year samples and media-intensity measures of negative ESG coverage; models relate tainted ESG reputation to audit effort proxies (audit fees, non-audit services), audit-report lag and subsequent restatements. Robustness checks include 2SLS and analysis of component

effects (E vs S vs G) were carried out. The outcome of the findings revealed that, firms that suffer severe negative social (and broader ESG) incidents face greater auditor scrutiny. Auditors increase effort, which is reflected in longer audit-report lags (delays) and sometimes higher fees or intensified audit procedures; this added effort is associated with improved audit quality (lower restatement likelihood) in subsequent years. The social component matters: some results show differential effects across E, S, and G components.

The study concludes that, when social disclosure turns negative (public scandals, media shocks), auditors respond with more effort and often longer audit completion times, that is, timeliness can worsen as audit procedures intensify to mitigate risk, although audit quality may increase as a result.

Chulkov and Wang (2022) investigated the relationship between corporate social responsibility (CSR) and financial reporting timeliness in the financial sector in Indonesia, covering the period from 1991 to 2018. The study employed ordinary least squares (OLS) estimation, with asset size and leverage as control variables. The findings revealed that increased CSR is associated with improved financial reporting timeliness, demonstrating a positive relationship between CSR and timely financial reporting. The study recommends that Firms should invest more in CSR initiatives-not just superficial or “checkbox” CSR-but meaningful, high-quality CSR that stakeholders can observe and verify. The more substantive the CSR, the greater its spill over into reporting quality.

Oncioiu et al. (2020) conducted a study on corporate social sustainability disclosure and financial reporting timeliness using questionnaires administered to 320 managers. The study employed OLS regression for data analysis. The findings revealed a positive relationship between corporate social sustainability disclosure and the level of financial

reporting timeliness. The study recommended that firms adopt social sustainability reporting strategies while considering stakeholders' views. Firms should integrate social responsibility / social disclosure metrics (e.g. social impact, community welfare, labour practices) into their sustainability or corporate reports, not just environmental metrics. These indicators should be made "financially meaningful" that is, presented in ways that stakeholders can see their ties to financial performance, risk, or opportunity.

2.13 Control Variable

2.13.1 Firm Size

Firm size can be measured in several ways, including total assets, market capitalization, number of employees, or annual turnover. Larger firms typically have more resources, greater visibility, and more stringent monitoring from external stakeholders compared to smaller firms.

Because of these characteristics, firm size is believed to influence both the speed and efficiency of financial reporting.

The relationship between firm size and reporting timeliness has been the subject of extensive empirical inquiry. Two major perspectives dominate this discussion: Larger firms often face stricter regulatory scrutiny and higher demand for transparency from investors and analysts. Consequently, they may prioritize timely financial disclosures to

maintain credibility and investor confidence (Owusu-Ansah, 2000). Big firms usually possess more advanced accounting systems, better internal controls, and more professional expertise, enabling them to complete audits and prepare reports faster (Ashton, Graul & Newton, 1989). Due to their public visibility, large firms tend to avoid delays that might signal inefficiency, fraud, or governance weaknesses.

On the contrary, some studies argue that larger firms have more complex operations and diversified activities, which can increase the time required to finalize financial statements (Leventis & Weetman, 2004). The consolidation of subsidiaries across multiple jurisdictions, different accounting standards, and cross-border regulations may slow down financial reporting despite abundant resources. Other studies have found no significant relationship, suggesting that technological advancements and regulatory frameworks can level the playing field between large and small firms in terms of reporting timeliness. Ashton, Graul, and Newton (1989) found that firm size was inversely related to reporting lag, indicating that larger firms report more quickly.

Owusu-Ansah (2000), in an emerging market context, supported the idea that large firms tend to issue timely reports due to reputational concerns. The study recommends that larger firms should leverage their resources to improve reporting promptness because larger firms tend to have more accounting staff, better internal control systems, more sophisticated information systems, and greater ability to expedite audit processes, firms should use these strengths to ensure timely financial reporting.

Leventis and Weetman (2004) observed that firm complexity, often linked with size, can lengthen reporting delays, suggesting that the relationship may not be strictly linear. The study recommend that larger firms should use their visibility and resources to lead in

transparency because larger firms are more visible to the markets, attract more stakeholder interest, and generally have more resources, they are in a good position to set high standards of voluntary disclosure. Using dual-language reporting (or other ways to increase communication reach) is one way to enhance visibility and justify more disclosure.

2.14 Gap in Literature

Although a growing body of literature has examined the relationship between corporate disclosure practices and financial reporting quality, limited attention has been given to the specific link between Environmental, Social, and Governance (ESG) disclosure and the timeliness of financial reporting. Most existing studies on ESG reporting have concentrated on its impact on firm value, financial performance, or investor perception, while the implications for reporting timeliness remain largely unexplored (Okoba & Chikwu, 2023; Okon et al., 2023; Obiosa & Briggs, 2022; Carnini et al., 2022; Harymawan et al., 2021; Mutalib et al., 2020; Buallay, 2020; Ching et al., 2017). Furthermore, prior research conducted in developed economies presents mixed and inconclusive findings. Some studies suggest that ESG disclosure enhances transparency, strengthens internal control systems, and thus facilitates timely financial reporting. Others argue that the extensive nature of ESG data collection, verification, and assurance processes increases reporting complexity, potentially leading to delays in financial disclosures. This inconsistency in empirical outcomes underscores the need for further investigation.

In addition, there is a notable contextual gap in emerging economies, such as Nigeria and other sub-Saharan African countries, where ESG disclosure practices are still evolving and

institutional pressures differ from those in developed markets. The regulatory environment, reporting infrastructure, and stakeholder expectations may alter the dynamics between ESG disclosure and financial reporting timeliness. Yet, few empirical studies have addressed this relationship within such contexts. Therefore, the existing literature lacks sufficient evidence on how ESG disclosure practices influence the timeliness of financial reporting in emerging markets, creating a significant gap that this study seeks to fill. Addressing this gap will contribute to understanding whether ESG integration complements or constrains the promptness and reliability of financial information dissemination.

2.15 Review of Theories

In this section, related theories to sustainability disclosure and financial reporting timeliness are reviewed as follow:

2.15.1 Agency Theory

Agency theory was propounded by Jensen and Meckling (1976). In today's global business environment, agency theory remains highly relevant. With the rise of multinational corporations, institutional investors, and complex ownership structures, agency problems have become more pronounced. The 2008 global financial crisis, for example, reignited debates about misaligned incentives in the financial sector. Likewise, contemporary issues such as sustainability reporting and environmental, social, and governance (ESG) practices are increasingly analyzed through the lens of agency theory, as firms balance short-term shareholder returns with long-term societal goals (Hill & Jones, 1992).

This theory deals with the conflict of interest between shareholders and managers, it implies that by providing more transparent information about the business's operations, risks, and opportunities. ESG disclosures can reduce the possibility of manipulative financial reporting and enhance users confidence, therefore improved the quality of financial reporting timeliness (2020). The need for management to report their operational impact on environmental, social, economic, and governance issues reduces information gap. The agency relationship creates an information gap as managers possess more information than the shareholders. Basically, the problems that arise this relationship are to harmonise the goals of the principal and the agent, and make sure these goals are not conflicting since they may have different interests.

At its core, agency theory is grounded in the separation of ownership and control in modern corporations. Shareholders, as principals, delegate decision-making authority to managers, who act as their agents. The central problem arises when agents prioritize personal interests over those of the principals, leading to what is known as the “agency problem” (Fama& Jensen, 1983). For instance, managers may engage in earnings manipulation, excessive perquisite consumption, or risk-averse strategies that do not maximize shareholder wealth.

Two major dimensions of agency theory are identified in literature: the positive agency theory, which examines mechanisms to align the interests of principals and agents, and the principal agent theory, which uses formal mathematical models to analyze contracts and incentive structures (Eisenhardt, 1989). Both strands converge on the central idea that governance structures—such as monitoring, bonding, and incentive schemes—are necessary to mitigate agency conflicts.

Agency theory is particularly relevant in corporate governance studies. It underpins practices such as performance-based executive compensation, board oversight, shareholder activism, and external auditing. For example, stock options are often designed to align managerial decisions with shareholder wealth maximization (Shleifer & Vishny, 1997). Similarly, the presence of independent directors on corporate boards is justified through agency theory, as they are expected to monitor management and protect shareholders' interests.

Moreover, agency theory has informed research in areas such as mergers and acquisitions, capital structure decisions, and financial reporting timeliness. It explains why managers may underinvest in high-risk projects to safeguard their job security or overinvest in empire building activities to expand their control (Tirole, 2006).

Despite its usefulness, agency theory has faced criticisms. First, it assumes that individuals are purely self-interested and opportunistic, neglecting the role of trust, ethics, and social relationships in organizational settings (Davis, Schoorman, & Donaldson, 1997). Second, its emphasis on financial incentives may overlook intrinsic motivators such as professional responsibility and reputation. Third, critics argue that excessive reliance on monitoring and control mechanisms may create rigid corporate environments that stifle.

2.13.2 Stakeholders Theory

Stakeholder theory has become one of the most influential frameworks in management, corporate governance, and business ethics. Introduced by Freeman (1984), the theory challenges the traditional shareholder primacy model by proposing that businesses should create value not only for shareholders but also for a wide range of stakeholders, including

employees, customers, suppliers, communities, and regulators. Over the years, stakeholder theory has evolved into a multidimensional framework applied in corporate social responsibility (CSR), sustainability, and strategic management. This review explores the origins, assumptions, applications, limitations, and contemporary relevance of stakeholder theory.

The central tenet of stakeholder theory is that organizations operate within a network of interdependent relationships, and long-term success depends on balancing and managing the interests of multiple stakeholders (Donaldson & Preston, 1995). Unlike agency theory, which focuses primarily on resolving conflicts between shareholders and managers, stakeholder theory emphasizes inclusivity and broader accountability. Stakeholders are defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984).

Scholars have identified three perspectives within stakeholder theory. The descriptive aspect explains how firms actually behave in dealing with stakeholders. The instrumental aspect explores how stakeholder management contributes to organizational performance and competitive advantage. The normative aspect asserts that firms have an ethical obligation to consider stakeholders’ rights and interests beyond economic returns (Jones, 1995). These perspectives collectively enrich the theory’s application across diverse disciplines.

Stakeholders have diverse needs hence reporting on economic, social, governance, and environmental impacts can help strengthen stakeholder’s confidence and trust in the financial report produced by an organization. The interest and concerns of various stakeholders can be addressed through a complete financial reporting. The focus of the

stakeholder theory is that a business should benefit all its stakeholders and not its shareholders alone.

In today's globalized and interconnected business environment, stakeholder theory remains highly relevant. Issues such as climate change, human rights, data privacy, and diversity have elevated stakeholder expectations. International frameworks such as the UN Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) reporting are deeply rooted in stakeholder theory principles. For instance, institutional investors increasingly evaluate companies based on ESG performance, reflecting the integration of stakeholder interests into capital markets (Eccles, Ioannou, & Serafeim, 2014). Moreover, digital transformation and social media have amplified stakeholder voices, making it difficult for firms to ignore non-shareholder concerns. Companies that fail to address stakeholder expectations risk reputational damage, regulatory sanctions, or consumer boycotts. On the other hand, organizations that embrace stakeholder-oriented governance often experience long-term resilience, legitimacy, and competitive advantage.

Despite its popularity, stakeholder theory has faced significant criticisms. One major limitation is the lack of clarity in defining and prioritizing stakeholders. Since stakeholders can range from investors to distant communities, managers often struggle to balance conflicting demands. Critics argue that the theory may dilute managerial accountability by spreading responsibility too broadly (Jensen, 2001). Another criticism is that stakeholder theory may undermine shareholder wealth maximization, especially when firms invest heavily in social or environmental projects with uncertain returns. Additionally, the normative assumptions of fairness and justice may not always align with

the realities of competitive markets. Some scholars also argue that the theory is more aspirational than practical, as it lacks precise guidelines for resolving stakeholder conflicts

2.13.3 Legitimacy Theory

Legitimacy Theory does not have a single originator like some theories (e.g., Agency Theory by Jensen & Meckling, 1976). Instead, it evolved over time within organizational sociology and accounting research. The earliest formal articulation is often credited to Dowling and Pfeffer (1975), who discussed how organizations seek to establish congruence between social values and their activities in order to gain legitimacy. Later, Lindblom (1994, unpublished paper) provided one of the most widely cited explanations, emphasizing how firms disclose information to maintain or repair legitimacy

Legitimacy theory is one of the most widely used theoretical perspectives in social and environmental accounting, corporate governance, and sustainability research. It emphasizes that organizations do not operate in isolation but within a broader social framework where their continued existence depends on societal approval. The theory asserts that organizations seek to ensure their operations, values, and disclosures align with the expectations of society, thereby maintaining their "license to operate" (Suchman, 1995). Since its emergence in the 1980s, legitimacy theory has become central to understanding corporate disclosure practices, environmental reporting, and stakeholder engagement. This review examines the foundations, assumptions, applications, criticisms, and contemporary relevance of legitimacy theory.

Legitimacy theory originates from the notion of a "social contract" between organizations and society. This contract suggests that in exchange for resources and the right to operate,

organizations must act in ways that are consistent with societal norms, values, and expectations (Dowling & Pfeffer, 1975). When firms violate these expectations, they risk losing legitimacy, which can threaten their survival. Suchman (1995) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs, and definitions." This definition highlights the social construction of legitimacy and its dependence on societal perception rather than the actual behavior of organizations. Legitimacy theory assumes that organizations are not only profit-maximizing entities but also social institutions that rely on public approval. Consequently, managers often engage in symbolic actions, such as sustainability reporting, to demonstrate compliance with societal expectations.

In the light of these review, the stakeholder theory is appropriate for anchoring the timeliness of corporate financial reporting because it emphasized the organisation's responsibility to meet the information needs of all stakeholders not just shareholders. Timely financial reporting enhances transparency, accountability, and trust between the firm and its stakeholders including investors, regulators, employees, and creditors. When financial information is provided promptly, stakeholders can make informed economic and strategic decisions, thereby reducing information asymmetry and enhancing corporate reputation. Thus, stakeholder theory supports the argument that management has an ethical and strategic obligation to ensure timely financial disclosures that serve the broader interests of all parties affected by corporate action (Freeman, 1984; Agyemang & Castellini, 2015). Therefore, stakeholder theory provides a strong conceptual foundation

for understanding why timeliness in corporate financial reporting is essential for maintaining legitimacy, accountability, and sustainable stakeholder relationships.

CHAPTER THREE

METHODOLOGY

This chapter shows the methods as well as the techniques that will be employ to execute this study such as, the research design, population of the study, sample size as well as the

sampling technique, sources of data, method of data analysis, model specification and operationalization of variables and *Appriori* expectation.

3.1. Research Design

The study will employ a longitudinal research design, which is the combination of the cross sectional and time series data for a period of ten years (2019 - 2024). The choice of this particular period is simply because majority of firms have released their annual reports up to

2024. The design will covers all data from the non-financial firms that are quoted on Nigeria Exchange Group as at the year 2024.

3.2. Population and Sample Size

The population of this study consists of one hundred and nine (109) non-financial companies listed on the Nigerian Exchange Group (NGX) as at 2024 year end. Non-financial were selected because they engage more directly in sustainability-related activities, such as environmental protection, corporate social responsibility, and governance practices, making them suitable for evaluating the relationship between sustainability disclosures and financial reporting timeliness. Unlike financial institutions, which are subject to sector-specific regulatory frameworks, non-financial firms have more diverse reporting structures, allowing for a more comprehensive analysis of sustainability disclosures (Adebayo et al., 2020).

The Taro-Yamane (1967) sample size selection method will be employ to determine our final sample size out of the population of 109 for this study. The justification for choosing

this method is based on the fact that the numbers of elements in the population are known, the TaroYamane formula is:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = number of items in a population e - error term denoting 5%, while

1 = constant figure $n = 109/1 + 109(0.05)^2$ $n = 109/1 + 109(0.0025)$ $n = 109/1 + 0.2725$ $n = 109/1.2725$ $n = 85.6581532416$ $n = 85$.

Therefore, 85 firms will form our sample size in this study; this approach is scientific and reliable.

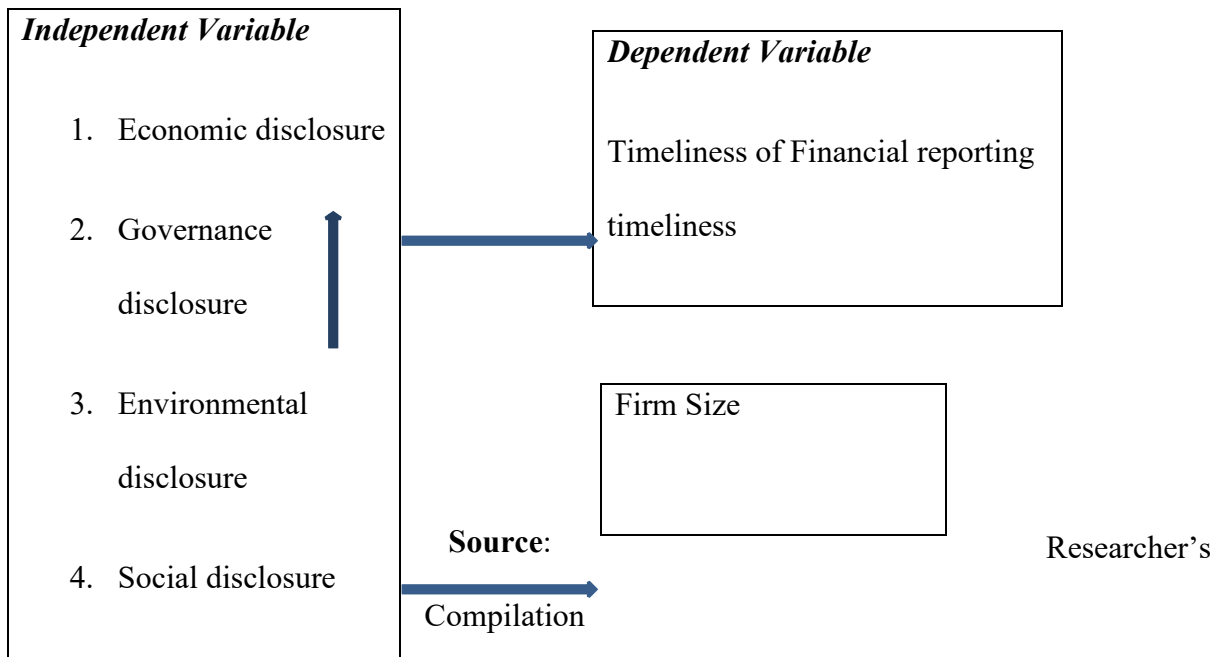
3.3. Sources of Data Collection

This study relies exclusively on secondary data, extracted from the published annual reports and sustainability disclosures of the 109 listed non-financial companies on the Nigerian Exchange Group (NGX) from 2019 to 2024. Annual reports serve as the primary data source due to the regulatory scrutiny and broad acceptance as financial disclosure instruments. These reports provide comprehensive insights into corporate sustainability practices, financial reporting timeliness, and firm characteristics necessary for empirical analysis.

3.4 Theoretical Framework

The purpose of specifying the models to investigate the relationship between sustainability disclosure and the timeliness of financial reporting of quoted firms in Nigeria, the stakeholders' theory will majorly be adopted in this study. The stakeholder theory relates logically consistence with the agency theory, broader in terms of the extent of engagement. The theory is of the opinion that, entity consists of interactions between agents, principals, and other connected parties. Organisations are therefore, face with heightened expectations to disclose information by placing greater responsibility on the audit input, process and output to ensure the financial reports are precise and devoid of significant misrepresentation, misappropriation, and errors through thorough quality audit engagement. The stakeholders' theory propounds that it is very important that the stakeholders which includes; board of directors, audit committee, and external auditor work in tandem to ensure audit quality and financial report that is devoid of errors and material misstatements.

Figure 1: Schematic representation of the relationship between sustainability disclosure and timeliness of financial reporting timeliness variables in this study.



3.5 Model Specification

To examine financial reporting timeliness, the models of Akintoye and Kassim (2022) will be adapted for this study. The model was stated as:

$$TFR_{it} = \beta_0 + \beta_1SDI_{it} + \beta_2FSIZE_{it} + \beta_3LEV_{it} + \beta_4ROA_{it} + \beta_5AUDO_{it} + \beta_5BIND_{it} + \epsilon_{it} \text{ Where:}$$

TFR = Financial reporting timeliness measured by the number of days between fiscal year-end and publication date

SDI = Sustainability Disclosure Index

BOFE = Firm size

LEV = Leverage

ROA = Profitability

AUDQ = Audit quality,

BIND = Board independence

ε = Error term

This study is adapted the aforementioned study model but modified it to captures the correlation between sustainability disclosure and timeliness of financial reporting timeliness.

Therefore, the model is first stated in a functional form as:

$$\text{TFR} = f(\text{ECD}, \text{GOVD}, \text{ENVD}, \text{SOD}) \dots \dots \dots (1)$$

Transforming the equation into an econometric model, we have;

$$\text{Tra}_{it} = \beta_0 + \beta_1 \text{ECD}_{it} + \beta_2 \text{GOVD}_{it} + \beta_3 \text{ENVD}_{it} + \beta_4 \text{SOD}_{it} + \varepsilon_{it} \dots \dots \dots (2)$$

Where: TFR signifies Timeliness of financial reporting; ENVD represents environmental disclosure; SOD represents social disclosure; GOVD represents disclosure; ECD represents economic disclosure; F_s represents firm size; $\beta_1 - \beta_4$ denotes parameters of the explanatory variables; (1) represents the listed firms; (t) indicates the period covered.

3.6 Theoretical Framework

The relationship between sustainability disclosure and financial reporting timeliness can be anchored on several interrelated theories that explain why and how firms disclose sustainability information and how it affect the speed and credibility of their financial reporting processes. However, this study will be anchored on the stakeholder theory. According to Freeman (1984), the stakeholder theory states that firms exist within a

network of stakeholders, each demanding transparency and timely information to evaluate firm performance. Timely and comprehensive sustainability disclosure is a mechanism for firms to demonstrate accountability and responsiveness to stakeholder information needs. That firms that prioritise stakeholder trust tend to release financial reports promptly to maintain transparency and legitimacy; greater sustainability disclosure aligns with enhanced reporting timeliness. Also, firms that engage in extensive sustainability disclosure to satisfy stakeholder demands are more likely to ensure timely financial reporting.

3.7 Method of Data analysis

The study will employ longitudinal data (panel data) regression as a technique to estimate the econometric models that are stated in the study; this will be preferred as a result of multidimensional nature of the data which have cross-sectional dimension and time dimension.

The panel regression has the estimation options of fixed effects (FE) as well as random effects (RE). The difference between the two of them has to do with the assumption that is made regarding the error term behaviour. The model of the fixed effects enables for relationship between the unobserved effect as well as the explanatory variables. Again, the random effect, according to Hausman (1978) does not allow for any relationship. To ascertain the estimation technique that will be more preferable between the fixed effects and random effects, the Hausman specification test will be used. Hausman test will be employed to choose between the FE and RE effects, estimator in analysis of panel data (Wooldridge, 2000).

To test the hypotheses stated in chapter one of this study, the statistical decision rule will be, if $p < 0.05$, we reject the null hypothesis, meaning sustainability disclosure significantly affects timeliness and if $p > 0.05$, we accept the null hypothesis, meaning that sustainability disclosure has no significant effects on timeliness.

A situation whereby the variables that are used are followed by the standard normal distribution is referred to as normality. Normally distributed set of data has a probability density function. For normal distribution of data to be tested for and then adjust for false result of data to be avoided as a result of its nature of having the function of probability density, the tests of JarqueBera statistic will be used. The *a priori* expectation is stated as follows: β_1 to $\beta_4 < 0$. This implies that an increase in environmental disclosure (economic, social, governance, and environmental) are expected to increase the level of financial reporting.

3.7 Operationalization of Variables

S/N	Variables	Abbreviations	Measurements	Sources	<i>A priori</i> Exp
Dependent Variable:					

1	Timeliness of Financial reporting timeliness	TFRT	Measured using audit lag(the number of days between fiscal year-end and the audit report date	Abdelsala and Street, (2007).
Independent Variables:				
2	Economic disclosure	ECD	Content analysis of annual reports based on presence(coded as 1 or absence(coded as 0 of five ECD items GRI201 Economic Performance:	GRI 201- + 207 (GRI, 2018)

			1.Market Presence 203: 2.Indirect Economic Impacts 3.Procurement Practices 4.Anti-corruption 5. Anti-competitive Behaviour Tax (Economic Disclosure Index).	GRI
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3	Governance disclosure	GOVD	Content analysis of annual reports based on presence(coded as 1 or absence(coded as 0 of five of GOVD items GRI2-9:Governance structure GRI 2-10: 1.Nomination and Selection	GRI 2-9 + (GRI, 2018)
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	<p>2.Role of highest governance body</p> <p>3.Delegation of Responsibility</p> <p>4.Ethics and integrity</p> <p>5.Conflicts of interest</p> <p>(Governance Disclosure Index).</p>	
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4	Environmental disclosure ENVD	Content analysis of annual GRI 2023 + reports based on (GRI, 2018) presence(coded as 1 or absence(coded as 0 of ten of ENVD items GRI 301: Material Energy Water and Effluents Biodiversity
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	Emissions Waste Environmental Compliance Supplier Environmental Assessment (Environmental Disclosure Index).
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5	Social disclosure	SOD	<p>Content analysis of annual reports based on 418 (GRI, presence(coded as 1 or 2018) absence(coded as 0 of Eleven of ENVD items of SOD Employment Labor/Management Relations Occupational Health and Safety</p>	GRI401– +
			<p>Training and Education Diversity and Equal Opportunity Non-discrimination Freedom of Association, Child Labour, Forced Security, Rights, Local Communities, Public Policy, Customer Privacy (Social Disclosure Index).</p>	
Control Variable:				+
6	Firm Size	FSIZE	Log of Total assets	(Brochman et al. (2018) +

Source: Researcher's compilation These indicators help organizations assess and report their sustainability practices in a standardized and globally recognised. In this index table, every item disclosed is 1, item not disclose will be 0. A percentage disclosure will be taken by averaging the total items in each component of the sustainability and then multiply by 100.

CHAPTER FOUR

PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the analysis of data collected for the study on the effect of sustainability disclosure on financial reporting quality in Nigeria. The chapter includes background information, including the characteristics of the dataset, descriptive statistics, and regression results to test the research hypotheses. The aim is to provide an empirical assessment of the relationship between sustainability disclosure dimensions (environmental, social, governance, and economic) and financial reporting quality, particularly its timeliness. The analysis follows a structured approach, beginning with the background information of the dataset, followed by descriptive statistics, and then an in-depth examination of the hypotheses tested using regression analysis. Each section of the analysis is structured to illustrate how the empirical findings respond to the research objectives.

4.2 Information on the Firms

The study utilized a sample size of 1,143 observations across different variables, ensuring adequate representation of firms reporting sustainability disclosures. The dataset consists of firms operating in various sectors, thereby providing a diverse perspective on

sustainability disclosure practices. The firms vary in size, financial performance, and industry classification, which enhances the robustness of the study findings. The bio-data analysis presents details such as firm size, industry classification, and reporting frequency to provide context for the interpretation of subsequent results.

4.3 Data Presentation and Interpretation

4.3.1 Descriptive Statistics

Table 4.1 below presents the descriptive statistics for the variables used in this study. These variables are Financial Reporting Quality (FRQ), Environmental Disclosure (EVD), Social Disclosure (SCD), Governance Disclosure (GOVD), Economic Disclosure (ECD), and Firm Size (FSA).

Table 4.1: Descriptive Statistics

Variable Mean Median Maximum Minimum Std.
Deviation N

FRQ	179	88	874	0	157	962
EVD	1.1	0	83	0	8.5	1,143
SCD	51	60	100	0	20	1,143

GOVD	79	86	100	0	24	1,143
ECD	84	83	100	0	18	1,143
FSA	16	16	22	11	2.1	1,109

Key: FRQ: Financial Reporting Quality; EVD: Environmental Disclosure; SCD: Social Disclosure; GOVD: Governance Disclosure; ECD: Economic Sustainability Disclosure; FSA: Firm Size.

Source: Authors' compilation (2025)

Financial Reporting Quality (FRQ) has a mean of 179 and median of 88 across 962 observations. FRQ exhibits a high level of variability. The extreme values, ranging from a minimum of 0 to a maximum of 874, and a standard deviation of 157, suggest that the distribution is skewed with the presence of significant outliers. This is why some firms report promptly while others experience significant delay. The large difference between the mean and median indicates that while most firms have relatively moderate FRQ scores, a few firms with exceptionally high or low scores are influencing the overall average.

Environmental Disclosure has a mean score of 1.1, with a median of 0, across 1,143 observations. The range spans from 0 to 83, and the standard deviation is 8.5. These statistics imply that the majority of firms exhibit minimal environmental disclosure, although there are a few cases with substantially higher scores that raise the average slightly above zero. For

Social Disclosure, the average value is 51, with a median of 60, based on 1,143 observations. The scores vary from 0 to 100, and the standard deviation is 20. This distribution suggests a moderately broad dispersion in social disclosure practices.

4.3.2 Normality Tests

Normality tests were employed to assess the distribution of the six key variables.

Table 4.2: Jarque-Bera / Skewness Tests for Normality

variable	Observation N	P(Skewness)	P(Kurtosis)	Adj ch2(2)	Prob	Remark
PQR	962	0.0000	0.0000	—	0.0000	Non-normal distribution
EVD	1,143	0.0000	0.0000	—	—	Non-normal distribution (Skewness alone)
SCD	1,143	0.0000	0.0886	18.48	0.0001	Non-normal distribution (combined test)
GOVD	1,143	0.0000	0.0000	—	0.0000	Non-normal distribution

ECD	1,143	0.0000	0.0000	—	0.0000	Non-normal distribution
PSA	1,109	0.0690	0.1038	5.93	0.0515	Border line (slightly above 5% significance)

Table 4.2 displays the Skewness/Kurtosis test results, reporting p-values for both skewness

Kurtosis, as well as an adjusted chi-square statistic (adj chi 2(2)) that combines these measures prob>chi2" column indicates the overall significance of the departure from normality. A Pvalue below 0.05 typically signals that the distribution in question is not normal. This test is especially helpful for identifying whether the tails of a distribution are heavier or lighter than normal (kurtosis) and whether the distribution leans to one side (skewness).

Focusing first on Financial Reporting Quality within Table 4.2, the results show p-values of 0.0000 for both skewness and kurtosis, and the combined p-value is also extremely low (0.0000). These findings confirm that Financial Reporting Quality is significantly non-normal. The large sample size (N=962) further reinforces that this is not likely to be a sampling fluke; rather, Financial Reporting Quality values genuinely exhibit extreme skewness and/or kurtosis, deviating substantially from a standard bell curve.

Turning to Environmental Disclosure in the same table, both skewness and kurtosis p-values register as 0,0000 or similarly very low, with no overall Prob>chi2 reported. Even

so, the data clearly suggest that Environmental Disclosure is also not normally distributed.

The note

"skewness alone)" indicates that, in this case, skewness alone is enough to reject normality, Such an outcome can occur when the test for kurtosis does not produce a separate valid statistic but Skewness already shows significant non-normality.

Three other variables (Social Disclosure, Governance Disclosure, Economic sustainability Disclosure) are likewise identified as non-normal in Table 4.2 for Social Disclosure, the P-value for skewness is 0.0000, while kurtosis is 0.0886. Despite the latter being slightly above 0.05, the combined test statistic (18.48) yields a highly significant p-value(.0001), implying nonnormality when skewness and kurtosis are considered together. Governance Disclosure and Economic.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the key findings from the study, draws conclusions, and provides policy recommendations based on the results. It also discusses the contributions of the study to the existing literature and suggests areas for future research.

5.2 Summary of Finding

The findings from the study are summarized as:

The study found a statistically significant negative relationship between Environmental Disclosure and timeliness (audit lag), indicating that higher environmental disclosures lead to shorter audit lags and, consequently, higher financial reporting quality. This suggests that firms prioritizing environmental transparency tend to enhance their financial reporting processes by promoting accountability and reducing information asymmetry.

The results revealed a negative and statistically significant relationship between Social Disclosure and timeliness (audit lag), implying that higher social disclosures contribute to shorter audit lags and improved financial reporting quality. Firms that engage in extensive social disclosures tend to establish stronger governance practices and reporting discipline, which enhances overall financial transparency.

The study found no statistically significant relationship between Governance Disclosure and timeliness (audit lag), suggesting that governance-related disclosures do not have a meaningful impact on financial reporting quality. This may be because governance disclosures often focus on compliance rather than providing actionable insights that could directly influence financial reporting transparency.

The findings showed a positive and statistically significant relationship between Economic Disclosure and timeliness (audit lag), indicating that higher economic disclosures are associated with longer audit lags and thus lower financial reporting quality. The complexity and extensive nature of economic disclosures may lead to delays in the audit process, ultimately compromising the timeliness of financial 2 reporting.

These findings highlight the relationship between sustainability disclosures and financial reporting quality. While environmental and social disclosures contribute positively to the timeliness of financial reports, economic disclosures introduce complexities that may reduce reporting quality. The insignificant impact of governance disclosures suggests that firms may not be leveraging governance reporting effectively to enhance financial transparency.

5.3 Conclusion

The study concludes that sustainability disclosures have a multifaceted impact on financial Reporting quality, with distinct variations observed across environmental, social, governance, and economic dimensions. The findings demonstrate that Environmental Disclosure and Social Disclosure exhibit statistically significant negative relationships with timeliness (audit lag), which, due to the inverse 91 relationship between timeliness and financial reporting quality, indicates that higher environmental and social disclosures are associated with improved financial reporting quality. This suggests that firms engaging in greater environmental and social disclosures tend to experience shorter audit lags, which enhances financial transparency and reporting discipline by reducing information asymmetry and aligning stakeholder expectations. Conversely, Economic Disclosure demonstrates a statistically significant positive relationship with timeliness, implying that

higher economic disclosures lead to longer audit lags, which in turn reduces financial reporting quality. This outcome suggests that the complexity and extensive nature of economic disclosures may introduce challenges in the audit process, delaying financial statement finalization and thereby compromising financial reporting quality. Despite the relevance of economic sustainability disclosures to stakeholders seeking insights into a firm's financial stability and growth prospects, the potential delays caused by these disclosures highlight the need for firms to balance comprehensive reporting with the imperative of maintaining timeliness and accuracy in financial statements.

The study also found that Governance Disclosure had no statistically significant relationship with timeliness, indicating that governance disclosures do not directly impact financial reporting quality. This may be because governance disclosures often focus on fulfilling regulatory compliance requirements rather than providing meaningful insights into governance practices that could enhance financial reporting transparency.

Additionally, the control variable, Firm Size, exhibited a significant negative relationship with Audit Report Lag (timeliness), suggesting that larger firms have shorter audit lags, thereby improving Financial Reporting Quality. This indicates that larger firms likely have stronger internal controls. Advanced financial reporting systems, and greater resources to facilitate timely audits, enhancing the timeliness and reliability of financial information.

While environmental and social disclosures contribute positively to financial reporting quality by promoting timeliness and transparency, economic disclosures may compromise reporting quality if they lead to prolonged audit processes. The lack of a significant impact from governance disclosures suggests that firms should move beyond compliance-based disclosures and provide substantive governance insights to enhance financial reporting

quality. These findings highlight the importance of developing comprehensive reporting frameworks that balance sustainability disclosures with the need for timely, accurate, and high-quality financial reporting.

5.4 Policy Implications and Recommendations

Based on the study's findings, several key policy implications and recommendations emerge. Regulatory authorities should develop clearer and standardized guidelines for environmental and social disclosures. This would reduce subjectivity and ensure that such disclosures contribute meaningfully to financial reporting. Since higher environmental and social disclosures are associated with shorter audit lags and improved financial reporting quality, a structured reporting framework will improve transparency, comparability, and stakeholder confidence in disclosed sustainability information.

Governance disclosures should extend beyond mere regulatory compliance to include qualitative insights into governance effectiveness. As governance disclosures currently show no significant impact on financial reporting quality, emphasizing substantive and actionable governance insights rather than routine compliance disclosures can improve stakeholder perception and enhance financial report quality by fostering greater accountability and transparency.

Larger firms should invest in advanced reporting systems and internal control mechanisms to manage the complexities associated with diversified operations. This will help improve reporting clarity, accuracy, and timeliness, mitigating the negative effect of firm size on financial reporting quality.

Training programs focused on sustainability reporting standards and best practices should be introduced for firm executives, financial analysts, and reporting personnel. Since sustainability disclosures play a pivotal 84 role in enhancing financial reporting quality, equipping firms with the expertise to integrate sustainability information effectively into financial reports can prevent reporting delays and ensure that sustainability disclosures complement financial transparency.

Firms should adopt a balanced approach to economic disclosures by ensuring that comprehensive economic sustainability information is presented without introducing complexities that may delay the audit process. As economic disclosures are positively associated with longer audit lags, introducing streamlined reporting processes that minimize complexities in economic disclosures can help enhance financial reporting timeliness and quality.

5.7 Contributions to Knowledge

This study makes significant contributions to the existing body of knowledge on the relationship between sustainability disclosures and financial reporting quality. The following are the contributions to knowledge:

The study finds that Governance Disclosure has an insignificant relationship with 76 Financial Reporting Quality. This suggests that governance-related disclosures may not enhance financial transparency unless they are substantive, go beyond mere regulatory compliance. To provide substantive insights into corporate governance and effectiveness, and provide meaningful insights into corporate governance effectiveness.

The study confirms that Economic Disclosure has a significant positive impact on Financial Reporting Quality. This finding challenges prior assumptions that economic disclosures inherently improve reporting quality, highlighting instead that extensive economic disclosures may introduce audit complexities that delay financial reporting. This in turn emphasizes the need for firms to streamline economic disclosure processes to minimize reporting delays and ensure higher financial reporting quality.

By examining non-financial firms listed on the Nigerian Exchange (NGX) this study provides country-specific evidence on the impact of sustainability disclosures on financial transparency in an emerging market setting. Given the unique regulatory, economic and institutional conditions in Nigeria, the findings offer valuable insights for policy makers and regulators looking to refine sustainability regulations, and corporate managers in similar reporting practices to align with financial reporting objectives,

The study offers empirical insights that can inform regulatory bodies, standard-setting organizations and corporate governance policymakers in designing more effective sustainability reporting frameworks. By identifying the varying effects of different types of disclosures on financial reporting quality, the findings emphasize the need for structured, standardized, and industry-specific sustainability reporting guidelines that balance transparency with corporate sustainability objectives.

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