Environmental Accounting Reporting and Firm Performance: A Case Study of Listed Nigerian Firms

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Abstract:

This study examined the effect of environmental accounting reporting on firm performance. The environmental performance scores included Environmental Greenhouse Gas Emissions, Water consumption, Energy consumption, Waste management, Land Biodiversity investment, and Polluting Plant and Machinery, respectively, to proxy firms' environmental accounting reporting. Firm performance was proxy by Return on Asset (ROA), Tobin Q, and Price-to-Earnings ratio (P/E ratio). The study also considered the impact of firm age and leverage of debt equity as control variables. Data were obtained for 117 sample listed firms across all sectors in Nigeria for the period 2019 to 2022. Data were analyzed using the Panel regression analysis method. The study found a statistically significant relationship between environmental accounting reporting and ROA using OLS, but not in Panel data models. The study also found Tobin Q to be significantly affected by environmental accounting reporting in Robust regression but not in OLS or panel data models, while there was no significant relationship between the P/E ratio and environmental accounting reporting across different models. Therefore, the study recommended a sectorial environmental performance analysis and encouraged firms to effectively utilize their assets for improved environmental performance. The study further recommended firms' compliance with environmental laws and policies for improved performance and reporting, among others.

Keywords:

Environmental Accounting Reporting, Return on Asset, Tobin Q, Price-to-Earnings Ratio.