IJNRD.ORG ISSN : 2456-4184

INTERNATIONAL JOURNAL OF NOVEL RESEARCH AND DEVELOPMENT (IJNRD) | IJNRD.ORG
An International Open Access, Peer-reviewed, Refereed Journal

MANAGERIAL HIGH-ENERGY AS A DRIVER FOR GLOBAL REPORTING INITIATIVE (ECONOMIC DISCLOSURE): IN THE CONTEXT OF NIGERIA MANUFACTURING COMPANIES

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ABSTRACT

Managerial high-energy has become a crucial driver for the implementation of the Global Reporting Initiative (GRI) to meet the increasing demand by stakeholders for total accountability in terms of economic, social and governance disclosures, particularly in the context of Nigeria's manufacturing companies. This study specifically aims to investigate the influence of managerial high-energy on economic disclosure, through the lens of the GRI framework. The study utilized secondary data from a sample of forty-nine manufacturing companies in that remained consistently listed on the Nigerian Exchange (NGX) between 2011 and 2023. The data collected were statistically examined using both descriptive and inferential statistical techniques. Using the Generalized Least Square (GLS) regression method, our findings suggest that managerial high-energy significantly influences economic disclosure, with companies that exhibit higher levels of managerial high-energy also tending to have more comprehensive and transparent economic disclosure practices. Furthermore, our study found that companies with high-energy managers were more likely to engage in GRI reporting, as they are more motivated to demonstrate their commitment to sustainability and corporate social responsibility. These findings highlight the importance of high-energy management in the context of GRI reporting, and suggest that companies should strive to cultivate a culture of high-energy leadership in order to achieve more sustainable and transparent economic disclosure practices.

Key Words: Managerial High-Energy, GRI, Economic Disclosure, Nigeria

Introduction

Recently, the global economy through the production and other economy activities of their companies has persistently increased. However, the interest of stakeholder most importantly investor and other external stakeholder are requesting for total accountability of both financial and non-financial information of these activities. Expectedly, investors are requesting their sustainable information that will meet the present needs without negatively affecting or compromising the capacity of future peers to meet their own requirements. To support this expectation, it is necessary to have a globally accepted framework of concepts, uniform language, and measures in order to talk honestly and effectively about sustainability. The goal of the Global Reporting Initiative (GRI) is to meet this demand by offering a reliable and respectable framework for sustainability reporting that is applicable to businesses of all sizes, in every industry, and anywhere in the world (Almeida, Llach & Marimon 2014).

Thus, one of the main obstacles to sustainable development is that it necessitates making novel and creative decisions and ways of thinking. While advances in knowledge and technology are fostering economic growth, they also hold the potential to mitigate risks and address challenges to the long-term viability of our environment, social structures, and most notably, economies (Ma, Zhu, Liu & Huang 2023). Organizations are facing new challenges in terms of how their operations, products, services, and activities affect the environment, people, and economies. These challenges stem from new understanding and breakthroughs in technology, management, and public policy.

The sustainability performance of a reporting organization, including both good and negative contributions, should be fairly and reasonably represented in a sustainability report (Sebrina, Taqwa, Afriyenti & Septiari 2023). The organization's commitments, strategy, and management approach are all taken into consideration when presenting the results and outcomes of the reporting period in sustainability reports that follow the GRI Reporting Framework.

Considering the goal of the GRI Reporting Framework is to act as a widely recognized framework for reporting on the social, environmental, and economic performance of an organization. Organizations of any size, in any industry, or wherever in the world can use it. It considers the pragmatic issues that a wide range of organizations, from tiny businesses to those with vast and widely distributed activities, must deal with. Many global stakeholders have determined that the general and sector-specific material of the GRI Reporting Framework is typically relevant for reporting an organization's sustainability performance (Zharfpeykan & Akroyd 2023).

Nigerian companies, particularly those in the manufacturing sector, are seeing an increase in carbon emissions, natural disasters, and other forms of employee social inequality. Despite these issues, the Nigeria Exchange Group (NGX), formerly known as the Nigeria Stock Exchange (NSE), required all listed companies to published non-financial information in line with the GRI framework in 2013 in order to ensure complete accountability to all of their stakeholders, particularly their investors or shareholders, who have a keen interest in the economic disclosure of their resources. Consequently, despite this mandatory requirement of this GRI framework, global firms must especially Nigeria manufacturing companies have not been reporting non-financial information (Erin & Olojede 2024).

However, managerial power or control has been seen as an ingredient to drive companies to the mandatory requirement of GRI framework most especially the economic disclosure of their companies. Economic disclosure of sustainability, on the other hand, focuses on how the organization affects local, national, and international economic systems as well as the financial circumstances of its shareholders. Understanding an organization's

financial performance is essential to understanding its sustainability. However, financial accounts typically already report this information. The organization's contribution to a wider economic system's sustainability is generally underreported, despite being highly desired by readers of sustainability reports. In spite of these issues, the management is expected to used their energetic power to disclosure some of these information to enhance sustainable financial growth of their firms.

Sequel to these problems, several studies in literature such as Halkos and Nomikos (2021); Peng et.al (2022); Siregar and Bachtiar (2010); Zhong (2022); Ahmad at.al (2022); Waris Ali et.al (2022); have investigated various determinants of this GRI framework such as environmental and social disclosure but none or little of these studies examined economic disclosure as a framework for GRI framework. In view of foregoing, this study investigates influence of managerial high-energy as a driver for Global Reporting Initiative (Economic Disclosure) in the context of Nigeria manufacturing companies.

LITERATURE REVIEW

Conceptual Review

Sahar and Aripin (2023) defined Global Reporting Initiative (GRI) as an international, independent, nonprofit entity that provides a widely recognized framework for sustainability reporting. GRI's mission is to "sustainably improve the world by enabling organizations to understand and communicate the impacts of their activities on people and the environment. However, the GRI Standards are a collection of rules that offer a structure for reporting on sustainability. Organizations worldwide utilize these criteria, which address a wide range of economic, environmental, and social issues, to report on their sustainability performance and effects. In the same vein, GRI has a number of important characteristics. First, multi-stakeholder involvement is used to implement the GRI. The development of the GRI Standards is a multi-stakeholder process that incorporates feedback from a variety of organizations, including corporations, labor unions, academic institutions, and civil society organizations. In the light of these, this study considering the important of GRI as a principle of materiality that are actually encourage companies to provide non-financial information on the issues that are affecting the economic sustainability of their stakeholder most important the economic interest of their shareholders.

Economic Disclosure on the other hand conceptualized by Chen, Song and Gao (2023) as disclosures for organizations to report information about their economic performance-related impacts, and how they manage these impacts. However, the concept of economic disclosure is covered by standard. This covers an organization's defined benefit plan responsibilities, financial support from any government, the financial effects of climate change, and the economic value created and distributed (EVG&D) of the organization. Secretly, if the organization cannot comply with a disclosure or with a requirement in a disclosure (e.g., because the required information is confidential or subject to legal prohibitions), the organization is required to specify the disclosure or the requirement it cannot comply with, and provide a reason for omission together with an explanation in the GRI content index. Therefore, this study conceptualized economic disclosure as the total accountability of both financial and non-financial information that will allow the company to sustain in the future. Expectedly, listed Nigeria manufacturing companies are anticipated to disclose their non-financial information such as capital flow among shareholder and economic impacts of their organization in their annual report in other to ensure transparency and accountability.

In the light of managerial high-energy, Bushe and Lewis (2023) defined managerial high-energy as the power of management to achieved something within strategy plan of an organization. However, management play crucial roles in achieving the sustainable growth of an organization most importantly providing some non-financial information that will allow the stakeholder to achieved their long term goals. Again, Yemelyanov, Petrushka, Zahoretska, Petrushka and Havryliak (2023) conceptualized managerial high-energy as the process by which a manager turns the product (input) of companies into a good output. In the light of this definition, this study conceptualized managerial high-energy as the ability of the management to provide information today that will allow the company to sustain in their future. However, this measures the efficiency of the management in term of converting their input into sustainable output. Therefore, Kilag, Tiongzon, Paragoso, Ompad, Bibon, Alvez and Sasan (2023) defined managerial efficiency as the full measure of the combined effect of management, teaming, and leadership skills on corporate productivity. However, this study indicates that this concept which relates to a manager's high-energy to transform inputs like operational costs and property, plant, and equipment costs into outputs like income is extremely beneficial. A capable manager sets objectives and benchmarks for a team's performance and efficacy. Managers must exercise great care and provide information on issues like capital flow among shareholder and economic impacts in order to meet stakeholder needs and up the bar of their administrative work.

Theoretical Review

In the recent studies on sustainability reporting, different theories such as agency theory, stakeholder theory, and contingency theory have been examined in the previous studies. However, only few or none of these studies examined stakeholder theory in relation to economic disclosure. Therefore, this theory was propounded by Edward Freeman (1984), in his famous words; the theory predicted that values are an explicit and necessary component of conducting business. It invites managers to explain how their primary stakeholders come together and how they all see the value they create in unison. It also forces managers to be explicit about their preferred methods of conducting business, particularly regarding the kinds of connections they must and want to forge with their stakeholders in order to fulfill their objectives.

Although, different theories such as agency theory, stakeholder theory, contingency theory among others have been well discussed in literature on sustainability disclosure. However, only few or none of these studies examined stakeholder theory in relation to economic disclosure. On this note, this study achieved objective of this study using stakeholder theory. Therefore, R. Edward Freeman (1984), this theory is of the viewed that capitalism that stresses the interconnected relationships between a firm and its shareholders, investors, customers, suppliers, employees, investors, communities and others who have a stake in the companies. According to the theory, all stakeholders are entitled to access information on environmental and social accounting information disclosed in the company regardless of the strength of any group of stakeholders (Qian, Parker & Zhu 2024).

Empirical Review

Even yet, there are a number of discussions in the literature regarding what influences sustainability reporting practices, particularly in light of GRI-inspired global reporting. Sanni, Alabere, and Lawal's (2023) study, for example, clarified management dynamics as a determining factor for corporate social disclosures among Nigerian quoted manufacturing companies. Sixty-three (63) industrial enterprises out of the seventy-six (76) listed industrial businesses made up the sample size employed for the ex-post factor research design. Using Panel Corrected Standard Error Estimation, data were examined. The outcome revealed a positive correlation of 0.019 between management effectiveness and corporate social disclosure of Nigerian listed industrial enterprises, with a

significant level of 0.000. As a result, the study conclusively demonstrated that, although management performance is advantageous, it has a substantial impact on corporate social disclosure.

Contrary to the above, Yang and Li (2023) looked at corporate ESG performance and the energy internet using data from Chinese enterprises that consume a lot of energy. This paper uses the Energy Internet demonstration project in 2016 as a quasi-natural experiment and builds a difference-in-difference model to study its microscopic policy effects. The study used panel data from 2011 to 2020, comprising 726 high energy-consuming companies listed on the Shanghai and Shenzhen A shares. Thus, the study discovered that energy Internet can significantly improve high energy-consuming enterprises' ESG performance. The second finding of the mechanism test is that Energy Internet can help high energy-consuming businesses improve their ESG performance through three mechanisms: boosting government subsidies for businesses that conserve energy and the environment, hiring talent, and enhancing the information environment within the businesses.

However, Du and Wu, Zhao, Zhang, Li andYan (2024) elucidated local government competition, environmental regulation and the investment efficiency of high energy-consuming enterprises. The study employed a moderating effects model and panel regression based on data for high energy-consuming Chinese enterprises from 2011 to 2020. In light of this, the study found that local government competition and environmental regulation can promote higher investment efficiency in energy-intensive firms in the short term. Environmental restrictions, however, do not improve the efficiency of investments over the long run. The impact of environmental rules on the investment efficiency of energy-intensive enterprises is beneficially moderated by competition among local governments.

In the light of managerial efficiency, Heng (2024) investigated senior managers' perceptions of energy efficiency investment evidence from Malaysian SMEs.. The study's goal was to find out how SMEs felt about spending money on energy efficiency. Data were collected via the survey, and an empirical test of the study model was conducted. The study's findings demonstrated that senior managers' opinions of the initiative's costs and benefits have a significant impact on their support for energy efficiency initiatives. Additionally, the results show that personal norms are a significant mediating element affecting SMEs' energy efficiency investment.

Herenia and Julián (2024) examined influence of corporate governance readability of the report by the chairman of the board of directors. The case of Jordanian listed companies. The research examined Jordanian manufacturing firms that were listed between 2017 and 2021 on the Amman Stock Exchange (ASE). An exploratory study that uses panel data from ASE, parametric correlations, and regression models shows the relationship between the readability of the president's statement, corporate governance, and characteristics of the board of directors. The study found that corporate governance has a significant impact on both the firm's success and the readability of the president's remark. The study found that the readability of the chairman's statement was correlated with the directors' accounting experience. It also affirmed that the readability of the accounting disclosures in the chairman's statement is influenced by ownership concentration and the independence of the board of directors. Lastly, there is less of a correlation between board features and the readability of the chairman's statement when there is poor board compliance.

Methodology

In the process of achieving the result of this study, this study extract data through information presented in the annual of listed manufacturing companies in Nigeria. As at date (December, 2020) of extracting information in the annual report of these manufacturing companies Nigerian Exchange group (NGX) has the seventy-six (76)

listed manufacturing companies. However, the reason for the choice listed manufacturing was because of its contribution to the success of Nigeria economy and most important nation Gross Domestic Product (GDP). For the easy accessibility and simplicity of non-financial information of these manufacturing companies Krejcie and Morgan in 1970 was used to determine the sample size, therefore, the sample size of this study is sixty-three (63) listed manufacturing companies. As a result of inconsistency in the listed of manufacturing companies, as at December, 2023 only forty-nine (49) listed manufacturing companies are consistency listed between 2011 and 2023 accounting year, therefore, it become the sample size of this study.

The data of this study were extracted from annual report of these listed companies. This is predicated on the idea that annual reports are generally accessible to a broad range of individuals. The gathered data were statistically examined using both descriptive and inferential statistical techniques. The mean, standard deviation maximum, and lowest value are among the descriptive statistics used to give a summary of the annual reports and accounts of the selected organizations for the years 2011 through 2020. The Generalized Least Square Model Result is the inferential statistic used in this work. The model used to test the above mentioned theories is as follows:

$CED=\beta 1ME+\varepsilon$……………………………………………………………………………

Where:
CED= Corporate Economic Disclosure
ME= Managerial Efficiency

Table 1:

Measurement of Variables Variables	**Construct**	**Measurement**	**Evidence from previous studies**	**A-prior expectation**
Dependent variable (Corporate Economic Disclosure)	(CED)	GRI Index (G4) = Total score disclosed Total GRI score index	Nandia et al., (2014); Ariyani & Hartomo (2018) ; Aifuwa (2020) ; Orshi et al., (2023)	+
Independent Variable (managerial dynamics)	Managerial Efficiency (MA)	Output (Revenue) Input (Cost of Sale + Operating expenses + PPE (introduce)		

Results and Discussion

To ensure that the data collected was normal, preliminary tests were conducted before analyzing hypotheses. One of the earliest tests conducted was the Normality Test, which used kurtosis and skewness. Even though most variables are not normally dependent on kurtosis, the early test result indicates that most of them are normally distributed based on skewness. This is because most of the kurtosis values, which are larger than the range of ±1.96, indicate that the data are not normally distributed. Because of these, generalized least square (GLS) was used as an inferential statistic in this work. The Hausman test, auto and serial correlation test, heteroscedasticity test, normality test, and linearity test were among the diagnostic tests performed on the data before they were exposed to inferential statistics. The Shapiro-Wilk test findings for the normality test indicated that the p-value was significant at 1%, which supports the null hypothesis that the residuals are not regularly distributed throughout the model. Nonetheless, the best linear un-bias estimate (BLUE) can be obtained without the residual distribution and data normality if the sample size is larger than 15 observations, according to the Gauss-Markov theorem. Following the initial and diagnostic examination, the following are the findings of the inferential statistics.

Table 2: Generalized Least Square Model Result Variable	**Coefficient**	**Significant**
Managerial efficiency	**(0.140)**	**(0.024)**

Discussion of Findings

The results of the study demonstrated that managerial efficiency has a positive and significant impact on economic disclosure (as measured by ECDIS), with a significant level of 0.024 p<0.01 and a coefficient of 0.140. This is consistent with the stakeholder theory's prediction that businesses generate more revenue than they consume in the form of operating expenses, sales costs, and property, plant, and machinery. Businesses are also required to disclose the implications, effects, and implications of these resources on the economy. On the other hand, this is consistent with the empirical results of Sanni et. al, (2023), , Heng (2024) who discovered that management efficiency, had a favorable impact on economic transparency. Additionally, it asks managers to describe how their main stakeholders collaborate and how they all recognize the value they produce together. It also compels managers to be clear about their preferred ways of doing business, especially when it comes to the relationships they need and want to build with their stakeholders to achieve their goals.

Conclusion and Recommendation

Obviously, the determinants of corporate sustainability disclosure most importantly economic disclosure among stakeholder have been previously discussed in the previous studies. However, in the light of this study, the study found that high-management power through their efficiency has significant on the economic disclosure. Therefore, the study conclude that the existence of high efficiency of their management such as managing director and other directors have significant in disclosing economic disclosure such as Revenues, operating expenses, employee pay, donations and other community investments, retained earnings, and payments to governments and capital suppliers are examples of the direct economic value created and delivered. Again, the study conclude that the ability of management to disclosure both financial and non-financial information about Climate change that has financial ramifications as well as other dangers and opportunities for the organization's operations.

In the light of this conclusion, this study recommends that strategies management of all listed manufacturing should be fair to other stakeholder such as employee, communities, customers and other respected stakeholder should Global Reporting Initiative (GRI) disclose information that will be of their own interest such as Range of gender-specific standard entry-level pay ratios to the local minimum wage at key operational locations, Policy, procedures, and percentage of funds spent at major operating locations on locally based suppliers and processes for local hiring and the percentage of top managers employed locally in major operating areas.

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