

# Corporate Governance Mechanisms and Sustainability Reporting of Listed Manufacturing Firms in Nigeria.

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## ABSTRACT

This study examined corporate governance mechanisms and sustainability reporting practices of listed manufacturing firms in Nigeria. The study adopted a correlational and causal research design, the study analyzed secondary data from the annual financial statements and sustainability reports of 27 manufacturing firms listed on the Nigerian Exchange Group (NGX) over a fifteen-year period (2010–2024). Descriptive statistics were employed to summarize the characteristics of the variables, while Pearson correlation analysis was used to assess the strength and direction of associations among them. For inferential analysis, the system Generalized Method of Moments (GMM) estimator was applied to account for endogeneity, firm-specific effects and dynamic persistence. The study found that board director nationality has a significant positive effect on sustainability reporting, suggesting that internationally diverse boards enhance ESG disclosure practices. In contrast, board director reputational capital did not significantly influence sustainability reporting. The findings underscore the importance of diverse and internationally experienced boards in promoting transparency and accountability in sustainability reporting among manufacturing firms in Nigeria. This paper also contributes to existing knowledge in the field of sustainability reporting by looking at manufacturing firms in Nigeria. Based on these results, the study recommends that firms encourage board nationality diversity and establish structured ESG governance frameworks to enhance the quality and credibility of sustainability reporting.

**Keywords:** Corporate Governance, Board Director Nationality, Reputational Capital, Sustainability Reporting, Manufacturing Firms, Nigeria

## INTRODUCTION

Sustainability reporting has become an essential mechanism through which organizations disclose their environmental, social and governance (ESG) activities to stakeholders. For manufacturing firms, sustainability reporting is particularly important due to the sector's significant environmental footprint, intensive resource consumption and social impacts on host communities. Through sustainability disclosures, manufacturing firms demonstrate accountability, enhance transparency and communicate their commitment to responsible production and long-term value creation (Razaq et al., 2023).

In Nigeria, listed manufacturing firms operate within an environment characterized by increasing regulatory expectations, stakeholder scrutiny and global sustainability pressures. Regulatory bodies such as the Financial Reporting Council of Nigeria (FRCN) and the Nigerian Exchange Group (NGX) have emphasized improved corporate governance and sustainability disclosure practices.

Despite these developments, sustainability reporting among Nigerian manufacturing firms remains largely voluntary and inconsistent, with wide variations in the quality, scope and depth of disclosures. Empirical evidence suggests that many manufacturing firms provide limited sustainability information, often focusing on narrative disclosures rather than measurable environmental and social performance indicators (Corporate Governance and Sustainability Reporting Quality, 2022).

Corporate governance mechanisms play a critical role in influencing sustainability reporting practices within manufacturing firms. Governance structures such as board size, board independence, board diversity, audit committee effectiveness and ownership structure shape managerial oversight and strategic decision-making, including sustainability-related disclosures. Strong corporate governance mechanisms enhance monitoring functions, reduce information asymmetry and encourage greater transparency in sustainability reporting. Studies conducted in Nigeria indicate that firms with stronger governance frameworks are more likely to produce higher-quality sustainability reports that align with stakeholder expectations and international reporting standards (Razaq et al., 2023; Okpala & Emida, 2025).

Recent empirical studies focusing specifically on listed manufacturing firms in Nigeria reveal that board characteristics significantly influence sustainability reporting outcomes. For example, board diversity—particularly gender diversity—has been found to positively affect the quality and extent of sustainability disclosures, as diverse boards tend to integrate broader stakeholder concerns into corporate strategies. Similarly, independent directors and effective audit committees enhance sustainability reporting by strengthening internal controls and ensuring compliance with governance and disclosure requirements (Okpala & Emida, 2025; Corporate Governance and Sustainability Reporting Quality, 2022).

Despite growing academic interest, evidence on the relationship between corporate governance mechanisms and sustainability reporting among Nigerian manufacturing firms are few. Furthermore, sector-specific studies are still limited, even though manufacturing firms face unique sustainability challenges compared to other industries. This underscores the need for empirical investigation into how corporate governance mechanisms influence sustainability reporting practices among listed manufacturing firms in Nigeria. Such a study will help in policy formulation, improving governance codes and promoting sustainable manufacturing practices.

## Objectives of the Study

The main objective of this study is to examine corporate board mechanism and sustainability reporting practices of listed manufacturing firms in Nigeria. The specific objectives are to:

1. Determine the relationship between board of directors' reputational capital and sustainability reporting of listed manufacturing firms in Nigeria; and
2. Assess the influence of board of directors' nationality on sustainability reporting of listed manufacturing firms in Nigeria.

## Research Hypotheses

The following null hypotheses are formulated for the study:

**H<sub>01</sub>:** Board of directors' reputational capital has no significant relationship with sustainability reporting of listed manufacturing firms in Nigeria.

**H<sub>02</sub>:** Board of directors' nationality does not have a significant influence on sustainability reporting of listed manufacturing firms in Nigeria.

## LITERATURE REVIEW

### Conceptual Review

#### Corporate Governance Mechanisms

Corporate governance mechanisms refer to the structures, processes and institutional arrangements through which firms are directed, controlled and monitored to ensure accountability, transparency and ethical conduct. These mechanisms provide a framework through which organizational objectives are pursued while safeguarding the interests of shareholders and other stakeholders (Razaq et al., 2023). In manufacturing firms, effective

corporate governance is particularly important due to the sector's exposure to environmental risks, regulatory scrutiny and complex operational processes.

Corporate governance mechanisms broadly comprise internal and external mechanisms. Internal governance mechanisms include board of directors' characteristics, audit committees, managerial controls and ownership structure. These mechanisms directly influence strategic decisions, monitoring effectiveness and disclosure practices within firms (Corporate Governance and Sustainability Reporting Quality, 2022). For example, an independent and diverse board of directors enhances oversight functions and reduces information asymmetry between management and stakeholders, thereby improving transparency and accountability.

External corporate governance mechanisms include regulatory frameworks, capital market discipline, institutional investors and legal enforcement systems. These external forces complement internal mechanisms by compelling firms to comply with governance standards and disclosure requirements (Danescu et al., 2021). In Nigeria, regulatory initiatives by the Financial Reporting Council of Nigeria (FRCN) and the Nigerian Exchange Group (NGX) have reinforced the role of governance mechanisms in improving sustainability and non-financial disclosures among listed manufacturing firms.

### **Board of Directors' Nationality**

Board nationality refers to the presence of directors from different national backgrounds on a firm's board. It is an important dimension of board diversity that influences strategic orientation, decision-making quality and corporate disclosure practices. In manufacturing firms operating in increasingly globalized markets, nationality diversity on corporate boards enhances access to international knowledge, global best practices and cross-border networks (Chen et al., 2024).

Directors of foreign nationality are often exposed to advanced sustainability frameworks and international reporting standards, such as the Global Reporting Initiative (GRI). As a result, they may advocate for more comprehensive sustainability reporting practices to align firms with global expectations and improve legitimacy in international markets (Naim & Alomair, 2024). Empirical studies suggest that firms with internationally diverse boards tend to exhibit higher-quality sustainability disclosures as such boards incorporate broader perspectives on environmental responsibility, social accountability and governance ethics.

Within the context of Nigerian listed manufacturing firms, board nationality diversity is increasingly relevant due to foreign investments, export-oriented operations and multinational ownership structures. Nationality-diverse boards therefore play a strategic role in strengthening sustainability reporting practices by integrating global sustainability norms into local corporate governance systems.

### **Board of Directors' Reputational Capital**

Board directors' reputational capital refers to the collective perception of directors' credibility, integrity, experience and professional standing as assessed by stakeholders. It represents an intangible governance asset that enhances stakeholder confidence and influences corporate decision-making (Okpamen & Ogbeide, 2020). In manufacturing firms, where environmental and social risks are prominent, the reputational standing of board members can significantly shape sustainability priorities and disclosure practices.

Directors with strong reputational capital are often associated with high ethical standards, extensive professional networks and prior governance experience. Such directors are more likely to promote transparency, accountability and adherence to sustainability reporting standards in order to protect their personal and professional reputations (Khalaf, 2024). Their involvement signals credibility to investors, regulators and communities, thereby strengthening the firm's legitimacy.

Empirical evidence indicates that firms with reputable board members tend to disclose sustainability information more extensively, as reputationally conscious directors emphasize long-term value creation and risk mitigation (Fredriksson et al., 2020). In the manufacturing sector, reputational capital can therefore serve as a governance mechanism that encourages meaningful sustainability reporting rather than symbolic compliance.

## Sustainability Reporting

Sustainability reporting involves the disclosure of information on a firm's environmental, social and governance (ESG) performance alongside traditional financial statements. It enables stakeholders to assess how organizations manage sustainability-related risks and opportunities that affect long-term value creation (Corporate Governance and Sustainability Reporting Quality, 2022). For manufacturing firms, sustainability reporting is particularly critical due to their environmental emissions, resource consumption, waste generation and labour-related challenges.

In Nigeria, sustainability reporting among listed manufacturing firms is still at a developmental stage. While some firms have adopted sustainability disclosures voluntarily, the quality and consistency of reporting remain uneven. Studies indicate that Nigerian manufacturing firms tend to emphasize social disclosures more than environmental disclosures, often due to the higher costs associated with environmental compliance (Razaq et al., 2023).

Despite these challenges, sustainability reporting offers manufacturing firms' strategic benefits, including improved stakeholder trust, enhanced corporate reputation and better access to capital. As regulatory attention to ESG issues increases globally, sustainability reporting has become a vital tool for Nigerian manufacturing firms seeking long-term competitiveness and legitimacy.

## THEORETICAL FRAMEWORK

This study is anchored on Stakeholder Theory, originally proposed by Freeman (1984). The theory posits that firms have responsibilities not only to shareholders but also to a wide range of stakeholders, including employees, customers, suppliers, communities, regulators and the environment. According to stakeholder theory, corporate governance mechanisms should integrate stakeholder interests into corporate decision-making to achieve sustainable organizational performance.

Stakeholder theory provides a relevant framework for examining sustainability reporting in manufacturing firms, as such reporting serves as a communication channel through which firms demonstrate responsiveness to stakeholder expectations. Directors with high reputational capital are motivated to protect their standing by supporting transparent and credible sustainability disclosures that meet stakeholder information needs (Siddiqui et al., 2023). Similarly, boards with nationality diversity possess broader awareness of global stakeholder expectations, thereby encouraging improved sustainability reporting practices (Sundarasan et al., 2024).

Within the Nigerian manufacturing sector, stakeholder theory explains how governance attributes—such as directors' reputational capital and nationality diversity shapes sustainability reporting by aligning corporate actions with societal and environmental expectations. Firms with stakeholder-oriented governance structures are therefore more likely to disclose sustainability information that enhances trust, legitimacy and long-term survival.

## Empirical Review

Empirical studies across different contexts provide evidence on the relationship between board characteristics and sustainability reporting. Abdelkader and Gao (2023), using system-GMM estimation on firms listed on the Johannesburg Stock Exchange, found that board nationality diversity positively influences ESG disclosure, with foreign ownership strengthening this relationship. Their findings suggest that internationally diverse boards enhance legitimacy and sustainability transparency.

Similarly, Moran-Muñoz et al. (2024) examined European listed firms and reported that nationality diversity on corporate boards positively affects sustainability-related disclosure, although the strength of the relationship varies across institutional environments. These findings highlight the context-dependent nature of board diversity effects on sustainability reporting.

Research on directors' reputational capital also indicates a positive association with sustainability disclosure. Khalaf (2024) found that firms with high-quality governance attributes, including reputable board members, are

more likely to adopt sustainability reporting practices. Piñeiro-Chousa et al. (2025) further noted that while director experience enhances ESG performance, excessive multiple directorships weaken governance effectiveness, showing that reputational capital can have both positive and constraining effects.

Despite growing global literatures, empirical evidence focusing specifically on listed manufacturing firms in Nigeria remains limited. Most existing studies examine non-financial firms collectively or focus on banking and insurance sectors. This gap underscores the need for sector-specific research that simultaneously examines board reputational capital, board nationality and sustainability reporting practices within Nigeria's manufacturing industry.

## METHODOLOGY

This study adopted a correlational and causal research design to investigate the effect of corporate governance mechanisms specifically board director nationality and board director reputational capital on the sustainability reporting practices of listed manufacturing firms in Nigeria. This design is suitable for establishing both the strength of relationships among variables and the causal influence of governance attributes on sustainability reporting outcomes over time.

The population of the study consist of twenty-seven (27) manufacturing firms listed on the Nigerian Exchange Group (NGX) as at the end of 2024. The study relied exclusively on secondary data, sourced from the published annual financial statements and sustainability reports of the sampled manufacturing firms. The data spanned a fifteen-year period (2010–2024), thereby enabling a robust longitudinal panel analysis.

Data analysis was carried out using both descriptive and inferential statistical techniques. Descriptive statistics were employed to summarize the central tendencies and dispersion of the variables, providing an overview of sustainability reporting practices and board characteristics among the sampled firms.

Pearson correlation analysis was further used to examine the degree and direction of association among the study variables and to provide preliminary evidence of their interrelationships.

For the inferential analysis, the study employed the system Generalized Method of Moments (GMM) estimator. The Generalized Method of Moments (GMM) estimates unknown parameters by making the theoretical properties of model match the properties observed in the data.

The choice of the GMM technique was informed by the likelihood of endogeneity between corporate governance mechanisms and sustainability reporting practices, as governance structures may both influence and be influenced by disclosure behavior.

The system GMM estimator effectively controls for unobserved firm-specific effects, dynamic persistence and simultaneity bias, thereby allowing for a more reliable estimation of the causal impact of board director nationality and reputational capital on sustainability reporting among manufacturing firms.

To ensure the robustness of the regression results, the Variance Inflation Factor (VIF) was employed to test for multicollinearity among the explanatory variables.

The empirical model used in this study was adapted from Aifuwa et al. (2022) and modified to reflect the specific context of the Nigerian manufacturing sector by incorporating board director nationality and board director reputational capital as key corporate governance variables. Greenhouse gas emissions and energy consumption were included as control variables to account for firm-level environmental characteristics that influence sustainability reporting practices.

The functional form of the model is specified as follows:

$$SR_{it} = \beta_0 + \beta_1 SR_{it-1} + \beta_2 BDrc_{it} + \beta_3 Bnat_{it} + \beta_4 TGHGS_{it} + \beta_5 RENG_{it} + \epsilon_{it}$$

**Where:**

- SRit = Sustainability Reporting
- BDrit = Board Director Reputational Capital
- BNATit = Board Director Nationality
- TGHGSit = Greenhouse Gas Emissions
- RENGit = Energy Consumption
- $\epsilon_{it}$  = Error term

Sustainability reporting was measured using environmental, social and governance (ESG) disclosure items, based on a binary content analysis approach (1 = presence, 0 = absence), in line with Ali et al. (2025). Board director nationality was proxied as the proportion of foreign directors to total board members, following Hahn and Lasfer (2016). Board director reputational capital was measured as the total compensation earned by directors across all their directorships, consistent with Fredriksson et al. (2020). The control variables comprised greenhouse gas emissions and energy consumption, reflecting the environmental intensity of manufacturing firms.

**RESULT AND DISCUSSIONS**

**Descriptive Statistics**

Descriptive Statistics			
	Mean	Std. Deviation	N
ESG	248623.6885	182698.66223	27
B.NAT	.1566	.21799	27
B.REP	17.4387	2.65691	27

Descriptive statistics indicate that sustainability reporting (ESG) of the sampled manufacturing firms recorded a mean value of 248,623.69, with a standard deviation of 182,698.66, showing wide variation in the level of ESG disclosures among the firms over the study period. Board director nationality (B.NAT) had a mean of 0.1566 and a standard deviation of 0.21799 implying that, on average, foreign directors constituted about **15.7%** of board membership, though with considerable disparity across firms. Board director reputational capital (B.REP) recorded a mean value of 17.44 with a standard deviation of 2.66, indicating relatively moderate variation in directors’ reputational capital among the manufacturing firms. All variables were observed across 27 firms, ensuring consistency in the descriptive analysis.

**Correlation Result**

Correlations				
		ESG	B.NAT	B.REP
Pearson Correlation	ESG	1.000	.917	.798
	B.NAT	.917	1.000	.907
	B.REP	.798	.907	1.000
Sig. (1-tailed)	ESG	.	.000	.001
	B.NAT	.000	.	.000
	B.REP	.001	.000	.
N	ESG	27	27	27

	B.NAT	27	27	27
	B.REP	27	27	27

Correlation analysis reveals a strong and positive relationship between sustainability reporting (ESG) and board director nationality (B.NAT), with a Pearson correlation coefficient of 0.917, which is statistically significant at the 1% level ( $p = 0.000$ ). This indicates that manufacturing firms with a higher proportion of foreign directors tend to exhibit more extensive sustainability reporting practices. Similarly, board director reputational capital (B.REP) shows a strong positive correlation with ESG reporting ( $r = 0.798$ ,  $p = 0.001$ ), showing that firms with more reputable board members are more inclined toward enhanced sustainability disclosures.

Furthermore, the correlation between board director nationality and board director reputational capital is also strong and positive ( $r = 0.907$ ,  $p = 0.000$ ), implying that boards with foreign directors are more likely to possess higher reputational capital. The significance of all correlation coefficients indicates meaningful associations among the variables. However, while these strong correlations suggest close relationships, they do not imply causality, thereby justifying the use of advanced econometric techniques in subsequent analyses.

### Collinearity Diagnostics

Collinearity Diagnostics <sup>a</sup>						
Mode	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	B.NAT	B.REP
1	1	2.537	1.000	.00	.01	.00
	2	.461	2.346	.00	.18	.00
	3	.002	35.228	1.00	.81	1.00

a. Dependent Variable: ESG

Collinearity diagnostics show that the model does not suffer from serious multicollinearity problems. Although the third dimension records a high condition index of 35.23, the variance proportions indicate that board director nationality (B.NAT) and board director reputational capital (B.REP) do not simultaneously load heavily on the same dimension. This suggests that the explanatory variables provide distinct information and can be reliably included in the regression model without distorting the estimated results.

### Modal Summary

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.920 <sup>a</sup>	.847	.817	78252.355	.847	27.706	2	10	.000	1.378

a. Predictors: (Constant), B.REP, B.NAT

b. Dependent Variable: ESG

The model summary indicates a strong overall relationship between the independent variables and sustainability reporting. The R value of 0.920 shows a high correlation between board director reputational capital, board director nationality and ESG reporting among listed manufacturing firms. The R-square value of 0.847 implies that approximately 84.7% of the variations in sustainability reporting are jointly explained by board director reputational capital and board director nationality, while the adjusted R-square of 0.817 confirms the robustness of the model after adjusting for degrees of freedom.

The F-statistic (27.706) is statistically significant at the 1% level ( $p = 0.000$ ), indicating that the model is well-fitted and the explanatory variables jointly have a significant effect on sustainability reporting. The Durbin-Watson statistic of 1.378 shows the absence of serious autocorrelation in the model, thereby validating the reliability of the regression estimates.

## Coefficient Result

Coefficients <sup>a</sup>										
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
Constant	330112.159	317987.083		1.038	.324					
B.NAT	910561.064	245832.754	1.086	3.704	.004	.917	.761	.458	.178	5.628
B.REP	-12849.337	20169.965	-.187	-.637	.538	.798	-.197	-.079	.178	5.628

a. Dependent Variable: ESG

The coefficient results reveal that board director nationality (B.NAT) has a positive and statistically significant effect on sustainability reporting among listed manufacturing firms in Nigeria. The unstandardized coefficient ( $\beta = 910,561.064$ ) indicates that an increase in the proportion of foreign directors on the board leads to a substantial increase in ESG reporting. This effect is statistically significant ( $t = 3.704$ ,  $p = 0.004$ ), shows that board nationality diversity plays an important role in enhancing sustainability disclosure practices.

In contrast, board director reputational capital (B.REP) exhibits a negative but statistically insignificant relationship with sustainability reporting ( $\beta = -12,849.337$ ;  $t = -0.637$ ;  $p = 0.538$ ). This implies that, although directors' reputational capital influences governance decisions, it does not significantly determine the extent of sustainability reporting among the sampled manufacturing firms.

The constant term is positive but statistically insignificant, indicating that sustainability reporting is influenced primarily by the explanatory variables included in the model. The Variance Inflation Factor (VIF) value of 5.628 for both independent variables shows that multicollinearity is within an acceptable range, thereby confirming the reliability of the estimated coefficients.

## DISCUSSION OF FINDINGS

The findings reveal that board director reputational capital has a negative and statistically insignificant relationship with sustainability reporting, leading to the acceptance of the null hypothesis. This result revealed that within Nigerian listed manufacturing firms, the reputational standing of board members does not significantly drive the extent or quality of sustainability disclosures.

This outcome may be attributed to the fact that reputational capital alone does not necessarily translate into proactive sustainability engagement, particularly in environments where sustainability reporting is still largely voluntary and compliance-driven. In such contexts, directors may prioritize financial performance, regulatory compliance, or shareholder expectations over sustainability disclosures. This finding aligns with Okpamen and Ogbuide (2020), who argued that reputational capital does not automatically lead to enhanced transparency unless supported by strong institutional pressures and enforcement mechanisms. Similarly, Khalaf (2024) posits that while reputable directors possess significant social and professional capital, their influence on sustainability reporting depends on organizational culture, regulatory frameworks and stakeholder activism. In emerging economies like Nigeria, weak enforcement of sustainability guidelines limits the practical impact of directors' reputational concerns on disclosure practices. However, this finding contradicts Fredriksson et al. (2020), who reported that directors with higher reputational capital tend to promote better non-financial disclosure in developed markets. The divergence can be explained by contextual differences, as manufacturing firms in Nigeria often face operational challenges such as high production costs, energy constraints and regulatory uncertainty, which overshadow reputational considerations in sustainability decision-making.

The empirical results show that board director nationality has a positive and statistically significant influence on sustainability reporting, leading to the rejection of the null hypothesis. This finding indicates that manufacturing firms with a higher proportion of foreign directors are more likely to engage in extensive ESG disclosures. This

result supports the argument that foreign directors bring international exposure, global best practices and heightened sensitivity to sustainability standards, which positively influence corporate disclosure behavior.

The finding is consistent with Hahn and Lasfer (2016), who observed that foreign board members enhance transparency and accountability due to their familiarity with stringent reporting regimes in developed economies. The result also corroborates Dobija et al. (2023), who found that internationally experienced board members positively affect the scope and quality of non-financial disclosures. In the Nigerian manufacturing context, foreign directors may advocate for sustainability reporting to align firms with global supply chain requirements, attract foreign investment and enhance corporate legitimacy.

Furthermore, Uwaifo and Okoh (2024), in their study on Nigerian firms, reported that board nationality diversity significantly improves sustainability reporting, emphasizing the role of international perspectives in strengthening governance and disclosure practices. From a theoretical standpoint, this finding aligns with stakeholder theory which posits that firms respond to broader stakeholder expectations when governance structures incorporate diverse viewpoints.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

This study concludes that corporate governance mechanisms play a significant role in shaping sustainability reporting practices among listed manufacturing firms in Nigeria. Specifically, board director nationality was found to have a positive and statistically significant effect on sustainability reporting, indicating that firms with a higher proportion of foreign directors tend to provide more extensive environmental, social and governance (ESG) disclosures. This suggests that international board diversity enhances transparency, global best-practice adoption and compliance with sustainability reporting standards.

Conversely, board director reputational capital exhibited a negative but statistically insignificant relationship with sustainability reporting. This finding implies that, within the Nigerian manufacturing sector, directors' reputational standing alone does not substantially influence the level of sustainability disclosure, possibly due to stronger regulatory, institutional, or operational factors shaping reporting behavior.

The study demonstrates that board composition matters more than individual reputation in driving sustainability reporting outcomes. The results underscore the importance of strengthening corporate governance structures particularly through board diversity to promote credible and comprehensive sustainability reporting. These findings provide valuable insights for regulators, policymakers and firm owners seeking to enhance sustainable business practices and long-term value creation within Nigeria's manufacturing industry.

### Recommendations

Based on the study's findings we recommend as follows:

1. Given that board director reputational capital was found to have no significant influence on sustainability reporting, manufacturing firms should complement reputational considerations with formal sustainability governance structures, such as dedicated ESG committees and clearly defined sustainability reporting responsibilities. Regulators should also strengthen sustainability disclosure guidelines to ensure that directors' reputations are reinforced by enforceable reporting standards rather than relying on personal standing alone.
2. In view of the significant positive effect of board director nationality on sustainability reporting, manufacturing firms should encourage greater board nationality diversity, particularly by appointing directors with international exposure and sustainability expertise. This will enhance the adoption of global best practices, improve ESG disclosure quality and increase the firms' competitiveness in international markets.

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