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Effect of Sustainable Firm Characteristics on the Environmental Disclosure in Corporate Organizations in Nigeria

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The study examined the effect of sustainable Firm Characteristics on Environmental Disclosure in the corporate organization in Nigeria. The specific objectives are to; Examine the effect of the firm profitability on Environmental Disclosure in the corporate organization in Nigeria. Evaluate the effect of leverage on environmental disclosure in Nigeria's corporate organization. A descriptive cross-sectional research design was used for the study. A structured questionnaire design with a five-point Likert scale was used to collect data for the study. The data was analyzed using SPSS 28.0's simple linear regression analysis. The result revealed that Firm Profitability has a significant positive effect on Environmental Disclosure with a P-value of (0.019<0.05), while Leverage has no significant positive effect on Environmental Disclosure with a P-value of (0.249>0.05) in the corporate organization in Nigeria. The study concluded that sustainable firm characteristics have a significant effect on environmental disclosure in Nigerian corporate organizations. It is recommended that companies prioritize profitability as a key driver of sustainability efforts. Corporate organizations should integrate environmental disclosure into their core financial strategies, recognizing that profitability enables more comprehensive reporting on environmental impacts, which can enhance both corporate image and stakeholder trust.

Keywords: Characteristics, Disclosure, Environmental, Firm, Sustainable.

1. Introduction

Businesses are rapidly adopting strategies that strike a balance between profitability and environmental and social responsibility as a result of the changing business climate, which has elevated sustainability to the top of corporate strategy (Akhter et al., 2022). Maintaining competitiveness in the contemporary marketplace now requires sustainable company attributes including corporate social responsibility (CSR), environmental stewardship, ethical governance, and a dedication to long-term value generation. According to Orajekwe and Ogbodo (2023), these traits have an impact on a company's operations, decision-making procedures, and stakeholder interactions, establishing sustainability as a key factor in corporate resilience and expansion.

A company's sustainability profile is greatly influenced by environmental disclosure, which is the process of disclosing a company's environmental impact (Oranefo, 2022). Businesses demonstrate their dedication to lowering adverse ecological effects, such as carbon emissions, waste production, and resource depletion, by openly sharing their environmental policies. With stakeholders, including investors, consumers, regulators, and the general public, this openness promotes responsibility and increases trust (Orajekwe & Ogbodo, 2023). The quality and scope of environmental disclosure can have an impact on a company's market value, regulatory compliance, and reputation as environmental concerns continue to grow (Egolum et al., 2019).

A combination of international partnerships, stakeholder expectations, and regulatory pressures have accelerated the adoption of sustainability principles in Nigeria. Environmental disclosure, or the practice of reporting environmental impact and mitigation efforts, is a key component of this transformation (Oranefo, 2022). Businesses are realizing the importance of environmental reporting transparency as it improves their reputation, draws in investment, and helps to improve regulatory relationships. Although many Nigerian businesses have implemented some degree of environmental disclosure, there is still a great deal of variation in the quality, consistency, and depth of such reporting (Orajekwe & Ogbodo, 2023).

The convergence of environmental disclosure and sustainable firm attributes significantly impacts corporate organizations. Businesses that put sustainability first frequently benefit from competitive benefits like better risk management, increased brand loyalty, and access to green investment (Younis & Sundarakani, 2020). Additionally, companies with robust environmental disclosure policies are better equipped to adapt to changing consumer preferences for eco-friendly goods and services as well as legal requirements (Chukwuebuka & Okonkwo, 2020). This introduction examines how environmental disclosure and sustainable company attributes affect corporate organizations, highlighting how these factors support long-term success and ethical business practices in a world that is becoming more and more concerned with sustainability.

1.1 Statement of the Problem

Sustainability has received a lot of attention in Nigeria's corporate sector in recent years, but many organizations still struggle to integrate sustainable firm characteristics into their business strategies effectively. Sustainable practices, like environmental stewardship, corporate social responsibility (CSR), and ethical governance, are often underdeveloped or applied inconsistently, and many Nigerian companies are still in the early stages of environmental disclosure, which refers to the transparency of a firm's environmental impact and sustainability efforts. This lack of thorough reporting makes it more difficult for stakeholders, such as investors, regulators, and the general public, to evaluate corporate accountability and environmental performance.

Many Nigerian businesses fall behind in implementing and disclosing sustainable practices, despite mounting pressure from global rules, consumer demand for eco-friendly practices, and the country's environmental challenges. Long-term profitability, business reputation, regulatory compliance, and access to sustainable funding are all impacted by the lack of focus on environmentally conscious practices and sustainable firm attributes. Nigerian companies' capacity to compete globally, where sustainability is fast emerging as a crucial difference, is further hampered by the absence of thorough environmental reporting.

The purpose of this study is to fill in the knowledge gaps about how environmental disclosure and sustainable company attributes affect the performance and standing of corporate entities in Nigeria. By analyzing the difficulties, effects, and advantages of sustainability and environmental reporting, this study intends to shed light on how Nigerian businesses can better align with international best practices and enhance their environmental and social footprints while guaranteeing economic success.

1.2 Objective of the study

This study aims to examine the effect of sustainable Firm Characteristics, and Environmental Disclosure in the corporate organization in Nigeria. The specific objectives are to;

i. Examine the effect of the firm profitability on Environmental Disclosure in the corporate organization in Nigeria.

ii. Evaluate the effect of Leverage on Environmental Disclosure in the corporate organization in Nigeria

1.3 Hypotheses of the study

i. Firm Profitability has no significant effect on Environmental Disclosure in the corporate organization in Nigeria.

ii. Leverage has no significant effect on Environmental Disclosure in the corporate organization in Nigeria

2. Review of Related Literature

2.1 Conceptual Review

Firm Characteristics

The unique traits and identities that distinguish a company from its rivals are referred to as firm characteristics or firm attributes. These traits contribute to a variety of conceptualizations in research investigations and are essential criteria for comprehending and describing a business. Additionally, different studies have varied conceptualizations of firm characteristics based on the criteria that are utilized to define them. Nonetheless, the majority of research appears to support the idea that organizational goals and firm resources are connected to company characteristics (Mgeni & Nayak, 2016). Three criteria—structure, market, and capital-related business characteristics—can be used to examine a firm's resources and goals (Gachoka et al., 2018). Firm size, age, profitability, leverage, and ownership are examples of structural firm characteristics that provide important information about a company's place in its industry. Capital-related metrics, like capital intensity and liquidity, provide insight into a company's financial health. Additionally, industry type, market environment, and environmental uncertainty are market-related variables, whereas liquidity and capital intensity are capital-related variables (Gachoka et al., 2018).

Firm Profitability

To put it simply, a business is profitable if its total revenue for a given time period is more than its entire expenses. A concept in accounting, profitability is sometimes known as net profit or net income. Businesses that are profitable ought to be able to make greater contributions to their environmental performance than those that are not. High earnings will draw more public attention, thus the business will have to pay to overcome the environment in order to preserve its brand, claim Lucyanda and Siagian (2012). According to Chukwuebuka and Okonkwo (2020), firm leverage gauges how much a company depends on debt and equity capital for operations and investments. The debt-to-equity ratio is a common way to assess a company's leverage; a larger ratio suggests a greater reliance on debt financing, while a lower ratio indicates a more conservative capital structure (Purnamasari & Suryatama, 2021).

Leverage

Depending on the returns from investments, leverage affects a company's risk-return profile because more debt increases the possibility for both profits and losses (Cathcart et al., 2020). The scope and character of a company's environmental disclosure policies can be significantly influenced by its size. The community will also put a lot of pressure on large corporations; as environmental preservation is directly tied to the company's reputation, it will be taken into account and given more attention. A company's maturity, experience, and development throughout time are greatly influenced by its firm age, which is defined as the amount of time since its founding (Orajekwe & Ogbodo, 2023 and Fan & Wang, 2021).

While older companies go through many growth stages, like market expansion and product diversification, new enterprises in their early stages concentrate on starting up operations, growing their clientele, and turning a profit (Chege et al., 2020). The term "tangibility" describes the physical components of a service, such as the firm's physical buildings, equipment, and appearance. The ability of the business to fund short-term debt is known as liquidity. Companies that have a high level of liquidity are more efficient at employing their working capital (Acero & Alcalde, 2020).

Environmental Disclosure

Environmental disclosure includes the voluntary or required reporting of information on environmental development and management expenses. According to Abubakar (2017), corporate environmental disclosure involves disclosing how an organization's operations affect the environment. The researchers include pollution, wetland, wildlife conservation, carbon management, emissions, recycling, and estate management as examples of these operations. According to Onmonya (2018), corporate environmental disclosure includes publishing ecological information, both financial and non-financial, in publications such as newspapers, annual reports, sustainability/ecological reports, business websites, and internal publications.

According to Ezeagba, Akamelu, and Umeoduagu (2017), environmental accounting is the endeavor of governmental organizations, professional associations, and accounting standard setters to encourage businesses to take an active role in protecting and maintaining the environment and to fully disclose their environmental activities in their annual reports or standalone environmental disclosure.

2.2 Theoretical Review

The profit maximization theory

Robert Wong introduced the profit maximization hypothesis in 1975, and it states that maximizing profits is a company's primary goal. Pure profits that exceed the average cost of production are referred to as maximum profits. It is the sum that remains with the business owner after he has paid all of the production-related expenses, including his management salary. To put it another way, the goal of profit maximization is to increase excess revenue above relative expenditure. The firm's profit maximization model offers decision-makers a helpful framework for effective resource allocation and management (Wong, 1975).

The following theories form the foundation of the profit maximization theory: i) Profit is essential to an organization's survival; ii) Profit aids in accomplishing other goals; iii). The prediction power of profit maximization is higher; and iv). Profits serve as a gauge for the effectiveness of an organization. According to the profit maximization theory, a company's primary goal should be to maximize its profit, which can then be utilized to accomplish other goals like dividend payments. Thus, the profit maximization hypothesis leads to the conclusion that one of the most significant factors influencing dividend policy is profitability. Wong (1975) has made the case that a company's level of profitability affects how much information it discloses since profitable organizations are more likely to want to show off their management's effectiveness and give the public the impression that they are doing well.

Agency Theory

The agency hypothesis was created by Jensen and Meckling in 1976. The culture of separating ownership and management of a business is where agency theory got its start. A principal-agent relationship is created as a result of this division. It sprang from the realization that the management (operators) of organizations that receive capital contributions are distinct from the owners of those organizations (shareholders). Theoretically, the management team was hired by the shareholders to operate the company on their behalf. Resolving issues that may arise in agency interactions is the focus of agency theory (Jensen & Meckling, 1976). According to Jensen and Meckling (1976), an agency relationship is a contract in which the organization's owners (principals) hire managers (agents) to carry out specific tasks on their behalf.

The owners gave the management some decision-making power under this arrangement. Nonetheless, both sides are utility maximizers with different ideologies, which may lead to conflicting and misaligned objectives. While managers would like to maximize their utility, of which income is a component, owners would like to increase the firm's net present value. According to the hypothesis, managers typically exploit the scenario by stealing company cash flow for their own benefit or interest, which leads to inefficiency, asset loss, and a decline in the worth of the company. This has implications for good corporate governance in that the principal can limit the agent's divergent activities by putting in place suitable incentives, rewards, or punishments to encourage the agents to produce the desired results (Luthans, 1998).

2.3 Empirical Review

Indah and Mochamad (2018) examined the relationship between company financial performances, company characteristics, and environmental disclosure of Australian listed companies (ASX) companies. The 200 biggest Australian listed firms (ASX) as of 2014 served as the study's sample data. The study's primary statistical technique was the use of multiple regression models, sometimes known as Ordinary Least Squares, or OLS. Nine parameters of the environmental disclosure index based on Environmental Social and Governance (ESG) were used in the study to measure the environmental disclosure of companies. According to the study, a company's environmental disclosure is positively impacted by its earnings per share, return on equity, size, age, kind, and auditing firm. The findings also demonstrated that there is no connection between a company's environmental disclosure and return on assets.

Sulaiman, Aruwa, and Musa (2018) examined firm characteristics and environmental disclosure of listed oil and gas firms in Nigeria for the period of seven years (2010-2016). Twelve firms made up the study's population, and ten firms made up its sample size. Firm size, firm age, and firm profitability were employed as stand-ins for firm attributes, and natural wealth disclosure was done using binary codification. Panel binary logistic regression was utilized in the study to evaluate the data, and pre-regression analyses were done using correlation matrices and descriptive statistics. The study discovered that whereas firm age has a strong positive link with natural wealth disclosure, firm size and firm profitability have a negative but negligible effect. Out of the four essential firm traits advocated by the body of existing literature, only two (firm structure and performance attributes) were used in the examined studies.

Ibrahim, Nicholas, and Alhassan (2019) investigated the factors influencing the environmental disclosure (ED) of companies in Ghana and the nature of environmental disclosure generally. The study also looked at the association between corporate governance and firm-specific characteristics and ED. These factors included ownership, board independence, gender diversity, firm size, profitability, leverage, stock exchange liquidity, geography, regulation, and the educational background of the director. The study's data came from Ghanaian corporations' annual reports for the five years between 2010 and 2014. There were 35 companies in the sample, 23 of which were listed and 12 of which were not. The link between the variables was determined using the Ordinary Least Square (OLS) regression model. For firm-specific characteristics, the study's findings were inconclusive. The findings indicated a weak and unfavorable correlation between environmental disclosures and firm size. Environmental disclosure was found to be significantly positively impacted by profitability. Additionally, the study demonstrated a strong positive correlation between environmental disclosure, liquidity, and leverage. Environmental disclosures were found to be negatively impacted by a board's independence, while there was a negligible positive correlation between gender diversity and environmental disclosure. Regarding environmental disclosure, it was discovered that location and regulation had little and major influence, respectively.

Fajarini and Triasih (2020) examined the effect of company characteristics, company financial performance, and type of audit firm on environmental disclosure. One hundred businesses with the largest market capitalization that were listed on the Australian Securities Exchange (ASX) in 2017 made up the study's population. Purposive sampling was used to define the study sample, and 99 companies having a one-year observation period in 2017 were selected. Multiple regression analysis was used in the study, and the findings indicated that environmental disclosure is significantly positively impacted by company size and industry type, but not by company age, leverage, profitability, or audit firm type. This study and the reviewed study are connected in that they both aim to examine how corporate characteristics affect environmental disclosure. However, the reviewed study only spanned one year, which is seen to be insufficient to capture the impact of the phenomenon of interest, and it was carried out on companies that were listed on the Australian Securities Exchange (ASX). For ten years, listed firms on the Nigerian Exchange Group will be the subject of this study.

3. Research Design and Methods

For this study, a descriptive cross-sectional research design was employed. Among the many business divisions, such as the finance, human resources, and procurement divisions, the respondents were chosen at random. These organizations were selected for the study using simple random selection. The basic linear regression analysis in SPSS 28.0 was used to assess the survey results. The purpose of the study was to investigate how environmental disclosure and sustainable firm characteristics affected Nigerian corporate organizations.

3.1 Model Specification

Based on the link between predictors and dependent variables, simple linear regression analysis is the model specification employed in this study endeavor.

$$Y = \beta_0 + \beta_1 x_1 + \mu \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots (1)$$

$$Y = f(X)$$

Where Y=Dependent variable represented by financial performance

x_i= Predictors variable (Internal Audit)

β_0= Slope or intercept

β_1= Regression coefficients

μ= Error term

3.2 Data Analysis and Interpretation

This section presents, analyzes, and interprets the information gathered from respondents in the different companies that are the subject of the study. A Likert scale approach was used to categorize the responses in order to achieve our study's objective. Social science statistical software (SPSS version 28.0) was used to investigate the structured questionnaire.

Table 1: Response Rate

	Frequency	Percentage	Cumulative Percent
Returned	167	88.82	88.82
Unreturned	21	11.8	100

Total	188	100	

Source: Field Work 2024

One hundred seventy-one (171 copies) of the questionnaires were distributed, but only one hundred and sixty-two (167) of them were returned, and the remaining copies were not. There were 21 unreturned items. The following are some of the causes for the unreturned.

- A few respondents lost the questionnaire given to them.
- A few respondents reluctantly did not respond to the questionnaire and lastly few others ticked two answers for a question, and this was recorded as a void to avoid incorrect interpretations.

3.2.2 Firm Profitability

The instrument sought to find out about the firm profitability

Table 2: Firm profitability

Statement	Strongly Agree	Agree	Neutral	Strongly Disagree
Our firm has experienced significant revenue growth over the past three years.	47(30.9%)	69(45.4%)	39(23.4%)	12(7.2%)
The firm effectively manages its operational costs to maximize profitability.	55(36.2%)	63(41.4%)	19(11.4%)	20(11.9%)
Our firm's market share has positively impacted profitability.	68(40.7%)	64(42.1%)	23(15.1%)	12(7.8%)
The quality of our products/services contributes to high profitability.	56(33.5%)	66(43.4%)	31(20.4%)	14(9.2%)

Source: Field work 2024

Table 2 is the responses which indicate that most participants believe their firm has experienced significant revenue growth over the past three years. A combined 76.3% agree or strongly agree with this statement, highlighting general satisfaction with the firm’s financial performance. However, a small portion of respondents (23.4%) remain neutral, and 7.2% disagree, suggesting that some participants might not have seen substantial revenue growth. Regarding operational cost management, the majority (77.6%) feel the firm effectively manages its costs to maximize profitability, with 41.4% strongly agreeing. This reflects confidence in the firm's ability to control expenses. Nonetheless, about 11.9% disagree, and 11.4% are neutral, showing that there are some concerns or differing perceptions of the firm's cost management strategies. The impact of market share on profitability is viewed very positively, with 82.8% of respondents agreeing or strongly agreeing that their firm’s market share has significantly boosted profitability. Only a small number (7.8%) disagree with this statement, which suggests a strong belief in the firm’s market positioning and its contribution to overall financial success.

Lastly, the quality of products or services is perceived by 76.9% of respondents as a major contributor to profitability. This indicates that most participants are confident in the firm’s offerings. However, 20.4% are neutral, and 9.2% disagree, implying that there may be some variability in how product quality is perceived or in how consistently it impacts profitability.

3.2.3 Leverage

This instrument seeks to find out about the leverage.

Table 3: Leverage

Statement	Strongly Agree	Agree	Neutral	Strongly Disagree
We have a well-defined strategy for using leverage to grow the firm.	73(48%)	62(40.8)	11(7.2%)	6(3.9%)
Our firm has a clear understanding of how financial leverage works.	55(36.2)	61(40.1)	16(10.5)	20(13.2%)
Leverage is regularly used to finance new investments and expansions.	66(43.3%)	60(39.5)	17(11.2%)	9(5.9%)
We consider debt financing as a key driver of growth for the firm.	55(36.2%)	32(21.1%)	26(17.1%)	39(25.7%)

Source: Field work 2024

The majority of respondents believe their firm has a well-defined strategy for using leverage to grow, with 88.8% agreeing or strongly agreeing. This suggests strong strategic clarity in how leverage is employed to support the firm's growth. Similarly, most respondents (76.3%) feel the firm has a solid understanding of how financial leverage works, though a small portion (13.2%) disagree, indicating some potential gaps in knowledge or perception among employees. When it comes to the practical use of leverage, 82.8% of respondents agree that it is regularly used to finance new investments and expansions, highlighting its role in the firm’s growth strategy. Only a small number of respondents (5.9%) disagree, suggesting that leverage is widely recognized as a tool for expanding the firm’s operations. However, the perception of debt financing as a key driver of growth is more divided. While 57.3% of respondents see debt as central to the firm’s growth strategy, 17.1% are neutral, and 25.7% disagree, reflecting some hesitancy or differing opinions about the importance of debt financing in driving the firm’s growth. This indicates that while leverage is commonly used, not everyone views it as the primary engine of growth.

3.2.4 Environmental Disclosure

Th is instrument seeks to find about the environmental disclosure

Table 3: Environmental Disclosure

Statement	Strongly Agree	Agree	Neutral	Strongly Disagree
The organization discloses clear and understandable information about its environmental impact.	73(48%)	62(40.8%)	11(7.2%)	21(12.6%)
The environmental reports provided by the organization are easily accessible to the public.	35(20.9%)	16(10.5%)	61(40%)	55(36.2%)
The environmental disclosure provided by the organization is relevant to its business activities.	24(14.4%)	17(11.2%)	66(43.3%)	60(39.5%)
The environmental information disclosed helps stakeholders understand the company’s environmental policies.	55(36.2%)	47(28.1%)	26(17.1%)	39(25.7%)

Source: Field work 2024

Table 3 is the responses regarding the clarity of environmental impact disclosures are largely positive, with 88.8% of respondents agreeing or strongly agreeing that the organization provides clear and understandable information. This suggests a strong level of satisfaction with the way the organization communicates its environmental impact. However, a notable minority (12.6%) strongly disagrees, indicating that some stakeholders may have concerns about the clarity and transparency of the information provided.

In contrast, perceptions of the accessibility of environmental reports are more mixed. Only 31.4% of respondents feel that these reports are easily accessible to the public, while a significant 36.2% strongly disagree. Additionally, 40% of respondents remain neutral, suggesting uncertainty about the availability of these reports. This indicates a potential issue with how the organization shares its environmental information, leading to frustration among stakeholders.

The relevance of environmental disclosures to the organization's business activities appears to be a significant concern, with only 25.6% agreeing or strongly agreeing that the information is pertinent. A substantial 39.5% strongly disagree, and 43.3% are neutral, indicating that many respondents do not find the disclosures meaningful or are unsure of their relevance. Although a moderate 64.3% agree that the disclosed information helps stakeholders understand the company's environmental policies, the 25.7% who strongly disagree highlights a need for improvement in making environmental communications more relevant and effective for stakeholders.

3.3 Hypothesis Testing

Decision Rule: Accept the null hypothesis if the if the probability value >0.05 otherwise accept the alternative hypothesis.

3.3.1 Hypothesis One

Ho_1: Firm profitability on Environmental Disclosure in the corporate organization in Nigeria.

3.3.2 Hypothesis Two

Ho1: Evaluate the effect of Leverage on Environmental Disclosure in the corporate organization in Nigeria

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609[a]	.727	.661	1.32201
a. Predictors: (Constant), Firm profitability; Leverage				

3.3.2 Model Testing and Interpretation

The model summary above explains the percentage of the dependent variable (environmental disclosure), that can be determined by the independent variable (firms' profitability and leverage). According to this Table, the dependent variables account for 72.7% (R Square, 0.727) of the independent variable. While the remaining 27.3% can be explained by other factors outside the scope of this model. This implies that a firm's profitability and leverage have a direct influence on environmental disclosure. This Pearson correlation coefficient (R) result also showed a positive value of 0.609, which also lends credence to the fact that the predictor variable has a direct relationship with the response variable.

Table 5: ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	117.414	1	117.414	9.591	.002[a]
	Residual	2032.249	166	12.242		
	Total	2149.663	167			
a. Dependent Variable: Environmental Disclosure						
b. Predictors: (Constant): Firm profitability; Leverage						

The study also analyzed variance to determine the extent to which the Independent and dependent variable relates with each other, and the result showed that P- value Obtained (0.002) was lower than the 5% level of significance specified in SPSS software for this analysis, therefore, according to the decision rule, the Alternate hypothesis will be accepted, while the Null hypothesis will be rejected. This implies that firms' profitability and leverage have a significant influence on Environmental Disclosure in corporate organizations in Nigeria.

Table 6: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.968	2.415		7.855	.000
	Firm profitability	0.318	0.104	0.177	3.057	.019
	Leverage	0.098	0.061	0.005	1.606	.249
a. Dependent Variable: Environmental Disclosure						

Simple linear regression analysis was also conducted to determine if the results established by ANOVA Statistics were similar to that of the regression coefficient. The result shows that the P-value obtained (i.e., 0.019) for the regression coefficient of firm's profitability was also lower than the alpha level of significance of 5% specified in SPSS for this analysis therefore, thus, it can be inferred from this result, that the ANOVA Statistic is similar to that of the regression coefficient. Thus, the Alternate Hypothesis will be accepted while the Null Hypothesis will be rejected, which means that the firm's profitability has a significant positive effect on the Environmental Disclosure in the corporate organization in Nigeria.

Also, the result shows that the P-value obtained (i.e., 0.249) for the regression coefficient of working condition was also higher than the alpha level of significance of 5% specified in SPSS for this analysis therefore, thus, it can be inferred from this result. Thus, the Alternate Hypothesis will be rejected while the Null Hypothesis will be accepted, which means that leverage has no significant positive effect on Environmental Disclosure in the corporate organization in Nigeria.

4. Discussion of Result

The result of this study indicates that firm profitability will significantly improve environmental disclosure in the corporate organization in Nigeria. This was confirmed by the result of the statistical analysis which shows that the P-value obtained (0.019) was lower than the significance value of 5% specified in SPSS for this analysis.

Similarly, the result of this study indicates that leverage will not significantly improve environmental disclosure in the corporate organization in Nigeria. This was confirmed by the result of the statistical analysis which shows that the P-value obtained (0.249) was higher than the significance value of 5% specified in SPSS for this analysis.

5. Conclusion

In conclusion, sustainable firm characteristics, particularly profitability, play a critical role in enhancing environmental disclosure within corporate organizations in Nigeria. The significant positive relationship between firm profitability and environmental disclosure indicates that financially successful companies are more likely to invest in transparent environmental reporting. This suggests that profitability not only supports operational sustainability but also enables companies to demonstrate their commitment to environmental responsibility, potentially increasing stakeholder trust and corporate reputation.

Conversely, leverage, representing a firm's debt level, does not have a significant positive effect on environmental disclosure in Nigerian corporate organizations. This finding implies that the financial structure, specifically debt dependence, does not motivate or constrain companies to engage in environmental reporting practices. Consequently, while profitability encourages sustainable practices and transparency in environmental issues, leverage may not influence the same, underscoring the need for policies that incentivize both profitable and highly leveraged firms to engage in comprehensive environmental disclosure for broader environmental sustainability within Nigeria's corporate sector. The study concluded that sustainable Firm Characteristics has significant effect on Environmental Disclosure in the corporate organization in Nigeria.

Recommendation

Based on the observed effects of sustainable firm characteristics on environmental disclosure in Nigerian corporate organizations, it is recommended that companies prioritize profitability as a key driver of sustainability efforts. Corporate organizations should integrate environmental disclosure into their core financial strategies, recognizing that profitability enables more comprehensive reporting on environmental impacts, which can enhance both corporate image and stakeholder trust.

Additionally, policymakers should consider incentivizing firms, especially those with high leverage, to increase their environmental disclosures. Regulatory frameworks could include targeted guidelines or tax benefits for firms that invest in environmental reporting, irrespective of leverage. This approach can support all firms, including those with financial constraints, in adopting more transparent environmental practices. Finally, industry associations should promote knowledge-sharing initiatives to highlight best practices in sustainability reporting, encouraging firms of all sizes and financial structures to advance their commitment to environmental accountability.

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