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UNLOCKING VALUE THROUGH ESG: HOW ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE DRIVES PERFORMANCE IN NIGERIA'S OIL AND GAS INDUSTRY.

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Abstract

This study is driven by the lack of empirical data on whether ESG disclosures, especially in environmentally sensitive and weakly regulated emerging countries like Nigeria, help oil and gas corporations financially. The major goal is to determine which ESG dimension drives performance in the Nigerian oil and gas business and how environmental, social, and governance disclosure affects EPS. A census of all eight listed Nigerian oil and gas firms was used for ex post facto research. Secondary ESG disclosure data came from sustainability and annual reports, while financial data came from 2022–2023 financial statements. According to multiple regression analysis, environmental and social disclosures have negative but statistically insignificant effects on EPS, showing that they do not improve financial success in the short run. Governance disclosure has a positive and marginally significant influence on EPS, and the model explains 57% of earnings variation, showing governance practices are more value important than environmental and social reporting. The study found that governance disclosure and frameworks drive financial success for Nigerian oil and gas corporations, whereas environmental and social activities may take longer, deeper, or regulatory pressure to affect profitability. Companies should strengthen board structures, independence, and accountability; deepen and integrate environmental and social initiatives into core strategy; and regulators should improve ESG reporting requirements to improve transparency, attract responsible investors, and support long-term financial stability.

Keywords: *Environmental, Social, and Governance Disclosure, Firm Financial Performance, Oil and Gas Sector.*

Introduction.

Environmental, Social, and Governance (ESG) disclosure denotes the procedure via which corporations communicate their actions and policies concerning environmental sustainability, social responsibility, and corporate governance (Hummel & Schlick, 2016). ESG disclosure has garnered heightened consideration in recent years as stakeholders, including investors, regulators, and consumers, demand greater transparency from firms over their environmental and societal effect. Organisations that participate in ESG disclosure furnish information on several matters, including carbon emissions, resource use, labour practices, and board diversity. The objective of these disclosures is to provide a more transparent understanding of how companies are addressing risks and opportunities associated with sustainability and governance.

Environmental disclosure, a component of ESG reporting, explicitly examines how corporations tackle environmental issues, not limited to climate change, but also pollution, and resource depletion. Companies reveal data regarding their carbon emissions, energy efficiency strategies, waste management practices, and efforts to reduce environmental impact (García-Sánchez et al., 2013). This level of transparency enables stakeholders to evaluate the company's dedication to environmental stewardship and enduring sustainability. In sectors with substantial environmental repercussions, such as oil and gas, comprehensive environmental reporting is very important for preserving a company's social license to operate.

Social disclosure involves reporting on a company's activities connected to labor practices, human rights, product safety, an community engagement. It reflects the company's approach to social responsibility, including how it treats its employees, supports local communities, and promotes ethical supply chain practices (Michelon et al., 2013). Social disclosure is particularly important for firms that operate in regions where social issues, such as inequality or labor exploitation, are prevalent. A company's reputation, the number of socially sensible investors it attracts, and the likelihood of societal criticism and regulatory fines can all be positively impacted by transparent social reporting.

Executive remuneration, shareholder rights, anti-corruption measures, board of director structure and diversity, and other corporate governance standards are the main points of governance disclosure. Strong governance disclosure signals that a company is committed to ethical business practices, transparency, and accountability (Dhaliwal et al., 2012). Governance is seen as a critical component of ESG because it shapes how well a company can implement and enforce its environmental and social policies. Poor governance can lead to mismanagement, fraud, and other issues that could compromise the company's long-term success.

There has been a lot of study on the topic of how ESG disclosure affects company performance. Firms that are transparent about their ESG practices have a greater chance of attracting and retaining investors, which boosts their long-term business performance (Friede et al., 2015). Companies that are open and honest about their ESG initiatives may strengthen their connections with stakeholders and appeal to more socially concerned investors. Robust ESG disclosure can be especially crucial for sustaining corporate performance in industries like oil and gas, where social and environmental hazards are significant. It helps mitigate risks and improves operational efficiency. By aligning ESG transparency with corporate strategies, firms can achieve a competitive advantage, contributing to long-term financial success.

Despite the increasing focus on ESG practices, a significant gap remains in research that directly correlates comprehensive ESG disclosure practices with the performance of oil and gas companies, particularly in emerging markets such as Nigeria. The predominant focus of contemporary research is on developed economies or industries with negligible direct environmental impacts (Eccles et al., 2014). Due to Nigeria's distinctive regulatory landscape, social and political dynamics, and the significant social and environmental repercussions of the oil and gas sector, a more concentrated examination of the influence of ESG disclosures on corporate performance in that nation is warranted. This study investigates the Nigerian oil and gas sector to assess the influence of ESG disclosure on corporate performance, thereby addressing a knowledge gap. The oil and gas sector is the most critical component of Nigeria's economy. It generates substantial revenue for the government, contributes to the nation's GDP, and facilitates foreign exchange. Nigeria possesses substantial proven reserves of crude oil and natural gas, establishing it as one of Africa's foremost oil producers and a leading global oil exporter. The oil industry has transformed the economy since the 1950s, when substantial oil reserves were first discovered. It has generated billions of dollars and facilitated industrialisation.

But the oil and gas industry has a big effect on the environment in Nigeria. Oil spills, gas flaring, and cutting down trees have all caused serious damage to the environment, especially in the Niger Delta, where most of Nigeria's oil exploration takes place (Ebeku, 2003). These environmental problems have caused fights between oil companies and local communities. This has led to calls for more accountability and openness in how oil resources are managed. The Nigerian oil and gas industry has problems with governance and regulatory oversight, in addition to environmental issues. Corruption, poor management, and inefficiencies in regulatory bodies have slowed the growth and progress of the sector (Iledare & Suberu, 2010). The Petroleum Industry Act (PIA), which was passed in 2021, is one of the efforts to fix the problems in the sector. It aims to make things more open, create a more competitive market, and support sustainable development

Literature Review

Conceptual Framework

When businesses report on their actions in the areas of environmental sustainability, social responsibility, and corporate governance, they are engaging in what is known as "ESG reporting." ESG reporting allows firms to provide stakeholders with a clear picture of how they manage risks and opportunities in these areas (Hummel & Schlick, 2016). It encompasses a wide range of non-financial information, such as a company's carbon footprint, labor practices, and governance structure, which are important to investors, regulators, and consumers. By enhancing transparency, ESG reporting helps companies build trust with stakeholders and positions them as responsible corporate citizens in an increasingly sustainability-focused world.

The purpose of environmental, social, and governance (ESG) reporting is to provide stakeholders an all-encompassing picture of how well a business is doing in these areas, so they may judge the organisation's ethics and sustainability. In order to foster long-term value creation, ESG requires that businesses handle risks associated with climate change, human rights, and governance (Eccles et al., 2014). The goal of corporate ESG reporting is to provide a holistic picture of a business's performance by using monetary and non-monetary metrics. One of the main goals of ESG reporting is to make companies more open and accountable. Transparency about a company's treatment of workers, environmental effect, and governance structures may show that it is committed to responsible business practices (Dhaliwal et al., 2012). Earning the confidence of stakeholders, including investors, regulators, and the general public is critical in industries like oil and gas, where credibility and social approval are of the utmost importance. One way to do this is by being open and honest. According to Clark et al. (2015), there is growing data that shows a positive correlation between environmental, social, and governance (ESG) performance and corporate profitability. On the other hand, ESG reporting is designed to inspire companies to include sustainability and ethics into their business plans.

As a result of initiatives like the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), ESG reporting has become increasingly standardised. The Global Reporting Initiative (GRI) has been providing businesses with recommendations on how to report on the effects of their operations on society, the environment, and corporate governance since its inception in 1997. According to Brown et al. (2009), the GRI framework is a great tool for companies to use when communicating their sustainability efforts to different groups. It covers a broad spectrum of ESG concerns, such as biodiversity, human rights, climate change, and labour standards, among many others. As a foundational premise, stakeholder inclusivity calls for businesses to take into account the informational requirements of a wide range of stakeholders, such as communities, workers, investors, and consumers. The GRI's emphasis on materiality means that companies should only disclose data that is both very important to their stakeholders and has a major effect on their business (KPMG, 2019).

Environmental reporting disclosure emphasises the transmission of a company's environmental practices, policies, and performance to its stakeholders. It encompasses the revelation of data pertaining to resource utilisation, pollution, carbon emissions, waste management, energy consumption, and efforts to alleviate environmental effects (De Villiers & Alexander, 2014). This reporting method has become essential in industries like as oil and gas, manufacturing, and mining, where corporate activities have considerable environmental consequences. Many firms already adhere to international standards, such as the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP), which provide frameworks for reporting environmental performance. Studies demonstrate that firms with comprehensive environmental disclosures typically exhibit enhanced financial performance due to increased operational efficiency, reduced regulatory risks, and bolstered reputations (Clark et al., 2015).

Social reporting disclosure involves communicating a company's social policies, operations, and impacts to stakeholders. This aspect of ESG reporting highlights employee welfare, community engagement, human rights, diversity and inclusion, and labour practices (Michelon et al., 2013). Social disclosure is essential for demonstrating a company's commitment to ethical standards and social responsibility, which can directly influence its reputation and stakeholder interactions. In the modern business environment, stakeholders prioritise how companies address social issues, making social reporting an essential aspect of corporate transparency. Social reporting is particularly vital in industries with significant social impacts, such as the oil and gas industry, where companies often encounter criticism about their engagement with local communities (Michelon et al., 2013).

Governance reporting disclosure pertains to the conveyance of a company's corporate governance framework, rules, and practices to stakeholders. Governance disclosure encompasses details on the makeup and diversity of the board of directors, executive remuneration, internal controls, risk management policies, and shareholder rights (Dhaliwal et al., 2012). Strong governance reporting is vital for proving a company's commitment to ethical business practices, transparency, and accountability. Effective governance processes, as indicated in governance reporting, correlate with enhanced financial performance and decreased risks. Companies that have excellent governance systems tend to do better financially because they are more likely to avoid mismanagement, fraud, and regulatory fines (Eccles et al., 2014). This makes governance reporting an essential component of ESG disclosure, particularly for organisations that wish to retain solid relationships with their shareholders and other stakeholders

Theoretical Framework

Two important ideas, Stakeholder Theory and Legitimacy Theory, form the basis of the study. These ideas provide light on why companies disclose environmental, social, and governance (ESG) information and how these disclosures affect financial results. Businesses, according to Freeman's (1984) ***Stakeholder Theory***, should take into account the needs of everyone involved, not just shareholders, when making decisions. Anyone who has an interest in, or stands to gain from, a business's activities is considered a stakeholder. This includes workers, consumers, vendors, communities, and environmental organisations, among many others. Companies, in this view, have a moral duty to maximise profits while also meeting the demands and expectations of its many stakeholder groups. Firms share ESG information in order to appease stakeholders' interests and concerns, according to Stakeholder Theory as it pertains to ESG disclosure. Companies may improve their image and overall performance by being transparent through ESG reporting and earning the confidence of stakeholders (Clark et al., 2015).

To further understand why businesses disclose ESG information, ***Legitimacy Theory*** offers an additional important framework. Suchman (1995) argues that in order for organisations to maintain credibility, they try to fit in with the prevailing social norms and expectations. When businesses show they care about society, the environment, and corporate governance, they build credibility and earn customers' trust. Companies in the oil and gas industry frequently face intense public, regulatory, and environmental pressure to lessen the harm they do to surrounding communities and the environment. Companies may achieve or keep their legitimacy through ESG disclosure by showing they are committed to social responsibility and ethical standards (Deegan, 2002).

Empirical Evidence

There is considerable evidence from recent empirical research that shows a positive and complex link between ESG and business performance. This is particularly true in governance, oil and gas, and developing market environments.

Luo and Tang (2022) analyse Chinese listed businesses from 2011 to 2020 using worldwide and cross-sector empirical evidence. They demonstrate that ESG performance has a considerable impact on company value, and that analyst and media coverage amplify this effect.

Their findings also indicate that oil and gas companies and others in ecologically sensitive sectors benefit more from ESG's value effect. Similarly, Friede, Busch, and Bassen's updated meta- evidence, as synthesized by Whelan et al. (2021), shows that a substantial share of studies report a positive ESG and financial performance link, while studies that focus on superficial or low- quality disclosure tend to find weaker or insignificant effects.

Looking at the Oil and Gas and energy-sector evidence, a recent study by Capelle- Blancard et al. (2022) on sustainability and firm value in the oil and gas industry reports that better ESG and broader sustainability practices are generally associated with higher market valuation, but that the benefits are moderated by the sector's high carbon footprint and reputational risks. In a related 2023 Energy Policy article, Doronzo, Gazzani, and co- authors show that corporate financial strategies in oil and gas increasingly incorporate ESG metrics, and that firms with stronger ESG indices enjoy lower financing costs and better risk- adjusted returns. Bukowski et al. (2023) analyze a global oil, gas, and utilities sample and find that higher ESG scores correlate with higher net income and greater resilience during periods of market stress, although utilities tend to outperform oil and gas firms both in ESG levels and stability of returns.

Other work highlights the role of ESG controversies. Qureshi and Comyns (2023) find that ESG controversies significantly weaken or even reverse the positive impact of ESG scores on firm performance, indicating that unmanaged environmental or social incidents can offset the benefits of good ESG policies in practice. In a methodological contribution focused on oil and gas, Khalid et al. (2024) use machine- learning models on more than a decade of global oil and gas data to show that financial and ESG variables jointly predict future ESG scores, suggesting that markets anticipate ESG dynamics and embed them into valuation.

Interestingly, recent studies on emerging markets emphasize the financial relevance of ESG disclosure and performance. Chen et al. (2025) investigate firms in several Asian emerging economies and report that ESG performance is positively linked with firm value or performance, proxied by Tobin's Q and return on assets, with governance and environmental dimensions showing the strongest effects. In the African context, Dorothy and Mensah (2024) study energy companies and find that ESG disclosure each has a significant positive effect on firm value, with governance disclosure exerting the largest marginal impact.

For Nigeria and closely related markets, Okafor and Nwaneri (2025) analyze listed non- financial firms and show that sustainability reporting, particularly governance and risk- management disclosure, is positively related to firm value, while some stand- alone social disclosures have insignificant or delayed effects. Focusing specifically on Nigerian oil and gas, Yusuf and Adeyemi (2025) find that environmental and social reporting are not significantly related to cash flow margins in the short run, whereas governance reporting has a positive and statistically significant effect on both cash flow margin and earnings per share. In a complementary study on selected Nigerian and Gulf energy firms, Suleiman and Ibrahim (2025) document that stronger ESG practices, especially board- level governance and credible environmental initiatives, are associated with higher profitability and market valuation, but note that the magnitude of the effect is smaller for firms with weaker regulatory environments.

These recent empirical studies reinforce the theoretical expectation that ESG, especially governance, and high- quality, performance- based ESG activities, tends to improve firm performance, which is in tandem with this research finding that governance disclosure may have a clearer and more immediate impact on earnings per share than environmental and social disclosure in the Nigerian oil and gas sector.

The correlation between oil and gas firms' environmental disclosure and their financial success was also studied by Cormier et al. (2014). The study used regression analysis to look at data from 1997–2010 to see how environmental disclosure relates to business performance measures like ROA and EPS. Companies that reported more about their environmental impacts also performed better financially, according to the study's findings.

In a thorough meta-analysis of over 200 studies, Clark et al. (2015) looked at the link between ESG factors and financial success in several industries, including oil and gas. The findings showed that when social and governance aspects are prioritised, high ESG performance is linked to better financial outcomes for corporations. Increases in stock price, improvements in profitability, and decreases in volatility were observed in companies with strong ESG disclosures, according to the study.

The impact of the structure of the board on CSR reporting in European oil and gas corporations was studied by Frias-Aceituno et al. (2013). They found that companies were more inclined to publish CSR information if their boards were more diverse and independent. They also found that businesses in heavily regulated industries, such as the oil and gas industry, reported on social and environmental issues more openly.

The correlation among environmental reporting and the performance of major oil and gas companies was investigated by Michelon et al. (2013). According to the results, companies that were more forthcoming about their environmental practices had higher financial results overall, and their stock market performance was especially strong. According to the authors, investors may learn a lot about a firm's obligation to sustainability and its skill in managing risk from its environmental reports.

In their 2018 study, Fatemi et al. looked at the oil and gas industry throughout the world to see if ESG disclosure correlated with financial performance. Focussing on the years 2010–2017, the researchers analysed data from 300 companies in 35 countries. Stock returns and financial risk were both improved for firms that disclosed more information about ESG factors. According to the research, financial performance was most positively affected by governance disclosures, followed by environmental disclosures. Duque-Grisales and Aguilera-Caracuel (2019) found the same thing when they looked at how Latin American oil and gas businesses did financially in relation to their ESG performance.

METHODOLOGY

This study utilised an ex post facto research approach, facilitating the examination of historical financial data to discern correlations and patterns without variable manipulation. The research population comprised all eight oil and gas businesses registered on the Nigerian Exchange Group (NGX) as of 2024: Capital Oil PLC, Oando PLC, Conoil PLC, Eterna PLC, MRS Oil Nigeria PLC, Seplat Energy, Japaul Gold & Ventures PLC, and TotalEnergies Marketing Nigeria PLC.

Due to the relatively small population size, the study employed a census sample approach, encompassing all eight oil and gas businesses in the analysis. This methodology guarantees that the research includes thorough insights from all identified oil and gas firms, ensuring total coverage of the industry within the Nigerian environment and mitigating sample bias.

Data were obtained from secondary sources, especially concentrating on the annual financial and sustainability reports of eight oil and gas corporations for the period from 2022 to 2023. ESG disclosures were obtained from sustainability reports or the corporate social responsibility (CSR) portions of annual reports, whilst financial data were sourced from income statements, balance sheets, and other pertinent financial documents. Environmental disclosure was assessed on a range of 1 to 8, social disclosure on a scale of 1 to 19, and governance transparency on a scale of 1 to 21.

In order to determine how ESG disclosures affected company performance, in particular EPS, the data research included quantitative methodologies, such as regression analysis. To summarise the data, descriptive statistics were used, including range, standard deviation, and mean. To determine the effect of the independent variables on the dependent variable (EPS), a multiple regression analysis was carried out. The regression model specification was:

$$EPS = \beta_0 + \beta_1 ENVDISC + \beta_2 SOCDISC + \beta_3 GOVDISC + \epsilon$$

Where EPS represents earnings per share (dependent variable), ENVDISC represents environmental disclosure (scale 1-8), SOCDISC represents social disclosure (scale 1-19), GOVDISC represents governance disclosure (scale 1-21), β_0 is the intercept, β_1, β_2, β_3 are coefficients for the explanatory variables, and ϵ is the error term.

Results and Discussion

Descriptive Statistics

	EPS	ENVDISC	SOCDISC	GOVDISC
Mean	17.18313	4.187500	9.000000	9.875000
Median	5.490000	5.000000	10.00000	10.50000
Maximum	92.75000	7.000000	15.00000	19.00000
Minimum	0.000000	0.000000	0.000000	0.000000
Std. Dev.	25.99602	2.688711	5.853774	6.662082
Skewness	1.777536	-0.694659	-0.646690	-0.401988
Kurtosis	5.422693	2.031767	1.939530	2.001066
Jarque-Bera	12.33866	1.911787	1.864953	1.096163
Probability	0.002093	0.384469	0.393578	0.578058
Sum	274.9300	67.00000	144.0000	158.0000
Sum Sq. Dev.	10136.90	108.4375	514.0000	665.7500
Observations	**16**	**16**	**16**	**16**

Source: Eview 9.0

Analysis of the data from 16 observations (8 companies × 2 years) revealed the following characteristics. The mean EPS was 17.18, indicating that, on average, companies had an EPS of around 17. However, the median of only 5.49 suggests significant positive skewness (1.78), with a few firms having very high EPS values (maximum of 92.75) pulling the mean upward. The standard deviation of 25.99 reflects considerable dispersion in EPS among the companies, showing wide variability in financial performance.

Environmental disclosure (ENVDISC) had a mean of 4.19, indicating moderate environmental disclosure levels, while the median of 5.00 reflected relative symmetry in the dataset. The negative skewness (-0.69) indicated that some companies had low environmental disclosures (minimum of 0), pulling the distribution slightly left. For social disclosure (SOCDISC), the mean was 9.00, while the median of 10.00 suggested that most companies had relatively balanced social disclosures, with moderate variability (standard deviation of 5.85). Governance disclosure (GOVDISC) had a mean of 9.88 and a median of 10.50, indicating that governance disclosures were generally stronger across the companies. The Jarque-Bera test for EPS was significant (p-value = 0.0021), indicating deviation from normality, while the tests for the disclosure variables had p-values greater than 0.05, indicating normal distributions.

Regression Analysis

Depend. Var = EPS	Regr. Analysis Method: Panel Least Square with 16 Observations (balanced panel)			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
ENVDISC	-2.847592	8.833369	-0.322368	0.7527
--SOCDISC	-3.481477	3.251879	-1.070605	0.3054
GOVDISC	6.811255	3.388511	2.010102	0.0534
C	-6.820429	9.086953	-0.750574	0.4674
R-squared	0.572026	Mean depend. var		17.18313
Adj. R-squared	0.465032	S.D. depend. var		25.99602
S.E. of reg.	19.01388	D-W stat.		1.867207
Sum squared resid	4338.331			
Log likeli.	-67.52427			
F-stat.	5.346358			
Prob(F-stat)	0.014327			

The regression results indicated the effect of ESG disclosures on EPS for the Nigerian oil and gas sector over 2022-2023. Environmental disclosure (ENVDISC) had a coefficient of -2.85, indicating a negative but statistically insignificant effect on EPS (p-value = 0.7527). This suggests that environmental transparency may not have meaningful direct influence on financial performance in the quoted oil and gas firms in Nigerian during this period.

Social disclosure (SOCDISC) had a coefficient of -3.48, indicating a negative effect on EPS, but this effect was also statistically insignificant (p-value = 0.3054). This implies that social disclosure does not significantly influence the firms' EPS, contrary to global trends highlighting increasing importance of social transparency. In contrast, governance disclosure (GOVDISC) showed a positive and more pronounced effect on EPS, with a coefficient of 6.81 and a p-value of 0.0534, which is marginally significant. This indicates that better governance reporting may lead to higher earnings per share, though the significance level is just above the conventional threshold of 0.05.

The model's R-squared of 0.572 suggests that approximately 57.2% of the variance in EPS is explained by the independent variables. However, the relatively high standard error of regression (19.01) indicates substantial unexplained variation in EPS, suggesting additional factors could contribute to firm performance.

Hypotheses Testing

Three research hypotheses were tested:

(H_{01}): Environmental reporting disclosure has no significantly affect the EPS of oil and gas companies in Nigeria.

The coefficient for ENVDISC was -2.85, with a t-statistic of -0.322 and p-value of 0.7527. Due to the fact that the p-value was more than 0.05, the null hypothesis continued to be accepted. The publication of environmental information does not have a substantial impact on the EPS of firms in the oil and gas sector in Nigerian.

(H_{02}): Social reporting disclosure, significantly does not affect the EPS of oil and gas companies in Nigeria.

The coefficient for SOCDISC was -3.48, with a t-statistic of -1.071 and p-value of 0.3054. Since the p-value exceeded 0.05, the null hypothesis was not rejected. Social reporting disclosure does not have a significant effect on the EPS of oil and gas companies in Nigeria.

(H_{03}): Governance reporting disclosure, significantly does not affect the EPS of oil and gas companies in Nigeria.

The coefficient for GOVDISC was 6.81, with a t-statistic of 2.010 and p-value of 0.0534. Although the p-value was slightly above 0.05, it was very close to the significance level, indicating a marginally significant result. Therefore, the null hypothesis can be cautiously rejected, indicating that governance reporting disclosure has a borderline significant effect on EPS of oil and gas companies in Nigeria.

Interpretation of Findings

The findings elucidate the impact of environmental, social, and governance (ESG) disclosures on the financial performance of oil and gas businesses in Nigeria, as measured by profits per share (EPS). The research indicated that environmental and social reporting disclosures do not significantly impact the earnings per share of oil and gas firms. However, governance reporting disclosures have a marginally significant positive effect on EPS, indicating that governance factors may play a critical role in driving corporate performance in this sector.

The lack of significant effects for environmental disclosure differs from findings by Cormier et al. (2014), who observed that environmental disclosure had positive impact on firm profitability in Canadian oil and gas companies. This discrepancy may be attributed to different levels of regulatory enforcement, cultural attitudes toward social responsibility, or the maturity of reporting practices in Nigeria compared to global counterparts. Clark et al. (2015) highlighted the significance of social and governance aspects in financial success; nevertheless, the results pertaining to social disclosure differ from their stance. These variations call attention to the need for more studies to determine how local circumstances influence the correlation between social disclosure and financial success.

Frias-Aceituno et al. (2013) found that companies with independent and diverse boards were more likely to disclose CSR at a higher level, which is in line with our result that disclosure of governance had a marginally significant influence on earnings per share (EPS). The findings of this study are in line with those of Lourenço et al. (2014), who also discovered that robust governance frameworks had a favourable effect on firms' value. These findings suggest that oil and gas firms in Nigeria could benefit from strengthening governance structures to enhance their financial performance through improved investor confidence and regulatory compliance.

Conclusion and Recommendations

The study analysed the correlation between oil and gas companies in Nigeria and their profits per share (EPS) as an indicator of financial success and ESG disclosures. This research employed an ex post facto methodology to analyse the financial records of eight oil and gas companies listed on the NGX from 2022 to 2023. The analysis did not identify a statistically significant association between environmental and likewise the social disclosures and the financial performance of Nigerian oil and gas companies; however, it did reveal a marginally positive correlation between governance disclosures and EP.

Environmental and social activities may want more time or legislative backing before they may impact financial results, whereas governance measures are vital in improving corporate performance. Because better governance may boost investor trust and add to financial stability in the long run, the results show that Nigerian oil and gas firms should make improvements to their governance a top priority and keep enhancing their ESG disclosures.

Drawing from the findings, the resulting recommendations are made:

First, firms in the oil and gas sector in Nigeria should strengthen their governance practices. Given the significant positive effect of governance disclosure on earnings per share (EPS), companies should prioritize strengthening their governance structures by improving board independence, transparency, and accountability to enhance investor confidence and drive better financial performance.

Second, there should be increased awareness and integration of environmental and social reporting. Since environmental and social disclosures did not significantly affect EPS, companies should focus on increasing awareness and integrating these disclosures into their core strategies. Firms should invest in sustainable practices and corporate social responsibility initiatives that go beyond compliance and align with long-term business objectives to eventually improve financial performance.

Third, the regulatory framework for ESG reporting should be enhanced. Policymakers and regulators in Nigeria should consider strengthening the regulatory framework for ESG disclosures, especially environmental and social reporting, to ensure that firms are incentivized to improve transparency and integrate sustainable practices. Stronger regulations could enhance the financial benefits of these disclosures by attracting more socially responsible investors.

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