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Research Article

Corporate Sustainability and Shareholders' Wealth in the National Financial Sector

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Abstract

The desire of every shareholder is to see that shareholders' wealth is given strategic central point attention far and above other priorities of the management. Prior studies have shown that meeting shareholders' wealth expectations in Nigeria is complex and full of challenges considering the infrastructural deficits, security challenges and lack of corporate legitimacy capable of enhancing shareholders' wealth in the country. In addition, effective sustainability performance has been advanced as capable of improving corporate performance and increasing shareholders' wealth. In contributing to knowledge, this study looked at how corporate sustainability affected shareholders' wealth in Nigeria's national banking industry. Using an *ex-post facto* research design, the study employed secondary data extracted from selected financial institutions from banking institutions. A total of 15 financial institutions were chosen using a purposive sample technique during a 15-year period, from 2008 to 2022, from the population of 65 financial institutions listed in Nigeria. The certification by the external auditors served as the foundation for the data's dependability and authenticity. Inferential (multiple regression) analysis was employed using a pooled panel data analysis. The result showed that corporate sustainability exerted a significant effect on shareholders' wealth (*Adj.* R^2 = 0.7474, *F-stat/Wald test* (4, 220) = 18.30, p < 0.05). The study concluded that corporate sustainability had a positive and significant effect on shareholders' wealth in the national financial sector in Nigeria. Consequent to the results, managers should ensure that effective corporate sustainability policies are instituted and practised in their companies.

Keywords

Corporate Sustainability, Corporate Governance, Environmental Practice, Financial Sector, Financial Institutions, Firm Size, Shareholders' Wealth

1. Introduction

Many people's lives around the world have become better as a result of globalization in search of economic value, better opportunities and corporate organizations making efforts to improve shareholder wealth and value creation. From the Nigeria perspective, while opportunities seem available, the trajectories to create enabling prospects to ensure sharehold-

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ers' wealth creation have become increasingly complex and multidimensional in all respects [6]. Adegbie and Adesanmi posited that companies in Nigeria had witnessed unprecedented challenges in meeting set goals, suggesting that it had been difficult to run successful businesses in Nigeria, due to prevailing economic factors ranging from unstable economic and political issues to a lack of essential and enabling environment in Nigerian business landscape [3]. Despite the huge population abundant manpower and huge market, Nigeria is confronted with long-term infrastructural deficits, bad governance and weak institutions. Some studies have discussed extensively the reality of companies meeting shareholders' wealth in possible terms. For instance, Aguguom and Salawu posited that shareholders' wealth is prescriptive and unrealistic considering the other imposing interest holders in an organization [4].

In addition, the shareholders' wealth model through the desperation tendencies of the managers dancing to the tone of self-interest pursuance agenda [1, 10, 11]. Adegbie et al. noted that shareholders' wealth maximization is complex and difficult to achieve genuinely by the managers [2]. However, other studies have failed to agree on the nexus between wealth maximization and the long-term sustainability of corporate organizations [5, 12, 13]. Evidently, some prior studies have documented inconsistent results that the self-interest pursuance model governs managerial attitudinal disposition, contending the economic rationality and consequences of such ideology [14, 15, 29]. According to Akpan [6], managers are shareholders' agents who are professionally poised to optimize corporate resources to achieve shareholders' welfare and wealth maximization expectations, by all means, possible legitimate means. Hence, the priority of the managers is concerned with making all strategic plans and decisions to create wealth for the owners.

From the developing economies, a good number of studies have been carried out considering wealth maximization from different perspectives, revealing divergent understandings and opinions as to what might constitute problems of shareholders' wealth maximization in manufacturing companies in developing countries. Studies from Indonesia carried out by Al-Jaifi posited that shareholders in Indonesia are concerned with the annual dividend payment as one of the prime pieces of evidence to be convinced of the effective usage of their equity investment [7]. According to Amina [8], the poverty level in Indonesia has undermined the desire of managers to retain earnings for investable projects. Consistent with the position of Agyemamg and Akbas stated that a high percentage of manufacturing companies in Indonesia are family-owned companies, yet, among the multinational manufacturing companies, shareholders' wealth is a consequence of profitability and effective resource management [9, 10].

In Malaysia, the problem of shareholder wealth maximization is problematic and has a direct correlation with cultural acceptance and quality of products considering the proliferation of small and medium enterprises' dominance in Malaysia [12, 13, 26]. Multinationals fight for legitimacy and stiff competitiveness with domestic companies, as home and domestic companies are well respected and generally patronized by the locals. In India, Arifianata and Kirilani; Artene et al. posited that meeting shareholders' wealth maximization is a huge challenge for company employees considering the lack of motivation and adequate incentives from the owners of multinational manufacturing companies operating in India [14, 15].

The problem of shareholders' wealth maximization had deepened and generated to a serious level that the companies are struggling to exist due to the growing challenges of lack of sufficient capital [35, 37, 41]. The level of operation had not been sufficient as the banks were not willing to extend much-needed loan facilities to the manufacturing companies in Nigeria [16, 17, 19]. The challenges include inadequate distributable profits, mass lay-off of the workforce, high inflation and the challenge of exchange rate volatility.

Nigeria is considered one of the largest markets in the world with a population of consumers of about one hundred million consumers [18-20]. Besides, Nigeria is one of the global leading business locations for multinational manufacturing companies, unfortunately, the country is faced with a myriad of problems and challenges [20, 21]. In the year 2018, Nigeria was low-rated and ranked 169 out of 189 in the World Bank's rank of ease of doing business in the world. In addition, the extent of foreign direct investment in the country is grossly inadequate, possibly because of the corruption systemic challenges. Studies have advanced the significance of corporate sustainability enhancing the possibilities of improving shareholders' wealth in Nigeria. For instance, Emeka-Nwokeji and Benjamin reported that corporate sustainability from the perspective of environmental, social and governance best practices has the propensity to improve and attract corporate legitimacy, recognition and firm performance and in turn forge the course of effective shareholder wealth [22]. Corporate sustainability is the ability of companies to put into right perspective fair play, honesty, transparency and accountability in dealing with every stakeholder as well as putting proactive policies and measures towards protecting and preserving the environment while they operate [31-33].

The researcher believes that this study would reveal the extent to of the existing policies had an impact on the environment, clean environment, and effect on the planet generally, the aquatic animals, and water pollution based on the volume of disclosure made available in the financial statements of the concerned manufacturing companies. In addition, the policymakers will be motivated towards attending to the environmental challenges of air pollution from the factories, water pollution from the wastes, a gamut of human environmental abuse and insults such as poor environmental sanitation, smoke emissions, and other environmental hazards related matters. Hence, this study would contribute to ensuring that environmental policymakers and regulators will develop legal and regulatory frameworks for environmentally sensitive firms, to ensure the protection and preservation of the nature and purity of the air, waters and the environment generally.

Research Objective: Examine the effect of corporate sustainability on shareholders' wealth in the national financial sector in Nigeria

Research Hypothesis (Ho1): Corporate sustainability does not significantly affect shareholders' wealth in the national financial sector in Nigeria.

The following was taken into account when examining the other research sections: The study presented a review of the literature in part 2, and the methodology was discussed in section 3. The study's data analysis, findings, and discussion of the findings are presented in section 4. The conclusion, suggestions, and knowledge addition were given in section 5.

2. Literature Review

2.1. Conceptual Review

Shareholders' Wealth: Shareholders' wealth is a reflection of returns and rewards periodically distributed to the shareholders in the form of dividends paid and other proceeds from the sales of stock. Ordinarily, shareholders' wealth could be measured by the market value as the actual price of the companies' stock trades in the capital market of the companies' common stock [23, 52, 54]. The overall objective of the public corporation has been to maximize shareholders' wealth. Managers are motivated to adhere strictly to this, considering the strategic importance of meeting shareholders' demands and attaining high-quality equity returns to shareholders. The aim of every investor is to receive an adequate return on his investment, and managers are willing to ensure optimal utilization of resources regular dividend payments, and a competitive stable market share price [24, 43, 44]. In an effort to achieve corporate objectives, managers are willing to pursue and deliver their contractual obligations of the principal-agent agreement. However, they might become more closely involved in the company, and try to influence the decision of the directors, when they feel that their interests are threatened. For instance, shareholders might think that wealth maximisation is under threat when there are visible falling profits and falling stock prices, lower dividend payments and unfavourable dividend policy of the organization, a proposal to invest in a major project where the business risk is high and proposal takeover bid for another company or from another company [54, 50, 47, 48].

Corporate Sustainability: Corporate sustainability is concerned with the sensitivity of corporate organizations to exercise fairness and transparency as well as being mindful of environmental protection, conservation and transparency in effective reporting such policies in this regard in pursuance of corporate strategic set goals. Corporate sustainability encompasses all-inclusive strategic planning in such a manner that companies' strategy ensures that ethical environmental, social, and economic (or governance) are critically considered when trying to achieve corporate set goals in order to produce sustainable, long-term shareholder, employee, customer, and societal value [5, 50]. Omoloso et al. posited that corporate sustainability is a strategy that focuses on the ethical, social, environmental, cultural, and economic aspects of conducting business in order to provide long-term stakeholder value [51]. The techniques developed aim to encourage longevity, openness, and appropriate staff growth within commercial organisations. In this study, corporate sustainability is considered from three pillars of sustainability: Environmental performance pillar, social performance pillar and corporate governance (economic) performance pillar.

Environmental Performance: The environmental pillar is built on a commitment to safeguard the environment by lowering risks and assessing how business operations affect the environment. The following are the difficulties that businesses in this area face: conserving and safeguarding agricultural or natural resources. Studies have revealed that environmental performance is pivotal to the growth and stakeholders' recognition, as companies' growth and effective survival are closely related the environmental sustainability compliance [41, 46, 47].

Social Performance: Encourage remote work: Employees who wish to better organise their personal and professional lives are increasingly choosing to work remotely. Employee productivity is increased while stress levels are decreased thanks to this technique of working. Integrate the Sustainable Development Goals into your corporate social responsibility (CSR) plan. The Sustainable Development Goals are a set of objectives established by the UN to address global concerns. Emeka-Nwokeji and Ossisioma noted fair treatment of employees and career development opportunities are essential incentives for sustainable employee productivity [23]. *Social sustainability performance encourages employee* promotion, training and job opportunities: One excellent way to accomplish sustainable development is to organise an internal training programme and provide work opportunities for those who are socially vulnerable.

Corporate governance Performance: The corporate governance performance pillar otherwise the economic pillar is concerned with adopting a more responsible manufacturing strategy that promotes waste reduction, recycling, and the use of renewable raw materials may significantly lower your present spending while still promoting sustainable consumption. For the best use of your money and the environment, better resource management and the incorporation of trash into a second line of production or sales are smart ideas. The economic pillar is crucial to sustainable development because it creates greater opportunities for success than the other pillars [8, 10].

2.2. Theoretical Review

Green Accounting Theory: Green accounting theory as proposed by Peter Wood in the year 1980 posits the significance of environmental preservation as a responsibility of everyone including governments, private citizens and corporate entities [46, 48]. Etim et al. [24] contended that environmentally friendly companies are correlated to making a sustainable performance, adequate stock returns and meeting profitability set goals of the organization. In supporting the green accounting theory, Manning et al. reported that manufacturing companies need to state in their financial statements all environment-related investments and policies to protect the environment [27]. Harding and Romilly stated that environmental costs and investment could improve the image and reputation of the companies as well as improve the corporate performance of the companies [36]. Criticizing the green accounting theory, some studies have questioned the lack of steps for the protection of the environment in the postulation of the developed theory by Prof. Peter Wood in the years the 1980s. For example, Kabir et al. opined that the environment tends to pollute and destroy itself without human intervention. The case of animals killing and eating each other is the act of nature, not human beings [45]. The act of natural disasters, falling of trees by wind and sudden earth caving-in, earthquakes and wild winds that destroy the environment is not the act of humans or corporate organizations [36]. Barako and Brown found some flaws with the green accounting theory, noting that no amount of investment is capable of preventing or averting the natural accordance of damages to the environment as a result of natural disasters or earthquakes [17].

Shareholder Theory: The shareholder's theory as developed by Milton Friedman in 1905 is concerned with the fact that the compassing social responsibility of banks and the internationalization of banks is to increase the shareholders' wealth. The centre point of the shareholder's theory according to Friedman, the shareholders is the strong economic hold of every organization and the only group among the stakeholder that the company has responsibility and economic allegiance to. As a result, the managers and the company have the moral responsibility to increase the profits and wealth maximization for the benefits and compensation to the shareholders as an economic reward. Cosmulesea et al. opined that the shareholder's theory according to Friedman suggested that shareholders are the only owners of the company; as a result have the legal responsibility to decide what initiative to take or the extent of their involvement in the running and management of the companies [18]. Either the right to appoint executive directors, supervise, monitor, or oversight functions on their behalf or otherwise [53, 19]. Assumptions of shareholders theory tend to lay the foundations for the basis for the debate in the literature. The shareholder theory assumes that shareholders are the residual owners of the company who take responsibility for all hazards [49, 50, 25]. The shareholders are the corporate risk bearers after the settlement of the other stakeholders has legal contractual obligations with the banks. The shareholder theory assumes that the shareholders own every organization and their interests must be given priority.

2.3. Empirical Review

Pedron et al. investigated the impact of environmental disclosure on Sustainable stock returns (SSR) as well as the market share price of companies listed in Brazil [30]. The study employed data obtained from the companies selected for the study for a period of 10 years, covering 2010 to 2019. Market share price, return on assets and Tobin's Q were employed as measures of performance while environmental regulatory and disclosure indices were employed as measures of environmental disclosure. The study discovered that the market valuations and stock returns of the studied Brazilian-listed businesses were positively impacted by environmental disclosure. The study also discovered that environmental disclosure significantly improved market share price and Tobin's Q, a performance indicator. The research of Pedron et al. and Wara et al. complement one another. The study's findings showed that environmental disclosure indices in the examined region had a favourable and significant impact on company performance as evaluated by Tobin's Q [30, 34].

Owolabi et al. examined the impact of sustainability reporting on the relevance of accounting information of deposit money banks quoted in Nigeria [29]. The study used an expo facto research design and the population consisted of 21 deposit money-selected manufacturing companies listed in Nigeria. The study employed a sample size of 13 listed deposit money banks for a period of 15 years spanning from 2004 to 2018. Sustainability in the study was measured with environmental and social risk management, environmental and social footprint, women's economic empowerment, and financial inclusion and reporting. The data was sourced from published financial statements of the sampled banks selected for the study, while the validity and reliability were based on the statutory audit exercise of the external auditors and the descriptive statistics and inferential analysis. The study found that sustainability reporting had a positive significance on market share price and the relevance of accounting information. In addition, the study revealed that sustainability reporting had a positive effect on the quality of accounting information of deposit money selected manufacturing companies listed in Nigeria. On the other hand, there is no agreement between the studies of Owolabi et al. and Oyewo hence the result revealed that the control variable along with environmental sustainability development reporting had a negative insignificant effect on the performance of the listed deposit money selected manufacturing companies listed in Nigeria [29, 42].

Iliemena considered the likely association between environmental accounting and the corporate performance of selected companies quoted in Nigeria [39]. In the study, an expo facto research was adopted, using data extracted from the financial statements of the companies. The study was analyzed using descriptive statistics and inferential analysis for the period of 7 years spanning from 2012 to 2018 accounting periods. The environmental disclosure indices used included material usage accounting, energy consumption reporting, and environmental compliance disclosure as measures of environmental accounting, while corporate performance considered a return on capital employed, net profit margin and assets turnover. The analysis revealed that environmental accounting had a positive relationship with market share price and return on capital employed.

Nguyen and Tran examined the association between environmental accounting disclosure indices and the accounting financial performance of companies quoted in Vietnam [40]. The annual financial statements of the companies formed the major source of the data adopted for the study for the period of 5 years commencing from 2013 to 2017. The study employed multivariate data analysis, where the return on assets, market share price and Tobin's Q were employed as measures of financial performance. Nguyen and Tran's study showed results that are similar when compared to the result of Aguguom and Salawu that environmental disclosure had a positive effect on corporate performance of return on equity (ROE) and earnings share [40, 4]. On the other hand, the study done by Nguyen and Tran gave results showing no similarity when compared to the results obtained [25]. The study found that the environmental disclosure practices and cost implications had a negative impact on the performance of the companies in the period considered and tested for the study.

The review of prior empirical literature has revealed mixed results and divergent opinions on the effect of corporate sustainability on shareholders' wealth. While some studies had revealed positive effects, others had revealed negative effects, suggesting inconclusiveness in the literature with respect to possible effects of corporate sustainability on shareholders' wealth and gasp in the literature. Besides, there is a dearth of studies that have exhaustively researched the effect of corporate sustainability from the financial institutions' point of view. In bridging these gaps in the literature, and in consideration of the significance of corporate sustainability, the justification of the study becomes imperative contributing to corporate sustainability literature, hence the researchers were motivated for this study.

3. Methodology

This current study explored some selected properties of corporate sustainability as the measuring variables. The dependent variable of shareholders' wealth was measured using the studies of Cosmulese et al. used return on equity as one of the proxies to measure shareholders' wealth performance [18, 26, 32]. According to them, return on equity is the total profit after tax divided by the shareholders' equity. Consequently, following the study of Cosmulese *et al.*, this study adopted and measured return on equity as follows [18]:

$$\text{ROE} = \frac{\text{Profit after Taxes}}{\text{Shareholders' Equity}}$$

On the other hand, the independent variable of corporate sustainability was measured using environmental performance, social performance, corporate governance performance and firm size. In each of the environmental, social and corporate governance sustainability performance, the study employed a dummy variable where "1" were selected where there was clear evidence in the statement that the companies were engaged in environmental, social responsibility practice, and corporate governance disclosure indexes, however on the contrary, where there was no evidence of such practices, the study selected "0" instead. While firm size was measured using logarithm corporate total assets. FRMZ = Log of Total Assets.

In the study, 65 financial businesses made up the study's population, and 15 of these companies were chosen using a purposive selection approach across a 15-year period, from 2008 to 2022, yielding 225 firm-year observations. The study's data were taken from the yearly financial statements of the firms that were chosen, and the quality and reliability of the data were assessed based on the certification of the companies' statutory auditors. Panel data with random-effects GLS Regression and Driscoll-Kraay Standard Errors were used for inferential statistics.

Model Specification

$$Y_{it} = \beta o + \beta X_{it} + \mu_{it}$$

Functional Relationship

$$\text{SHW} = f(\text{ENVPEF, SOPEF, CGVPEF, FIMZ})$$

Model

$$\text{SHW}_{it} = \alpha_0 + \beta_1\text{ENVPEF}_{it} + \beta_2\text{SOPEF}_{it} + \beta_3\text{CGVPEF}_{it} + \beta_4\text{FIMZ}_{it} + \mu_{it}$$

Where

SHW = Shareholder wealth, ENVPEF = Environmental performance, SOPEF = Social performance, CGVPEF = Corporate governance performance and FIMZ = Firm size, i= Cross-sectional variable, t = Time series, β = Coefficients of the Model, μ = Error term, α = Constant.

4. Data Analysis, Results and Discussions

4.1. Regression of the Effect of Corporate Sustainability on Shareholders' Wealth

Table 1. *Test of Main Hypothesis: Effect of Corporate Sustainability on Shareholders' Wealth.*

	Random-Effects GLS Regression with Driscoll-Kraay Standard Errors			
Variables	**Coeff**	**Std. Err**	**T-Stat**	**Prob**
Constant	41.95	53.86	0.78	0.436
ENVPEF	0.06	0.02	3.72	0.000
SOPEF	-2.97	4.37	-0.68	0.497
CGVPEF	0.32	0.16	2.01	0.044
FIMZ	6.85	12.83	0.53	0.593
Observations	225	225	225	225
Adj. R^2	0.4747			
F-Stat/Wald Stat	$chi^2_{(6)}$ = 18.30 (0.00)			
Hausman Test	$chi^2_{(6)}$ = 7.87 (0.25)			
Testparm Test/LM Test	$chi^2_{(1)}$ = 107.39 (0.00)			
Heteroskedasticity Test	$chi^2_{(1)}$ = 39.49 (0.00)			
Serial Correlation Test	$F_{(1, 14)}$ = 0.979 (0.34)			
Pesaran CD Test	-1.36 (0.17)			

Source: Researcher's Work (2023). Dependent Variable: SHW = Shareholders' wealth. Independent Variable: Corporate sustainability: Explanatory variables: ENVPEF = Environmental performance, SOPEF = Social performance, CGVPEF = Corporate governance performance, FIMZ = Firm size: At selected 5% significance level

4.2. Interpretations

4.2.1. Pre-Estimation Results

According to the results of the diagnostic tests used to determine the model's suitability, the heteroskedasticity test, which looks for variations in the model's residuals, indicates that the model is not homoskedastic, which means that the residuals of the model are not constant over time. As a result, the study rejects the null hypothesis. Additionally, the Wooldridge test was used to assess the model coefficients and residuals for autocorrelation issues. With a probability value of 0.34, it was found that the model's coefficients and residual are uncorrelated, indicating that the model is free of serial correlation issues. Because there are no econometric errors in the model, this study employed pooled ordinal least squares linear regression to estimate the variables.

4.2.2. Regression Equation Results

$$SHW_{it} = \alpha_0 + \beta_1 ENVPEF_{it} + \beta_2 SOPEF_{it} + \beta_3 CGVPEF_{it} + \beta_4 FIMZ_{it} + \mu_{it}$$

$$SHW_{it} = \alpha_0 + 0.06ENVPEF_{it} - 2.97SOPEF_{it} + 0.32CGVPEF_{it} + 6.85FIMZ_{it}$$

In Table 1, the panel showed the regression analysis of how the four explanatory variables of environmental performance (ENVPEF), social performance (SOPEF), corporate governance performance (CGVPEF), and firm size (FIMZ)) affect shareholders' wealth (SHW).

Due to their probability values above the specified significance level of 5%, the remaining three determinants SOPEF and FIMZ revealed no meaningful impacts. The probabilities for SOPEF and FIMZ are 0.497 and 0.593, respectively. Using both the signs and estimations of the coefficient, the magnitude and direction of the effects of each determinant measure were calculated. The results indicate that ENVPEF exerted positive effects on SHW with a coefficient value of 0.06 which implies that as ENVPEF increases by 1 per cent, there would be an increase in SHW by 0.06 per cent. Further, CGVPEF exerted a positive effect on SHW with a coefficient value of 0.32 indicating that as CGVPEF increases by 1 per cent, SHW rises by 0.32 per cent. SOPEF has a coefficient of –2.97 implying that a percentage increase in SOPEF would lead to a decline in SHW by 2.97 per cent, and FIMZ has a coefficient of 6.85 indicating that a percentage increase in FIMZ would result in a rise in SHW by 6.85 per cent.

The balance indicates variables that were not taken into account in the model, whereas $AdjR^2$ evaluates the mix of factors that affect shareholders' wealth. The ENVPEF, SOPEF, CGVPEF, and FIMZ together had a substantial impact on SHW, according to the F-statistics result of 18.30 with a degree of freedom of F(6, 218) reflecting six constructions of independent variables in 225 firm-year data and having a probability value of 0.000. Additionally, the combined variations in ENVPEF, SOPEF, CGVPEF, and FIMZ resulted in 47.47% changes in SHW, while the remaining changes of 52.53% were caused by other factors that are outside the scope of the model, according to the coefficient of multiple determination value of 0.4747. The study determined that the null hypothesis for the model, which states that "corporate sustainability has no significant effect on the shareholders' wealth of the national financial institutions," is false because the F-statistics result of 18.30 with a degree of freedom of F(6, 220), representing six constructs of independent variables in 225 firm-year observations, is less than the 5% chosen significant level of the study. This suggested that in Nigeria's national financial industry, business sustainability had a major impact on shareholders' wealth.

4.3. Discussion of Findings

The study that regressed the effect of corporate sustainability on shareholders' wealth revealed mixed results based on the regression analysis. Based on the results, mixed results were reported: social performance (SOPEF), exhibited negative and insignificant, and firm size had a positive insignificant effect on shareholders' wealth while environmental performance (ENVPEF) and GOVPEF exerted positive and significant effect on shareholders' wealth. However, the joint statistics of the F-statistics revealed that corporate sustainability exerted a positive effect on shareholders' wealth. This suggested that corporate sustainability had a positive effect on shareholders' wealth in the national financial sector in Nigeria. This is consistent with previous studies by [30, 34, 29, 32, 39, 25, 51-53]. For instance, Pedron et al. looked into how environmental disclosure affected Sustainable Stock Returns (SSR) and market share prices of companies listed in Brazil, and they discovered that environmental disclosure had a favourable impact on both stock returns and market values of the sampled companies listed in Brazil [30]. The study also discovered that environmental disclosure significantly improved market share price and Tobin's Q, a performance indicator. On the other hand, unfavourable impacts were noted by [33, 42, 25, 54].

5. Conclusion, Recommendations and Contribution to Knowledge

5.1. Conclusion

This study examined the effect of corporate sustainability on shareholders' wealth from the perspective of the national financial sector. The study explored some selected properties of corporate sustainability as the measuring variable. The selected proxies of corporate sustainability included environmental sustainability performance, social performance, corporate governance performance and firm size. The study employed a panel data analysis to estimate the effects of each of these variables on shareholders' wealth. The result of the analysis demonstrated mixed results. Environmental performance exhibited a positive and significant effect, social performance exerted a negative and insignificant effect, corporate governance showed a positive and significant effect and firm size exerted a positive but insignificant effect. The joint statistics showed that the combination of the explanatory variables of environmental performance, social performance, corporate governance performance and firm value collectively had a positive effect. The study therefore concluded that corporate sustainability had a positive and significant effect on shareholders' wealth in the national financial sector in Nigeria.

5.2. Implications of Findings

The results of the study have considerable implications on the extent of shareholders' wealth creation expectations of the financial institutions selected for the study. One, the negative and insignificant effect of social performance on shareholders' wealth could impede effective corporate performance and in turn shareholders' wealth creation ability of the company. This could further suggest possible insensitivity to corporate social responsibility by the companies. When corporate social responsibility is relegated and undermined by the company, the recognition and cordiality between the company the general public and the host communities could be strained. This could also lead to a loss of legitimacy and corporate product patronage by the general public. In addition, the study revealed that firm size exerted an insignificant effect on shareholders' wealth.

5.3. Recommendations

Based on the result reported, the managers of the financial institutions should ensure adequate collaboration with the stakeholders to enhance effective corporate legitimacy, good image and reputation of the companies. The policymaker should ensure effective corporate sustainability disclosure policies and carry out oversight functions for adequate compliance considering the critical significance of environmental protection and pollution control in preserving the greenhouse gases capable of improving reduction in waste management, and air and water pollution control in Nigeria. The managers should ensure that effective corporate governance practice is instituted and monitored in line with international best practices in Nigeria.

The environmental protection and preservation agencies in Nigeria should ensure strict compliance with the existing laws and regulatory requirements aimed at protecting the environment and ensure corporate governance practices capable of ensuring fair play for the benefit of all the stakeholders, transparency in environmental disclosure, accountability and equity in ensuring quality product and service delivery to the customers.

5.4. Contribution to Knowledge

Whereas there were prior studies that had researched the effect of corporate sustainability, this study provided new empirical evidence based on the new findings that environmental sustainability performance exerts a positive but insignificant effect on shareholders' wealth, while social sustainability exerts a negative and insignificant effect on shareholders' wealth. In addition to the existing empirical results of the effect of corporate sustainability on shareholders' wealth, this current study has equally demonstrated that corporate governance performance exerts a positive and significant effect on shareholders' wealth in the national financial sector in Nigeria.

5.5. Limitations/Suggestions for Future Studies

Though the study had contributed to the existing knowledge, some limitations were encountered in the course of the study. One, the study considered on the financial sector in this study, whereas heavily pollution-sensitive companies like the manufacturing companies, oil and gas companies and the extractive firm were not included in data collection for this study. In addition, 15 financial institutions and 15 years were selected for the study. Future studies could extend the frontiers by considering the manufacturing, oil and gas companies in future studies.

Conflicts of Interest

The authors declare no conflicts of interest.

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