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RESEARCH ARTICLE

ENVIRONMENTAL DISCLOSURES AND ENVIRONMENTAL PERFORMANCE OF LISTED FIRMS IN NIGERIA

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ABSTRACT

This study aimed at assessing environmental disclosure and environmental performance of listed firm in Nigeria. Specifically, the study sought to achieve two objectives and one hypothesis. This study employed a systematic review which literatures related to the topic under investigation were reviewed. This review was done under conceptual review, theoretical review, and review of empirical studies. This study solely considered secondary literature which comprised textbooks, journal articles, online published materials and students' research works, as well as annual report and financial statement of selected firm which were reviewed and analyzed. This study established that there exists a significant positive relationship between environmental disclosure and environmental performance among firms. This findings is backed up by Abba, et al., (2018) Companies' environmental activities perplex both the regulators and the environmental stakeholders. This is because of the negative impacts that arise from use of the natural resources and pollutions therefrom. Therefore, future studies may consider a longitudinal approach with time series that cover at least five years period.

Keywords: Environmental disclosure, environmental performance, financial statement and firms

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1.0. INTRODUCTION

Nigeria is a developing economy witnessing tremendous economic and social development brought about by democracy and trade liberation. It proliferated private companies' participations in manufacturing activities that led to excessive demand of environmental resources. This scramble for the use of the resource suffuses the environment with pollutants that impact negatively on the eco-system. Earlier studies by Ayoola (2011) noted that Nigerian companies' activities result in environmental degradation, resource depletion, land destruction, emissions, and pollution into air water, all of which, affect the environment.

Local communities and the government is therefore confronted with this emerging issue of companies' environmental impacts. This attracts public discourse about environmental performance by regulators and non-governmental organizations. It gives rise to movements that coerce and entice the companies to be environmentally considerate in their operations. The carrot and stick approach is used to punish environmental transgressors with fines and sanctions and reward environment-friendly companies with incentives, waivers, awards and patronage. As a result, many companies incorporate environmental measures as part of their management practices.

Therefore environmental performance (EP) is a company's efforts towards environmental responsiveness. This is reflected by the impact companies' operations have on the natural environment and the efforts put to control and reduce the negative effects on the environment (Alrazi et al., 2015). EP is viewed by Global Re-porting Initiative (GRI) as a product or service related impacts of a company's operations to the environment, and the compliance with legislation aimed at protecting the environment (Initiatives, 2014). The performance measures the company's efficiency in resource consumption, energy utilisation, waste production and control, emissions, effluents controls, and any effort towards the management of operational activities that affect the environment.

Nevertheless, Nigeria is slow in response to the increased concern about environmental aspects of the company's activities (Hassan & Kouhy, 2014). Regardless of the efforts made by the country in adopting Agenda 21 of 1992 Rio conference (reaffirmed at the World Summit on Sustainable Development in Johannesburg 2002) to address environmental issues, oil spills, emissions, pollution, and environmental degradation have remained the greatest problems in Nigeria (Uwuigbe & Uadiale, 2011). Even with the recent interest promoted by environmentalists from developed countries, United Nations (UN), and local communities, environmental activities of the companies is worrisome. This is because substantial number of the companies operating in the country discharge liquid, solids and gaseous wastes into the environment. This happen without adequate treatment that meets the basic international standards (Uwuigbe & Uadiale, 2011).

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To ease the public and regulatory pressure, companies resort to the disclosure of environmental activities and portray themselves as environment-friendly entities. However, the disclosure is doubted as a true reflection of the performance (He & Loftus, 2014). The work of Dawkins and Fraas (2011) noted that companies use the disclosure to suppress public attention from their poor performance (in-stead of a rightful commitment to environmental activities). This gives rise to a green-wash problem in the disclosure. Delmas and Burbano (2011) observed that the disclosure may not necessarily depict the actual performance. Thus, a question can be asked on whether the environmental disclosure (ED) by the Nigerian manufacturing companies reflects actual performance.

This is because those companies with legitimacy is-sues about the performance can make superfluous disclosure of environmental items to serve public relation function instead of a true commitment to environmental issues. Scholars mostly used competing theories to explain environmental behaviour and disclosure of the companies. Villiers and van Staden (2011) studies using legitimacy theory report an inverse relationship between environmental performance and environmental disclosure. Therefore, the disclosure is seen as a functional legitimisation to divert public outcry and attention. The work of Clarkson et al. (2011) however, used voluntary disclosure theory to explicate that high performed companies resort to differentiation strategy by disclosing hard and quality items which cannot be mimicked by the less environment considerate companies.

1.1. Statement of the problem

The used of the competing theories jam-packed the prior studies of the environmental performance and environmental disclosure with inconsistent findings (Clarkson et al., 2008). This might be due to the effect of environmental performance on environmental disclosure as suggested by the voluntary disclosure theory (Clarkson et al., 2011). This position however, goes against de Villiers and van Staden (2006) assertion of legitimisation effect of the disclosure. The problem with the prior studies is in the operationalisation of the environmental performance. They rely on a single measure of performance in the form of ranking and award instead of comprehensive measures put in place by companies to protect the environ-ment (Albertini, 2013). Similarly, Trumpp et al. (2015) assert that environmental performance is a multidimensional construct which a single indicator will not capture the companies' overall environmental commitment. Montabon et al. (2007); Rao et al. (2009) specify that environmental performance measures must be internally focused, from floor-level operational activities. It should involve activities that relate to resource consumption and the resultant output of emissions and pollution.

1.2. Objectives of the study

This study aimed at assessing environmental disclosure and environmental performance of manufacturing firm in Nigeria. Specifically, the study sought to achieve the following objectives.

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i. Examine the relationship between environmental disclosure and environmental performance manufacturing firm in Nigeria.
ii. Measure some issues observed in the previous studies by using alternative measure of environmental performance manufacturing firm in Nigeria.

HYPOTHESIS

Ho: there is no significant correlation between environmental disclosure and Environmental performance of listed firms in Nigeria.

2.0. CONCEPTUALIZATION, EMPIRICAL AND THEORITICAL REVIEW

2.1. CONCEPTUALIZATIONS

Environment Performance

Frequent judgments are being made about companies' environmental performance, without any particular stand being attained about its standardization (Henri & Journeault, 2010). This is due to the individualistic conception of the performance by researchers. Performance is a company's efforts towards maximum resources utilizations, emissions reduction, and environment-friendly product innovation. Walls et al. (2011) viewed performance as a product of environmental management strategy to reduce the negative impact of companies' activities on the physical environment. Sutantoputra et al. (2012) viewed it as waste management, the amount of emissions, and adoption of environmental management system reported in Corporate Monitor. Aerts and Cormier (2009) viewed the performance as a level of exposure a company received from media resulted from pollution activities.

It can be seen that previous research have provided an extensive view of the performance but failed to achieve a common stand, thus measurement standardization problem persists. The present study conceived environmental performance from the operational level, as the level of efficient resources consumption, materials, energy, water, and the resultant levels of emissions, pollution, and wastewater discharge into the environment. This conception is in line with the Xie and Hayase (2007) who suggested for floor-level operations in the measure of companies' environmental performance.

Environmental Disclosure (ED)

The separation of ownership and management of public companies gives rise to information asymmetries be-tween the managers as agents and the shareholders as principals. This is because the shareholders are external to the company who do not participate in day-to-day affairs of the company. This limits them from direct access to all internal management information and operational procedures. In order to meet the needs of wider stakeholders and to reduce information asymmetry companies disclose in-formation in the annual reports (Healy & Palepu, 2001), Apart from the mandatory financial statement dis-closures,

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companies make additional voluntary disclosure, such as, environmental performance to the public.

The environmental disclosure (ED) provides information about companies' environmental activities and efforts undertaken towards environmental sustainability. Campbell (2004) beheld ED as any report that pertains to a company's organizational process or operation that impact the natural environment. It is a medium through which companies display transparent and accountable behaviour to stakeholders about their environ-mental performance which is reported in companies' annual reports, stand-alone reports or companies' web-sites.

Similar to environmental performance, empirical literature did not provide an all-accepted conception of the disclosure. This is because of the differences in the purpose for which the disclosure is being made, the target recipients of the information, and the researcher's perspective. Voluntary disclosure is reporting in excess of requirements, representing a free choices by a company's management to provide accounting and information to the users. The reporting is usually made in the companies' annual re-ports for use in decision making. It includes information on environmental impacts, risks, policies, strategies, targets, costs and liabilities.

The voluntary nature of the disclosure allows the companies to decide on the environmental items to dis-close and items not to disclose, either in qualitative and/or quantitative, past, current or future. Environmental disclosure is important to both companies and other interested users as it helps satisfy accountability function of stakeholders' information needs and public relations. It serves as an indicator of companies' consciousness to environmental issues. In spite of the value relevance of the disclosure information, green-wash and un-standardization issues limit the disclosure usefulness.

Based on the above-given definitions, environmental disclosures can be construed as any statement and in-formation made public by a company relating to environmental policies, plans (mainly environmental management schemes) and declarations; investments in pollution abatement devices and processes; pollution re-mediation; recycling activities; recognition of the company's polluting effects; and pollution fines and any other environmental cost, investment or benefit. The disclosure is made on either soft-unverifiable (level) claims or hard-verifiable items (quality) or both, depending on the companies' motives (Christina & Janice, 2014). While soft and high level disclosure items are more of public relations function to correct legitimacy issue, and disclosure of hard items are made to achieve differentiation and favorable selection.

The disclosure quality are verifiable items of governance structures and systems, the presence of a unit or department for management of environmental activities, environment concern unit, environment supply-demand chain policy, and ISO implementations among others; Credibility items relate to reporting guidelines and adoption of GRI, third-party assurance of environmental commitment, environmental awards, environ-mental programmes, interactions

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with environmental agencies and the like; Environmental performance indicators are items that exhibit efficiency in resources utilizations, pollution and pollution management,

expenditures on environmental controls and prevention of negative impacts. On the other hand, the soft disclosure items include visions and strategic claims about environmental commitments, environment policy objectives, a management system for risk control, profile about environmental compliance, a statement about environmental sensitivity, environment initiative efforts, accident response plan, the award for employees environment commitment, local community involvement in environmental programmes.

2.2. Empirical Review

The study of Abba, et al., (2018) on the relationship between environment operational performance and environmental disclosure of Nigerian listed companies. The study was due to a green-wash problem, where those companies whose legitimacy is threatened present high-level of disclosure to avoid sanctions. Though, voluntary disclosure theory asserts that high-performing companies disclose quality environmental items to achieve favourable selection from the stakeholders. The study examined the relationship between the environment operational performance and environmental disclosure of the companies listed in the Nigerian Stock Exchange. A survey method and content analysis of the companies' annual reports was used to obtain data on the performance and the disclosure.

Where OLS, 2SLS and 3SLS regression analysis showed a significant negative relationship between the environment operational performance and overall environmental disclosure and disclosure level. However, there is no statistical evidence to support the relationship between the performance and disclosure quality. This study contributes to the understanding of the green-wash issue about environmental disclosure by the Nigerian companies. It unveils non-appreciation of quality disclosure by the companies to achieve selection preference. Also, the use of environment operational performance measure provides an alternative approach to the test of the relationships. The limitation of the study is hinged in using cross-sectional data and its small sample size.

Aliyu (2018) investigated the relationship between corporate governance variables, namely, board size, board independence, board meeting (BM), risk management committee composition and CER in Nigeria. This study utilized the data obtained from the annual reports of 24 non-financial public listed companies in the Nigeria Stock Exchange comprising three sectors, namely, industrial goods, natural resources and oil & gas for the period of 2011–2015. The model of this study is theoretically based on agency theory. In analyzing data, this study utilized panel data analysis. Based on the Hausman test, the random effect model was used to examine the effect of predictors on CER. The result indicates a positive significant relationship between board independence and CER. Similarly, a positive

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significant relationship between BM and CER is revealed in the study. However, there is no significant relationship between other hypothesis variables and CER.

Finally, the study provides suggestions for future research and several recommendations for regulators, government and accounting professional bodies. Design/methodology/approach – The data was analysed using statistics. Findings – The result indicates a positive significant relationship between board independence and CER. Similarly, a positive significant relationship between BM and CER is revealed in the study. However, there is no significant relationship between other hypothesis variables and CER.

Another relevant study by Abebe (2019) was conducted to investigate Corporate Environmental Responsibility in Manufacturing Enterprises in the Akaki River basin on protecting the urban environment with particular emphasis on twenty selected industries. To attain its objective, the study employed a mixed methods research approach. Data were collected by employing tools such as questionnaire, key informant interview, group discussions and observation. The findings revealed that corporate environmental responsibility is very low. The majority of Large Scale Industries encompassed in the survey did not show considerable effort on protecting the environment responsibly. The reasons identified by this research are among others the absence of corporate environmental responsibility, low pressure from the enforcing institutions, and lack of financial and human resources. As a result, the Akaki River is highly polluted mainly through toxic industrial effluents released with little or no prior treatment.

The consequences are countless. The populations living across the river are facing health deteriorations and economic damages.it was recommended that setting up strong institutions which are capable of developing new laws and implementing the existing environmental legal framework is commended. Chow and Wong-Boren (1987) also evaluate environmental disclosure by Mexican listed firms with leverage as the independent variable while environmental disclosure is the dependent variable. A sample of 52 manufacturing firms is drawn for the year and analysed using ordinary least square regression model. The study finds no statistical relationship between leverage and environmental disclosure.

Another related study conducted by Abubakar, Moses, andInuwa, (2017) on impact of environmental disclosure on performance of cement and brewery companies in Nigeria**.** The research empirically assessed the impact of environmental disclosure on performance of listed cement and breweries companies in Nigeria. The population of the study consists of nine cement and breweries companies listed on the Nigerian stock exchange. Three listed cement and four breweries companies were selected as a sample for this study. Secondary data were used and were collected from annual reports of selected companies for the period of five years from 2011 – 2015. Ordinary Least Square regression technique was employed to analyze the data. Content analysis was used for measuring quantitative environmental disclosure and unweight approach was used to rank environmental disclosure indices for

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measuring qualitative voluntary environmental disclosure. Return on Asset (ROA), Return on Equity (ROE), and Earning per Share (EPS) were used as proxies for measuring performance. The empirical result indicates that environmental disclosure quantitative (EDQN) has a

positive insignificant on ROA and EPS at 0.707 and 0.616 respectively, it has negative insignificant impact on ROE at 0.756. On the other hand, environmental disclosure qualitative (EDQL) has positive significant impact on ROAat0.025 also with EPS at 0.00, it however has positive insignificant impact on ROA at 0.660. and is statistically significant, also negative impact on ROE and EPS and is insignificant. . The control variable firm size (FRMS) has positive significant impact on EPS at 0.009. The study recommends that cement and breweries companies should practice how to disclose more environmental information. Government should also come up with clearly define policy on environmental disclosure issues and should ensure its full implementation.

In China, Fan (2006) examines the determinants of environmental disclosure among Chinese firms, over the period 2000-2004. Data is obtained from a sample of 226 firms listed in Malaysia and analysed using multiple linear regression. It reports that profitability has a significant impact on voluntary environmental disclosure. On the contrary in a study of accounting guidelines for environmental issues by Smith (2007), the study applies data of 6 years (2001-2005) using a sample of 148 firms. The data is analysed using ordinary least square regression analysis and finds a significant inverse relationship between environmental disclosure and the return on assets of firms in the Malaysian context. Thus, from the literatures reviewed on various scholars in different countries, it is clear that more profitable firms are likely to disclose more environmental information while less profitable firms tend to be more secretive and conservative in terms of environmental disclosure.

Wiseman (1982) examines the relationship between the annual reports of 26 firms covering the period 1980-1981 in three industries with their financial and environmental performances using the ISO 14031 environmental reporting guideline. Content analysis was used to measure the extent of disclosures using 60 disclosure items to evaluate the quality and accuracy of environmental disclosures. The performance indicators it uses in the analysis of the level of financial performance of the selected firms included; earnings per share, price-earnings ratio and dividend yield. Regression analysis is used to estimate the model and the findings indicate that the voluntary environmental reports are incomplete, providing inadequate disclosure for most of the environmental performance items included in the disclosure items. The findings also disclose that no relationship exists between the contents of the firms' environmental disclosures and the firms' financial performance.

Hannifa and Cooke (2002) investigate the impact of profit and corporate governance on environmental disclosure in listed Malaysian firms. Using a sample of 226 listed firms over the period 1999 - 2000, the data is analysed using ordinary least square regression and It finds that there is a significant positive association between the level of environmental disclosure and profitability of the firm. They observe that the economic performance of a firm is

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considered as an important factor in determining whether environmental issues will be a priority or not. This is because in periods of low economic performance, the firm's economic objectives may be given more attention than environmental concerns.

Similarly, in Bangladesh, Hossain, Islam and Andrew (2006) evaluate corporate social and environmental information from annual reports and accounts of 107 sampled companies listed on the Dhaka Stock Exchange over the period 2002-2003 using multiple linear regression technique. The results show that corporate environmental disclosure levels are associated with some company attributes in Bangladesh, among which are the nature of the industry and leverage which are found to be positively significant in determining disclosure levels. Thus, from the foregoing, the influence of leverage on environmental reporting practices is mixed and this may be as a result of differences in sample sizes, countries of operation, period of study and the number of environmental disclosure index used.

Uwigbe (2011) also examined corporate environmental reporting practices by a comparative study of Nigeria and South Africa. A total of 900 copies of questionnaire were distributed among members of the selected states/provinces using Yamane (1967) sample selection formula in determining the sample size of the study. In addition, content analysis technique is used to elicit data relating to corporate attributes from the annual reports and corporate websites of selected 60 listed companies over the period 2005-2009. Multiple regression analysis is used to investigate the effect of leverage on the level of corporate environmental disclosure among the sampled listed firms in Nigeria and South Africa. It finds a significant negative effect of financial leverage on the extent of corporate environmental disclosure in the two countries.

In Malaysia, Trotman and Bradley (1981) using the content analysis technique examine the association between environmental sustainability reporting and firm characteristics. Data are collected from a sample of 120 manufacturing firms covering 5 years (1976- 1980) and is analysed using regression technique. It finds that a positive relationship exists between firms' financial leverage and the extent of voluntary environmental disclosure.

2.3. Theoretical Review

Legitimacy Theory

Legitimacy theory is premised on the legitimization effect of environmental disclosures and public relations strategy. Spence et al. (2010) argued that companies make disclosures to present themselves as legitimate entities that operate within the societal expected norms. This is particularly relevant when a company’s environmental performance is threatened. Thus, more disclosure level is made to divert stakeholders’ attention from their poor performance. Similarly, Aerts and Cormier (2009); Bebbington et al. (2008); Dawkins and Fraas (2011) opined that disclosure is a function of social and political pressures that a company suffers. Companies make more disclosure of soft-unverifiable (level) items to dis-tract public scrutiny and avoid legislative sanctions and fines. The goal is to suppress stakeholders’ pressure that

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can impinge on their legitimacy and survival. Therefore, this theory suggests a negative relationship be-tween environmental performance and the level of disclosure.

With the theories predicting opposite directions of the relationship, it is not surprising that previous studies report mixed findings (He & Loftus, 2014). The studies that show no and negative relationships displays the relevance of legitimacy theory, while the ones that support voluntary theory argument report positive relationships. For example, Ingram and Frazier (1980) attributed the findings of no relationships between environmental performance and environmental disclosure to the poor quality of environmental disclosures in annual reports. Similar findings were reported in studies by Wiseman (1982) and Freedman and Wasley (1990). Hughes et al. (2001) modified Wiseman index to examine whether the disclosures are consistent with environmental performance ratings (good, mixed, and poor) by the Council for Economic Priority. The companies with legitimacy threat make high-level disclosures. In the same context, Delmas and Montes-Sancho (2010) report a negative relationship, stressing that companies that make high disclosure are those with high-level toxic releases and least compliance with environmental laws.

Nevertheless, Sutantoputra et al. (2012) questioned the validity of the companies' environmental disclosure as a true reflection of actual environmental performance. They examined the relationship between the performance, and the disclosure level and quality of 53 large Australian companies. The results revealed that poor performers disclosed favourable information to counter public pressure and to avoid sanctions. But no evidence of good performers disclose more than poor performers. In contrast, when a company environmental reputation is sound, it makes much more verifiable disclosures to distinguish itself from the poor performers.

Al-Tuwaijri et al. (2004) examined the relations among environmental disclosure, environmental performance and economic performance by applying simultaneous equations approach. A content analysis on 198 US companies showed a significant positive relationship between environmental performance and economic performance, and a positive relationship between environmental performance and environmental disclosure. It further supported that good performer report more than poor performers, thus a positive relationship exists between the performance and quality disclosures. Clarkson et al. (2008) revisited this relationship by testing the two competing predictions about the relationships made by voluntary disclosure theory and socio-political theory. They conducted content analysis using Global Reporting Initiatives index (GRI) to measure companies' disclosure, and found a negative association between the performance and the disclosure level. This is consistent with legitimacy theory that poor performers report more to correct their bad image. However, this contradicted the voluntary disclosure theory which states that good environmental performers report more of their environmental performance.

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Clarkson et al. (2011) examined the associations between environmental performance, and both the level and the quality of voluntary environmental disclosures on 51 Australian companies. The results showed a negative relationship between the environmental

performance and high-disclosure. Good performers report quality items, and rely on the disclosures to communicate their differences, indicating a positive relationship. Similar results were also found by Wu and Shen (2010) in their study of 145 listed companies in China's chemical industry. In sum, the voluntary disclosure theory suggests that companies with proven good environmental performance disclose more hard and verifiable (quality) environmental information, which is difficult for poor performing company to imitate. This enables them to distinguish themselves from the poor performing companies, and enjoy selection preference.

3.0. METHODOLOGY

The research design used in this study is ex-post facto research design as it analysed already existing information from annual of 6 listed firm in Nigeria over a number of year. Ex-post facto research deals with the determination, evaluation and explanation of post events essentially for the purpose of gaining a better and more reliable prediction of the future. The research method, scrutinized the firm annual reports to observe the incidence of environmental practices. The firm making environmental disclosure was rigorously examined and analysed for the purpose, all sections of the annual report were carefully examined to note the presence of any environmental disclosure and performance. This study will only take account of the disclosures and performance mode in the annual report, because this is the most authentic and reliable documents produced by the by the firm annually.

The environmental practices information were obtained from the annual report using content analysis. Content analysis was adopted because it is one of the most suitable, systematic objective and quantitative method of data analysis techniques employed in prior research studies in measuring a firms social environment and disclosure and performance in the annual audited report. Environmental disclosure and environmental performance data were analyzed using SPSS version 20.0.

4.0. Data Presentation

Descriptive Statistics

	Mean	Std. Deviation	N
Environmental Disclosure	1.5000	1.87083	6
Environmental Performance	2.8333	2.63944	6

Model Summary of Correlation between Environmental Disclosure and Performance

		Environmental Disclosure	Environmental Performance
Disclosure	Pearson Correlation	1	.992**
	Sig. (2-tailed)		.000
	N	6	6
Performance	Pearson Correlation	.992**	1

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	Sig. (2-tailed)	.000	
	N	6	6

**. Correlation is significant at the 0.01 level (2-tailed).

Data Collected from Six Listed Oil Firms in Nigeria

	ENVIROMENTAL DISCLOSURE	ENVIROMENTAL PERFORMANCE
MRS OIL NIGERIA PLS (FORMER TEXCO	5	8
LEK OIL	2	3
NIGERIA PETROLEUMU DEVELOPMENT COMPANY LIMITED	0	1
MAINSTREAM ENERGY SOLUTION LTD	0	1
CONOIL	1	2
CHEVRON	1	2

Discussion of Result

This study established that there exists a significant relationship between environmental disclosure and environmental performance among firms. From the table above, environmental disclosure has a correlation with environmental performance of 0.992. this implies that there is significantly positive relationship between environmental disclosures and environmental performance of listed firms in Nigeria. This is on the fact that the P-value of 0.000 is less than the chosen alpha 0.05. This findings is backed up by Abba, et al., (2018) albeit, there is no statistical evidence to support the relationship between the performance and disclosure quality. Aliyu,(2018) indicates a positive significant relationship between board independence and CER. Similarly, a positive significant relationship between BM and CER is revealed in the study. However, there is no significant relationship between other hypothesis variables and CER.

Also, Abebe (2019) revealed that corporate environmental responsibility is very low. The majority of Large Scale Industries encompassed in the survey did not show considerable effort on protecting the environment responsibly. The reasons identified by this research are among others the absence of corporate environmental responsibility, low pressure from the enforcing institutions, and lack of financial and human resources. This findings is in agreement with Chow and Wong-Boren (1987) who reported a statistical relationship between leverage and environmental disclosure.

The empirical assessment of Abubakar, Moses, andInuwa, (2017) Indicates that environmental disclosure quantitative (EDQN) has a positive insignificant on ROA and EPS at 0.707 and 0.616 respectively, it has negative insignificant impact on ROE at 0.756. On the other hand, environmental disclosure qualitative (EDQL) has positive significant impact on ROAat0.025 also with EPS at 0.00, it however has positive insignificant impact on ROA at 0.660. and is statistically significant, also negative impact on ROE and EPS and is insignificant. . Fan (2006) it is clear that more profitable firms are likely to disclose more

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environmental information while less profitable firms tend to be more secretive and conservative in terms of environmental disclosure.

Wiseman (1982) found that no relationship exists between the contents of the firms' environmental disclosures and the firms' financial performance.
Hannifa and Cooke (2002) observe that the economic performance of a firm is considered as an important factor in determining whether environmental issues will be a priority or not. This is because in periods of low economic performance, the firm's economic objectives may be given more attention than environmental concerns.Bangladesh, Hossain, Islam and Andrew (2006) found that corporate environmental disclosure levels are associated with some company attributes in Bangladesh, among which are the nature of the industry and leverage which are found to be positively significant in determining disclosure levels. The finding affirms Trotman and Bradley (1981) report that a positive relationship exists between firms' financial leverage and the extent of voluntary environmental disclosure.

5.0. CONCLUSION AND RECOMMENDATION

Companies' environmental activities perplex both the regulators and the environmental stakeholders. This is because of the negative impacts that arise from use of the natural resources and pollutions therefrom. It thus required the companies to engage in activities that control and reduce its effect on the natural environment. Companies also report about their activities as environmental disclosure. Nevertheless, the disclosure is doubted as a true reflection of the performance because of green-wash issue.

This study examined the relationship between the environmental performance and disclosure of listed companies in Nigeria. The result showed a significant negative effect of the performance on overall and dis-closure level. It means that the companies in Nigeria make more disclosure level when their environmental performance is poor. The disclosure is made to counter legitimacy issues related to their environmental performance which is perceived by the wider stakeholders as not effective. Though, the high level of environ-mental disclosure might not necessarily represent actual performance.

To capture the value relevance of the disclosure, the relationship between environmental disclosure quality and environmental performance was examined. Surprisingly, the result did not support the expectations that a positive relationship exists between the disclosure quality and environmental performance. This finding is plausible given the underdeveloped nature of Nigeria where the environmental reporting is still at its infancy level. It can also be attributed to the complex nature of the environmental activities which can obscure the companies in deciding the most relevant items to disclose.

Therefore, future studies may consider a longitudinal approach with time series that cover at least five years period. The use of alternative theory is also recommended, in particular,

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resource-based theory to examine the relationship between environmental performance and environmental disclosure quality.

Competing Interest

The authors declare that no conflicting interest exist in this paper.

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