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Non-Mandatory Information Disclosures and Shareholders Wealth Maximization of Listed Consumer Goods Firms in Nigeria

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ABSTRACT: *The provision of mandatory and non-mandatory information in financial statements support transparency, informed decision making and market confidence. Disclosure of only mandatory information may not give a wholistic measurement of firms' value thus hampering the complete measurement of shareholders 'wealth. The main objective of this study therefore was to examine the effect of non-mandatory information disclosures on shareholders' wealth maximization of consumer goods firms listed on the floor of the Nigerian Exchange Group from 2013 to 2024. The research design adopted for the study was ex post facto, secondary data were employed and purposive sampling technique was adopted to select 16 out of 21 listed consumer goods firms in Nigeria. The method of data analysis employed for the study Generalized Method of Moment regression and the statistical package employed was STATA 16. The findings of the study revealed that human capital disclosure has a significant negative effect on market value added; risk management disclosure positively and significantly affects market value added while corporate governance disclosure does not have a significant effect on market value added of the listed consumer goods firms in Nigeria. It was thus concluded that non-mandatory information disclosures have a significant effect on shareholders' wealth maximization of listed consumer good firms in Nigeria. It was therefore recommended among others that policymakers and regulators should develop guidelines that help firms disclose relevant human capital information without overwhelming investors with potentially alarming details about costs. Corporate managers and directors should ensure that strategy and mission statements are clear, specific, and aligned with attainable plans.*
Keywords: Non-mandatory information, shareholders 'wealth, market value added, human capital, risk management.

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INTRODUCTION

The need to provide high-quality financial reports has gained significant global attention in the modern era. According to IASB (2018), having high-quality financial report is crucial because it helps capital providers and other stakeholders decide how best to allocate resources for investments, credit and other uses. It is commonly known that financial indicators found in financial reports are the primary source of information that stakeholders, particularly capital providers, use to guide their decision-making (Rahmatika & Afiah, 2022). Even though conventional financial metrics are important for assessing how well a company is performing, non-mandatory data is just as important for understanding how these businesses are performing generally (Yusran, 2023). As a result, non-mandatory information forms an increasingly important part of investors' decision-making causing the interests in the corporate disclosure of non-mandatory information to gradually evolve.

According to Bhovi (2020), business entity's success or failure depends on the human assets, like employee's caliber, skills, efficiency, creativity, ability and dedication of their resources towards success in the organization. Relevant human capital information empowers stakeholders to assess the company's ability to adapt to market changes and industry challenges effectively. Human capital disclosure can enhance investor confidence by demonstrating the quality and depth of the company's workforce. Investors may view a company with a skilled and talented workforce as having a competitive advantage, leading to increased demand for the company's stock and a higher market value. Corporate strategy and mission disclosure plays a crucial role in providing shareholders with insights into the company's strategic direction, alignment with stakeholder interests, risk management practices, competitive positioning, commitment to value creation, and engagement with a broader set of stakeholders. Investors who have access to comprehensive information about a company's corporate strategy and mission can make more informed investment decisions, assess the organization's potential for long-term success, and potentially benefit from increased shareholder wealth over time. When a company effectively communicates its mission, it creates a sense of purpose and direction for its stakeholders as highlighted by Ayeni and Ojo (2020).

Effective risk management disclosure instills confidence in stakeholders, as it demonstrates a company's proactive approach to identifying and managing potential threats. Adeyemi and Olugbade (2016) assert that stakeholders, including investors, employees, and patients, are more likely to trust and support companies that openly disclose their risk management practices. According to Cicchiello, et al. (2022), lack of risk management information may mislead investors in their investment decision-making process. Investors make their investment or disinvestment decisions by evaluating both the returns associated with a determined investment project and its risk level.

Shareholders' wealth refers to the total value of assets, both tangible and intangible, owned by the shareholders of a company. According to Vitale et al. (2023), it represents the collective financial interest of the shareholders in the company's success and is often measured by the market value of the company's outstanding shares. Shareholders' wealth maximization is the principle that guides companies to make decisions and take actions that increase the value of their shareholders' investments. It emphasizes prioritizing strategies and activities that lead to the maximization of shareholders; wealth over the long term (Oti et al., 2017). This often involves making choices that result in higher profitability, increased stock prices, and the efficient allocation of resources to generate sustainable returns for shareholders. Providing additional information beyond what is legally required increases transparency, which can build trust with investors and reduce information asymmetry. When investors have a clearer understanding of a company's operations, risks, and performance, they may be more inclined to invest, leading to higher demand for the company's stock and potentially increasing its market value. Non-mandatory disclosures can provide insights into a company's risk profile, allowing shareholders to make more informed investment decisions. According to Cicchiello et al. (2022), when investors have a comprehensive understanding of a company's risks, they may be more willing to invest and may demand a lower risk premium, potentially leading to a higher stock price.

Statement of the problem

The provision of mandatory and non-mandatory information in financial statements supports transparency, informed decision making, market confidence, and overall corporate governance, ultimately contributing to the long-term success and sustainability of the company. The adoption of IFRS has been instrumental to mandatory disclosure, while the level of non-mandatory disclosure by companies in their financial statements depends on the judgement and intention of management. In essence, preparers of financial reports may be unaware of the fact that disclosure of human capital, risk management, corporate strategy and mission, could significantly add to the value of the firm. Due to this, this study tried to answer the question of the possible effects that these disclosure practices may have on shareholders' wealth.

From the review of empirical studies, it was observed that few studies carried out in Nigeria focused on other sectors of the economy such as non-financial firms, healthcare companies and banks while the consumer goods firms were not given priority (Mutiva et al., 2015; Soyemi & Olawale, 2019). It was also noted in the literature that most of the previous studies did not focus on market value added as majorly other performance measures were used such as financial reporting quality (Al-Homaidi et al., 2024), Tobin's q (Alodat et al., 2024), net assets per share (Atube & Okolie, 2024) and market capitalization (Enefiok et al., 2024). It was also noted that most of the previous studies did not cover up 2023 which is the most current financial which captures the recent economic dynamics. Unfortunately, there was no consensus as per the actual effect of non-mandatory information disclosure as some of the researches either had a positive effect (Vitale et al., 2023; Dragomir et al., 2022); or negative and no relationship (Matope & Vaye, 2022).

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Based on the above identified gaps, this study was carried out to wholistically examine the effect of non-mandatory information disclosure on shareholders' wealth using human capital disclosure, corporate strategic mission disclosure, risk management disclosure, governance practices disclosure, environmental performance disclosure and social donation and gifting disclosure, on market value added of listed consumer goods firms from 2014 to 2023.

Objectives of the study

The main objective of this study was to examine the effect of non-mandatory information disclosures on shareholders' wealth of consumer goods firms in Nigeria. The specific objectives were;

1. Examine the effect of human capital disclosure on market value added of listed consumer goods companies in Nigeria.
2. Determine the effect of corporate strategy and mission disclosure on market value added of listed consumer goods companies in Nigeria.
3. Investigate the effect of risk management disclosure on market value added of listed consumer goods companies in Nigeria.

Research questions

In order to achieve the above objectives, the following research questions were raised;

1. What effect does human capital disclosure have on market value added of listed consumer goods companies in Nigeria?
2. What effect does corporate strategy and mission disclosure have on market value added of listed consumer goods companies in Nigeria.
3. What effect does risk management disclosure have on the market value added of listed consumer goods companies in Nigeria?

Research hypotheses

In order to answer the above questions, the following hypotheses were formulated for the study;

Ho_1: Human capital disclosure has no significant effect on market value added of listed consumer goods companies in Nigeria.

Ho_2: Corporate strategy and mission disclosure does not have any significant effect on market value added of listed consumer goods companies in Nigeria.

Ho_3: Risk management disclosure has no significant effect on market value added of listed consumer goods companies in Nigeria.

LITERATURE REVIEW

Non-mandatory information disclosure

Non-mandatory information or voluntary disclosure refers to the voluntary release of information that is not required by law, regulations or any accounting standard by a company. This can include a wide range of data, reports, and statements that a company chooses to provide to stakeholders, such as investors, customers, employees, and the public, beyond the minimum requirements set by regulatory bodies (Nkanga et al., 2023). The Business Reporting Research Project (BRRP) issued a steering committee report titled "Improving Business Reporting: Insights into Enhancing Voluntary Disclosure". According to this report, non-mandatory disclosure refers to information surplus to the mandatory financial statements required by GAAP (FASB, 2001). The disclosure of information within the identified minimum limits is called as 'mandatory disclosure' and any disclosure of information which exceeds these limits in terms of content or amount as decided by the management of the firm is called as 'voluntary disclosure'. In order to see how voluntary disclosure of information to the public differs from mandatory disclosure within the scope of accounting, the concept of 'mandatory disclosure' of information must be closely examined. Mandatory information disclosure refers to the legal requirement for companies to provide specific information to investors, regulators and the public. Such disclosures are norlmally required by accounting standards and regulatory agencies (Kao et al., 2018). It is important to note that a firm's decision to voluntarily disclose information depends on its conjectures about the beliefs held by competitors and investors (Dontoh, 2009). The study of Milgrom (2011) concluded that if a firm can make credible disclosures about its value to uninformed investors, in equilibrium the firm will disclose all of its information regardless of how good or bad the news. Disclosure depth also matters. This is also known as the disclosure quality. disclosure quality (DQ) is the higher quality and accuracy of information disclosed which are better for decision makings and predictions.

Human capital disclosure

Human capital disclosure refers to the communication of information related to the management, development, and utilization of a company's workforce. It involves sharing details about the organization's human resources policies, practices, strategies, capabilities, and performance metrics. According to Uwa et al. (2018), human resources or human capital are the energies, skills, talents and knowledge of people which are, or which potentially can be applied to the production of goods or rendering useful services. Tayles et al. (2022) also noted that a firm's most valuable asset is its human capital, which is derived from the idea of intellectual capital. According to Gazor et al. (2013), it is a representation of the human element in an organization, where a combination of intelligence, skills, knowledge, aptitudes, and expertise give the organization its unique character. These attributes also contribute to production and profitability, which enhance organizational performance.

Furthermore, Yusuf (2020) maintained that a corporate organization's capacity to carry out business plans effectively rests only on its ability to utilize intangible assets particularly; human capital efficiently. According to Okoye and Emeneka (2021), human capital can be classified as the economic value of a worker's experience and skills. This includes assets like education, training, intelligence, skills, health, and other things employers value such as loyalty and punctuality. So basically, human capital is the economic value of the abilities and qualities of labour that influence productivity.

Corporate strategy and mission disclosure

Corporate strategy and mission disclosure refers to the communication of information related to a company's overall strategic direction, goals, objectives, and values. This includes details about the organization's long-term plans, market positioning, competitive advantage, growth strategies, and commitment to achieving its mission and vision Uwa et al. (2018). A mission statement attempts to articulate the business mission. It tries to convey the identity, purpose and direction of a business (Leuthesser & Kohli, 2021) in a concise and simple manner. There's a pile of literature with different views to this. However, strategy disclosure is seen as the process of revealing information which an organization decides to share with its stakeholders on the strategy it is pursuing and going to pursue in the future. Yang et al. (2023) opined that strategy information disclosure encompasses information about external factors such as competitive situation, development, trend of industry, the policy risk and development risk and internal factors such as core technologies, the major investment plans. Basically, corporate strategy and mission disclosure refers to the transparent communication of a company's purpose, vision, and long-term objectives to the various stakeholders. Essentially, corporate and strategic mission disclosure provides stakeholders, including investors, employees, customers, and the public, with a clear understanding of a company's purpose and direction. The mission statement has proved to be a popular and enduring management tool. According to the prescriptive theories of strategy, the declaration of purpose contained within the mission statement offers a starting point for business planning (Atrill et al., 2005). The mission statement of a business is first developed and then objectives and strategies can be formulated that are consistent with this statement (Lynch, 2020). Thus, a clear articulation of mission is seen as vital to the development of realistic strategic objectives. In addition to providing the cornerstone for future planning, the mission statement can also provide a method of communicating a desired corporate image (Atrill et al., 2005). According to them, it offers a useful means by which the aspirations of the business can be conveyed to all those with an interest in the business. In Atrill et al. (2005) still, strategy is the management of long-term unique activities and resources in order to enhance a firm's value and maintain its position.

Risk management disclosure

Risk management disclosure refers to the communication of information related to the identification, assessment, monitoring, and mitigation of risks faced by a company. According to Akpan et al. (2024), it involves disclosing details about the strategies, processes, methodologies, and systems implemented by the company to manage various types of risks, such as operational, financial, strategic, regulatory, and reputational risks. Risk and uncertainty are threats of businesses' growth, competitive advantage, and survival (Beasley et al., 2008). Moreover, risk and uncertainty are found in both internal and external environments of businesses in today's world. To close or reduce the businesses' risk and uncertain, the business organizations need to have their risk management strategies. (Suttipun & Nicholson, 2020). The main goals of risk management are to forecast uncertain events and developments in its environment (Beasley et al., 2008), to reduce risks that can adversely affect performance (Gordon et al., 2009), and to maximize stakeholder values (Hoyt & Liebenberg, 2011; Quon et al., 2012). According to Nigerian Code of

Corporate Governance (2018), a sound framework for managing risk and ensuring an effective internal control system is essential for achieving the strategic objectives of the Company. The following are recommended by NCCG (2018) as regard to RMD; the board should ensure the establishment of a risk management framework that: defines the company's risk policy, risk appetite and risk limits; and identifies, assesses, monitors and manages key business risks to safeguard shareholders' investments and the company's assets. Also, the board should formally approve the risk management framework and ensure that it is communicated in simple and clear language to all employees; ensure that the risk management framework is integrated into the day-to-day operations of the business and provide guidelines and standards for management of key risks; articulate, implement and review the company's internal control systems to strengthen the risk management framework.

Shareholders' wealth maximization

According to Bhasin and Shaikh (2013), shareholders' wealth is defined as what remains of a company's profit after loan providers and essential expenses have been paid. This leftover is the wealth attributable to stockholders over a specific time period. In other words, it is that part of periodic profits attributable to the shareholders and which serves as an indicator of financial health (Jean, 2019). Also, Adaramola and Oyerinde (2014) defined shareholders' wealth as the estimated future earnings, expressed in present value, that go to the company's owners. These anticipated future profits are typically given as dividends, which are paid out on a regular basis, and as revenues from the sale of shares. The term "wealth creation" describes periodic (annual) shifts in shareholders' wealth. Relevant to companies that are traded on stock exchanges, shifts in shareholder wealth are primarily deduced from variations in stock prices, dividend payments, and equity growth over time (Bankole et al., 2018). In order to create wealth for shareholders, the company must make investment decisions with a positive net present value (NPV), as stock prices are a reflection of investor expectations about future cash flows (Bankole et al., 2018). Shareholders wealth maximisation hypothesized that the immediate financial objective and crucial aim of public corporations is and should be to maximize returns to shareholders (Panigrahi & Zainuddin, 2015). In an organized capital market setting, the general assumptions and corporate objective of companies had always been for the companies to strive to create and grow shareholders' wealth, as no company would economically and stably exist if it failed to create sufficient wealth for the shareholders, unfortunately (Panigrahi & Zainuddin, 2015;

Theoretical framework

Signaling theory by Spence (1973)

Signaling theory posits that companies with favorable private information will voluntarily disclose it to differentiate themselves from less successful companies. The theory suggests that companies can use voluntary disclosures to send signals to the market about their financial health, future prospects, and commitment to stakeholders. According to William et al. (2023), by disclosing non-mandatory information, companies can communicate their confidence in their performance and long-term viability, potentially influencing investors' perceptions and decisions. This is particularly relevant in capital markets, where companies with superior performance or prospects will disclose positive information to signal their quality to investors, thereby attracting investment and improving their market valuation. (Sadiq et al., 2020).

In the signalling scenario, the more knowledgeable party will convey credible information to the less knowledgeable side in order to reduce asymmetry (Hashim, et al., 2019). According to Oti et al., (2017). Corporate managers can send signals by taking certain activities to demonstrate, for example, corporate profitability, which is used by uninformed parties to make decisions. Furthermore, manager salary and perks can be set depending on the company's market worth, therefore in this scenario, the management can use knowledge not owned by other parties to enhance corporate value (Friske et al., 2022). According to Spence (1973), signalling theory emphasizes that various parties associated with the company receive different information.

The signalling theory is relevant to this research because it explains how the financial market or the general public can use non-mandatory information published by companies to evaluate such companies. This theory was also chosen as the anchor theory for this research because non-mandatory information disclosures can serve as signals of a company's commitment to social responsibility, sustainability, and ethical behavior, demonstrating its alignment with shareholder interests beyond financial returns. Shareholders may interpret these disclosures as indicators of the company's value creation potential and responsible management practices, impacting shareholders' wealth maximization.

Empirical review

Al-Homaidi et al. (2024) empirically investigated the influence of voluntary disclosure on the financial reporting quality (FRQ) of Islamic banks in Yemen, using an un-weighted disclosure index comprising 266 items. The research design adopted for the study was ex post facto and secondary data were used. The data used were analyzed using panel regression analysis. Financial reporting quality was measured by two models, namely Jones (1991) (FRQJONM) and Dechow and Dichev (2002) (FRQDDMD), with voluntary disclosure level considered as the independent variable. The results indicated that FRQJONM significantly affected financial ratio (FINRAT), financial statement information (FINSTIN), corporate social disclosure (CORSD), and other information (OTHINF). In relation to FRQDDMD, the outcomes showed that general knowledge (BAISCG), financial ratio (FINRAT), other information (OTHINF), and bank size (BANSIZE) had a significant impact on FRQDDMD.

Alodat et al. (2024) investigated whether sustainability disclosures (SD) could improve financial, operational, and market performance for businesses in Jordan. The study analyzed 81 non-financial companies listed on the Amman Stock Exchange from 2014 to 2020. The findings revealed a significant and positive relationship between corporate sustainability disclosure and operational, financial, and market performance. Eniefiok et al. (2024) examined the relationship between environmental voluntary disclosure and the market value of listed consumer goods firms in

Nigeria. The researchers adopted an ex-post facto research design and collected panel data covering ten years (2013-2023) from eighteen listed consumer goods firms in Nigeria. They analyzed the data using descriptive statistics and panel multiple regression analysis with the E-views 10.0 statistical package. The findings indicated that carbon emissions disclosure, renewable energy consumption disclosure, and employee health and safety disclosure each had a significant positive relationship with market capitalization.

Akpan et al. (2024) examined the effects of corporate attributes on risk management disclosures of listed insurance firms in Nigeria from 2013 to 2022. Firm size, firm profitability and firm leverage were the measures of corporate attributes employed in this study while risk management disclosure was the dependent variable. From the analysis, it was found out that firm size, firm profitability and firm leverage have significant effect on risk management disclosures of listed insurance firms in Nigeria. Igbinovia and Ekwueme (2024) examined the mediators of non-financial disclosures and firm value among non-financial firms quoted in the consumer goods sector of the Nigeria Stock Exchange (NSE) for the period 2011 to 2022. A quantitative approach using structural equation modeling (SEM) path analysis was applied to investigate the mediating role of proposed channels transmitting non-financial disclosures to firm value. The study found that non-financial disclosures have significant effects on the firm value of quoted consumer goods firms in Nigeria. Profitability was found to significantly mediate the effect of social disclosures on the firm value of sampled firms in Nigeria, while the mediating effect on the environmental disclosures and firm value nexus was insignificant.

Nkanga et al. (2023) examined the effect of voluntary disclosures on value of 12 deposit money banks listed on the floor of the Nigeria Exchange Group from 2012-2021. Dummy Least Square Variable regression was adopted to analyze the study The findings of the study revealed that social donation and gifting disclosure has a positive significant effect on the market value of deposit money banks while employee health and safety disclosure has an insignificant negative effect on market value of listed deposit money banks in Nigeria. Nkanga et al. (2023) used Tobin'q and analyzed their data using least square variable regression whereas the current study used market value added as the dependent variable and OLS regression was used in analyzing the data.

Okpo and Emenyi (2023) investigated whether the disclosure of information on corporate strategies has any influence on the behaviour of investors in the capital market. The data were analysed using descriptive statistics and regression model. The results of the analyses indicated that the disclosure of information on corporate strategies significantly influences the behaviour of investors in the capital market. Oti et al. (2017) determined from accounting perspective, the environmental consequences of the operations of oil and gas companies in the Niger-Delta region of Nigeria. The study was motivated by the curiosity to explain what goes on in the Niger-Delta region in the light of environmental degradation and the continuous agitation for a sustainable approach to corporate social responsibility (CSR). The result shows that the corporate social responsibility strategies employed by the oil and gas companies are not adequate to address the environmental degradation resulting from their operations.

METHODOLOGY

Research design

The research design adopted for thus study was ex-post facto and this design was suitable for this study because historical data were used. The population of this study consisted of 21 listed consumer goods companies in Nigeria. The sample size of this study was sixteen (16) consumer goods companies purposively selected.The source of data for this study was secondary data. The data were analyzed using the panel dynamic regression technique was employed in analyzing the data set. The panel dynamic regression technique was adopted because it is relatively easier to understand and implement. The researcher also employs Spearman Rank Correlation Coefficient to test the association between the variables. Content analysis was used in deriving the data for non-mandatory information disclosure. The disclosure checklist developed in accordance with the GRI disclosure guidelines was used. The score or disclosure index for each disclosure parameter is the ratio of actual disclosure to the expected disclosure. This is given thus;

$$\text{The disclosure index} = \frac{\text{Aggregate disclosure score}}{\text{Total Expected disclosure}} \times 100$$

Model specification

In line with the previous researches, the study adapted and modified the Model of Egolum et al. (2021) in determining the effect of non-mandatory information disclosures on shareholders' wealth of consumer goods firms in Nigeria. This is given as;

$$MVA_{it} = \beta_0 + \beta_1 HUCD_{it} + \beta_2 CSMD_{it} + \beta_3 RIMD_{it} + £_{it} \quad (3)$$

Where:

MVA = Market value added
HUCD = Human capital disclosure
CSMD = Corporate strategic mission disclosure
RIMD = Risk management disclosure
β_0 = Model intercept
β_1-β_3 = Coefficient to be derived from results of data analysis
$_{it}$ = Cross section of listed consumer goods firms with time variant
$£_{it}$ = Stochastic error term

Measurement of variables

Independent variable

The proxies of the independent variables being human capital disclosure (HUCD), corporate strategic mission disclosure (CSMD), risk management disclosure (RIMD) were assigned a dichotomous value of '1' if disclosed and '0' if not disclosed.

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Dependent variable
The measure of shareholders' wealth being market value added (MVA) was measured as the difference between market capitalization and capital employed.

Table 4.1: Descriptive Statistics of the effect of non-mandatory information disclosure on shareholder wealth

Variable	Obs	Mean	Std. Dev.	Min	Max
mva	160	0.749	1.435	-0.470	8.100
hucd	160	0.316	0.236	-0.050	1.000
csmd	160	0.316	0.181	0.020	0.960
rimd	160	0.333	0.267	0.000	0.860

Source: Authors Computation (2024)

The descriptive statistics for the variables indicate significant variability in the data, providing insight into the extent and nature of non-mandatory disclosures among consumer goods firms in Nigeria from 2014 to 2023. The dependent variable, shareholders' wealth, measured by Market Value Added (MVA), has a mean value of 0.749 with a standard deviation of 1.435. This suggests substantial variation in shareholder wealth creation across the sample firms. The negative minimum value of -0.470 indicates that some firms experienced a decrease in market value, while the maximum of 8.100 reflects substantial value creation by others. The independent variables show diverse levels of disclosure. Human Capital Disclosure (HUCD) and Corporate Strategy and Mission Disclosure (CSMD) have identical mean values of 0.316, with HUCD having a slightly higher standard deviation (0.236) compared to CSMD (0.181). This suggests that while these disclosures are relatively common, there is greater variability in the extent of human capital disclosures. Risk Management Disclosure (RIMD) shows a mean of 0.333 and a higher standard deviation of 0.267, indicating that risk management practices are also disclosed at varying levels, with some firms providing minimal information and others being more transparent.

Table 4.2: Correlation Analyses of the relationship between non-mandatory information disclosure on shareholder wealth

Variables	mva	hucd	csmd	rimd
mva	1.000			
hucd	0.009	1.000		
csmd	0.197	0.204	1.000	
rimd	0.310	0.119	0.650	1.000

Source: Authors Computation (2024)
The results from Table 4.3 show that there exists a positive association between the independent variable of human capital disclosure (0.009) and the dependent variable of market value added (MVA) when measured among the sample firms during the period under study. Additionally, the

result indicates a positive association between the independent variable of corporate strategy and mission disclosure (0.197) and the dependent variable of MVA. The correlation analysis also reveals that there is a positive association between risk management disclosure (0.310) and the dependent variable of MVA.

These associations, while generally positive, are relatively low to moderate, indicating the absence of multicollinearity among the variables. To confirm the absence of multicollinearity among the variables, a more robust check using the Variance Inflation Factor (VIF) Test will be presented in the next sections.

Regression analyses

In order to investigate the causal relationships between the dependent and independent variables, and to assess the formulated hypotheses, the study employed a panel dynamic regression analysis. This method was chosen due to the detection of heteroscedasticity and endogeneity across the models in the results.

Table 4.4: Regression Results of the effect of non-mandatory information disclosure on shareholder wealth

	(1)	(2)
Variables	GMM I-MVA	GMM II-MVA
hucd	-1.822***	-1.722***
	(0.000)	(0.000)
csmd	-1.053	-0.724
	(0.267)	(0.358)
rimd	1.235	1.021***
	(0.051)	(0.000)
	(0.000)	(0.000)
L.mva	0.158	0.160***
	(0.087)	(0.002)
Intercept	-8.477***	-6.913***
	(0.000)	(0.000)
Observations	128.000	128.000
Chi^2	143.948	4494.126
Sargen Test		chi2: 9.067{1.000}

Source: Authors Computation (2024)

GMM regression

In the case of both GMM step one and step two, the results presented in Table 4.4 indicate significant F-statistics values across all three models, suggesting that overall, the GMM step one and step two results are suitable for statistical inference. However, this study utilizes fixed-

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smoothing asymptotic to compare the one-step and two-step procedures. In the one-step procedure, the long-run variance (LRV) estimator is employed to compute standard errors, resulting in heteroskedasticity and autocorrelation robust (HAR) standard errors, as proposed by Newey and West (1987) and Andrews (1991). Conversely, in the two-step procedure, the LRV estimator is not only used in standard error estimation but also serves as the optimal weighting matrix in the second step GMM criterion function. Under fixed-smoothing asymptotic, the weighting matrix converges to a random matrix. Consequently, the second step GMM estimator is not asymptotically normal but rather asymptotically mixed normal. This asymptotic mixed normality reflects the estimation uncertainty of the GMM weighting matrix and is expected to closely resemble the finite sample distribution of the second step GMM estimator. Based on these considerations, the power advantage of the two-step GMM is justified and relied upon for hypotheses testing in this study.

DISCUSSION OF FINDINGS

Human capital disclosure (HUCD) and market value added

The results obtained from the GMM II regression model presented in Table 4.3 revealed that human capital disclosure [coef. = -1.722 (0.000)] has a significant negative effect on the market value added The result implies that an increase in human capital disclosure will significantly decrease the market value added of listed consumer goods firms in Nigeria during the period under study. This result suggests that, contrary to conventional expectations, increasing transparency and reporting on human capital may actually be perceived negatively by investors, leading to a reduction in the firm's market value added. One possible explanation for this phenomenon is that investors might interpret detailed human capital disclosures as a signal of higher labor costs or potential inefficiencies, which could ultimately harm profitability and shareholder value. Additionally, it could imply that the market perceives these disclosures as an attempt to mitigate or preemptively address underlying problems within the workforce, such as high turnover or skill gaps, which might otherwise go unnoticed.

This result contrasts with findings from some other studies, such as Al-Homaidi et al. (2024) and Elmghaamez et al. (2023), who reported a positive association between human capital disclosures and firm performance.

Corporate strategy and mission disclosure (CSMD) and market value added

The results obtained from the GMM II regression model indicated that corporate strategy and mission disclosure [coef. = -0.724 (0.358)] does not have a significant effect on the market value added of listed consumer goods firms in Nigeria during the period under study. This result suggests that variations in corporate strategy and mission disclosure do not significantly influence the market value added of these firms. The finding that corporate strategy and mission disclosure does not have a significant effect on the market value added of listed consumer goods firms in Nigeria indicates that the level of detail and transparency provided in these disclosures does not substantially influence investors' valuation of these companies. This result suggests that such disclosures, which often outline a company's long-term vision, strategic goals, and core values, may not be a critical factor for investors when assessing a firm's market value in the Nigerian context. It could imply that investors place more emphasis on tangible financial metrics and immediate performance indicators rather than on strategic declarations, which are often perceived as less concrete and more aspirational. This finding contrasts with the work of Alodat et al. (2024), who argue that corporate strategy and mission disclosures can enhance investor confidence by providing a clear direction for the company's future, thereby positively impacting market value.

Risk management disclosure (RIMD) and market value

The GMM II regression results show that risk management disclosure [coef. = 1.021 (0.000)] has a significant positive effect on market value added. This implies that an increase in risk management disclosure is associated with a significant increase in the market value added of listed consumer goods firms in Nigeria. The finding that risk management disclosure has a significant positive effect on market value added among listed consumer goods firms in Nigeria highlights the critical role that transparency in risk management plays in enhancing investor confidence and firm valuation. This result suggests that investors value the clarity and foresight demonstrated by firms that openly communicate their risk management strategies and procedures. The positive association indicates that such disclosures likely reassure investors about the firm's proactive approach to identifying, assessing, and mitigating potential risks, which can range from financial uncertainties to operational hazards. This conclusion aligns with the findings of Alodat et al. (2024), who observed that detailed risk management disclosures contribute to increased market value as they reduce information asymmetry and help investors better assess the company's risk profile. Similarly, Li et al. (2023) support the notion that comprehensive risk disclosures can enhance firm value by providing stakeholders with a clearer understanding of the potential risks the firm faces and the measures in place to address them. This transparency can lead to a lower perceived risk among investors, thereby reducing the cost of capital and increasing the firm's market value.

CONCLUSION AND RECOMMENDATION

The main problem addressed by this study was the unclear impact of various non-mandatory disclosures on the market value added (MVA) of listed consumer goods firms in Nigeria. The findings of this study led to the conclusion that non mandatory disclosures can impact on the shareholders wealth maximization of listed consumer goods companies. Thus policymakers and regulators should develop guidelines that help firms disclose relevant human capital information without overwhelming investors with potentially alarming details. Corporate managers and directors should ensure that strategy and mission statements are clear, specific, and aligned with actionable plans. Policymakers could encourage standardization in the reporting of corporate strategy disclosures to improve comparability across firms. The management of listed consumer goods firms should provide detailed, yet accessible, information on risk management practices, emphasizing proactive measures and contingency plans.

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