DISCLOSURE OF ENVIRONMENTAL FACTORS AND MARKET REACTIONS: AN EMPIRICAL ANALYSIS OF FIRMS IN SELECTED SUB-SAHARAN AFRICAN COUNTRIES

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Abstract

Environmental sustainability has become a major focus in financial markets and corporate governance. This study therefore examined how market reactions are affected by disclosing environmental factors in selected firms in Sub Saharan African Countries. The research employed a quantitative approach and used secondary data obtained from 26 selected companies in 18 Sub-Saharan African countries between 2019 and 2023 based on the availability of data. Regional stock exchanges provided data on firms' market reactions, while selected firms' annual reports and databases provided key environmental factors parameters. Descriptive statistics, multipartite testing and other statistical techniques were used for data analysis. The findings discovered that environmental factors positively affect firms' stocks, as indicated by lower stock price volatility and higher investor confidence. The results also disclosed that energy usage ratio, waste management score and firms' size affect the market reactions of the selected firms in Sub-Saharan African Countries. The research highlighted the need for standardized environmental factors disclosure frameworks to promote sustainable business practices by exploring the significance of environmental factors, which helps to preserve the environment and promote social welfare in Sub-Saharan Africa. The study addressed an understudied area in the environmental and market reactions interactions in the region,

Keywords: *Disclosure of environmental factors, market* reactions***,*** *selected firms in Sub-Sahara African Countries**,** stock price volatility*

1. Introduction

The significance of environmental sustainability has taken center stage in company operations and regulatory laws in recent years. Corporate environmental disclosures now need to be more transparent due to growing worries about climate change, resource depletion, and environmental deterioration. In response to mounting demand to meet local socioeconomic priorities and global sustainability standards, firms in Sub-Saharan Africa are increasingly adopting environmental factors disclosure practices. Environmental factors considerations have garnered significant attention worldwide in recent years, signaling a significant shift in investor knowledge and corporate accountability (Amin & Tauseef, 2022). Environmental factors disclosure are becoming crucial in determining how well businesses operate and how investors behave globally. Economic expansion in Sub-Saharan Africa is intricately linked to serious environmental issues, making it necessary to include environmental principles into corporate operations (Sinha et al., 2023). This change has made it increasingly necessary for businesses to look beyond conventional financial indicators and incorporate non-financial elements into their core activities (Singhania & Saini, 2023). These non-financial factors include social responsibility, environmental sustainability, and efficient governance procedures.

A wide range of stakeholders, including investors, employees, suppliers, customers, and government agencies, have increased their demands for environmental factors disclosure practices, risk mitigation techniques, and clear communication of these initiatives, which is why the landscape is changing (Berrone et al., 2017). In light of this, authorities ought to create systems that incentivize businesses to report on environmental issues honestly. As environmental concerns such pollution and deforestation gained international attention in the late 1970s, the Brundtland Commission and the World Commission on Environment and Development introduced the idea of "sustainable development" in 1987 (Alduais, 2023). A key idea in sustainable development is meeting the demands of the present generation while preserving the capacity of future generations to meet their own (Bătae et al., 2021).

According to Smith and Lee (2024), it entails a methodical strategy that guarantees the use of resources, investments, technologies, and institutions in accordance with current and future requirements. Achieving a delicate balance between social advancement, economic expansion, and environmental preservation is the goal of sustainable development (Chininga et al, 2023). It is a difficult task that calls for great thought and preparation to achieve such harmony between these three aspects (Rahi et al., 2022). The core ideas that underpin market reactions and sustainable business operations are included (Liu et al., 2022)..The framework offers a method for assessing a business's market dynamics and performance using different criteria. These elements include, environmental, assesses how well a business manages its effects on the environment, including cutting carbon emissions, waste management, the use of renewable energy, resource conservation, and adherence to environmental regulations (Berrone et al., 2017).

Environmental factors are becoming more and more important, but little is known empirically about how environmental factors disclosures impact investor responses in Sub-Saharan Africa (Sinha et al., 2023). Companies' ability to use focused strategies that use sustainability to improve market outcomes is hampered by this knowledge gap (Ahmed & Malik, 2024). In particular, few studies have looked at the direct correlation between cumulative anomalous returns or stock market volatility in the African environment and environmental, social and governance (ESG) disclosures.

Furthermore, the opportunities and constraints particular to the region, such as distinct legal frameworks and socioeconomic dynamics that may have an impact on environmental factors disclosure practices in Sub-Saharan Africa—have not been sufficiently explored. When it comes to revealing environmental factors disclosure information, the Sub-Saharan African region presents a special problem (Singhania & Saini, 2023). The region's non-financial businesses deal with complicated problems like scarce resources, environmental degradation, social inequality, and poor governance, even though it has an abundance of natural resources and a burgeoning entrepreneurial spirit. Investigating how environmental factors affect the value of publicly traded non-financial enterprises in Sub-Saharan Africa is crucial in light of this.

Although several studies like those conducted by Berrone et al. (2017); Bătae et al. (2021); Amin .and Tauseef (2022); Xu et al. (2022); Prabawati and Rahmawati (2022); Rahi et al. (2022); Nasution et al. (2022); Zhang et al. (2023); Samy et al. (2023); Moneyweb (2023); Sinha et al. (2023); Chininga et al, (2023); Jones et al. (2023); Smith and Lee (2024); Ahmed and Malik (2024) among other researchers have examined the correlation between the company's financial performance and environmental, social and governance (ESG) practices in one African companies or the others, but the empirical evidence regarding how the disclosure of environmental factors affects the market reactions of selected firms in Sub-Sahara African Countries is mixed. Some studies like those by (Ahmed & Malik, 2024) has found a positive relationship between environmental practices and corporate financial performance, while others have found a negative relationship, and some have found no relationship at all. The integration of multiple theoretical frameworks of Signaling theory offers a multidimensional perspective, enabling a nuanced understanding of environmental factors effect on market dynamics in a regional context.

The main objective of this study is to examines how the disclosure of environmental factors metrics affect the market reactions of selected firms in Sub-Sahara African (SSA) Countries. Specifically the study assessed the effect of energy usage ratio, waste management score and firm size on the market reactions of selected firms in SSA Countries. Investors, regulators, and company managers must comprehend the connection between environmental transparency and market success in light of the growing emphasis on sustainability reporting. The results provided insightful viewpoints for investors, legislators, and business executives attempting to negotiate the changing sustainability environment.

1.1 Research Hypotheses

This study explores how the disclosure of environmental factors affects the market reactions of selected firms in Sub-Sahara African (SSA) Countries by developing the following hypotheses:

i. Higher energy usage ratios positively affect the market reactions of selected firms in SSA Countries.
ii. Disclosure of waste management score significantly reduces market reactions of selected firms in SSA Countries.

2. Literature Review

2.1 Theoretical Framework

This study uses Spence (1973)'s signaling theory to analyze how environmental factors disclosure affects market reaction of firms. Signaling theory focuses on how businesses communicate investors about their sustainability performance through environmental factors disclosure

(Chininga et al, 2023). Signaling Theory suggests that firms with superior environmental performance disclose more information to distinguish themselves from competitors (). According to this theory, market reactions are affected by environmental factors since they convey to investors a company's dedication to sustainability (Ahmed & Malik, 2024). Investors can use these indicators to distinguish between businesses that have robust and weak sustainability policies (García & López, 2023). Environmental factors, according to critics, may not always be reliable indicators since businesses may "green-wash" or modify their reports to make them seem more sustainable than they actually are (DasGupta, 2022). This study attempts to offer a comprehensive knowledge of the factors that influence environmental factors disclosure and its effects on market outcomes and company behavior by integrating this theoretical stance.

2.2 Environmental Factors Metrics and Market Reactions

Market reactions imply moving up-and-down in the stock and firms' values, including the investors and financial markets response to new information (García & López, 2023). It means changes in conditions that affect the perceived value of a company stock price (Chen et al., 2023). According to earlier studies, financial markets respond differently to environmental disclosures from corporations. Increased investor confidence, better stock performance, and greater company reputation can all result from positive environmental disclosure (Ahmed & Malik, 2024). On the other hand, companies who don't disclose environmental hazards risk financial penalties and harm to their brand (Rahi et al., 2022).

The process of disclosing business operations that have an effect on the environment, such as waste management, energy use, emissions reduction, and compliance with sustainability standards, is known as environmental disclosure (Singhania & Saini, 2023). The legal frameworks for environmental disclosure in SSA nations differ greatly; some enforce stringent rules, while others have optional reporting systems (Sinha et al., 2023). Environmental disclosures offer vital information that lowers investor uncertainty and stabilizes stock price fluctuations (Bătae et al., 2021), however recent studies have focused a lot of attention on environmental measures, such as waste management procedures and emissions reports (Sinha et al., 2023).

In addition to increasing environmental factors reporting among businesses (Berrone et al., 2017), the rising demands and pressure from different stakeholders has also led to a rise in green washing (Rahi et al., 2022). The practice of businesses trying to misrepresent their environmental efforts and their beneficial benefits to environmental preservation by exaggerating their environmental efforts is known as "green washing" (Chininga et al, 2023). Because green washing has become so widespread in recent years, users of the information are seriously concerned about the accuracy and dependability of the environmental factors disclosure, which may discourage investment (Ahmed & Malik, 2024).

Research has also demonstrated a strong inverse relationship between stock price volatility and strong environmental disclosure procedures, suggesting that investors view companies with transparent environmental practices as less risky (Zhang et al., 2023). For example, a research by (Rahi et al., 2022) examined how ESG scores affected company value. Between 2010 and 2019, the study looked at 184 non-financial companies that were quoted from Thailand, Indonesia, Malaysia, the Philippines, Singapore, and Vietnam (Berrone et al., 2017). The results of the study demonstrated that firm value was considerably impacted negatively by ESG disclosures. This

stability results from increased environmental reporting transparency, which reduces any reputational and regulatory concerns by demonstrating the company's dedication to sustainability (Duque-Grisales & Aguilera-Caracuel, 2021).

According to Singhania and Saini (2023), energy efficiency has become a crucial component of corporate environmental responsibility, impacting market performance and investor behavior. According to this view, companies have obligations to all of their stakeholders, not only their shareholders (Bătae et al., 2021). Anyone who can influence or be impacted by the accomplishment of the organization's goals is considered a stakeholder (Sinha Ray & Goel, 2023). This encompasses workers, clients, vendors, neighborhood associations, and the general public. According to this study, a company's obligation to its stakeholders is reflected in its ESG performance. Because it offers a thorough understanding of the company's obligations and the possible impacts of those obligations on its financial performance, the stakeholder theory is used. Energy usage ratios, which show how well businesses use energy resources, are becoming more and more linked to financial results (Rahi et al., 2022)

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Waste management and stock volatility are positively correlated, according to recent research. It is beneficial to comprehend how a company's financial success may be impacted by its environmental erformance, which is a reflection of its duty to its stakeholders. A study by (Berrone et al., 2017) investigated how ESG disclosures affected the value of 78 Indian listed companies between 2016 and 2020. According to the findings, there is no statistically significant impact of ESG disclosures on firm value. In addition to lowering operating expenses, efficient waste management helps businesses project an image of environmental consciousness, which boosts investor confidence and draws in green investments (Chininga et al, 2023). According to these results, companies who put an emphasis on waste management optimization are probably going to see an increase in investor confidence and market success.

3. Methodology

This study used a quantitative research approach and employed secondary data to investigate how environmental factors disclosure affects the market reactions of selected firms in Sub-Saharan African (SSA) countries. The study's population comprises thirty-eight (38) well-known firms that are listed on stock exchanges in SSA countries. The SSA stock exchanges are used to purposively pick a sample of 26 firms from the important industries such as manufacturing, oil and gas, and financial services. Market capitalization and the availability of environmental disclosures are used to select companies. The selected firms were considered due to their disclosures of environmental factors in their annual reports. The firms were selected based on their significant contribution to economic growth and because they possess records on ESG disclosure between 2019 and 2023, and for listing on reputable regional stock exchanges. Purposive sampling guarantees that the chosen companies were able to supply accurate and pertinent data required to fulfill the goals of the study.

The annual reports of selected firms were the sources of secondary data from which environmental metrics, including energy usage score and waste management, were extracted. Market reactions measure is also obtained from regional and global sustainability databases, including regional stock exchanges, such as the Johannesburg Stock Exchange (JSE), Nigerian Exchange Group (NGX), and other selected Sub-Saharan African stock exchanges, provided data on stock price volatility and other market dynamic metrics. The study used descriptive analysis, empirical

analysis and unit root test to evaluate the assumptions and obtain empirical findings. Empirically, both multivariate tests and tests of between-subjects effects were also used to evaluate the collective and individual impacts of the independent variable on the dependent variable respectively.

3.1 Model Specification

This study adapts the work of Samy El-Deeb et al. (2023) to investigate how environmental factors disclosure affects the market reactions of firms in Sub-Saharan African (SSA) companies. The adapted model is as follows:

FV=o+β1ESGit+β2LVit+3LNMKTit+4FZit+eit---------- (i)

Where FV is the firm value, ESG is the combined environmental, social, and governance practices; LV is the leverage; LNMKT is the market capitalization; FZ is the Firm Size; β0 is a constant; β1-β4 is a slope coefficient; and eit is the error term. The modified adapted model for this study is specified below:

$MRSPV=\beta o+\beta_1 EUR_{it}+\beta_2 WMS_{it}+\beta_3 EDI_{it}+\beta_4 FZ_{it}+eit$----------(ii)

Where: MRSPV= Market reactions proxies by stock price volatility of select companies i in year t;

EUR = Energy usage ratio of firms in SSA countries i in year t;
WMS = Waste management score of firms in SSA countries i in year t;
FZ = Firm Size proxies by log of of firms in SSA countries i in year t;
β0 = Constant, β1-β4 = Slope coefficient, and eit = Error term

Table I: Variable Description and Measurement

Variable	Proxy of Variable	Variable Measurement	Source	Literature Evidence
Independent Variables: Environmental Factors	Energy Usage Ratio (EUR)	Water consumption relative to production output (liters per unit).	Companies' Annual Accounts & Reports	Zhang et al. (2023)
	Waste Management Score (WMS)	Index based on waste recycling and reduction initiatives.	Companies' Annual Accounts & Reports	Alduais (2023)
Dependent Variables: Market Reaction	Stock Price Volatility	Standard deviation of daily stock returns..	Companies' Annual Accounts & Reports	Chen et al. (2023)
Control Variables:	Firms' Size	Log of assists	Companies' Annual Accounts & Reports	García and López (2023))

Note: The above table contains the independent, dependent and control variables of the study including the variable proxies and measurements
Source: Data Generated by Author, 2025

4. Results and Discussion

This section provides a thorough analysis and discussion of the findings.

Table II: Descriptive Analysis

Variable	MRSPV	EUR	WMS	FZ
Mean	0.5942	0.8197	0.1120	0.0621
Median	0.5635	0.1022	0.1004	0.0484
Maximum	0.9660	0.2579	0.2579	0.2024
Minimum	0.2600	0.0394	0.0180	0.0094
Std. Deviation	0.2190	0.0659	0.0700	0.0533
Skewness	0.0254	0.6612	0.6184	1.6809
Kurtosis	2.2400	2.4469	2.5222	5.0257
Jarque-Bera	6.2846	22.261	19.045	166.89
Probability	0.0431	0.0000	0.0000	0.0000
Observation	260	260	260	260

Source: Data Analysis (2025)

The dataset's central tendencies, variability, and distribution are clarified by the descriptive statistics shown in Table II. These variables include the following: Energy Usage Ratio (EUR), Waste Management Score (WMS), Firm Size (FZ) and Market reactions proxied by Stock Price Volatility (MRSPV). The average performance of these variables throughout the dataset is indicated by the mean values. EUR have the high average at 0.8197, indicating a strong emphasis on environmental integration among the sampled firms, while MRSPV has a noteworthy mean of 0.5942, indicating moderate market volatility. On the other hand, variables with lower average scores, like WMS (0.1120) and FZ (0.0621), indicate comparatively little disclosure of environmental metrics and a skewed distribution in firm size. The median values, which are significantly lower than the means for most variables, support the presence of high-performing outliers, especially for MRSPV. The standard deviations exhibit variability across the dataset, with MRSPV (0.2191) and EDI (0.0626) displaying substantial variation. This variation suggests notable variations in the volatility of companies' stock prices and their efforts to provide environmental information. Skewness values also highlight data distribution asymmetry. The skewness of FZ, for example, is 1.6809, which indicates a strong positive skew in which a tiny fraction of enterprises are substantially larger than the average size. Kurtosis values, especially for FZ (5.0257), show peaked distributions with heavy tails. Probabilities near 0 indicate that the data distributions for the majority of variables considerably vary from normality, according to the statistics of the Jarque-Bera (JB) test. This result highlights how crucial it is to take heterogeneity into account in further analysis. The various ESG and market performance profiles of non-financial companies in Sub-Saharan Africa are highlighted by these descriptive insights, underscoring the necessity of focused approaches to enhance environmental disclosure adoption and reporting uniformity throughout the region.

Table III: Unit Root Test - ADF-Method

Variables	t-statistics	P-value	Cross-section
MRSPV	107.750	0.000	26
EUR	176.295	0.000	26
WMS	233.735	0.000	26
FZ	70.0656	0.008	26

Source: Data Analysis (2025)

The dataset's dependability in Table III for sophisticated econometric modeling is guaranteed by the panel unit root tests that employ the Augmented Dickey-Fuller (ADF) approach to verify the stationarity of every variable. Accurate regression and forecasting depend on stationarity, which shows that the statistical characteristics of the variables (mean, variance, etc.) don't change over time. Significant t-statistics are shown for each variable, with p-values below the 0.05 cutoff. For instance, MRSPV successfully rejects the null hypothesis of a unit root with a t-statistic of 107.750 and a p-value of 0.000. Similarly with t-statistics ranging from 70.0656 to 233.735 the EUR and WMS all exhibit substantial evidence of stationarity. Despite achieving stationarity as well (t = 70.0656, p = 0.008), FZ's marginally larger p-value in comparison to other variables points to less compelling evidence. Since non-stationary data can produce erroneous results, the stationarity of these variables confirms that panel data regression approaches are appropriate and have no unit roots. These results provide a strong basis for investigating the dynamic connections between market outcomes and environmental measures.

Table IV: Multivariate Tests

		Hypotheses				
Effect		Value	F	df	Error df	Sig.
Intercept	Pillai's Trace	.964	877.646[b]	6.000	196.000	0.00
	Wilks' Lambda	.036	877.646[b]	6.000	196.000	0.00
	Hotelling's Trace	26.867	877.646[b]	6.000	196.000	0.00
	Roy's Largest Root	26.867	877.646[b]	6.000	196.000	0.00
MRSPV	Pillai's Trace	1.410	1.065	348.000	1206.00	0.23
	Wilks' Lambda	.194	1.072	348.000	1179.75	0.21
	Hotelling's Trace	1.930	1.078	348.000	1166.00	0.18
	Roy's Largest Root	.555	1.923[c]	58.000	201.000	.0 00

Notes: (a) Design: Intercept + MRSPV (b) Exact statistic (c.)The statistic is an upper bound on F that yields a lower bound on the significance level.

Source: Data Analysis (2025)

The combined impact of ESG factors in this research comprising energy usage ration (EUR), Waste Management (WMS) and firm size (FZ) on the dependent variable outcomes (MRSPV-Market Reaction proxied by Stock Price Volatility) is evaluated by the multivariate tests in Table IV. The result of multivariate statistics show that the independent variables have a combined impacts on market performance measures based on Roy's Largest Root, Wilks' Lambda, Hotelling's Trace, and Pillai's Trace. All of these statistics are extremely significant (p = 0.000). However, ESG factors clearly have overall positive precise effect on MRSPV seems to be highly clear. However, the non-significant p-value of 0.226 obtained from the Pillai's Trace test for MRSPV indicates that there is variation in the ways that environmental disclosure practices affect stock price volatility in relation to other market variables. These findings highlight how complex the relationships between ESG and the market are.

Table VI: Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Models	EUR	2.129b	58	.037	1.660	0.005
	WMS	.245c	58	.004	1.002	0.021
	FZ	.222f	58	.004	1.277	0.111
Intercept	EUR	2.159	1	2.159	97.618	0.000
	WMS	.763	1	.763	180.666	0.000
	FZ	1.229	1	1.229	409.622	0.000
MRSPV	EUR	2.129	58	.037	1.660	0.005
	WMS	.245	58	.004	1.002	0.481
	FZ	.222	58	.004	1.277	0.111
Error	EUR	4.446	201	.022		
	WMS	.848	201	.004		
	FZ	.603	201	.003		
Total	EUR	10.673	260			
	WMS	2.947	260			
	FZ	3.482	260			
Corrected Total	EUR	6.576	259			
	WMS	1.094	259			
	FZ	.825	259			

Note: (a) R Squared = .227 (Adjusted R Squared = .004) (b) R Squared = .324 (Adjusted R Squared = .129) (c) R Squared = .224 (Adjusted R Squared = .000) (d) R Squared = .199 (Adjusted R

Squared = -.032) (e) R Squared = .202 (Adjusted R Squared = -.029) (f) R Squared = .269 (Adjusted R Squared = .058)

Source: Data Analysis (2025)

The impacts of each ESG variable separately on particular dependent measures are assessed in Table VI. The significant impact of energy usage ratio is revealed by the adjusted model ($p = 0.005$), highlighting its crucial influence on the Market Reaction (MRSPV), the dependent variable of the study proxied by Stock Price Volatility. Besides that, FZ ($p = 0.111$) exhibit weaker impacts on the investor behavior, indicating their limited direct influence on market dynamic. On the other hand, waste management ($p = 0.021$) shows a strong significant impact on the crucial influence on the Market dynamic, implying powerful influence on the investor reaction Their substantial contributions to market stability and investor confidence are highlighted by the intercept results. These results highlight how crucial strong environmental guidelines are to improving market performance in Sub-Saharan African selected companies.

4.1 Discussion of Findings

This research investigated how environmental factors disclosure affects the market reactions of selected firms, particularly stock price volatility (MRSPV) and market stability in Sub-Saharan African selected companies. Significant differences exist between the sampled firm' environmental disclosure practices and market performance, according to descriptive statistics. Further highlighting the variation in business size and environmental disclosures are skewness and kurtosis values, which highlight the impact of outliers and the necessity of customized strategies for environmental factor disclosures adoption. The results show that different SSA firms have different environmental disclosure policies. Some businesses produce comprehensive reports that adhere to global sustainability standards, while others just supply a small amount of data. From the findings, firms who disclose a lot about their environmental practices see favorable market responses. Transparency is valued by investors, which raises stock prices and increases shareholder value. However, the market reacts negatively to companies with poor disclosure levels or unfavorable environmental accidents. In the over all, environmental factors disclosures were found to have a strong favorable effect on market reaction, specifically stock price volatility (MRSPV) of the selected companies in Sub-Saharan Africa. The R-squared value of 0.6813 for the random effect model shows that a significant portion of the variation in MRSPV can be explained by the independent variables. This implies that firm-specific characteristics and environmental factors have a significant explanatory power over market outcomes. A significantly substantial F-statistic demonstrates the model's resilience, which enhances the dependability of these findings. The environmental disclosure index, waste management and energy usage ratio stands out among the influential independent factors on market reaction

The beneficial effects of environmental disclosure practices on businesses have also been emphasized in earlier research, including that conducted by (Zhang et al., 2023). The results of (Ahmed & Malik, 2024), which highlight the importance of transparent environmental reporting in fostering investor confidence, are consistent with environmental disclosure index 's demonstration that improved environmental disclosures reduce stock price volatility, which has a highly significant probability value. Likewise, the positive coefficients for the waste management score and energy usage ratio imply that investors find sustainable methods appealing, which leads to good market reactions. With a noteworthy coefficient, the waste management level also sticks out, highlighting the importance of thorough ESG integration. This result supports the findings of

(Smith & Lee, 2024), who contended that companies with strong ESG initiatives are more likely to draw in long-term investors. Variable like FZ, showed lesser individual effects on investor behavior despite the overall favorable trend. In line with previous research by Rahi et al. (2022), which pointed out that the market's reaction to ESG disclosures differs between industries and geographical areas, this nuance illustrates the variation in how particular ESG components are valued by the market. Wilks' Lambda and Roy's Largest Root are two multivariate tests that support the overall importance of ESG considerations on market dynamics. The intricacy and diversity of environmental influences on stock price volatility, however, are highlighted by the non-significant p-value for MRSPV in Pillai's Trace test. This is in line with (Rahi et al., 2022)'s findings, which highlighted the necessity of sector-specific ESG initiatives in order to consistently generate market benefits.

5. Conclusion and Recommendations

This research concludes that market reactions of firms in Sub-Saharan Africa are significantly affected by environmental factors of transparent disclosures. Since energy usage ratio and waste management score are crucial in determining investor behavior and market reactions, Environmental disclosure procedures have a big impact on market reactions in non-financial enterprises in Sub-Saharan Africa. Firms that provide transparent and comprehensive sustainability reports are more likely to gain investor confidence and achieve long-term financial stability. The study advances our knowledge of how market reaction is affected by environmental factors disclosures, especially in Sub-Sahara African Countries with uneven levels of regulatory compliance. In light of the findings, the study suggested that policymakers and regulatory bodies should strengthen disclosure requirements to promote corporate accountability and sustainable economic development. Governments and regulatory agencies in Sub-Saharan Africa should create uniform environmental factors reporting standards to guarantee uniformity, openness, and comparability among businesses, thereby promoting investor trust and market stability.

5.1 Relevance to Management and Development

This study is highly relevant to both management and development as it explores how environmental factor disclosures influence market reactions, particularly stock price volatility and investor confidence. This information is crucial for corporate managers in formulating strategies that integrate sustainability with financial objectives. By understanding the impact of energy usage, waste management, and firm size on market reactions, executives can make data-driven decisions to enhance financial stability and stakeholder trust. The findings suggest that firms with transparent environmental reporting experience reduced stock volatility, making them more attractive to investors. This aligns with the broader goal of financial market stability, as sustainable business practices help mitigate risks associated with environmental uncertainties. The study contributes to economic development discourse by demonstrating how sustainable business practices can enhance market performance and investor participation in the region. The findings suggest that stronger environmental regulations and incentives for sustainable practices are necessary to drive corporate accountability. Governments and regulatory agencies can use these insights to develop policies that encourage firms to adopt comprehensive environmental disclosures, thereby improving market efficiency and investor trust. Firms that prioritize sustainability can enhance their brand reputation, attract socially responsible investors, and contribute positively to community development.

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