Impact of Sustainability Reporting on the Financial Performance of Listed Consumer Goods Firms in Nigeria

Jethro Bako[1]

[1]Kaduna State University

Publication Date: 2026/01/03

Abstract: Recently, sustainability reporting has attracted global consideration causing deserved global focus. This could be credited to the fact that stakeholders have grown massive interest in firms' non-financial activities. Based on this, this study examined the impact of sustainability reporting on the financial performance of quoted consumer good firms in Nigeria. The study employed secondary data extracted from annual reports and accounts of 26 quoted consumer goods firm on the Nigerian Stock Exchange market for a period of 10 years (2015 – 2024). Ex-post facto research design was adopted, and the data were analyzed through panel regression analysis guided by Hausman and LM test and the technique was used to report and analyze the data. The study employed two dependent variables return on assets (ROA) and return on equity (ROE) while the independent variables are environmental factors, economic factor and social factors of responsibility reporting. The findings of this study reveal that all the variables: environmental, social and economic factors have a positive significant impact on the financial performance of quoted consumer goods firms in Nigeria. The study, therefore, concluded that sustainability reporting has no significant effect on financial performance of listed consumer goods firms in Nigeria. and further recommended that sustainability reporting should also be integrated in the financial statement of consumer goods firms and adequate report should be included so that the firms can have a significant impact on social responsibility.

Keywords: *Sustainability Reporting, Environmental Factor, Social Factor, Economical Factor*.

How to Cite: Jethro Bako (2025) Impact of Sustainability Reporting on the Financial Performance of Listed Consumer Goods Firms in Nigeria. *International Journal of Innovative Science and Research Technology*,10(11), 3142-3152. https://doi.org/10.38124/ijisrt/25nov928

I. INTRODUCTION

Financial performance refers to the evaluation and analysis of a company's financial health and profitability. It includes various financial metrics such as revenue, profit, cash flow, return on investment, and other indicators that measure the company's financial success. Financial performance is frequently assessed by shareholders, investors, and financial analysts to determine the overall financial strength and stability of a company. Financial performance refers to the assessment and evaluation of a company's financial health and profitability. This is typically measured using financial metrics such as revenue, profit, cash flow, return on investment, and other key performance indicators. Financial performance is important for shareholders, investors, and other stakeholders to determine the company's overall financial strength and stability. It helps in evaluating the company's ability to generate profit, manage its expenses, and provide a return on investment for its shareholders.

In recent years, there has been an increasing emphasis on corporate sustainability and the integration of environmental, social, and governance (ESG) factors into business practices. This shift is driven by various factors, including concerns over climate change, social inequality, and the demand for more responsible and ethical business practices. Sustainability reporting, also known as corporate social responsibility (CSR) reporting, is the process of disclosing an organization's social, environmental, and economic impacts. It allows companies to communicate their sustainability efforts and their commitment to sustainable development to stakeholders, including investors, customers, employees, and the wider community. The consumer goods sector is one of the significant contributors to Nigeria's economy, with significant environmental and social impacts. Evaluating the sustainability reporting practices and examining the relationship between sustainability reporting and financial performance in. In Nigeria, there is an increasing interest in sustainability reporting, driven by regulatory requirements and stakeholder expectations. The Nigerian Stock Exchange (NSE) requires listed companies to disclose their sustainability performance as part of their annual reports. Additionally, investors and other stakeholders are increasingly demanding more transparent and comprehensive sustainability reporting from companies. Despite the growing interest in sustainability reporting in Nigeria, there is limited research on the relationship between

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

sustainability reporting and financial performance, particularly in the consumer goods sector. This sector is particularly important in Nigeria, as it contributes significantly to the country's economy and has a significant impact on the environment and social life of the people.

Also, Numerous studies have been undertaken on sustainability reporting in which we have mixed findings. For instance, Bassey et al. (2023); Ekwueme et al. (2023); Okoye & Ezejiofor (2023); Owolabi et al. (2025); Dembo (2025); Nnamani et al. (2025); discovered that sustainability reporting has positive significant impact on financial performance of listed firms; while (Kassim, 2023; Nwobu, 2025; Ezejiofor, 2025) reputable that sustainable reporting of firms are rarely associated with profitability of listed companies. These contradictory findings have sparked more debate which prompted this current empirical review. In the same manner, there are numerous causes of these mixed findings. Firstly, geographical location differences could be a reason, based on developing countries and developed countries because the illumination of advanced economy could be different from that of developing economy. However, in Nigeria, a look at previous research showed that more studies by Nigerian authors use samples with the most current data being that of 2024 (Yahaya 2024). For example, studies of Ezejiofor et al. (2016); Dembo (2017) concentrated on two and one oil and gas firms respectively Bassey et al. (2013) concentrated on the oil and gas sector but used a time series data approach. Nnamani et al. (2017) concentrated on three Brewery firms, Owolabi et al. (2016) focused on one industrial firm (Nwobu, 2015) concentrated on the banking sector, while (Okoye & Ezejiofor, 2013) limited theirs to two manufacturing firms. Furthermore, the trend of financial performance indicators could be another reason for the inconsistency in findings.

Based on the above examined research gaps, this study attempts to carry out a critical review of the effects of sustainability reporting on financial performance of consumer goods firms in Nigerian. dimensions: include further investigation into sustainability reporting using extended dimensions; larger samples size; longer and more recent period of study.

➢ *The General Objective of This Study is to Examine the Impact of Sustainability Reporting on Financial Performance of Listed Consumer Goods Firms in Nigeria. To Achieve this Objective, the Following Specific Objectives are to:*

- Determine the effect of economic performance indicators on financial performance of listed consumer goods firms in Nigeria.
- Analize the effect of environmental performance indicators on financial performance of listed consumer goods firms in Nigeria.
- Evaluate the effect of social performance indicators on financial performance of listed consumer goods firms in Nigeria.

➢ *Based on the Objectives Stated Above, the Following Hypotheses are Formulated in Null Form:*

- $H0_1$: Social performance indicators have no significant effect on financial performance of listed consumer goods firms in Nigeria.
- $H0_2$: Economic performance indicators have no significant effect on financial performance of listed consumer goods firms in Nigeria.
- $H0_3$: Environmental performance indicators have no significant effect on financial performance of listed consumer goods firms in Nigeria.

The findings of this study are expected to provide valuable insights into the current state of sustainability reporting in the consumer goods sector in Nigeria and its potential impact on financial performance. This information can be useful for policymakers, investors, and other stakeholders in making informed decisions regarding sustainable investing and encouraging companies to adopt more sustainable business practices.

II. LITERATURE REVIEW

Studies on the effect of sustainability reporting and financial performance have generated several results ranging from positive relation to those opposing it. In Nigeria, previous studies in this area focused on insurance and banking sector. For instance, (Lawal, Agbi & Mustapha, 2024) is on Listed Insurance Firms in Nigeria, (Yahaya & Lamidi 2025) and (Nyor & Yunusa 2025) focused their studies on effects of capital structure on financial and effect of corporate social responsibilities on financial performance of the conglomerate firms respectively.

In addition, majority of these studies used only single measure of financial performance return on asset (ROA) Zyadat (2025), Akabom, Temitayo and Raphael, Gnanaweera and Kunor (2025), Ching, Gerab, and Toste (2024), Nnamani, Nnaemeka, Onyekwelu, Lucy, & Kevin (2017), Nur, Boon, and Tze (2024), Krishna, and Lucus (2010), Garg (2025) and Chen (2025). As such, Sroufe and Gopalakrishna-Remani (2025) Management, Social Sustainability, Reputation, and Financial Performance Relationships: An Empirical Examination of U.S. Firms. In the paper they uses a sample of Fortune 500 firms simultaneously listed in the Newsweek Green rankings, The Corporate Knights Global 100, and the 100 Best Corporate Citizens lists. The analysis from this purposeful sample of leading firms reveals positive relationships between the management of sustainability practices leading to improved social sustainability performance and firm financial performance constructs.

Similarly, studies such as Johari and Komathy (2025) conducted on Malaysian company’s sustainability reporting and firm performance, find out that sustainability reporting has a positive relationship with firm performance when using return on asset and earnings per share.

In Nigeria, studies of Asuquo et al. (2024) on The Effect of Sustainability Reporting on Corporate Performance of

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

Selected Quoted Brewery Firms in Nigeria for the period of five years (2016-2023) using ex-post facto design, The result of the study shows that Economic Performance disclosure (ECN), Environmental Performance disclosure (ENV) and Social Performance disclosure (SOC) have no significant effect on return on asset (ROA) of selected quoted firms in Nigeria.

Nnamani et al. (2025) effect of sustainability accounting and reporting on financial performance of firms in Nigeria brewery sector. The study reveals that sustainability reporting has positive and significant effect on financial performance of firms studied. Following the findings, the study recommends that firms in Nigeria should invest reasonable amount of their earnings on sustainability activities while specific accounting templates be articulated by professional accounting regulating bodies to guide firms' reportage on sustainability activities.

Anazonwu et al (2018). In their paper Corporate Board Diversity and Sustainability Reporting: A Study of Selected Listed Manufacturing firms in Nigeria. The results show no significant positive influence of board member nationality, while proportion of women directors, proportion of non-executive directors, and multiple directorships were significant. The study recommends among others, the adoption of NSE Sustainability Disclosure Guidelines for a unified integrated reporting framework for Nigerian firms, secondly, a heterogeneous board composition, which can leverage on the diverse set of skills of board members.

➢ *Theoretical Framework*

This sub-section covers the theories which from the foundation of the study upon which a conceptual framework of the study is developed. Therefore, this study is informed by the legitimacy theory, stakeholder theory and agency theory.

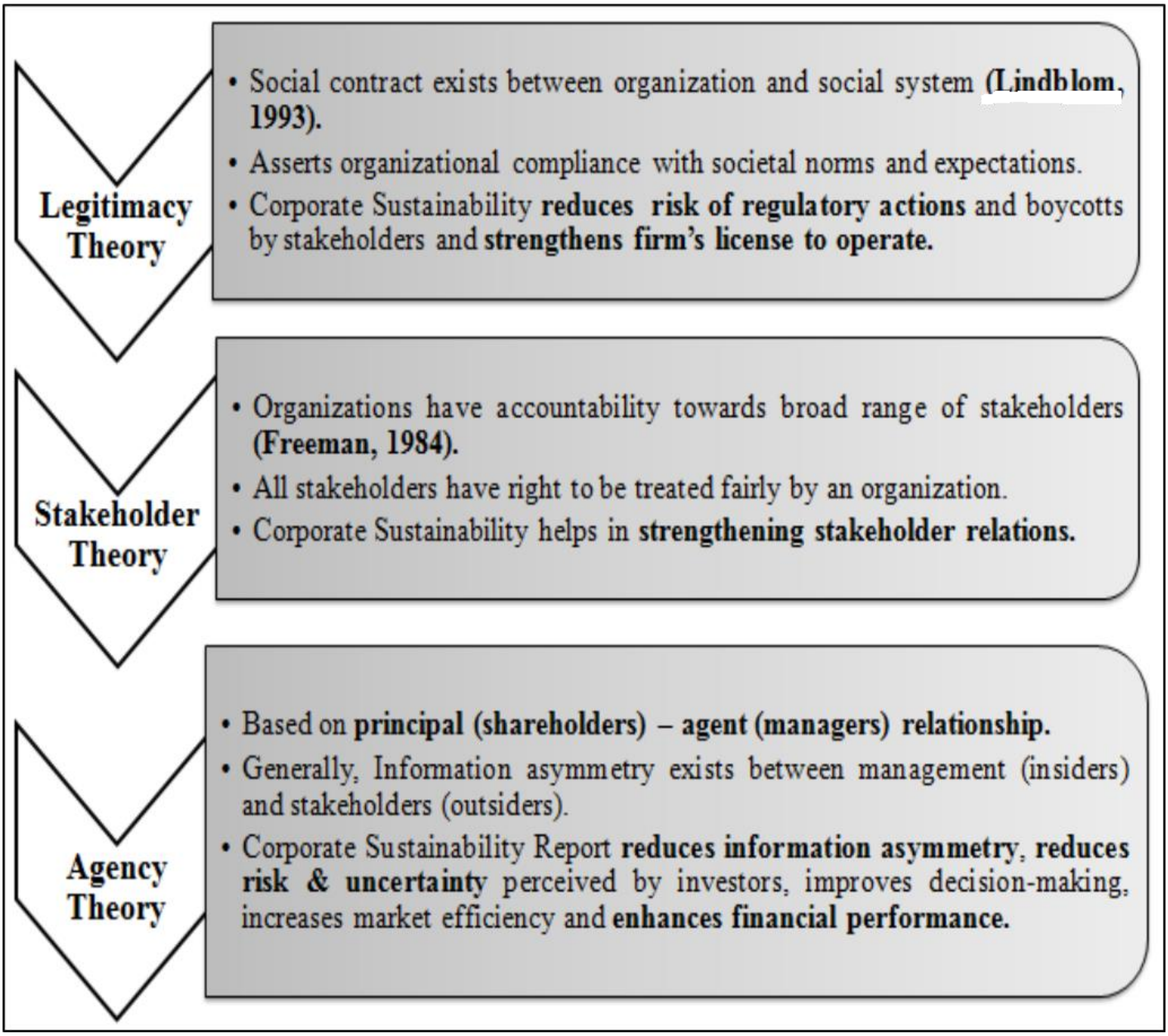

Fig 1 Theoretical Framework

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

III. METHODOLOGY

Ex-post facto research design was employed. The choice of ex-post facto and correlational research design was due to the fact that they explained cause and effect of variables Kothari, (2004). Data for the study were generated through secondary sources extracted from annual accounts and records of the quoted consumer goods firms in Nigerian as contained on the official website of Nigerian Stock Exchange (NSE) market.

The population of this study was set on all 26 firms that are into consumer goods firms in Nigeria. The sample size was however restricted to the entire 26 quoted consumer goods firms in the Nigerian Stock Exchange market as at January 2023. The arrival at the sample size was circumscribed on the availability of annual reports within the period under study and the firms' listing on Nigerian Stock Exchange market. The scope of the study was from 2015 to 2024 (both years inclusive).

The research design adopted for the study was expo factor quasi-experimental considering the fact that it looks at cause and effect and historical data was used in analysis. The techniques for data analysis regression analysis, correlation matrix, descriptive statistics. The tool for analysis is STATA 13 software.

Table 1 Variable Measurement and Model Specification

S/N	Variables	Definitions	Type	Measurement	Authors
1	ROA	Return on assets	Dependent	Net profit before taxes/total assets	Ijaz and Naqvi, 2025
2	ROE	Return on equity	Dependent	Net profit after taxes/ equity	Nur, boon & Ten 2025
3	EN_SUST	Economic performance		product of economic disclosure index and economic sustainability index	Hussain, Rigoni and Orij (2025)
4	SO_SUST	Social performance	Independent	product of social disclosure index and social sustainability index	Hussain, Rigoni and Orij (2025)
5	EN_SUST	Environmental performance	Independent	product of environmental disclosure index and environmental sustainability index	Hussain, Rigoni and Orij (2025)
6	Fsize	Firm Size	Control Variable	Natural Log of Total Asset	Hussain, Rigoni and Orij (2025)

Source: Researcher Compilation 2025

In order to test for the relevance of the hypotheses regarding the impact of Sustainability Reporting on financial performance of listed consumer goods firms on the Nigerian Stock Exchange, the following model (Regression model) as in Onwumere (2009), Argyrous (2005) which examines the effect between a dependent variable and two or more regressors or independent variables was adopted for the respective variables and hypotheses.

$$ROA_{it} = \beta_0 + \beta_1 SOPI_{it} + \beta_2 ECPI_{it} + \beta 3ENVPI_{it} + \beta_4 FSIZE_{it} + e_{it} \quad \text{……} (1)$$

$$ROE_{it} = \beta_0 + \beta_1 SOPI_{it} + \beta_2 ECPI_{it} + \beta 3ENVPI_{it} + \beta_4 FSIZE_{it} + e_{it} \quad \text{……} (2)$$

Whereas:

ROA = Return on assets measured by net profit before taxes divided by total assets.

ROE = Return on equity measured by net profit after taxes divided by equity capital.

β_0 = is the intercept

$\beta_1 – \beta_3$ = are the parameters to be estimated in the equation

SOPI = Social Performance Indicators

ECPI = Economic Performance Indicators.

ENVPI = Environmental Performance Indicator.

FSIZE = Firm Size which is used as a control variable

ε = Error term

i = Number of firms (i = 26)

t = Number of years (t = 10

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

IV. RESULT AND DISCUSSION OF FINDINGS

This section presents, analyze, interprets and discuss the result derived from the data generated from annual report and accounts of the sampled firms for the period under review. The data was analyzed using descriptive statistics, correlation matrix and regression analysis alongside robustness tests.

Table 2 Descriptive Statistics of the Variable

Variables	OBS	Mean	Std. dev	Min	Max	Skewness	Kurtosis
ROE	260	0.854	0.841	-0.713	3.190	0.536	2.323
ROA	260	2.809	1.914	0.039	9.890	1.632	4.879
SOPI	260	0.929	0.410	1.276	1.920	-1.053	6.938
ECPI	260	2.353	2.220	4.922	9.890	-0.889	3.557
ENPI	260	1.617	0.880	0.010	4.880	-0.090	2.970
FSIZE	260	19.673	6.430	10.000	60.00	3.988	23.378

Source: Summary Statistics from Stata (2025) Output

As observed from table 2, the statistical exposition of the variables under study was made explicit. The dependent variables are return on equity (ROE) and return on asset (ROA). Return on equity has a mean value of 0.854 with a standard deviation of 0.841, return on asset also has a mean value of 2.809 with a standard deviation of 1.914. This implies that firms with high return on equity and return on assets performs more than the one with lower return on equity and return on assets. Because the return on equity signifies the actual amount that each units of firms equity is capable of generating, while the return on assets is signifying actual amount that the firm's assets can generate for better financial performance. The average value of the firm's corporate social responsibility is approximately N85 million, meaning that for the firms to have average financial performance, they should have spent at lease N85 million on corporate social responsibility from their annual earnings. The minimum and maximum amount spent annually on corporate social responsibility by the firms are approximately N3.9 million and N9.28 million. The standard deviation coefficient of corporate social responsibility is 0.841. The skewness measures the symmetry of a distribution. Return on equity has a skewed value of 0.536 which implies that the data is positively skewed and thus, does not meets the symmetrical distribution assumption because it is distributed above 0. In the same way, return on asset has a skewed value of 1.632 which also implies that the data are positively skewed and thus, does not also meets the symmetrical distribution assumption because they are distributed above 0. Similarly, the Kurtosis measures the tail end of a distribution and whether the distribution of a data set has a skinny tails or fat tails in relation to the normal distribution. Therefore, the observed data for return on asset and return on asset, has a kurtosis of 2.323, and 4.879 respectively which suggests that majority of the data are higher than the mean, as such, the data does not meet the Gaussian distribution requirement.

With relation to social performance indicators, the mean value is 0.929 and the standard deviation is 0.410, minimum value is -1.276 and the maximum value is 1.920 which is an indication that no matter how good consumer goods firms are, they must contribute a significant amount for social development of both employees and the community in which they operate. In the same manner, some firms contribute about 1.920 which means that some firms have a good figure for social development. Some of the firms knows the value of social development by contributing a significant amount for corporate social responsibilities. The Coefficient of skewness is -1.053 which also shows that data is negatively skewed, while the kurtosis value of 6.938 suggest that the data meets the normal distribution requirement Also, economic performance indicators ECPI has a mean of 2.353 and a standard deviation of 2.227 with a minimum value of 4.922 and a maximum value of 9.890 respectively. This shows that on average the firms has an average of N235million contribution on economic performance indicators which shows that ECPI is efficiently utilized during the period under study. The deviation of 2.227 is an indication that there is no much dispersion around the mean. The skewness of -0.889 shows that data is also negatively skewed, and thus does meet the symmetrical distribution assumption because it is distributed below zero (0) while the kurtosis value of 3.557 suggest that the data meets the normal distribution requirement.

The data distribution with respect to environmental performance indicators (ENPI) shows a mean value of 1.617 with a minimum of 0.010 and a maximum of 4.880 respectively. The standard deviation of 0.886 shows that the values are not centred on the mean value, The Coefficient of skewness is -0.090 which also shows that data is negatively skewed, while the kurtosis value of 2.970 suggest that the data does not meets the normal distribution requirement.

Lastly, Firm Size which is used as a control variable and represented by the natural log of total asset has a mean of 19.673. The minimum is 6.438 while the maximum was at 10.000 and the maximum is 60.000. The standard deviation

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

of 6.438 is an indication that firm size was widely dispersed during the period. This is because it is far below the mean average. The skewness of 3.988 shows that the data is positively skewed, while the kurtosis value of 23.378.

➢ *Correlation Results*

The correlation matrix is used to determine the degree of association between the dependent variables of the study as well as independent variables themselves. These associations among the variables of the study are presented in the table 3.

Table 3 Correlation Matrix

	ROE	ROA	SOPI	ECPI	ENPI	FSZE
ROE	1.0000					
ROA	-0.5087*	1.0000				
	0.0000					
SOPI	-0.4929*	-0.0955	1.0000			
	0.00000.0000					
ECPI	-0.4836*	-0.3106*	-0.2778*	1.0000		
	0.0000	0.0000	0.0000			
ENPI	-0.7098*	-0.5707*	-0.5359*	-0.3842*	1.0000	
	0.0	0.0000	0.0000	0.0000		
FSIZE	-0.3373*	-0.2579*	-0.5087*	-0.5087*	-0.5087*	1.0000
	0.0	0.0000	0.0000	0.0000	0.0000	

P-Values in Parentheses
Source: STATA Output (2025)

Correlation matrix is designed to test for bi-variate association between all independent variables against the dependent variable and the independent variable against themselves. It also reveals the presence or absence of multi-collinearity amongst independent variables which determines the possibilities of studying independent variables under the same model.

The result from the table shows that there exist 50% negative and moderate association between ROE and ROA. The table also indicates that there is 49% negatively and moderates association between social performance index and the financial performance of listed consumer goods firm in Nigeria, from the correlation coefficient of -0.49.29 which is significant at 1% level of significance and with (p-value 0.000). Furthermore, the table shows 48% negative and moderate association between economic performance indicators and financial performance of listed consumer goods firm in Nigeria, from the correlation coefficient of 0.4836 at 1% level of significance (p- value 0.000). Also the table shows 71% negative and strong association between environmental performance index and the financial performance of listed consumer goods firm in Nigeria, from correlation coefficient of 0.7016 which is significant at 1% level of significance (p-value 0.0000). The table also indicate 34% negative and weak association between firm size and financial performance of listed consumer goods firm in Nigeria, from correlation coefficient of 0.33.75 at 1% level of significance (p-value 0.000).

V. REGRESSION ANALYSIS

Based on the model posited, two result will be presented and analyze for the two model as:

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

Table 4 Regression Result for Model 1

Variables	Coefficient	T-values	Sig Value
Constant	0.2299	1.40	0.160
SOPI	0.2789	2.28	0.005
ECPI	-0.082	-4.94	0.000
ENPI	0.4968	10.23	0.000
FA	-0.123	-2.19	0.029
R – Square			0.6570
Adj R- Square			0.4560
F – Statistics			353.95
F – Sig			0.0000

Source: Stata Result 2025

ROA= 0.2299 + 0.2789SOPI - 0.082ECPI + 0.4968ENPI – 0.123FA

Table 4 shows that the explainable variables proxies by sustainability reporting has a positive n significant impact on the financial performance of listed consumer goods firms in Nigeria. The cumulative correlation between explained variable and explainable variable is indicating that the relationship between sustainability reporting and financial performance of this study is positive, strong and statistical significant at 1% level of significant. This implies that for every N1 spend on CSR of Listed consumer goods Firm in Nigeria their financial performance will be openly affected. The cumulative R^2 (65.70) which is the multiple coefficient of determinant given the proportion of percentage of the total variation in the explained variable explained by the explainable variables jointly. Hence it signifies at 65.70% of total variation in financial performance of listed consumer goods Firms in Nigeria is by the level of social, economic, environmental and Firm Size. This shows that the model is fit and the independent variable are accurately selected, joint and used. This can be established by the value of F statistics of 393.52 at 1% level of significant. However the result is not supersizing as it's within the researcher prior expectation. As it is supported by the findings of Johari and Komathy (2025), Lawal et al (2025)

The result in table 3 shows that the coefficient and the t-value of social performance indicators are 0.2789 and 2.28 respectively, with a p-value of 0.005. This shows that social performance indicators is strongly, positively and statistically significant at 1% level of significant on consumer goods firms in Nigeria. The result implies that for every 1% increase in providing social service to the community, profitability of consumer goods firms in Nigeria will increase by 30kobo. This suggest that an increase in social service as corporate social responsibility will lead to an increase in the profitability of consumer goods firms. This may not be surprising, because the more the company spend on corporate social responsibility, the more awareness it is created and the more value they receive due to proper orientation created. This is in line with the prior expectation of the researcher. In reality, corporate social responsibility create more awareness than advert in which the imminent employee and other beneficial of the firm feel the impact of the company on them and they protect the company from other external vices. Even though a good proportion of their profit goes out but the return there in overshadow the money spend. Base on this, the study rejects the null hypothesis one ($H_{01)}$ which state that, social performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria. This is support by the findings of Komathy (2025), Lawal et al (2025) however, it is contrary to the findings of Asuquo,Temitayo and Raphael (2025)

The result in table 4 shows that the coefficient and the t-value of economic performance indicators are -4.94 and -0.082 respectively with a p-value of 0.000 which is significant at 1%. This means that, economic performance indicators of consumer goods firms is negative but statistically significantly on the profitability (ROA) in Nigeria during the period understudy. This implies that for every N1 spend on Economic performance indicators, the profitability of consumer goods firms in Nigeria will reduce by 8kobo. This is in line with my prior expectation of the researcher. The finding is in line with reality because economic performance indicators is not directly influence by the firms only but by government policies, GDP and the holistic market that determines the flow of goods. Base on this, the study rejects the null hypothesis two ($H_{02)}$ which state that, economic performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria. This is supported with the findings of Ching, Gerab, and Toste (2024), and Gnanaweera and Kunor (2025) who opined that Economic performance indicators are negatively but and significantly impacting on the profitability of consumer goods firms in Nigeria. However, it is contrary to the findings of Nnamani, Nnaemeka, Onyekwelu, Lucy, & Kevin (2025), their results show there is a positive relationship between economic performance indicators and the financial performance of listed consumer goods firms in Nigeria.

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

Environmental performance indicators are found to have a significant positive impact on listed consumer goods firms in Nigeria. This can be confirmed from the t-value of 10.23, co-efficient value of 0.4968 and a probability value of 0.0000. This shows that environmental performance indicators is strongly, positively and statistically significant at 1% level of significant on consumer goods firms in Nigeria. The result implies that for every 1% increase in providing environmental service to the community, profitability of consumer goods firms in Nigeria will increase by 50kobo. This suggest that an increase in environmental service as corporate social responsibility will lead to an increase in the profitability of consumer goods firms. This may not be surprising, as it is within the priori expectation of the researcher because the more the company spend on the immediate environment like building schools, roads pump water, environmental sanitation, culverts and gutters etc, the more the community feel the impact and protect the company from external vices and also, government always give some tax relief to companies that spend more on the immediate environment in which they operate. In reality, corporate social responsibility create more awareness than advert in which the imminent employee and other beneficial of the firm feel the impact of the company on them and they protect the company from other external vices. Base on this, the study rejects the null hypothesis three (H_{03}) which state that, environmental performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria. This is supported by the findings of Komathy (2025), Lawal et al (2025) however, it is contrary to the findings of Asuquo, Temitayo and Raphael (2025)

From the table, the t-value for firm size (FS) is -2.19 and a beta coefficient is -0.132 with a p-value of 0.029. This implies that FS has a significant negative effect on the profitability of listed consumer goods firms in Nigeria at 5% level of significance. The beta coefficient indicates that an increase of FS by 1% will cause profitability to fall by 13%. The implication of this finding is that the higher the firm-size the lower the profitability of listed consumer goods firms in Nigeria. This is surprising as the researcher's prior expectation was that larger firms should be able to have easy access to large capital for any CSR project as such creating a positive firm size relationship with profitability. It further suggested that there are less asymmetrical information about the larger firms. This reduced the chances of undervaluation of the new projects and thus encouraged the large firm to use retained earnings. It implies that larger firm has reached their maturity as such they look inward for operational financing. However, practically firms with large size have higher profitability.

Table 5 Regression Result for Model 11 (ROE)

Variables	Coefficient	t -values	Sig Value
Constant	3.6037	5.69	0.000
SOPI	1.2353	3.43	0.001
ECPI	0.0469	0.96	0.338
ENPI	-1.4144	-9.01	0.000
FA	0.0220	-1.01	0.311
R – Square			0.6570
Adj R- Square			0.6570
F – Statistics			115.19
F – Sig			0.0000

Source: Stata Result 2025

$$ROE = 3.6037 + 1.2353SOPI + 0.0469ECPI - 1.4144ENPI + 0.0220FA$$

Table 5 shows that the explainable variables proxies by sustainability reporting has a positive and significant impact on the financial performance (ROE) of listed consumer goods firms in Nigeria. The cumulative correlation between explained variable and explainable variable is indicating that the relationship between sustainability reporting and financial performance of this study is positive, strong and statistical significant at 1% level of significant. This implies that for every N1 spend on CSR of Listed consumer goods Firm in Nigeria their financial performance will be openly affected. The cumulative R^2 (65.70) which is the multiple coefficient of determinant given the proportion of percentage of the total variation in the explained variable explained by the explainable variables jointly. Hence it signifies at 65.70% of total variation in financial performance of listed consumer goods Firms in Nigeria is by the level of social, economic, environmental and Firm Size. This shows that the model is fit and the independent variable are accurately selected, joint and used. This can be established by the value of F statistics of 115.19 at 1% level of significant. However the result is not supersizing as it's within the researcher prior expectation. As it is supported by the findings of Johari and Komathy (2019), Lawal et al (2018)

The result in table 4 shows that the coefficient and the t-value of social performance indicators are 1.2353 and 3.43 respectively, with a p-value of 0.001. This shows that social performance indicators is strongly, positively and statistically

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

significant at 1% level of significant on consumer goods firms in Nigeria. The result implies that for every 1% increase in providing social service to the community, profitability (ROE) of consumer goods firms in Nigeria will increase by N1:23kobo. This suggest that an increase in social service as corporate social responsibility will lead to an increase in the profitability (ROE) of consumer goods firms. This may not be surprising, as it is in line with the priori expectation of the researcher. Base on this, the study rejects the null hypothesis one ($H_{01)}$ which state that, social performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria.

The result in table 5 shows that the coefficient and the t-value of economic performance indicators are 0.0469 and 0.96 respectively with a p-value of 0.338 which is not significant at all level of significance. This means that, economic performance indicators of consumer goods firms is positively statistically but insignificantly impacting on the profitability (ROE) in Nigeria during the period understudy. This implies that for every N1 spend on Economic performance indicators, the profitability of consumer goods firms in Nigeria will increase by 5kobo. This is in line with my prior expectation of the researcher. The finding is in line with reality because economic performance indicators is directly influence by the firms and government policies, are made toward gearing economic performance so that firms can contribute to the growth of GDP. Based on this, the study fails to reject the null hypothesis two ($H_{02)}$ which state that, economic performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria. This is supported with the findings of Ching, Gerab, and Toste (2025), and Gnanaweera and Kunor (2025) who opined that Economic performance indicators are positively but insignificantly impacting on the profitability of consumer goods firms in Nigeria. However, it is contrary to the findings of Nnamani, Nnaemeka, Onyekwelu, Lucy, & Kevin (2025), their results show there is negatively relationship between economic performance indicators and the financial performance of listed consumer goods firms in Nigeria.

Environmental performance indicators are found to have a significant negative impact on listed consumer goods firms in Nigeria. This can be confirmed from the t-value of -9.01, co-efficient value of -1.4144 and a probability value of 0.0000. This shows that environmental performance indicators is strongly, negatively and statistically significant at 1% level of significant on consumer goods firms in Nigeria. The result implies that for every 1% increase in providing environmental service to the community, profitability of consumer goods firms in Nigeria will decrease by N1:41kobo. This suggest that an increase in environmental service as corporate social responsibility will lead to a decrease in the profitability (ROE) of consumer goods firms. This may not be surprising, as it is within the priori expectation of the researcher. Base on this, the study rejects the null hypothesis three ($H_{03)}$ which state that, environmental performance indicator has no significant impact on the profitability of listed consumer goods in Nigeria. This is supported by the findings of Lawal et al (2025), however, it is contrary to the findings of Asuquo, Temitayo and Raphael (2025)

From the table, the t-value for firm size is -1.01 and a beta coefficient is 0.0220 with a p-value of 0.311. This implies that FS has a significant positive effect on the profitability of listed consumer goods firms in Nigeria which is not significant at all level of significance. The beta coefficient indicates that an increase of FS by 1% will cause profitability to increase by 2%. The implication of this finding is that the higher the firm-size the higher the profitability of listed consumer goods firms in Nigeria. This is not surprising as the researcher's prior expectation was that larger firms should be able to have easy access to large capital for any CSR project as such creating a positive firm size relationship with profitability. It further suggest that there are less asymmetrical information about the larger firms. This reduced the chances of undervaluation of the new projects and thus encouraged the large firm to use retained earnings. It implies that larger firm has reached their maturity as such they look inward for operational financing. However, firms with large sizes have higher profitability.

➢ *Policy Implication of the Findings*

This study focuses on the impact of sustainability reporting on the financial performance of listed consumer goods firms in Nigeria. The implication for the management is that the predominant proxy on sustainability reporting available in the financial statement of consumer goods firms is Governance and partly employee reporting. This is a clear violation of the assumptions of the stakeholder's and agency theories and an indication that management of consumer goods firms are selective on information contained in their financial statements. The selective disclosures also failed to comply with the requirements of GRI 2021, as amended.

Government and Policy makers: The failure of consumer goods firms to fully comply with global standards on sustainability reporting is due partly to failure of supervisory agencies and policy makers to adequately ensure compliance. The Nigeria Security Exchange Commission (NSE) failed the larger market of investors to checked and cleared the financial statements of consumer goods firms before they are passed as basis of reliable information to the stakeholders. However, they are not interested in effective sustainability reporting of consumer goods firms.

Board of Directors and other Bank Investors: The Board of Directors also share in the failure of consumer goods firms to fully appreciate the importance of sustainability reporting as a disclosure requirement to the stakeholders. As such, investors stand the risk of losing their investment for inadequate disclosures to properly guide their investment options in consumer goods firms.

Researchers and Analysts: Financial advisors should begin to consider effective sustainability reporting by consumer goods firms as a critical factor to investigate in the process of rendering advisory services to their client's investment portfolio as it relates to consumer goods firms, going forward.

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

VI. CONCLUSION AND RECOMMENDATION

The emergence of positive significant relationship between sustainability reporting and financial performance proxy by return on equity and return on assets of listed consumer goods firms in Nigeria In line with the findings of this research, the study concludes that:

- Social performance indicators has a statistical significant positive influence on the profitability of deposit money bank in Nigeria, indicating that if SOPI remain outstanding in the reporting of CSR and profitability will be affected positively.
- Economic performance indicators has a statistical significant positive impact on the profitability of listed consumer goods firms in Nigeria, which implies that the more firms impact on corporate social responsibility related to economic performance, the more profitability will be positively affected.
- Environmental performance indicators has a statistical significant positive impact on profitability of listed consumer goods firms in Nigeria which implies that increase in the amount spend on the environment in which the business co-exist will enhance financial performance
- Following the findings and conclusion from the study, the study makes the following recommendation:
- Reviewing the adequacy of social performance indicators across all the consumer goods firms' branches to ensure good corporate social responsibilities. Also assessment and the continuous monitoring of sustainability reporting by all firms to ensure compliance.
- Management of listed consumer goods firms should take keen interest in how they comply with economic performance indicators of corporate social responsibilities to ensure that the economy also feel the impact of the business since the result of this research is positive and significant with financial performance of the study firms
- Management of listed consumer goods firms should make sure that they improve on the amount and rate at which they contribute to the society in which they do business since it shows that the more they impact on the environment, the more profitable they becomes.

By improving the firm size the firm maximize profit, but the firm size should be up to certain limit beyond which the effect of size could be negative due to bureaucratic and other reason.

REFERENCES

[1]. Anazonwu, H. O., Egbunike, F. C., & Gunardi, A. (2025). Corporate Board Diversity and n Sustainability Reporting: A Study of Selected Listed Manufacturing Firms in Nigeria. *Indonesian Journal of Sustainability Accounting and Management*, *2*(1), 65-78.

[2]. Asaolu, T. O., Agboola, A. A., Ayoola, T. J., & Salawu, M. K. (2025). Sustainability reporting in the Nigerian oil and gas sector. *COLERM Proceedings*, *1*, 61-84.

[3]. Asuquo, A. I., Temitayo, D. E., & Raphael, O. U. (2025). The Effect of Sustainability Reporting on Corporate Performance of Selected Quoted Brewery Firms in Nigeria.

[4]. Asuquo, A. I., Temitayo, D. E., & Raphael, O. U. (2024). The Effect of Sustainability Reporting on Corporate Performance of Selected Quoted Brewery Firms in Nigeria.

[5]. Brundtland, G. H. (2024). Our Common Future. United Nations World Commission on Environment and Development (Brundtland Commission). Oxford: Oxford University Press. ISBN: 019282080X.

[6]. Burhan, A. H. N., & Rahmanti, W. (2025). The impact of sustainability reporting on company performance. *Journal of Economics, Business, and Accountancy Ventura*, *15*(2), 257-272.

[7]. Chen, L. (2055). *Sustainability and company performance: Evidence from the manufacturing industry* (Vol. 67). Linköping University Electronic Press.

[8]. Ching, H. Y., Gerab, F., & Toste, T. H. (2025). The Quality of Sustainability Reports and Corporate Financial Performance: Evidence from Brazilian Listed Companies. *SAGE Open*, *7*(2), 2158244017712027.

[9]. Chinweoke, N., Chukwudinma, C., & Elizabeth, N. C. (2025). Impact of Commercial Banks'loans and Advances to Agriculture and Manufacturing Sectors on the Economic Growth Of. Nigeria (1994-2013). *International Journal of Arts & Sciences*, *8*(5), 29.

[10]. Dhaliwal, D. S., Li, O. Z., Tsang, A., & Yang, Y. G. (2024). Voluntary non-financial disclosure and the cost of equity capital: The initiation of corporate social responsibility reporting. The Accounting Review, 86(1), 59-100.

[11]. Elkington, J. (2025). Cannibals with forks. Gabriola Island, BC, Canada: New Society Publishers.

[12]. Elkington, J. (2024). Enter the triple bottom line. The triple bottom line: Does it all add up, 1-16.

[13]. Ernst & Young. (2025). Non-financial reporting. Retrieved Nov 30, 2025, from http://www.ey.com/Publication/vwLUAssets/Non-

[14]. Freeman, R. E. (1984). Strategic Management: A Stakeholder Approach. London: Financial Times Prentice Hall.

[15]. Friedman, M., (1970), A Friedman doctrine: The social responsibility of business is to increase its profits. The New York Times Magazine, 13(1970), 32–33.

[16]. Garg, P. (2025). Impact of sustainability reporting on firm performance of companies in India. *Int J Mark Bus Commun*, *4*(3), 38-45.

[17]. Hussain, N., Rigoni, U., & Orij, R. P. (2025). Corporate governance and sustainability. performance: Analysis of triple bottom line performance. *Journal of Business Ethics*, *149*(2), 411-432.

[18]. Johari, J. (2025). SUSTAINABILITY REPORTING AND FIRM PERFORMANCE: EVIDENCE IN MALAYSIA. *International Journal of Accounting*, *4*(17), 32-45.

[19]. Karlsson, J., & Bäckström, S. L. (2025). Corporate Sustainability and Financial Performance: The influence of board diversity in a Swedish context.

ISSN No: -2456-2165 https://doi.org/10.38124/ijisrt/25nov928

[20]. Kasbun, N. F., Teh, B. H., & San Ong, T. (2017). Sustainability Reporting and Financial Performance of Malaysian Public Listed Companies. *Institutions and Economies*, 78-93.

[21]. Karlsson, J., & Bäckström, S. L. (2015). Corporate Sustainability and Financial Performance: The influence of board diversity in a Swedish context.

[22]. Lawal, O. D., Agbi, E. S., & Mustapha, L. O. (2025). Effect of Ownership Structure on Financial Performance of Listed Insurance Firms in Nigeria. *Journal of Accounting, Finance and Auditing Studies, 4(3), 123-148.*

[23]. Nigerian Stock Exchange (2025). NSEfact book, Lagos.Ni, J, and YU, M. (2025). testing the. Pecking order theory*, the Chinese Economy, 41(1)97-113.*

[24]. Nnamani, J. N., Onyekwelu, U. L., & Ugwu, O. K. (2025). Effect of sustainability accounting and reporting on financial performance of firms in Nigeria brewery sector. *European Journal of Business and Innovation Research*, *5*(1), 1-15.

[25]. Yahaya, O. A., & Lamidi, Y. (2025). Empirical examination of the financial performance of Islamic banking in Nigeria: a case study approach. *International Journal of Accounting Research*, *2*(7), 1-13.