ESG SUSTAINABILITY REPORTING AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS COMPANIES IN NIGERIA

EKPETE COMMITTEE
Department of Accounting,
Faculty of Management Sciences,
University of Port Harcourt, Port Harcourt,
Rivers State, Nigeria

PROF. C. O. OFURUM
Department of Accounting,
Faculty of Management Sciences,
University of Port Harcourt, Port Harcourt,
Rivers State, Nigeria

And

DR. C. C. EBERE
Department of Accounting,
Faculty of Management Sciences,
University of Port Harcourt, Port Harcourt,
Rivers State, Nigeria

Abstract

In this research, sustainability reporting is measured using three variables relating to the disclosure of environmental sustainability performance indicators (ENVSR); social sustainability performance indicators (SOCSR); and governance sustainability performance indicators (GOVSR). These are extracted from the audited annual reports of 18 listed consumer goods companies using content analysis technique. In addition, financial performance of the selected companies was measured in terms of net profit margin (NPM); and return on assets (ROA) while firm size was included in the analysis as a moderating variable. The panel least square method was adopted for the research. Among the analytical tools implemented in the research includes descriptive statistics, the Hausman test and the panel estimated generalized least squares (EGLS) random effects model. Findings of the study are discussed below. Findings of the study revealed that ENVSR had a positive and non-significant relationship with both measures of financial performance used in the research. On the other hand, the relationship between SOCSR and the measures of financial performance was negative and non-significant. Finally, the relationship between GOVSR and the measures of financial performance was positive and non-significant. From the findings of the research, it was concluded that there is no definitive evidence that sustainability performance indicators makes important contribution to the financial performance of of listed consumer goods companies in Nigeria. It is thus recommended that companies be more committed and proactive towards implementing policies that promote sustainable operations. For example, data collected for this research showed that the aforementioned companies disclose less than 30% of the GRI environmental sustainability performance indicators. The obvious implication of the above is that they only disclose the issues for which action is taken to the detriment of others. Thus, it

is recommended that being proactive in recognising and taking remedial steps in issues relating to sustainable operations, its impact will be better reflected in the financial performance measures. It is further recommended that companies re-evaluate their sustainability activities in order to be more effective in delivering the desired outcomes. Finally, there is need for companies to improve their governance mechanisms to contribute more to the growth of the organisations.

Background

Corporate sustainability reporting is utilized to maintain a quality relationship with stakeholders by demonstrating that the business organization considers issues relating to the wellbeing of the community and the rest of society very important and would take action to avert and if necessary remedy whatever negative impact the operations of the organization has. Moreover, it has emerged that corporate sustainable practices contribute highly to sustainable development of the nation and is becoming an essential aspect of firms' practices. Empirical evidence is also emerging to show that sustainable corporate practices are a prime source of competitive advantage (Simnet, Vanstraelen & Chua, 2009). Sustainability reporting is a subset of accounting and reporting that deals with activities, methods and systems to record, analyze and report environmentally and socially induced financial impacts and also ecological and social impacts of a defined economic system (Jasch and Stasiskiene, 2005).

Thus, corporate sustainability is being utilized as one among the strategic tool available to management to ensure long term growth and survival of business organizations. This is because it provides a platform for organizations to evaluate their performance using global standards, performance indices and best practices. Furthermore, corporate sustainability is shown to benefit business organizations, primarily by improving reputation and public perception as organizations who are shown to be responsible corporate citizens are high in high esteem by the public. Additionally corporate sustainability reporting offers external benefits that improve a company's image, especially in the market. And considering that an organization's image is a critical intangible resource - which can be leveraged to improve competitive advantage because business organization tend to become more attractive to stakeholder when it is known to operate sustainably (Camilleri, 2017).

By implementing sustainability performance reporting, organizations identify unsustainable practices within its operations and subsequently provide to ameliorate its effects on the bottom line. For example, by comparing its waste generation and management profile to similar organizations or industry practice, companies can determine where action is needed to cut down waste and thus improve performance. Erhirhie and Ekwueme (2019) opined that sustainability reporting mechanism provide another layer to risk management governance mechanism available to business organization to reduce waste and inefficiency and thus improve performance.

In the same vein, Anam, Fatima and Majdi (2011) cited in Nguyen (2020) further stated that business organisations that adopt sustainability practices are more likely to be transparent in their reportage of business activities. Thus, such organisation will be more conscious of activities and governance practices in order to maintain public confidence in the activities. Stakeholders are more attracted to companies that are perceived to be transparent in their activities. This facilitate the evaluation quality of company key performance indices (KPIs) and reflects on the firm's financial performance, which leads to firm value enhancement (Anam,Fatima & Majdi (2011).

Similarly, Cormier, Ledoux and Magnan (2011) agreed that sustainable practices result in greater transparency and other governance best practices such as gender diversity and payment equality has the potential to draw positive attention and attract and retain good workforce - with positive outcome for productivity, enhanced competiveness and firm performance. This, in turn, positively influences firm value. Thus, sustainable practices - unlike financial reporting do not focus on financial aspects of the organizations alone but adopt a much more broader view of the organization that pays attention to environment, economy and society as contributors to the firms long terms success. This research investigates the role of sustainability performance reporting practices on the financial performance of listed consumer goods companies in Nigeria.

Research Problem

Corporate sustainability reporting research in Nigeria has been mostly focused on its relationship and impact on financial performance (Nnamani, Onyekwelu and Ugwu, 2017; Asuquo, Dada and Onyeogaziri, 2018; Emeka-Nwokeji & Osisioma, 2019). However, this has tended to focus on sectors like the banking and manufacturing sectors. This bias is most prevalent on the subject matter in manufacturing industry. As such, this research will contribute to knowledge by focusing on the relationship between sustainability reporting and financial performance of consumer goods companies in Nigeria. Additionally, while the a priori expectation for the relationship between sustainability reporting and performance constructs especially in developed countries is that of positive relationship, this expectation is not borne out in the studies conducted in Nigeria. The findings have continually evidenced a mixed profile of relationships.

For example, while the research by conducted by Okoye and Ezejiofor (2013) appraising the of the potential impact of environmental sustainability on performance constructs revealed a positive relationship as does those by (Nnamani, et, al., 2017; Uwuigbe et, al., 2018; Omalike, Nweze and Nwadialor, 2020). On the other hand, Ngwakwe (2019) found a significant negative relationship; Iheduru and Okoro (2019) and Okerekeoti (2022) revealed a non-significant negative relationship and Chikwendu, Okafor and Jesuwunmi (2019) and Erhinyoja and Ekwueme (2019) found a mix of positive and negative relationships and Asuquo et al (2018) found no significant relationship with financial performance constructs. From the above, we surmise a lack of coherence in the findings from previous research. Thus, this research will contribute by providing more clarity to extant empirical evidence on the subject matter.

Aim and Objectives

The aim of this research is to investigate the effect of sustainability performance reporting on the financial performance of listed consumer goods companies in Nigeria. The above overarching aim will explored by evaluating the specific effects of environmental, social and governance (ESG) mechanisms on the net profit margin (NPM) and return on assets (ROA) of listed industrial goods manufacturing companies in Nigeria.

Theoretical Framework: Social Contract

The social contract theory revolves around the pivotal issue of how corporations build their relationships with society. The theory attempts to explain why individuals to relate to society on the basis of the assumption that every entity or individual is rational asthey act in their own interest. According to Steidlmeier (1992) the view further contends that social contract is concerned with a firm's indirect societal obligations and relates to the social contract between citizens and government. This theory is chosen, in order to identify the impact of corporate sustainability reporting initiatives to the nature of community relations and community perception.

However, Cava and Mayer (2007) posit that when faced with the deterioration of its economic base, any business/community is forced to take some difficult decisions regarding its role within the community and about its responsibilities to the group or it may go out of existence. Social contract theory according to Shocker and Sethi (1973) involves any social institution including business organisations operates in society through a social contract in which its survival and success are based on its ability to deliver of some specified socially desirable objective to society in general, and the distribution of social, economic or political benefits to groups from which it derives its power and legitimacy.

Society has high expectation of the corporation's ability to operate in a socially responsible manner. Consequently, a corporation that fail to operate in accordance to the dictates society's expectations will likely lose its legitimacy and market power. Social contract operates on the basis that morally satisfactory solutions can be attained through the contracting parties involved in any arrangement. The social contract theory according to Cava and Mayer (2007) offer a framework for analyzing business decision-making by disaggregating and testing the commonly shared values running through the society.

Empirical Review

Nwaigwe, Ofoegbu and Nwaogwugwu (2022) sought to examine the effect of the extent and quality of sustainability disclosure on market value of corporations in Nigeria. Sustainability disclosure was measured using thirty one relevant sustainability performance indicator aspects were analyzed for the 39 companies drawn from 9 sectors for the period 2010–2019. Findings from the analysis suggested a positive non-significant association between extent of sustainability disclosure and firm market value. Quality of sustainability disclosure was shown to be negatively related to market value. Findings of the research were relevant in the implementation of robust policies that encourage joint efforts by firms and the investing public in fostering even sustainable development.

Aifuwa (2020) focused on developing countries to investigate the relationship between sustainability reporting and corporate performance. A systematic content analysis approach was adopted and formed the basis for the researcher’s conclusion. Findings of the reviewed extant literature indicated that there were inconclusive findings on the impact of sustainability reporting on firm performance. However, a large number of posited a positive relationship between sustainability reporting and firms’ performance. It was also shown that the financial performance measures more often used by researchers included the profitability measures such as ROA and ROE; and market-base measure such as EPS and DPS matched against the Global Reporting Initiative (GRI) framework in calculating sustainability disclosure index. Finally, it was shown that the level of sustainability disclosures reporting was very low in developing countries.

Erhinyoja and Ekwueme (2019) evaluated the relationship between corporate social sustainability reporting and financial performance of oil and gas companies in Nigeria. The study conducted an assessment of the effect of corporate social sustainability reporting on ROA, ROE and ROCE of oil and gas companies listed on the Nigeria stock market. A sample of ten oil and gas companies were employed for the research which utilized secondary data collected from the annual reports of the sampled companies. Findings of the research revealed that social sustainability reporting exerts a negative influence on ROA, ROE and ROCE. However, only the effect on ROE was statistically significant. The study recommends, among others, that existing sustainability reporting standards should be aligned to reflect country-specific social and environmental challenges, while its implementation should be obligatory rather than voluntary.

Chikwendu, Okafor and Jesuwunmi (2019) evaluated the effect of sustainability reporting on company's performance using a sample of twenty Nigerian companies over the period of five years with Global Reporting Initiative (GRI) Guideline index as proxy for sustainability and ROA as a measure for corporate financial performance. Secondary data was extracted from the annual reports of the firms. Findings of the study revealed that economic performance disclosure and environmental performance disclosure had non-significant effect on ROA while social performance disclosure had significant effects on financial performance. It was concluded that increase in economic, environmental and social performance disclosure, has a positive albeit insignificant, negative insignificant and positive significant effect respectively on ROA. The study therefore recommended that mandatory localized reporting framework in line with best practices should be enforced to encourage sustainability reporting.

Sarita and Rasmini (2018) analyzed the effect of sustainability report on financial performance by observing at each aspect of the sustainability report and to analyze how good corporate governance quality can moderate that effect. The study used financial organization that publish sustainability report in the period 2013 to 2016 and participated in Corporate Governance Perception Index (CGPI) for the study. Moderated Regression Analysis was adopted and results indicated that social and environment performance disclosure has positive significant effect on financial performance, but economic performance disclosure has negative significant effect on financial performance. Good corporate governance quality weakens the effect of economic and environment performance disclosure on financial performance. But good corporate governance quality is not able to moderate the effect of social performance disclosure on financial performance.

With focus on the on transparency and disclosure practices of financial (banking) system in Nigeria, Nwobu, Owolabi and Iyoha (2017) evaluated the sustainability reporting practices of corporations in the sector. They focused their attention on a five period - end 2014. A disclosure index based on the GRI guidelines was used to score the information content of annual reports. Findings of the research indicated that the economic indicators were skewed in towards economic value generated, and distributed and estimated value of benefit plan obligations that were defined (liabilities). However, disclosures relating to climate change were quite minimal - indicting their environmental disclosure practices. Thus, while they took considerable steps to ensure the economic viability of their activities, not much was done in the direction of protecting the environment. The study did not appear to have taken cognisance of the social disclosures practices of organisations in the Nigeria banking sector.

Owolabi, Taleatu, Adetula, and Uwuigbe (2016) examined the nature and extent of sustainability reporting in Nigerian industrial goods sector. The objective of the research was to determine the extent of sustainability reporting practiced by Lafarge. The content analysis technique was used to extract from the annual reports and the Global Reporting Initiative (GRI) sustainability reporting framework. Findings of the research found no disclosure on human rights issues, 3 percent environmental disclosures; an aggregate of 30 percent disclosure. This implies that sustainability disclosures and reporting practices of the company is still quite low. Thus, it was recommended proper regulation of sustainability reporting in Nigeria in order to enforce compliance on corporate entities as this will improve sustainability reporting among corporate entities in the country.

Olaroyeke and Nosieku (2015) conducted an investigation of the effect of corporation social responsibility on the performance of listed manufacturing companies in Nigeria. The design adopted was ex-post facto research design. The population comprises of all the listed manufactory companies in Nigerian stock exchange. Out of the total 74 quoted companies, 15 companies were randomly selected from five difference sectors of the manufacturing sector. Descriptive techniques were employed in this analysis based on primary data collected from responses of senior managers, chief accountants, and chief auditors. Empirical results revealed that corporate social responsibility activities have a moderate positive effect on the performance of manufactory companies listed on Nigeria Stock Exchange, and that manufacturing companies engage in corporate social responsibility not only for profitability but for reasons such as better corporate image, marketing and advertising strategy; employee satisfactions and fulfilment, improve competitive advantages, productivity and business opportunities; organizational values, among others. The study among other things, recommended that companies engage in corporate social responsibility policies and strategies not only to improve their performance but also to strengthening its legitimacy reputation and building competitive advantage.

Methodology

The ex post facto research design is adopted. This design allows a researcher to collect already existing data for the purpose of investigating a phenomenon that has already occurred. The nature of the present research is such that its data sources will be from annual reports of the companies that are selected as part of the research. Thus, the ex post facto design is deemed the appropriated research design.

Population and Sample

From information obtained from the Nigeria Exchange Website, there are presently twenty-one (21) consumer goods companies that are active on the main board of the exchange. The accessible population which comprise the portion of the target population whose annual reports (main source of data) and other reports - such as the sustainability reports (if available) are accessible via the internet and Nigeria Exchange (NGX) offices in the country. From the above, the researcher proposes to sample the entire accessible population using the convenience sampling method. The sample while arbitrary is expected to capture as much of the population as possible. Saunders, Lewis, and Thornhill (2012) describe the convenience sampling method as a non-probability sampling method that takes a sample of from a group of people/elements that is easy to reach/contact. From preliminary observations, the accessible population consists of eighteen (18) companies. These are used for the study sample. The study period proposed to be twelve (12) years - from 2010 to 2021.

Data Type and Method of Collection

Data on sustainability reporting were extracted using the Global Reporting Initiative (GRI) guideline indicators. These include Environmental Sustainability Reporting (ENVSR) Indicators; Social Sustainability Reporting (SOCSR) Indicators; and Governance Sustainability Reporting (GOVSR) Indicators. The independent variables (Environmental, Social, and Governance Performance Indicator) were measured by scoring index based on performance indicators selected from Global Reporting Initiative (GRI) guidelines as applied in (Burhan & Rahmanti, 2012). The Environmental, Social and Governance Disclosure indicators are calculated based on the number of indicators that are disclosed (occurrence) and the level of disclosure (quantitative and qualitative). If a company disclosed any indicator, that is the occurrence of an indicator in the company's financial statement, the researcher is assigned a score of 1 or that company did not disclosed about any indicator, the researcher assigned 0. Environmental, Governance or Social index = Total Level of Disclosure divided by Total Occurrence. Additionally, a moderating variable was added to explore its moderating effect on the dependent and independent variables. For this purpose, firm size (FMSZ) was measured as natural log of total assets is used.

Method of Data Analysis

Several statistical methods were utilized for data analysis. First, a descriptive analysis method was used to describe the basic statistical characteristics of the dataset. The Panel Least Square (PLS) regression method (fixed and/or random effect) was used to further explore the relationship between that variables in addition to testing the hypotheses proposed in chapter one. For the purpose of this research, it is proposed that the sustainability reporting practices of listed consumer goods companies affect the financial performance of the companies. The stated relationship is stated functionally as:

Financial Performance = f(Sustainability Reporting Performance, Firm Size) 1

Where financial performance is further measured in terms of net profit margin (NPM) and return on assets (ROA); and Sustainability Reporting Performance Indicators is measured in terms of: Environmental Sustainability Reporting Performance (ENVSR) Indicators; Social Sustainability Reporting Performance (SOCSR) Indicators; and Governance Sustainability Reporting Performance (GOVSR) Indicators. And Firm Size (FMSZ) is used as a moderating variable, equation 2 is restated as:

$$NPM = f(ENVSR, SOCSR, GOVSR, FMSZ) \quad . . . . . 2$$

$$ROA = f(ENVSR, SOCSR, GOVSR, FMSZ) \quad . . . . . 3$$

The above functional models are restated econometrically as:

$$NPM = \beta_0 + \beta_1 ENVSR + \beta_2 SOCSR + \beta_3 GOVSR + \beta_4 FMSZ + \varepsilon \quad . . . . . 4$$

$$ROA = \beta_0 + \beta_1 ENVSR + \beta_2 SOCSR + \beta_3 GOVSR + \beta_4 FMSZ + \varepsilon \quad . . . . . 5$$

The a-priori expectation is that the coefficients of the Sustainability Reporting Indicators have a positive sign and thus greater that zero. This will be an indication that the sustainability reporting activities of consumer goods companies make a positive contribution towards corporate financial performance. This is stated as $\mathbf{b_1, b_2, b_3}$, and $\mathbf{b_4 > 0}$

Data and Results

For the purpose of this study, data was collected from a sample eighteen (18) listed companies in the sector for a period of twelve (12) years from 2010 to 2021. The descriptive statistics derived from it is shown in table 1 below.

Table 1 Descriptive Statistics

Variable	Mean	Median	Maximum	Minimum	Std. Dev.	Obs.
NPM	0.0547	0.0579	0.7142	-0.9386	0.1385	216
ROA	0.1059	0.0738	0.7927	-0.2975	0.1526	216
ENVSR	0.2904	0.3077	0.3462	0.2308	0.0245	216
SOCSR	0.7248	0.7500	0.9500	0.5000	0.0755	216
GOVSR	0.8742	0.8824	1.0000	0.6471	0.0908	216
FMSIZ	7.3653	7.4298	8.5897	6.0868	0.6816	216

The descriptive statistics in table 1 above indicates that the NPM had a minimum value of -9386 and maximum value of 0.7141. On the other hand, the mean and standard deviation were 0.0547 and 0.1385 respectively. For ROA, the minimum value was -0.2975 with maximum value of 0.7927. The mean value for ROA was 0.1059. The variables derived from sustainability reporting performance - environmental sustainability reporting performance were measured on a scale of 1 to zero- with one being the highest score. ENVSR had the lowest mean score with a value of 0.2904 followed SOCSR with a value of 0.7248. On the other hand and GOVSR had mean values in the range of and 0.8742. These mean scores indicates that GOVSR had higher rates of disclosures than environmental and social disclosures. This is also reflected in the maximum disclosure scores ENVSR ranking lowest in maximum disclosures at 0.3462 while SOCSR scored in the 90th percentile at 0.9500 and GOVSR disclosures had the highest at 1.0000.

Sustainability performance reporting and net profit margin

The nature of panel data requires an estimator (fixed or random effect) selection determination in order to obtain an optimally accurate result. To determine the most appropriate model, the Hausman test is applied.

Table 2 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.4597	5	0.3624

From the result summary in table 2 above the probability of the Chi-Square Statistic gave a value of 0.3624 which implies that the null hypothesis is not rejected. This means that random effects are independent of the explanatory variable. Thus, the random effects estimator is best suited for the model and is applied in table 3 below.

Table 3 Summary Regression Result: Panel EGLS Random Effects Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.

C	-0.3049	0.2905	-1.0495	0.2952
ENVSR	0.6044	0.5165	1.1702	0.2432
SOCSR	-0.1770	0.2006	-0.8825	0.3785
GOVSR	0.0150	0.1631	0.0921	0.9267
FMSIZ	0.0417	0.0182	2.2903	0.0230

R-squared: 0.032268; F-statistic: 1.400437; Prob. (F-statistic): 0.225375; Durbin-Watson stat: 1.680872

Table 3 indicates a positive relationship between ENVSR and the NPM of listed consumer goods companies with a coefficient of regression value of 0.6044 implying that a unit of increased performance relating to environmental sustainability activities disclosed by the companies is associated with a 0.6044 units increase in NPM. The effect size of the relationship is however not significant as the probability of t-statistic of 0.2432 was higher than the 0.05 critical probability limit. Furthermore, the relationship between SOCSR and NPM had a coefficient of regression value of -0.1770. This indicates a negative relationship between the variables with the implication that a unit of increased performance relating to social sustainability activities disclosed by the companies is associated with a -0.1770 decrease in net profit margin. The effect size of the relationship is also not significant like in the case of environmental sustainability above as the value of the probability of t-statistic for the relationship of 0.3785 is higher than the critical probability limit of 0.05.

There is a positive relationship between GOVSR and NPM with a coefficient of regression value of 0.0150 implying that a unit of increased performance relating to governance sustainability activities disclosed by the companies is associated with a 0.0150 units increase in net profit margin and vice versa. However, the effect size of the relationship was not significant as the probability of t-statistic of 0.9267 was higher than the 0.05 critical probability limit. On the other hand, the moderating variable - FMSZ as expected had a positive and statistically significant relationship with NPM with the implication that increasing firm size is predicted to result in increased net profit margin. However, only about 3.23% of the variations net profit margin is attributable to variations in independent variable. This can be ascertained from the coefficient of determination (R-squared) value of 0.032268. In all, the probability of f-statistics value of 0.2254 indicates that all the independent variables in the model do not significantly explain the outcome of the dependent variable.

Sustainability performance reporting and return on assets

Table 4 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.0742	5	0.4069

From the result summary in table 4 the probability of the Chi-Square Statistic gave a value of 0.4069 which implies that the null hypothesis is not rejected. This means that random effects are independent of the explanatory variable. Thus, the random effects estimator is best suited for the model and is applied in table 5 below.

Table 5 Summary Regression Result: Panel EGLS Random Effects Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.0827	0.3216	-0.2573	0.7972
ENVSR	0.7288	0.6098	1.1952	0.2334
SOCSR	-0.2305	0.2300	-1.0023	0.3174
GOVSR	0.0732	0.1602	0.4570	0.6481
FMSIZ	0.0351	0.0209	1.6784	0.0948

R-squared: 0.032628; F-statistic: 1.416585; Prob(F-statistic): 0.219484; Durbin-Watson stat: 1.907820

Table 5 indicates a positive relationship between ENVSR and ROA with a coefficient of regression value of 0.7288 implying that a unit of increased performance relating to environmental sustainability activities disclosed by the companies is associated with a 0.7288 units increase in return on assets. The effect size of the relationship is however not significant as the probability of t-statistic of 0.2334 was higher than the 0.05 critical probability limit. Furthermore, the relationship between SOCSR and ROA had a coefficient of regression value of -0.2305. This indicates a negative relationship between the variables with the implication that a unit of increased performance relating to social sustainability activities disclosed by the companies is associated with a -0.2305 decrease in return on assets. Similar to the case above, the effect size of the relationship is also not significant as the value of the probability of t-statistic for the relationship of 0.3174 is higher than the critical probability limit of 0.05.

A positive relationship is observed between GOVSR and ROA with a coefficient of regression value of 0.0732 implying that a unit of increased performance relating to governance sustainability activities disclosed by the companies is associated with a 0.0732 units increase in return on assets and vice versa. However, the effect size of the relationship was not significant as the probability of t-statistic of 0.6481 was higher than the 0.05 critical probability limit. The moderating variable - firm size (FMSIZ) as expected had a positive relationship with ROA with the implication that increasing firm size is predicted to result in increased return on assets. However, only about 3.26% of the variations return on assets is attributable to variations in the independent variables. This can be ascertained from the coefficient of determination (R-squared) value of 0.0326. In all, the probability of f-statistics value of 0.2195 indicates that all the independent variables in the model do not significantly explain the outcome of the dependent variable.

Discussion of Findings

In this research, sustainability reporting is measured using three variables relating to the disclosure of environmental sustainability performance indicators (ENVSR); social sustainability performance indicators (SOCSR); and governance sustainability performance indicators (GOVSR). These are extracted from the audited annual reports of eighteen (18) listed consumer goods companies using content analysis technique. In addition, financial performance of the selected companies was measured in terms of net profit margin (NPM); and return on assets (ROA) while firm size was included in the analysis as a moderating variable. The panel least square method was adopted for the research. Among the analytical tools implemented in the research includes descriptive statistics, the Hausman test and the panel estimated generalized least squares (EGLS) random effects model. Findings of the study are discussed below.

Environmental Sustainability

Environmental sustainability performance indicator (ENVSR) had a positive and non-significant relationship with all measures of financial performance used in the research. First the coefficient of regression for the relationship between net profit margin (NPM), and environmental sustainability performance had a value of 0.6044 indicating that environmental sustainability performance is associated with positive outcomes for net profit margin. With varying B coefficients, return on equity (ROE) also recorded positive relationships with environmental sustainability performance indicators also indicating that improving environmental sustainability is associated with improvement in return assets (ROA) of listed consumer goods companies in Nigeria. However in all three cases, the probability of t-statistic was much higher than the critical probability limit. The implication of the above is that while environmental sustainability performance of consumer goods companies is associated with improved financial performance, the extent of the effect is quite low and cannot be relied to determine the financial performance of the organizations.

Owolabi, Taleatu, Adetula, and Uwuigbe (2016) who examined the extent and nature of sustainability reporting in the industrial goods sector of Nigeria determined that the level of awareness and disclosures were still very low in the country. This finding tallied with the experience in the course of this research no organisation in the consumer goods sectors was found to have a dedicated sustainability reports as has become the norm in many countries. This also reflected in the research by Nwobu, Owolabi and Iyoha (2017) in banking sector. Confirming the findings of this research, Asuquo, Dada and Onyeogaziri (2018) evaluated selected quoted brewery companies in Nigeria and concluded that environmental sustainability was not statistically significant in its effect on the financial performance of companies in the industry. Similarly, Chikwendu, Okafor and Jesuwunmi (2019) noted that environmental performance disclosure had non-significant effect on financial performance. While this finding to conform to our findings, it is to be noted that most of the researchers agreed that the level and attitude of companies towards sustainability reporting was still minimal.

Social Sustainability Performance

The relationship between social sustainability performance indicators (SOCSR) and the measures of financial performance was negative and non-significant. The coefficient of regression for social sustainability performance and net profit margin was -0.1770 implying that one unit increase in social sustainability performance indicators is associated -0.1770 units decrease in net profit margin. For return on assets, the coefficients of regression were -0.5496; and -0.2305 respectively. These findings point that social sustainability performance has a deleterious effect on financial performance as measured by net profit margin and return on 0assets. Similar to environmental sustainability performance indicators, none of the results was statistically significant - indicating weak/unreliable linkages between the various. Extant research on corporate social sustainability by Ajibolade and Uwuigbe (2013) shows that mean score of reporting of the indicators were very low at less than 25%. They concluded that the length of social sustainability disclosure in Nigeria is low, when compared with studies from developed nations. This is a recurring decimal in much of the extant literature and may be partly attributed to lack of awareness and motivation on the part of companies on the importance of sustainability disclosure reporting. Olaroyeke and Nosieku (2015) reported a moderate effect of corporate indicators on financial performance. In a similar research, Chikwendu, Okafor and Jesuwunmi (2019) concluded that social sustainability performance does improve financial performance. However, they opine that the relationship was minimal. From the above, we infer that corporations may not depend on social sustainability performance to improve financial performance of the organisation.

Governance Sustainability

Governance relates to the structure of and responsibilities of the board of directors towards investors and other stakeholders, and involves setting the objectives and direction of the organisation which is differentiated from the management of the enterprise who run the organisation on a daily basis, which is the job of full-time executives (Lutui & Ahokovi, 2017). The relationship between governance sustainability performance indicators (GOVSR) and the measures of financial performance was positive and non-significant. The relationship between governance sustainability performance indicators and net profit margin had a regression coefficient of 0.0150 while that of return on assets had regression coefficients of 0.0732. These findings indicate that governance sustainability performance indicators are associated with improving financial performance. However, these were all non-significant - implying that governance sustainability indicators may not be relied on to determine financial performance of consumer goods companies in Nigeria. Sarita and Rasmini (2018) found that governance performance disclosure had a negative and significant effect on financial performance. They concluded that corporate governance quality provides a weakening moderating effect on economic and environmental performance disclosure on financial performance.

Conclusions and Recommendations

From the findings of the research, it was concluded that there is no definitive evidence that environmental sustainability performance indicators makes important contribution to the financial performance of of listed consumer goods companies in Nigeria. On the other hand, social sustainability activities are associated with a decline in financial performance across all measures. Governance sustainability performance indicators are associated with enhanced financial performance with regards to both performance measures. Thus, costs and other activities related to governance helps to improve their financial performance. However, as with all cases above, the minimal effect size imply that activities attributable to governance sustainability indicators is not an important determinant of the financial performance. In all, it is concluded that Sustainability performance activities of consumer goods companies in Nigeria do not have significant effect on their financial performance.

It is thus recommended that consumer companies be more committed and proactive towards implementing policies that promote sustainable operations. For example, data collected for this research showed that the aforementioned companies disclose less than 30% of the GRI environmental sustainability performance indicators. The obvious implication of the above is that they only disclose the issues for which action is taken to the detriment of others. Thus, it is recommended that being proactive in recognising and taking remedial steps in issues relating to environmental issues, its impact will be better reflected in the financial performance measures. It is further recommended that companies re-evaluate their social sustainability activities in order to be more effective in delivering the desired outcomes. This is because the companies disclose a relative high number of indicators for social sustainability. However, the outcome continues to reflect negatively on their bottom-line.

It is also recommended that companies improve their governance mechanisms to contribute more to the growth of the organisations. For example, it is important to ensure that governance structures do not constitute a drain on the resources of the organisations. It is also important to ensure that right individuals with relevant knowledge, skills and resources are selected for governance structure positions. For example, individuals appointed to the audit and risk committees must be individuals with requisite knowledge to contribute to the success of these critical governance structures. Finally, there is need for these organisations to provide more visibility/transparency relating to the activities of governance structures.

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