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IMPACT OF SUSTAINABILITY REPORTING ON RETURN ON EQUITY OF CONSUMER GOODS FIRMS IN NIGERIA

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Abstract

The investigation observed the impact of sustainability reporting and Return on Equity (ROE) of consumer goods firms in Nigeria. An ex-post fact research design was employed for the study. The study populations comprised of thirty-four (34) registered companies in the consumer goods sector, filtered from the entire list of Fast-Moving Consumer Goods Firms (FMCG) with physical presence in Nigeria as at December 2022. The study used secondary data and the Factbook of the Nigerian Stock Exchange (NSE) served as the source of these data. The study adopted quantitative method of data analysis as well as inferential statistics. Findings showed that the relationships between certain variables related of the independent variable (SR) and the dependent variable (ROE) for selected consumer goods firms in Nigeria for a period of sixteen (16) years revealed mixed associations of either positive or negative relationship that showed that firms that report more on environmental factors, are larger in size, older, and have higher financial leverage tend to have higher ROE. Based on the above findings, this study concludes that companies may need to strike a balance between transparency and profitability to optimize their financial performance. Therefore, the recommendation of the study was that managers of these buyer goods firms in Nigeria must in their various attempts to attend to the requirements of the current generation must not diminish the capacity of future generations to meet their desires.

Keywords: Profitability, Return on equity, Sustainability reporting, Consumer goods firms

Introduction

Organizations around the world have embraced sustainability reporting, and do render accounts in line with acceptable and standardized sustainability indexes (Journeault et al., 2021; Nkwoji, 2021 & Olayinka, 2022). Nowadays, thousands of businesses all around the world create sustainability reports, which are either included in corporate annual reports or issued separately (Mahmood & Uddin, 2021). In the same disposition, to promote long-term growth Cicchiello, Marrazza and Perdichizzi (2023) opined that these reports specifically provide information about the company's social, environmental, and economic performance in response to stakeholders' growing demands that businesses be more open about how they handle these activities. Given this, some scholars and financial experts, such as Amahalu, Nweze and Obi, (2017); Dibia and Nwaigwe (2017); Iheduru and Okoro

(2019); Mbonu and Amahalu (2021) have passionately argued that companies that embrace sustainable reports often do perform better and are more successful than those that do not disclose their sustainability reports.

One of such studies is Jamil, Mohd Ghazali, and Puat Nelson (2021) who suggested that companies with a higher profit margin, based in Europe, and an involvement in the energy sector are more likely to generate high-caliber sustainability reports; companies with a higher rate of long-term growth, on the other hand, are less likely to do so. As a result, the modern managers face difficulties in managing performance across sustainability's aspects in order to maximize the synergistic benefits of its implementation plan even when sustainability reporting is still very much voluntary or optional for companies. To address this gap and promote the culture of third-party attestation for companies, the Global Reporting Initiative (GRI) has advocated that economic, social, and environmental activities should be standardized and sustainability reporting should be made mandatory for all public limited liability companies including those domiciled in Nigeria.

According to Chau, Le and Pham (2021); Zeb, Akbar, Hussain, Safi, Rabnawaz and Zeb (2021); Thi Tran, Nguyen and Nguyen (2022) companies need creative, competitive, effective, and reliable human resources for result-oriented performance. Hence, the perceptions of stakeholders about a company's treatment of available human resources will be enhanced by sustainability reports on social performance. Social performance identifies aspects of performance to include acceptable labour practices, human rights, society, and product responsibility (GRI, 2013). To this end, Thanasas, Patra and Lampropoulos (2022) argued that companies do appreciate their responsibility towards society as a whole when expenditure on social activities imparts positively on the organization's operations in terms of higher productivity and increased product sales figure. Again, Social performance will enhance the company's public perception and enable it to better performances. (Abdulsalam, 2022). Therefore, this study examines the impact of sustainability reporting on Return on Equity (ROE) of buyer goods firms as it relates to Nigeria.

Literature Review

Conceptual Clarification

Sustainability Reporting

Sumaryati and Rohman (2019) affirmed that sustainability reporting is an aspect of bookkeeping and documentation which addresses the approaches, operations and processes for keeping track of, evaluating, and reporting socially and environmentally induced monetary effects in addition to social and ecological effects of a specific system. This tends to help companies to communicate effectively with stakeholders concerning the relationship between their strategies for measuring, evaluating and transmitting the connections and associations amongst the core pillars of sustainability, such as financial, social and environmental encounters.

Numerous firms have started to adopt all facets of sustainable reporting, both monetary and non-monetary in presenting their stewardship reports to stakeholders. For most compliant companies, the social and environmental activity driven information that their reports contain in addition with financial information has helped most them in striking a balance between the three profit-planet-people ideology, sometimes referred to as the triple bottom line for sustainable growth and performance. This approach has made it possible for them to disclose the risks and possibilities they are faced with in their daily activities.

Amahalu, Okoye and Obi (2018) observed that the current focus of most companies is to arrange and control human behaviour in a manner that they accomplish psychological and physical requirements without endangering the ecological, economic or social to foundation that makes these requirements possible. The motive being to help organizations achieve accountability by disclosing the non-financial outcomes of their engagements due to the unsafe atmosphere within which business operations take place. According to Al Hawaj and Buallay (2022) environmental changes including poverty, global warming, and health care are becoming more and more problematic to business entities which in concrete terms is a condition that resembles "environmental catastrophes" that businesses must not fail to recognize in their annual reports if such reports are to present true and fair state of affairs of the organizations for the period under review.

Financial Performance

Toauab and Issor (2019) opined that the notion of a firm's performance is complex and multifaceted. A business organization's primary goal is mostly about making profit and survival through the completion of a task evaluated in relation to predetermined criteria for speed, accuracy, completeness, and cost. Regarding a government organization or non-state organizations (NGO), it ultimately comes down to providing effective government and highquality social services to the citizenry or public. The notion of performance in firms have been generic and is also self-motivated, which means that, its definition varies from decade to decade due to the firms' respective areas of specialization in these periods, thus, making it challenging to define the idea precisely.

Fatihudin, Jusni and Mochklas (2018) describes monetary performance as the attainment of the company's monetary targets for a certain time frame for gathering and allocating funds as determined by factors such as profitability, leverage, capital adequacy, liquidity, solvency, and efficiency. It explains the business's capacity for resource management and control.

Return on Equity (ROE) is one of the accounting-based performance indicators for a firm and it is described as the fraction of shareholders' stock that is repaid as net income. It gauges a company's success by disclosing the amount of profit it makes from the money that shareholders invest in it or committed to the firm. The three pillars of business management in profitability, asset management, and financial leverage are all included in ROE. The investors are only able to receive good return on their investments when the executive having been entrusted with the management of the company is able to maintain an acceptable balance amongst the three identified pillars of corporate management.

The computation of return on equity (ROE) involves dividing the annual earnings by the average shareholder equity for that particular year. A company that produces a positive return on equity held by shareholders is a wise investment, because the initial investors will be satisfied with the profits that they receive from the operations of the company. Companies with strong returns in relation to their equity as shareholders are expected to provide significant value and generously compensate their owners for each naira used to invest. Thus, an investor can rapidly determine how much cash a firm earns from existing assets by comparing its earnings to shareholder equity. This allows one to determine if the company is a cash consumer or an asset builder.

Theoretical Review

Based on Stakeholders Theory, the study states that, other than just shareholders, there a wider group of stakeholders that are owed responsibility for sustainable business best practices. Considering the fact that, a common premise in financial theory is that a company's sole objective is to maximize its value, which in turn maximizes the wealth of its owners. Against the backdrop that shareholders are the only one interested in increasing the wealth of enterprise is the interest of other joint stakeholders. Thus, a stakeholder is any person/group which can influence or be influenced by a business's decisions, actions, policies, procedures, or objectives. They include managers, stockholders, lenders, customers, employees, suppliers, creditors and even the wider community and competitors (Efosa & Eneh, 2019; Egiyi & Okafor, 2022). In other words, Stakeholders can affect or be affected by the choices, deeds, rules, practices, or goals of a business (Korolo & Korolo, 2022). Also, a stakeholder is a person or group that has legitimate claim in the company since he or she is either impacted by or can influence the business's operations (Harrison & Wicks, 2021).

An internal Stanford Research Institute document from 1963 introduced the stakeholder notion. "Those groups without which the organization would cease to exist" is how they defined stakeholders. It implies that a company will address the worries and demands of influential parties, and that some of those replies may take the kind of strategic disclosures. (Kamal, 2021). Stakeholder theory offers valuable perspectives on the driving forces behind managerial actions concerning an organization's social and environmental disclosure policies. According to Costa, Curi, Bandeira, Ferreira, Tome, Joaquim and Marques (2022) in the 1980s, Freeman elaborated and promoted the theory. Since then, it has become more widely accepted in theorizing about corporate governance, company purpose, strategic management, and corporate social responsibility in the context of business practice.

According to the theory of stakeholders, the management should solely concentrate on increasing the company's overall value (DesJardine, Marti & Durand, 2021). Total value creation is not limited to only the worth of debt as well as all other financial claims, including preferred stock. However, when management pay excessive attention to providers of funds, it will amount to missing the tick of capitalism. Hence, it is important that care is undertaken when appraising the objective function of the company to the various interest groups. In broader terms, the emphasis should be on corporate objective function which to some extent adopts the stakeholder approach to defining of shareholders' capitalism. The Shareholder capitalism approach refers to what is currently obtainable as the enlightened shareholder theory. The long-term maximization of the business's overall value should be the main goal of enlightened value maximization by taking other interested parties' interest into account, while only striving to maximize shareholders value.

Most extant studies on social and environmental accounting researches such as Fuadah, Safitri and Yuliani (2019); Efosa and Eneh (2019); Efuntade and Akinola (2020) have examined the stakeholders' theory, their findings indicated that companies provide social and environmental information in their annual reports in order to address the expectations of stakeholder groups in particular and the community at large in general. By doing this, they disclose the legitimate reasons for such an organization's revelations (Bellucci, Acuti, Simoni & Manetti, 2021). Recognizing the value of integrated sustainability reporting in fostering better ties between an organization and the community in which it operates cannot be overemphasized, while, disregarding the interests of stakeholders could damage the company's reputation, which would have a negative impact on its earnings (Thayaraj & Karunarathne, 2021). However, the fundamental presumptions that every action must be motivated by personal self-interest are not shared by institutional, stakeholder, agency, and political cost theories, as well as legitimacy theory.

Empirical Review

Kumar and Prakash (2019) examined the Indian banking sector and extent of the practices of sustainability reporting. The research made use of content analysis technique to analyze and code sustainability reports, yearly reports, and reports on business responsibility for the period 2015-2016 and 2016 -2017 in comparison with sustainability metrics obtained from research of the literature, including National Voluntary Guidelines (NVG) and GRI G4 guidelines on ethical business practices. The investigation discovered that while sustainability concerns are among the banks' top objectives, they are adopted by Indian banks far more slowly. This is because sustainability issues, such as financial inclusion, financial literacy, and energy-efficient technology, are closely tied to the banks' day-to-day operations. It also, discovered that majority of Indian banks largely ignore environmental consideration indicators, while public and private sector banks in India disclose environmental and internal socio-environmental statistics very differently. The study came to the conclusion that, with just six banks; one PSB and five private sector banks publishing standardized sustainability reports, sustainability reporting by Indian banks is still in its infancy and leaves much to be desired. The researchers suggested that the Indian banking sector go to the next level of non-financial reporting and incorporate sustainability reporting into its overall business plan, given the growing trend of sustainability in banking worldwide.

Ma'aji et al. (2022) investigated the development and evolution of sustainability practices in Cambodia. The study focused on the current practice and various perspectives on sustainability reporting, as well as patterns in sustainability reporting in Cambodia. The study used a survey method, which was developed based on the findings of a qualitative investigation conducted by Park and Broson (2005); Sewani et al. (2010). The study revealed that only 29% of the respondents' organizations reported on the environmental and social implications of their business activities, despite the fact that 74% of the respondents were aware of sustainability reporting and its perceived strategic relevance to enterprises. It further showed that firm sustainability reporting and the disclosure of non-financial information were in their infancy in Cambodia. While, the absence of national legal disclosure requirements regarding the environmental and social impacts of corporate operations may be the cause of the non-disclosure of environmental and social activities. Again, insufficient incentives for businesses to disclose, as well as a lack of awareness of the strategic significance of this kind of reporting in establishing a sustainable business model and creating a competitive edge is indeed the missing gap. The study also showed that a number of concerns would surface in organizations that would need more investigation to determine important aspects that would influence environmental and social activities disclosure via a sustainability report. The study came to the conclusion that, even though there isn't much information disclosed about a company's social and environmental activities through sustainability reports, the majority of respondents claimed that doing so would boost communication, strengthen ties with stakeholders, increase long-term shareholder value, and show the company's commitment to the environment. The researchers recommended that there is need to conduct an in-depth investigation in Cambodia into the factor' responsible tendency of an organization to create a sustainability report with the purpose of disclosing its social and environmental actions.

Kitsamphanwong, Pholkaew and Ngudgratoke (2021) in their study investigated how return on equity is affected by shared value and corporate social responsibility disclosure in Thailand. The study relied on the secondary data for 2018 which was extracted from the annual reports of 354 listed businesses on the Stock Exchange of Thailand. The Stock Exchange of Thailand and Thaipat Institute criteria for corporate social responsibility disclosure were followed in gathering company information through content analysis and checklist forms. Multiple regression analysis and descriptive statistics were employed for data analysis. The findings indicated the return on equity was positively and significantly impacted by the corporate social responsibility disclosure for community and social development. The return on equity was positively and significantly impacted by the shared value. Thus, the researchers concluded that investors and stakeholders can benefit from the relevant information provided by corporate social responsibility disclosure and shared value, which suggests that companies that are engaged with communities and society and have a shared value system will perform better.

Eissa, Tabash and Anwar (2020) investigated the association between Yemeni Islamic banks' profitability and the degree of voluntary disclosure. The researchers developed a self-constructed disclosure index consisting of 266 elements to measure the amount of voluntary disclosure information and its relationship to the profitability of 30 Yemeni Islamic banks' annual reports over a ten-year reporting period from 2005 to 2014. The Return on Equity (ROE) results showed that the Islamic bank's history, financial ratios, corporate governance details, social disclosure, zakat details, and bank size had a negative and significant impact on both ROE and ROA. The study came to the conclusion that management and regulatory organizations should create guidelines for information disclosure in order to improve the relationship between disclosure and profitability among Islamic banks in Yemen and promote rational economic decision-making.

Lita (2020) investigated the impact of return on equity from corporate social responsibility in Indonesia. The study used the causal comparative research approach, which uses actual events to illustrate the relationship between one variable and another (ex post facto). The study's sample consisted of manufacturing companies that were listed on Bursa Efek Indonesia (BEI) between 2009 and 2015. The results demonstrated the varying effects of corporate social responsibility on the financial performance of the companies. Specifically, in the manufacturing firms listed on Bursa Efek Indonesia (BEI), corporate social responsibility had a positive significant effect on Return on Equity (ROE). The researchers concluded that, in order to maintain a balance between the interests of stakeholders and company management when it comes to social responsibility disclosure, company management should engage in fair operating practices, effective anti-corruption practices, responsible involvement in political affairs, fair competition, promotion of social responsibility, and respect for businesses' rights. This is because social responsibility disclosure is still only partially disclosed in Indonesia.

Methodology

The study employed ex-post facto research design. The study used secondary data obtained from the Factbook of the Nigerian Stock Exchange (NSE). Population of the study consisted of the thirty-four (34) listed companies in the consumer goods sector, filtered from the entire list of Fast-Moving Consumer Goods Firms (FMCG) with physical presence in December 2022 in Nigeria. A method of purposive sampling was employed in this investigation to select a sample of sixteen (16) listed consumer goods firms over a period of sixteen years (2007-2022). Data were collected from the sixteen-year (2007–2022) audited annual report of the chosen consumer goods companies listed on the Nigerian Stock Exchange (NSE). The study adopted quantitative method of data analysis as well as inferential statistics carried out on the hypotheses with the aid of appropriate statistical software for analysis of data.

Data Presentation and Result

Descriptive Statistics

Table 1: ROE Model using Panel EGLS (Period SUR)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SOD	-0.0214	0.0007	-29.4666	0.0000
EVD	0.56017	0.0261	21.4826	0.0000
ECD	-0.0021	0.0007	-2.9943	0.0030
CGD	-0.0085	0.0116	-0.7349	0.4631
LOG(FSZ)	0.0483	0.0115	4.2054	0.0000
LOG(FAG)	0.1510	0.0443	3.4110	0.0008
FFL	0.4474	0.0261	17.1472	0.0000
C	-1.4077	0.2354	-5.9790	0.0000
Weighted Statistics				
R-Squared	0.8648	Mean Dependent Var.	0.3236	
Adjusted R-Squared	0.8610	S.D. Dependent Var.	2.8188	
F-Statistic	226.5584	Durbin-Watson stat.	2.0091	
Prob (F-Statistic)	0.0000			
Unweighted Statistics				
R-squared	0.2801	Mean Dependent Var.	0.2922	
Sum squared residual	51.254	Durbin-Watson Stat.	0.9463	

Source: Researcher's Computation, 2024

Key: Not Significant: p>0.05; Significant: p<0.05

Model: ROE Versus SOD, ECD, ENVD, CGD, FSZ, FFL, LOG(FAG), C (Using Dynamic Approach)

Table 2: ROE Model using Panel EGLS (Period SUR)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROE (-1)	0.4978	0.0085	58.5593	0.0000
SOD	-0.1533	0.0089	-17.2180	0.0000
EVD	0.4377	0.0296	14.7722	0.0000
ECD	-0.0005	0.0005	-1.0658	0.2876
CGD	0.0902	0.0187	4.8157	0.0000
SOD (-1)	0.0328	0.0007	48.3316	0.0000
EVD (-1)	0.0248	0.0198	1.2532	0.2114
ECD (-1)	0.0039	0.0021	1.8346	0.0679
CGD (-1)	-0.1172	0.0114	-10.2858	0.0000
LOG(FSZ)	0.0036	0.0089	0.4017	0.6883
LOG(FAG)	0.1007	0.0236	4.2671	0.0000
FFL	0.2573	0.0202	12.7425	0.0000
C	-0.4578	0.1733	-2.6421	0.0088
Weighted Statistics				
R-Squared	0.9586	Mean Dependent Var.	0.3232	
Adjusted R-Squared	0.9564	S.D. Dependent Var.	4.9961	
F-Statistic	438.0344	Durbin-Watson stat.	2.0031	
Prob (F-Statistic)	0.0000			
Unweighted Statistics				
R-squared	0.5281	Mean Dependent Var.	0.2967	
Sum squared residual	27.4451	Durbin-Watson Stat.	1.9932	

Source: Researcher's Computation, 2024

Key: Not Significant: p>0.05; Significant: p<0.05

ROE Versus SOD, ECD, ENVD, CGD, LOG(FAG), FFL, LOG (FSZ).

Table 3: Correlation Matrix

Firm ID	ROE	SOD	ECD	ENVD	CGD	LOG(FAG)	FFL	LOG(FSZ)
SOD	-0.36458	1						
ECD	-0.00777	-0.02163	1					
ENVD	0.345983	-0.32003	-0.05095	1				
CGD	-0.03968	-0.0309	0.35099	-0.05658	1			
LOG(FAG)	0.169496	0.05178	0.076866	0.026724	0.06714	1		
FFL	0.137534	0.10413	0.082391	-0.19787	-0.07009	0.078083	1	
LOG(FSZ)	0.194588	-0.03997	-0.0213	0.319257	-0.1441	0.088221	-0.15283	1

Source: Researcher's Computation, 2024

A correlation coefficient of (-0.3646) between Social Disclosure (SOD) and Return on Equity (ROE) suggested a moderate negative linear relationship between these two variables. The result revealed that as the level of social disclosure increased, there tend to be a decrease in return on equity and conversely, as return on equity increased, there tend to be a decrease in the level of social disclosure. Also, the magnitude of the correlation coefficient (-0.3646) indicated that the relationship was moderate, but not extremely strong. The implication of this result is that the negative correlation suggested that consumer goods firms with higher levels of social disclosure during the period under review experienced lower return on equity, or vice versa, that the consumer goods firm that prioritized social responsibility initiatives allocated resources away from profit-generating activities, impacting their return on equity and conversely, that the firms with higher return on equity may have prioritized profit maximization over social disclosure, potentially neglecting certain social responsibility aspects.

Furthermore, Economic Disclosure (ECD) and Return on Equity (ROE) had a correlation coefficient of (-0.0078), indicating a very weak negative linear link between the two variables. As such, the correlation coefficient's near-zero value suggested that the relationship between economic disclosure and return on equity was hardly linear. The negative sign indicated that there might be a slight tendency for higher levels of economic disclosure to be associated with slightly lower return on equity, and vice versa. However, this relationship is extremely weak with the implication that economic disclosure and return on equity are largely independent of each other and that economic disclosure significantly affected return on equity, or vice versa, based on this correlation alone.

Concerning Return on Equity (ROE) and Environmental Disclosure (ENVD), the results suggested that a somewhat positive linear association was shown by a correlation value of (0.3460) between these two variables which by implication meant that with the positive correlation coefficient there was a tendency for higher levels of environmental disclosure to be associated with higher return on equity, and vice versa, while the magnitude of the correlation coefficient (0.3460) suggested a moderate strength of relationship between environmental disclosure and return on equity. Thus, this correlation suggested that environmental responsibility and financial performance may be positively related in this context and companies with higher levels of environmental disclosure may be perceived as more environmentally responsible, which could positively influence investors perception and contribute to higher return on equity. Conversely, companies with higher return on equity may be more inclined to invest in environmental initiatives and disclose their environmental practices, as they have the financial capacity to do so.

Also, a very modest negative linear association between Corporate Governance Disclosure (CGD) and Return on Equity (ROE) was indicated by a correlation coefficient of (-0.0397) between these two variables. Hence, the correlation coefficient being close to zero indicated that there was almost no linear relationship between corporate governance disclosure and return on equity. And the negative sign indicated that there might be a slight tendency for higher levels of corporate governance disclosure to be associated with slightly lower return on equity, and vice versa. However, this relationship is extremely weak with the possible implication that the correlation between the variables is largely independent of each other and it's unlikely that corporate governance disclosure significantly affects return on equity, or vice versa, based on this correlation alone.

A correlation coefficient of (0.1695), (0.1375) and (0.1946) between each of these respective variables (Firm Age, Firm Financial Leverage and Firm size) and return on equity suggested weak positive linear relationship. The positive correlation coefficients indicated that there was a tendency for older firms to have higher return on equity, and vice versa and the magnitude of the correlation coefficient of (0.1695) for FAG, (0.1375) for FFL and (0.1946) for FSZ suggested weak strength of relationship between firm age, firm financial leverage, firm size and return on equity. The possible implications are that older firms in the sector may have established reputations, brand recognition, and more stable operations, which could contribute to higher return on equity and conversely, newer firms may face greater uncertainty, higher investment costs, and operational challenges, which could lead to lower return on equity.

Hypothesis Testing

H_{01}: There is no significant impact of sustainability reporting on Return on Equity (ROE) of consumer goods firms in Nigeria.

Discussion of Findings

Using the Static Model (SM), Table 1 indicated that Social Disclosure (SOD), Economic Disclosure (ECD), Corporate Governance Disclosure (CGD) all had negative coefficients of (-0.0214), (-0.0022) and (-0.0085) as well as P-values of (0.0000), (0.0030) and (0.4631) ($P< 0.05$) which were indicative of inverse but significant relationships between SOD and ECD with ROE, while CGD had an inverse but insignificant relationships with ROE with a p-value of about (46.31%) ($P> 0.05$). In this case, a (1%) increase in expenditure towards social cost, economic disclosure cost and corporate governance cost activities resulted in about (2.1%), (0.2%) and (0.8%) decrease in ROE respectively. However, the positive coefficients of (0.5602), (0.0483), (0.1510) and (0.4474) shown by ENVD, FSZ, FAG and FFL were significant at P-values of (0.0000), (0.0000), and (0.0008) and (0.0000) respectively.

However, using the Dynamic Model (DM), the Panel EGLS regression on table 2 showed that the lagged coefficients for ROE (-1), SOD (-1), ENVD (-1) and ECD (-1) of (0.4979), (0.0329), (0.0248) and (0.0039) were respectively positive while that of CGD (-1) (-0.1172) was negative which were indicative of a one-unit increase in ROE, SOD, ENVD and ECD from the previous period which were associated with an increase of approximately (49.79%), (3.3%), (2.5%) and (.04%) in ROE and a one-unit decrease in CGD which accounted for about (11.7%) decrease in ROE. The coefficients were found to be statistically significant as indicated by their probability values of ($p<0.05$) except for those two ENVD (-1) and CGD (-1) with ($p>0.05$) at 5% level of significance. At 5% level of significance, the lagged less coefficients in SOD, ENVD, ECD, CGD, FSZ, FAG and FFL were all found to be statistically significant except for ECD and FSZ with ($p>0.05$). As such, (15.33%) increase in social disclosure reduced the return on equity, (43.77%) increase in environmental disclosure raised return on equity, about (.05%) increase in economic disclosure reduced the return on equity, about (9%) increase in corporate governance disclosure increased the return on equity, about (.04%) increase in firm size raised the return on equity, about (10%) increase in firm age raised return on equity and about (25.73%) increase in firm financial leverage raised the return on equity.

The inverse relationships with some of the observed independent variables and ROE are consistent with the findings of Asuquo (2021) who argued that, the negative outcome of performance shown by some firms were privileged when managers participated in social responsibility initiatives like monetary contributions or providing public spaces for charity or welcoming purposes. Also, the study partly agrees with the findings of Eissa, Tabash and Anwar (2020) who noted in their research that return on equity was significantly impacted negatively by the Islamic bank's background, financial ratios, corporate governance data, corporate social disclosure, zakat data, and bank size.

Furthermore, that specific outcome was also supported by the study of Dibia, and Nwaigwe (2018) who reported negative outcome due to additional expenses in the form of occupational health and safety, employee welfare and training as well as expenses incurred by businesses in pursuit of sustainable business best practices, such as energy conservation, pollution control, and community support, reduced profits and put the company in a worse financial position than less sustainability friendly businesses, at least initially. Also, Nnamani, Onyekwelu and Ugwu (2017) with their study revealed that social disclosure and corporate governance disclosure had negative and insignificant effect on financial performance of firms studied. Leandro, Da Silva and Da Costa Vieira (2021) posited on the degree of significance that the greater the disclosure of strategic and Economic Disclosure (ECD), the lower the profitability of the companies. On the other hand, it demonstrated that Student Financing Fund for Higher Education had contributed to a considerable increase in the enrollment of new students, which had resulted in a significant growth in the economic-financial results of the companies.

However, the findings of Iheduru, and Okoro (2019) on the same set of variables contradicted the findings of the above-mentioned scholars as they observed that, while environmental and corporate governance disclosure had a negative and negligible impact on return on equity, economic and social disclosure had a positive but negligible impact on return on equity (ROE) of the chosen enterprises. Also, Isokpehi and Ebere (2023) and Al-Dhaimesh, and Al-Zobi (2019) in their study concluded that the return on equity was significantly and favorably impacted by social and economic activities, but the environmental measure had no such effect. As a result, the findings demonstrated how sustainability measurement and return on equity interact.

Also, Igbekoyi, Ogungbade and Olaleye (2021) claimed that while earnings per share had a favorable but little impact on environmental sustainability reporting, profit after tax, a proxy for profitability, had a substantial impact on the environmental sustainability reporting practices of quoted manufacturing enterprises. Therefore, the study came to the conclusion that characteristics like profitability in terms of profit after tax were relevant when examining the influence of financial performance drivers on environmental reporting standards. It was suggested that the management teams of manufacturing companies should have been more concerned with environmental sustainability and their reports on it, as firms' financial limitations with regard to liquidity and profitability do not prevent them from projecting an image of being environmentally conscious. In a similar manner, Kwaltommai, Enemali, Duna and Ahmed (2019) argued that firm size, had a positive relationship with ROE, firm age also was positively correlated with ROE, and leverage is positively correlated with ROE as well.

To complement the combined effects of extant findings, Al-Ahdal, Farhan, Vishwakarma and Hashim (2023) in their work revealed that Economic Disclosure Index (EDI) positively and significantly impacted ROE and the quality of Indian companies. However, the Governance Disclosure Index (GDI) and Social Disclosure Index (SDI) have a negative and considerable impact on the ROE and TQ of Indian businesses. Furthermore, ROE was significantly impacted by CEOP and ESG. However, whereas ESG had a negative and minimally significant impact on the TQ of Indian enterprises, it had a negative and highly significant impact on ROE. However, as determined by ROE and TQ, CEOP had no moderating effect on the relationship between ESG and FP. Gerged, Albitar and Al-Haddad (2023) determined that although there is a negative correlation between Earnings Manipulations (EM) and Corporate Environmental Disclosure (CED), there are variable linkages between EM and Corporate Governance (CG) arrangements, suggesting that CG arrangements may have contributed to or decreased EM in Jordan. Additionally, several CG structures demonstrated moderating impacts on the CED-EM nexus, including board size, managerial style, and institutional ownership structures.

Furthermore, the results provide evidence of the beneficial effects of the other independent and control variables, including FAG, FFL, FSZ, and ENVD. In support of these findings Al-Dhaimesh and Al-Zobi (2019); Sampong, Song, Boahene and Wandie (2018) argued that Return on Equity (ROE) was positively impacted significantly by corporate social responsibility which was capable of enhancing the image of the firms in the public domain and thus resulting in higher sales for better company's performance and sustainability. In addition, the study carried out by Lita (2020) suggested that, for the manufacturing firms listed on Bursa Efek Indonesia (BEI) their results were exceptional. Similarly, Kitsamphanwong, Pholkaew and Ngudgratoke (2021) posited that, the return on equity was positively and significantly impacted by the shared value.

Conclusion and Recommendation

The study examined how sustainability reporting affected the Return on Equity (ROE) of particular Nigerian consumer goods companies. First and foremost, the observations and empirical studies showed that the relationships between certain variables related to sustainability reporting and Return on Equity (ROE) for selected consumer goods firms in Nigeria for a period of sixteen (16) years revealed mixed associations of either positive or negative relationship that showed that firms that report more on environmental factors, are larger in size, older, and have higher financial leverage tend to have higher ROE. On the other hand, firms that report more on social, economic, and corporate governance aspects tend to have lower ROE. To this end, the positive relationships between these factors and ROE suggested that companies benefited from factors such as environmental transparency, size, age, and financial leverage in achieving higher returns for their shareholders. While the negative relationships between these disclosure factors and ROE suggested that while social, economic, and governance disclosures may be important for stakeholders and long-term sustainability, excessive emphasis on these areas might come at the expense of short-term profitability. Companies may need to strike a balance between transparency and profitability to optimize their financial performance.

In light of the results, the investigation suggested that:

i. Specifically, Managers of consumer goods firms in Nigeria should in their various attempts to attend to the desires of the current generation must not negotiate the capacity of upcoming generations to achieve their wishes. In other words, to attain optimal sustainability in their operations, these organizations must minimize negative impacts of their wastes, such as emissions, social issue, and minimization of unfair treatment of corporate personnel so as to promote mutual trust amongst interested parties involved with the firm's financial performance.

ii. Managers should ensure smart and sustainable use of natural resources to reduce unacceptable environmental footprints by focusing more on economic, social, environmental and corporate governance disclosures as they have positive effects on financial performance and in preserving our eco-system and its people in a manner now necessary more than ever.

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