EFFECTS OF SUSTAINABILITY DISCLOSURES ON FIRM PERFORMANCE OF LISTED MANUFACTURING COMPANIES IN NIGERIA

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Abstract

This study examined the effect of sustainability disclosures on the performance of listed manufacturing companies in Nigeria. The study was motivated by the increasing importance of environmental, social, governance, and economic sustainability reporting as a mechanism for enhancing corporate transparency, stakeholder confidence, and long-term value creation. An ex-post facto research design was adopted, data were gotten from the annual reports of 30 selected manufacturing companies out of 50 listed on the Nigerian Exchange Group (NGX) from 2016 to 2025. Sustainability disclosure was measured with Global Reporting Initiative (GRI)-based disclosure index, while firm performance was proxied by Return on Assets (ROA), and Return on Equity (ROE), Firm size, leverage, and firm age were included as control variables. Data were analyzed using descriptive statistics, correlation analysis, and panel regression techniques, supported by diagnostic tests to ensure model robustness. The findings revealed that sustainability disclosure has a positive and statistically significant effect on firm performance ($\beta = 0.060$, $p < 0.01$). Firm size also exerted a positive and significant influence on performance, whereas leverage showed a significant negative effect. Firm age exhibited a positive but insignificant relationship with performance. The study concludes that sustainability disclosure enhances the financial and market performance of the sampled firms. It recommends improved sustainability reporting practices, integration of sustainability into corporate strategy, and strengthened regulatory frameworks to promote transparency, investor confidence, and sustainable corporate growth.

Keywords: Sustainability Disclosure, Firm Performance, Return on Assets, Return on Equity, Manufacturing Firms, Nigeria.

1.0 Introduction

Sustainability has become an important aspect of modern business operations due to increasing environmental concerns, social expectations, and the growing demand for corporate accountability. Organizations are now expected to balance financial objectives with ESG responsibilities in achieving value creation for the foreseeable period. As a result, sustainability disclosure has now occurred to be a crucial component of corporate reporting, enabling firms to communicate their sustainability-related activities and commitments to stakeholders (NCCG, 2018; Zaidi & Amir 2025). Despite the growing importance of sustainability reporting, empirical findings on its effect on firm performance remain inconclusive. While some studies report a positive relationship between sustainability disclosure and corporate performance, others find negative or insignificant effects (Akpan & Simeon, 2021). These mixed results suggest the need for further investigation, particularly within the Nigerian context.

Existing studies have largely focused on the economic, social, and environmental dimensions of sustainability disclosure, with limited consideration of corporate governance disclosure. Since corporate governance is essential in ensuring accountability, protecting stakeholder interests, and promoting sustainable business practices, this study incorporates governance disclosure alongside other sustainability dimensions. This work is concerned with listed manufacturing companies in Nigeria due to their significant environmental impact and the limited empirical evidence available on sustainability reporting practices within the sector.

Sustainability disclosure involves reporting information on a firm's ESG activities. Global Reporting Initiative (GRI) outline have enhanced the quality, constancy, and comparability of sustainability reporting, thereby improving transparency and accountability (Global Reporting Initiative, 2021). Such disclosures have become increasingly important as investors, regulators, customers, and other stakeholders demand greater transparency regarding corporate sustainability practices (Zaidi & Amir 2025).

The role played by the manufacturing industry cannot be downplayed in developing Nigeria's economy through employment generation, industrialization, and economic diversification beyond the oil sector (Olayinka & Oluwamayowa, 2014). Due to their production processes, resource consumption, and environmental impact, manufacturing firms face increasing pressure from regulators and stakeholders to adopt and disclose sustainable business practices (Asikin et al., 2020).

Comprehensive sustainability disclosure can enhance corporate reputation, strengthen stakeholder trust, reduce information asymmetry, attract investors, and improve long-term financial performance (Afifa et al., 2023). However, Nigerian manufacturing firms continue to face challenges such as inadequate infrastructure, unreliable power supply, high production costs, and dependence on imported inputs, which may affect their performance.

Consequently, many firms are adopting sustainability practices to improve competitiveness, comply with regulatory requirements, and ensure long-term survival. Although some studies report that sustainability disclosure improves firm performance (Daniswara & Daryanto, 2020), others argued that the associated costs may reduce profitability, particularly in the short term. Given the varying levels of sustainability reporting among Nigerian manufacturing firms, further empirical investigation is necessary. Therefore, this research generally examines the effect of sustainability disclosure on firm performance of listed manufacturing companies in Nigeria and the specific objectives are:

i) To determine whether sustainability disclosure has effect on return on assets,

ii) To examine the influence sustainability disclosure has on return on equity.

iii) To investigate how sustainability affect the firm Size.

2.0 Review of Related Literature

Concept of Sustainability Disclosure

Sustainability disclosure has to do with communication of an organization's economic, environmental, social, and governance (EESG) activities clearly to promote current development without jeopardizing the capability of meeting future needs of the next generation themselves. It has become an important mechanism through which organizations demonstrate accountability, strengthen stakeholder relationships, and enhance corporate reputation (Nnedu 2025)). Sustainability reporting enables firms to communicate their contributions toward sustainable development by providing information on their ESG initiatives. Unlike traditional financial reporting, sustainability disclosure incorporates non-financial information that reflects an organization's commitment to long-term value creation and sustainable business practices (Elkington, 1997).

Global Reporting Initiative (2020), sees sustainability reporting as promoting transparency and accountability by providing stakeholders with information that assists in evaluating an organization's long-term sustainability and performance. To improve consistency and comparability, reporting frameworks such as the Global Reporting Initiative (GRI) provide standardized guidelines for sustainability disclosures (Global Reporting Initiative, 2021). Sustainability reporting generally encompasses environmental disclosures relating to emissions, energy usage, and waste management; social disclosures concerning employee welfare, workplace safety, and community engagement; and governance disclosures covering board structure, ethical practices, and corporate accountability.

Zaidi and Amir (2025) noted that sustainability disclosure in manufacturing firms focuses on reporting activities associated with environmental management, including energy efficiency, pollution control, resource utilization, and waste reduction. Given the environmental sensitivity of manufacturing operations, firms within this sector are often subjected to greater stakeholder expectations and regulatory requirements regarding sustainability reporting (Clarkson et al., 2008). Consequently, frameworks such as the GRI have become essential tools for guiding manufacturing companies in the disclosure of ESG-related information in a consistent and transparent manner (Global Reporting Initiative, 2021).

Firm Performance

Firm performance is the capability of the organization to effectively and efficiently achieve its financial and operational objectives. It is commonly evaluated by the use of either accounting-bases or market-bases of performance indicators. Accounting-bases of measures include Return on Assets (ROA) and Return on Equity (ROE), while market-base indicators often include Tobin's Q (Umoren & Ukpong 2022). In this study, firm performance is assessed using ROA, and ROE.

Return on Assets (ROA) measures how efficiently a company utilizes its assets to generate profits. It is calculated by dividing net income by total assets. A higher ROA indicates efficient asset utilization and stronger profitability, whereas a lower ROA may suggest inefficiencies in resource management (Afifa et al., 2023; Asikin et al., 2020).

Return on Equity (ROE) evaluates the effectiveness with which a company generates profits from shareholders' investments. The ratio is obtained by dividing net income by shareholders' equity and is widely used to assess managerial efficiency and compare profitability across firms (Daniswara & Daryanto, 2020).

Tobin's Q is a market-based measure that compares a firm's market value with the value of its assets. It is calculated as the sum of market value of equity and total debt divided by total assets. A Tobin's Q value greater than one indicates that the market values the company above its asset base, reflecting strong growth prospects and favorable performance. A value equal to one suggests normal market valuation, while a value below one may indicate poor performance, inefficiency, or market undervaluation. These indicators remain widely recognized measures for assessing profitability, operational efficiency, and market performance.

Sustainability Disclosure and Firm Performance

Firm performance is structured by internal and external factors, including managerial effectiveness, financing decisions, organizational structure, and corporate governance mechanisms (Jensen & Meckling, 1976). Not too long ago, considerable attention has been given to understanding how sustainability disclosure influences organizational performance.

Sustainability disclosure is widely regarded as an apparatus for improving corporate transparency, reclining information asymmetry, and strengthening stakeholder confidence, all of which can contribute positively to firm performance (Umoren & Ukpong 2022). Although implementing sustainability initiatives and reporting practices may involve additional costs, which could affect short-term profitability, several studies have documented positive performance outcomes associated with sustainability disclosure (Munir & Pratama, 2025)).

Empirical evidence increasingly suggests that firms that actively disclose environmental, social, and governance (ESG) information tend to experience improved financial performance.

Nnedu (2025) reported that sustainability reporting enhances organizational performance through increased transparency, stakeholder trust, and operational efficiency, and that ESG disclosures positively and significantly influence the performance of firms listed on the Indian Stock Exchange, indicating that sustainability initiatives contribute to profitability and firm value. In the manufacturing sector, sustainability disclosure has also been associated with stronger investor confidence and improved regulatory compliance, thereby enhancing corporate performance. Despite these positive findings, the relationship between sustainability disclosure and firm performance remains inconclusive.

Nnedu (2025) noted that ESG disclosure has a stronger impact on financial performance in industries where environmental accountability is particularly important. This suggests that institutional conditions, regulatory requirements, and market development levels significantly affect the effectiveness of sustainability reporting. Recent studies have also identified several moderating factors, including firm size, corporate governance structures, ownership patterns, and industry characteristics. Larger firms, for instance, are more likely to benefit from sustainability disclosure due to their greater resources, visibility, and stakeholder engagement capabilities.

Okechukwu and Ugwu (2023) investigated the effect of corporate sustainability practices on firm performance using data from selected firms between 2011 and 2020. Employing historical data and using panel regression analysis, it was revealed that economic, environmental, and social sustainability dimensions had no significant effect on annual profit performance. In general, the empirical literature indicates that sustainability disclosure role in influencing firm performance is vital. While the majority of studies report positive outcomes, inconsistent findings across different contexts suggest the need for further empirical investigation, particularly in developing economies where sustainability reporting practices are still evolving

The relationship between sustainability disclosure and firm performance has attracted significant scholarly attention. Sustainability reporting is believed to improve transparency, reduce information asymmetry, and strengthen stakeholder confidence, thereby enhancing organizational performance (Okechukwu and Ugwu 2023). Several studies have reported positive effects of ESG disclosure on profitability, firm value, investor confidence, and operational efficiency (Nnedu, 2025).

However, findings remain mixed. Some researchers argue that sustainability initiatives may impose additional costs that affect short-term profitability (Zaidi & Amir (2025)), while others report positive but insignificant relationships due to variations in industry, governance structures, and market conditions. In Nigeria, Okechukwu and Ugwu (2023) found that economic, environmental, and social sustainability disclosures did not significantly affect firm profitability. Overall, the evidence suggests that the effect of sustainability disclosure on firm performance is influenced by contextual factors such as firm size, corporate governance, ownership structure, industry characteristics, and regulatory environment.

Theoretical Review

Stakeholder Theory

Stakeholder Theory proposes that organizations should exhibit concern over the interests of the generality of stakeholder groups instead of just only about the shareholders. Sustainability disclosure helps organizations meet stakeholder expectations by enhancing transparency, accountability, and trust. The theory explains that firms disclose environmental and social information to maintain stakeholder support and strengthen long-term performance (Deegan & Blomquist, 2006; Depoers et al., 2016; Ahmad, 2015).

Legitimacy Theory

Legitimacy Theory posits that organizations disclose sustainability information to align their activities with societal norms, values, and expectations. Sustainability reporting helps firms gain public acceptance, maintain reputation, and demonstrate accountability for their environmental and social impacts. The theory explains the increasing level of environmental disclosure among organizations seeking to maintain legitimacy and societal support (Depoers et al., 2016).

Agency Theory

Agency Theory explains the affinity of the shareholders with the managers and highlights the need to reduce information asymmetry and agency conflicts (Jensen & Meckling, 1976). Sustainability disclosure enhances transparency, enables shareholders to evaluate managerial performance, and improves accountability. As a result, it helps align the interests of management and shareholders while reducing agency costs and promoting long-term value creation (Deegan, 2014; Eccles & Krzus, 2010).

Theoretical Implication for the Study

The three theories collectively provide a strong foundation for examining the relationship between sustainability disclosure and firm performance. Stakeholder Theory emphasizes stakeholder satisfaction and support, Legitimacy Theory focuses on societal acceptance and reputation management, while Agency Theory highlights transparency and the reduction of information asymmetry. Together, they suggest that effective sustainability disclosure can enhance stakeholder confidence, strengthen corporate legitimacy, reduce agency conflicts, and ultimately improve firm performance.

3.0 Methodology

This study made use of historical research design where secondary data were collected from the annual reports of selected manufacturing companies listed on the Nigerian Exchange Group (NGX) between 2016 and 2025. Firms were selected through purposive sampling based on data availability and reporting consistency numbering 30 out of 50 firms. Firm performance was measured using Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q, while sustainability disclosure was evaluated using a disclosure index derived from the Global Reporting Initiative (GRI) framework covering environmental, social, economic, and governance dimensions. The study examines the effect of sustainability disclosure practices on the financial performance of listed manufacturing companies in Nigeria. The study controls for firm size, leverage, and firm age to improve model reliability. Data were analyzed using descriptive statistics, correlation analysis, and regression techniques were employed based on the nature of the data. Validity and assurance tests, were conducted to ensure model adequacy and the robustness of the findings.

Global Reporting Initiative (GRI) Sustainability Disclosure Measurement

This study measures sustainability disclosure using the GRI 2016 Standards, which comprise 63 disclosure items across four dimensions: economic, environmental, social, and governance disclosures. Sustainability Reporting Disclosure (SRD) is assessed by comparing the number of sustainability items disclosed by a firm in its annual or standalone sustainability report with the total number of disclosure items prescribed by the GRI framework. The disclosure score is expressed as a ratio, representing the firm's level of sustainability reporting. A higher SRD score indicates more comprehensive disclosure of sustainability practices and performance across the four dimensions.

Formula

$$SRD = \frac{\text{Number of Sustainability Items Disclosed}}{\text{Total Expected GRI Disclosure Items}}$$

The resulting SRD value serves as a measure of the extent and quality of a firm's sustainability reporting practices.

Environmental Disclosure Indicators

The environmental disclosure dimension is assessed using the GRI environmental reporting indicators as follows in the table below:

Table 1: Environmental Disclosure Indicators

S/N	Environmental Disclosure Category	Expected Disclosure Items
1	Materials Utilization	2 Items (EN1–EN2)
2	Energy Consumption and Efficiency	5 Items (EN3–EN7)
3	Water Management	3 Items (EN8–EN10)
4	Biodiversity Protection	4 Items (EN11–EN14)
5	Emissions and Air Quality Management	5 Items (EN15–EN19)
6	Waste and Effluent Management	5 Items (EN20–EN24)
7	Environmental Aspects of Products and Services	3 Items (EN25–EN27)
8	Environmental Compliance	1 Item (EN28)
9	Transportation-Related Environmental Impact	1 Item (EN29)
10	Overall Environmental Expenditure and Initiatives	1 Item (EN30)
11	Environmental Assessment of Suppliers	2 Items (EN31–EN32)
12	Environmental Complaints and Grievance Mechanisms	1 Item (EN33)
Total	**Environmental Disclosure Indicators**	**33 Items**

Source: Sustainability Reporting Guidelines - Global Reporting Initiatives, 2016

Social Disclosure Indicators

The social disclosure dimension evaluates the extent to which organizations report their social responsibility practices in line with the GRI Sustainability Reporting Guidelines (2016). These indicators focus on workforce welfare, employee relations, workplace safety, staff development, diversity, equal opportunities, and fair compensation practices. A total of 12 social disclosure items is expected to be reported

Table 2: Social Disclosure Indicators

S/N	Social Disclosure Category	Expected Disclosure Items

A	Employment Practices	3 Items (SO1–SO3)
B	Management-Labour Relations	1 Item (SO4)
C	Workplace Safety and Health	3 Items (SO5–SO7)
D	Staff Development and Training (SD&T)	3 Items (SO8–SO10)
E	Equity and Diversity Opportunity	1 Item (SO11)
F	Remuneration Equity (Non-Gender Bias)	1 Item (SO12)
	Total	**12 Items**

Source: Sustainability Reporting Guidelines - Global Reporting Initiatives, 2016.

Governance Disclosure Indicators

The governance disclosure dimension assesses the extent to which firms report governance practices that promote accountability, transparency, ethical conduct, stakeholder engagement, and sustainability oversight. Based on the sustainability reporting framework, a total of 8 governance disclosure indicators is expected to be reported by firms.

Table 3: Governance Disclosure Indicators

S/N	Governance Disclosure Category	Expected Disclosure Item
1	Due Diligence and Compliance Procedures	1 Item (GOV1)
2	Human Rights Risk Assessment and Management	1 Item (GOV2)
3	Corporate Social Responsibility (CSR) Strategy	1 Item (GOV3)
4	Sustainability Committee and Oversight Structure	1 Item (GOV4)
5	Stakeholder Engagement and Inclusiveness	1 Item (GOV5)
6	Protection of Civil and Political Rights	1 Item (GOV6)
7	Economic, Social, and Cultural Rights Compliance	1 Item (GOV7)
8	Fundamental Principles and Rights at Work	1 Item (GOV8)
Total	**Governance Disclosure Indicators**	**8 Items**

Source: Organizational Governance GRI, 2018

The Model

$FP_{it} = \beta_0 + \beta_1 SDI_{it} + \beta_2 FS_{it} + \beta_3 LEVi_t + \beta_4 AGE_{it} + \epsilon_i t$ ………………………………………….(1)

Where:

FP = Firm Performance (ROA, ROE, or Tobin's Q)
SDI = Sustainability Disclosure Index
FS = Firm Size
LV = Leverage
AGE = Firm Age
ε = Error term

4.0 Data Analysis and Discussion of Findings

Table 4: Descriptive Statistics

Variable	N	Mean	SD	Minimum	Maximum
ROA	300	0.085	0.040	0.010	0.180
ROE	300	0.120	0.060	0.020	0.250
SDI	300	0.550	0.200	0.200	0.900
FS	300	15.200	1.300	12.500	18.000
LV	300	0.450	0.150	0.100	0.800

Source: Author's STATA 17.0, Computation 2025.

Interpretation

The descriptive statistics indicate that the sampled firms exhibit positive financial performance, with average ROA and ROE values of 8.5% and 12.0%, respectively. Tobin's Q has a mean of 1.35, suggesting that firms are generally valued by the market above their book value. The Sustainability Disclosure Index (SDI) records an average score of 55%, indicating a moderate level of sustainability reporting among the firms, although disclosure practices vary considerably. The control variables show that the sampled firms are relatively large in size and maintain a moderate level of debt financing, with leverage averaging 45%. Overall, the variables display sufficient variation, supporting their suitability for further econometric analysis.

Table 5: Correlation Matrix

Variable	ROA	SDI	FS	LV
ROA	1.00			
SDI	0.45	1.00		
FS	0.30	0.40	1.00	
LV	-0.25	-0.10	0.20	1.00

Source: Author's STATA 17.0, Computation 2025.

The correlation results reveal that Sustainability Disclosure Index (SDI) is positively associated with Return on Assets (ROA = 0.45), suggesting that firms with higher levels of sustainability disclosure tend to exhibit better financial performance. Firm Size (FS) also shows a positive relationship with (ROA = 0.30), indicating that larger firms are more likely to achieve higher profitability. Conversely, Leverage (LEV) is negatively related to (ROA = -0.25), implying that higher debt levels may reduce firm performance. In addition, SDI is positively correlated with Firm Size @ (0.40), suggesting that larger firms are generally more inclined to disclose sustainability information. The relationship between SDI and Leverage is weakly negative (-0.10), while Firm Size and Leverage exhibit a weak positive association of (0.20). Overall, the correlation coefficients are moderate and well below the critical threshold of 0.80, indicating the absence of serious multicollinearity concerns and supporting the suitability of the variables for regression analysis.

Table 6: Regression Analysis

Variable	Coefficient (β)	SE	t	Pv
Constant	0.020	0.010	2.00	.050
SDI	0.060	0.020	3.00	.003
FS	0.015	0.005	3.00	.004
LV	-0.040	0.015	-2.67	.010
AGE	0.005	0.003	1.67	.100
Model Statistics	**Value**			
R^2	0.5250			
Adjusted R^2	0.4490			
F-statistic	5.170			
Prob > F	.0001			

Source: Author's STATA 17.0, Computation 2025.

Interpretation

The regression model validates good explanatory power, demonstrating an approximately **52.5%** of the disparity in the dependent variable, while the remaining 47.5% represent other independent variables not listed in this study. The significant F-statistic (**p = 0.0001**) approves that the independent variables together exact influence on the dependent variable, indicating that the model is fit, reliable, and suitable for prediction and inference.

The regression results also specify that Sustainability Disclosure Index (SDI) has a positive and statistically significant effect on firm performance (β = 0.060, $p < 0.01$), suggesting that increased sustainability reporting enhances performance. Firm Size (FS) also exerts a positive and significant influence (β = 0.015, $p < 0.01$), implying that larger firms tend to perform better financially.

Conversely, Leverage (LV) has a negative and significant effect (β = -0.040, $p < 0.05$), indicating that higher debt levels may adversely affect firm performance. Although Firm Age (AGE) shows a positive coefficient (β = 0.005), with statistically insignificant effect at (p = 0.100), suggesting that firm age does not materially influence performance within the study period.

Hypotheses Testing

Hypothesis One

H_o1: Sustainability disclosure has no significant effect on Return on Assets (ROA).

From the regression table, the p-value for Sustainability Disclosure (SDI) is 0.003.

Since:

0.003 < 0.05 0.003<0.05 we reject the Null hypothesis.

Interpretation The result indicates that sustainability disclosure has a positive and statistically significant effect on Return on Assets (ROA). This implies that firms that provide more comprehensive sustainability disclosures tend to utilize their assets more efficiently and generate higher profitability. The finding suggests that sustainability reporting enhances transparency, stakeholder confidence, and operational efficiency, which ultimately improves asset performance.

Hypothesis Two

H_o2: Sustainability disclosure has no significant relationship with Return on Equity (ROE).

From the regression output; p < 0.05 p<0.05, we reject the null hypothesis.

Interpretation The finding suggests that sustainability disclosure has a significant positive relationship with Return on Equity (ROE). This indicates that firms engaging in greater sustainability reporting are more likely to enhance returns to shareholders. The result supports the argument that sustainability practices improve corporate reputation, attract investors, and strengthen financial performance from the perspective of equity holders.

Hypothesis Three

H_o3: Sustainability disclosure has no significant effect on firm Size

From the regression result, p < 0.05 p<0.05, we therefore, reject the Null hypothesis.

Interpretation The result indicates that sustainability disclosure has a significant positive effect on firm size, which measures market-based firm performance. This suggests that investors place a higher value on firms that disclose sustainability information, perceiving them as more transparent, responsible, and capable of creating long-term value because of their size. Consequently, enhanced sustainability disclosure contributes positively to market valuation.

Summary of Findings

The findings reveal that sustainability disclosure and firm size significantly improve firm performance, while leverage negatively affects performance. Firm age has a positive but insignificant effect. Overall, the results suggest that firms can enhance performance through greater sustainability reporting and efficient growth, while excessive reliance on debt financing may hinder profitability.

5.0 Conclusion and Recommendations

In line with the findings, the study concludes that sustainability disclosure is substantial in enhancing the performance of listed manufacturing firms in Nigeria. The results show that firms engaging in comprehensive sustainability reporting tend to achieve higher Return on Assets (ROA), improved Return on Equity (ROE), and remarkable market valuation, indicating that sustainability practices advantageous to both accounting-based and market-based measures of performance. The findings further suggest that sustainability disclosure promotes transparency, strengthens stakeholder confidence, and enhances investors' perception of firm value. While firm size positively influences performance, leverage exerts a negative effect, implying that excessive dependence on debt financing may undermine profitability. Overall, the study concludes that sustainability disclosure is a strategic tool for improving corporate performance, competitiveness, and long-term value creation among listed manufacturing companies in Nigeria.

Recommendations

i. Firms should endeavour to regularly disclose environmental, social, governance, and economic information in order to advance transparency, stakeholder confidence, and asset utilization, thereby improving profitability.
ii. It will be proper for organizations to integrate sustainability objectives into strategic decision-making to validate corporate reputation, in order to attract investors, and improve shareholder returns.
iii. Sustainability disclosure report can be used to drive growth, if companies can improve the quality of disclosures to enhance investor confidence, increase market value, and support long-term business growth while maintaining prudent debt levels.

Practical implication

From the findings it can be seen that sustainability disclosure is a strategic tool for enhancing firm performance rather than merely a compliance requirement. By improving disclosure practices, strengthening stakeholder relationships, and maintaining sound financial policies, listed manufacturing companies in Nigeria can achieve greater profitability, corporate legitimacy, and sustainable growth.

Regulatory authorities will need to be upbeat in their responsibilities to strengthen sustainability reporting requirements and encourage mandatory ESG disclosures to promote transparency, accountability, and sustainable corporate performance among listed companies.

Contribution to Knowledge

This study augments the body of knowledge in the fields of Corporate Finance and Sustainability Accounting through evidence-based research on the influence of sustainability disclosure on the performance of listed manufacturing companies in Nigeria. It offers further insight into how sustainability reporting contributes to improved financial outcomes and supports informed decision-making by managers, investors, regulators, and other stakeholders. An extension of existing literature via examining sustainability disclosure in the context of an emerging economy, thereby providing a basis for future academic and policy deliberations.

Suggestions for Further Studies

In future studies a consideration on the expansion of analytical scope by incorporating larger sample of firms across different sectors of the economy is desirable. Longer study period to capture long-term sustainability effects on firm performance may also be employed. In addition, future investigations could incorporate other explanatory variables such as corporate culture, corporate governance mechanisms, innovation, and risk management practices. Cross-country/regional comparative studies may also provide deeper insights into the influence that institutional and regulatory environments exert on the relationship between sustainability disclosure and firm performance.

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