EP-JOURNALS

Available on: https://jefrr.ep-journals.org/ E-ISSN: 3051-3650 P-ISSN: 3051-3642

Journal of Economic Finance Research and Review

Volume: 02 Issue: 02 February 2026

Sustainability Performance Reporting and Financial Performance of Quoted Manufacturing Companies in Nigeria

Syder, Inuadume Daniel (Ph.D), Aca.
Department of Accounting, Faculty of Management Sciences, University of Port Harcourt.

Elee Chidi (Ph.D)
Department of Accounting, Faculty of Management Sciences, University of Port Harcourt.

Published Date: February 13, 2026 **Article DOI: 10.65150/EP-jefrr/V2E2/2026-03**

ABSTRACT: Consequent on the extent of inimical externalities from corporate entities among global economies, the business stakeholders' strictly demand for sustainability reporting outcome to assess the business sustainability performance, transparency and legitimacy. Therefore, this study examines the effects of sustainability performance reporting on the financial performance of quoted manufacturing companies in Nigeria. Community development cost disclosure, employee healthcare cost disclosure and environmental protection cost disclosure are the dimensions of the predictor variable while return on assets measures financial performance. Ex post Facto Research design was employed for the study. Specific econometric models were designed to extract data by content analysis for a period of 2010 - 2024. Panel regression analysis techniques with the aid E-views were employed to estimate the residuals of the econometric models for multi-year period on audited annual reports of the quoted manufacturing firms. The findings show that reporting community development expenses has a favourable impact on return on assets. Similarly, disclosure of employee healthcare costs has a positive and statistically significant effect on return on assets, while disclosure of environmental protection costs has a positive coefficient but is statistically insignificant, implying that investments in sustainability performance reporting stimulate the patronage and engagement of stakeholders in manufacturing firms, but the long-run effect is industry specific. The study indicates that investing in sustainability performance reporting reduces regulatory risks, improves the reputation and brand image of organizations, and maintains market trust in dealing with the social contract to achieve financial performance. It is recommended that manufacturing business management incorporate sustainability performance reporting into the corporate reporting framework because it increases return on assets, ensures long-term competitive advantage, reduces regulatory risks, and maintains public trust through stakeholder involvement. Furthermore, regulatory bodies should develop a sustainability reporting index for the manufacturing industry to promote comparative reporting. Incentives such as tax credits or green finance might be used by institutions to encourage acceptable behaviour. The Nigerian manufacturing industry proved that sustainability performance reporting does not just to drive operational costs, but also serve as a strategic financial performance lever, assisting in the development of a competitive reputation, risk mitigation, and stakeholder expectations.

KEYWORDS: Sustainability, Performance, Return on Assets, Reporting, Manufacturing.

1.0 INTRODUCTION

The global strategic policy thrust to mitigate climate change extreme impact on human environment culminates in corporate sustainability performance reporting. According to Faiza and Rohani (2024), Global warming and climatic changes constitute a serious threat to the attainment of Sustainable Development Goals and seek immediate global response. Consequently, organizations are now under pressure to adopt sustainable practices to save the environment and overcome future generation environmental issues. The vast externalities which accompanied industrial and commercial productive outputs are not limited to Oil and Gas exploration, Mining, Agricultural processes but manufacturing concerns. According to Ogboani, Chikezie-Aga, and Inyiama (2023), these hazardous manufacturing byproducts, environmental contaminants, and waste chemicals harm the whole biosphere and ecosystem. Although Busayo, Fatai, and Festus (2023) recount that the manufacturing sector serves as a key driver to the overall Nigerian economic prosperity by contributing enormously to government revenue generation, employment opportunities, infrastructural development, favourable trade balance, improved standard of living, import substitution and export promotion, economic diversification, and reduced oil dependence, et cetera; however, the legitimacy of manufacturing firms is dependent on strict compliance with sustainability performance reporting as prescribed by the Financial Reporting Council of Nigeria, the Securities and Exchange Commission, the Nigeria Exchange Group, and International Financial Reporting Standards. According to Rusu, Odagie, Pop, and Paulette (2024), sustainability reporting comprises public disclosure of environmental, social, and governance performance in order to reduce the impact of a company's operations on the environment. Khan, Serafeim, and Yoon (2016) affirmed that sustainability reporting has evolved from a purely voluntary corporate social responsibility program to an essential component of corporate governance, strategic decision-making, and stakeholder engagement. Furthermore, Kaushalya, Mendis, and Dissanayake (2025) claim that it has gained popularity as a result of rising global concerns about climate change, ethical corporate conduct, and social justice. Business stakeholders continue to demand that corporations demonstrate not just their financial viability, but also their commitment to sustainable initiatives (Ismail, 2023). Given the manufacturing industry's value chain processes in transforming economic goods and services from raw materials to consumable products for domestic and foreign markets, it attracts advanced manufacturing technologies, innovative processes, a high level of research and development, skilled expertise, competitive and comparative advantage strategies, and environmental and societal impacts. It depletes resources, degrades the ecosystem, and damages the biosphere in ecological space.

Ugwu, Hassan and Riku (2024), submit that Nigerian manufacturing companies have to strike a balance between profit objective and sustainability obligations which place remarks on legitimacy practices, corporate reputation and image; such as: Quality product, green business dealings, efficient renewable energy use, low carbon emission, recycling resource model and ecologically friendly production practice. According to Dzugwahi and Ola (2024), firms use sustainability reporting frameworks such as the International Integrated Reporting Framework, the Sustainability Accounting Standards Board, and the Global Reporting Initiative, which recommend environmental disclosure models that frequently focus on waste reduction, emissions management, and eco-friendly production procedures. Similarly, Agbo and Joel (2024) state that the reporting framework includes a social disclosures model that focuses on employee issues, human rights, labor regulations, ethical production value chains, and improved access to employee healthcare and security. Governance disclosures also include information about board diversity, gender sensitivity initiatives, and adherence to ethical research and development protocols. Several theoretical perspectives support the usefulness of sustainability performance reporting. According to stakeholder theory, manufacturing companies such as Cadbury Nig. PLC, Guinness Nig. PLC, PZ Cusson Nig. PLC, Flour Mills Nigeria, Unilever Nig. PLC, May & Baker Nig. PLC, Dangote Group, Lafarge Cement, Nigerian Breweries PLC, African Industries Group, Dufil Prima Foods LTD, and others must integrate and balance the interests of numerous groups whose support is critical to the business's long-term success (Freeman, 1984). According to legitimacy theory, firms use sustainability reporting to conform to social norms and regulatory criteria while still maintaining their social license to operate (Suchman, 1995). Previous empirical investigations examined the relationship between sustainability performance reporting and financial performance. Adams and Abhayawansa (2022) recall the argument over the link, stating that some researchers have identified a positive association between sustainability reporting and financial performance, while others have found no relationship or even a negative one. Studies have shown that sustainability reporting improves financial success. (Sunny & Apsara, 2024; Aiyesan, 2023; Okon, Philips & Okpokpo, 2023). In the positive, Madarasinghe and Wanniarachchige (2022) strongly urge that organizations use sustainability reporting to promote long-term corporate growth, efficiency, financial performance, and competitiveness. The influence of sustainability performance reporting on manufacturing organizations' reputation and brand image; it fosters stakeholder trust, improves operational opportunities, reduces risks, and saves cost.

Other researchers found negative effect between the variables due to additional operating cost in sustainability reporting practices, (De Silva, 2018; Buys, Oberholzer & Andrikopoulos, 2011). Further studies focused on conceptual reviews and adoption of different sustainability index (Akuoko-Sarpong, Gyasi, & Affram, 2024; Ismail, Saad, Lode & Kustiningsih, 2022; Asogwa, 2017). Cited studies highlighted presented distinct perspectives on sustainability reporting and financial performance from various industries in both advance and emerging nations. Due to the breadth of investigation and methodology used, many studies yielded conflicting results. However, just a few studies have used dummy variables to examine the manufacturing sector, with a predominant focus on the adoption of dummy variables. These scenarios presented obvious gap in literature which the study filled by employing content analysis to obtain data for analysis of the manufacturing firms. Consequently, the study examines the effects of sustainability performance reporting on the financial performance of quoted manufacturing companies in Nigeria. The specific objectives are to: (i) assess the effects of employee healthcare cost disclosures on return on assets of manufacturing companies in Nigeria; (ii) determine the effects of community development cost disclosures on return on assets of manufacturing companies in Nigeria. (iii) examine the effects of environmental protection cost disclosure on return on assets of manufacturing companies in Nigeria. Null hypotheses were formulated and tested to validate the direction of empirical conclusion. It includes:

H_{01}: Employee healthcare costs disclosure has no significant effects on return on assets of manufacturing companies in Nigeria.

H_{02}: Community Development Costs disclosure has no significant effects on return on assets of manufacturing companies in Nigeria.

H_{03}: Environmental protection costs disclosure has no significant effects on return on assets of manufacturing companies in Nigeria.

2.0: LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Sustainability performance reporting

Sustainability reporting is the voluntary or mandated disclosure of a company's social, environmental, and governance actions and expenditures, which go beyond typical financial statements. These disclosures often include information about community engagement, employee welfare, environmental protection, product safety, governance procedures, and social impact metrics. Companies that disclose information about their sustainability performance can detect and minimize possible risks, such as regulatory or reputational issues, which may have an influence on their financial success. According to Shaban and Barakat (2023), companies can also choose to report their environmental, social, and governance information using standardized frameworks such as the Global Reporting Initiative, the Sustainability Accounting Standards Board and the United Nations Sustainable Development Goals. Sustainability disclosure is increasingly viewed as strategic rather than purely charitable. According to scholars, reporting can result in actual firm-level benefits such as enhanced stakeholder relations, lower capital costs, and increased operational efficiency, which ultimately translate into financial success (Peters and Ogaluzor, 2023). Empirical studies across industries find mixed but generally positive associations between Environment, Social and Governance disclosure and financial outcomes, highlighting the need to disaggregate disclosure types and contexts when assessing impact (Friede, Busch, & Bassen, 2015; Qiu, Shaukat, & Tharyan, 2016). In the manufacturing business, sustainability reporting frequently covers a wide range of topics, including access to energy-efficient technology, competitive creative production techniques, environmentally friendly manufacturing practices, waste management, and employee welfare. These issues are more than just symbolic; they may have a direct impact on investor confidence, attract socially responsible investment capital, and promote company reputation in a more environmentally conscious market (Kaushalya, 2025). Manufacturing firms have special sustainability considerations, such as product quality price, ethical marketing, intellectual property rights, a transparent production method, and the environmental impact of manufacturing. The triple bottom line concept, which balances profit, people, and the environment, is commonly used in industry sustainability reports. Notable areas include reducing water pollution from drug manufacturing, using less plastic packaging, transitioning to renewable energy, increasing access to essential medicines, ensuring ethical labor practices, promoting gender diversity in leadership, and strengthening compliance systems to prevent bribery, corruption, and unethical drug promotion. These disclosures are critical for establishing public trust, an intangible but powerful predictor of long-term firm performance in the manufacturing industry. Scholars determined that sustainability disclosures serve two purposes: regulatory compliance and strategic communication to increase competitiveness through reputational capital (Ugwu *et al*., 2024). In tightly regulated industries such as manufacturing, these disclosures also include efficient energy utilization, minimal carbon emissions, recycling resources, and so on, all of which are directly tied to societal trust and long-term profitability.

2.1.2 Concept of Financial performance

Financial performance is the extent to which a company uses its assets, operational capabilities, and strategic efforts to create revenue, profit, and shareholder value during a certain time period. It is an important metric of organizational success since it demonstrates the efficiency and efficacy of managerial efforts. Financial performance in the manufacturing industry is a proxy for operational resilience, inventive aptitude, long-term viability, and profitability. Financial performance is frequently judged using a combination of accounting and market data. Common accounting-based indicators include Return on Assets, Return on Equity, Earnings per Share, Profit After Tax, and Net Profit Margin, which assess a company's ability to generate returns from its asset base, equity capital, and overall activities. Market-based indicators, such as total share value and share price appreciation, give information on investors' expectations for future profitability and growth (Gentry & Shen, 2013; Widyawati, 2020). Financial performance is becoming more significant in sustainability reports. Manufacturing companies confront stringent regulatory restraints, advanced technology, capital-intensive manufacturing, high stakeholder expectations, and global competition. Social performance disclosures, such as those on employee welfare, community health efforts, and ethical sourcing, can increase brand loyalty and patient trust, resulting in revenue growth (Friede *et al*. 2015).

2.2 Theoretical Framework

Five relevant theories Legitimacy Theory, Stakeholder Theory, Agency Theory, Resource-Based View (RBV) and Social Contract Theory offer complementary lenses through which to understand this relationship.

2.2.1Stakeholder Theory

Stakeholder Theory proposed by Freeman (1984), According to stakeholder theory, firms operate in a network of connections with a variety of stakeholders, including shareholders, workers, consumers, suppliers, regulators, and communities. Sustainability disclosures are used as a strategic tool to communicate a company's responsibility and response to stakeholder needs. Firms may boost confidence and legitimacy by reporting on their environmental and social actions, which enhances financial performance through increased consumer loyalty, greater talent retention, and less regulatory friction.

2.2.2 Legitimacy theory: Dowling and Pfeffer (1975) and Suchman (1995) agree that organizations aim to operate within the norms and standards of their own societies. Sustainability disclosures are instruments for establishing legitimacy in the manufacturing industry, where public trust is critical. Transparent reporting on ethical production value chain, low-carbon emission and carbon footprint reductions helps firms comply with societal standards and regulatory requirements. This legitimacy can lead to less scrutiny, a better brand image, and potentially more profits.

2.2.3 Social contract theory: According to social contract theory, firms have an implicit contract with the rest of society. In exchange for social resources and legitimacy, businesses are required to perform in ways that benefit society as a whole, such as decreasing environmental damage and contributing to sustainability (Gray et al., 1996). Failure to meet these cultural norms may result in public backlash, regulatory ramifications, or a loss of market share. Sustainability disclosures enable firms to achieve their social obligations by demonstrating transparency, ethical responsibility, and a commitment to shared values. In a developing country like Nigeria, where environmental regulations are regularly disregarded, businesses that voluntarily disclose their environmental performance may be perceived as socially responsible and trustworthy, improving public goodwill and long-term profitability.

2.3 Empirical Review

Empirical research show that sustainability performance reporting has diverse links with financial performance. Lehenchuk, Zhyhlei, Ivashko and Gliszczynski (2023) investigated the impact of sustainability reporting on financial performance, with a focus on companies in the Turkish food, beverage and tobacco and textile, wearing apparel and leather sectors. The sustainability reports of 48 companies listed on the Istanbul Stock Exchange for 2022 were studied, and the quality of sustainability practices was determined by using a general index. Sustainable Reporting Disclosure Quality Index (SRDQI) To investigate the links between sustainability reporting and financial success, two types of regression models were created. The results show that SRDQI had no statistically significant influence on any of the financial performance indicators examined. Among the subpart indices, only CGDQI has a considerable positive influence on the Assets Turnover Ratio. An examination of the effect of control factors reveals that individual financial performance metrics are multi-directionally dependent on company size, age, industry affiliation, and capital structure. Finally, this study suggests ways to improve the institutional framework of sustainability reporting for Turkish enterprises.

Singh, Singh, Pandey, Singh, and Pal (2024) investigate the link between corporate sustainability reporting and financial success in Indian-listed businesses. The study investigates how sustainability reporting, as revealed in corporate sustainability reports, influences company financial performance. The study applies statistical tools, such as regression models, to determine the connection and potential causative relationships between sustainability reporting and financial success. The findings indicate a positive association between comprehensive sustainability reporting and financial performance, implying that organizations with superior sustainability policies have greater financial returns and market valuations. The findings also demonstrate how regulatory frameworks, industry-specific characteristics, and business size influence the strength of this link.

This study adds to the increasing body of literature on business sustainability by offering insights unique to the Indian context, where sustainability reporting methods are emerging. It argues that organizations that engage in open and thorough sustainability reporting may benefit not just the environment and society, but also financially, making sustainability a strategic objective for long-term value generation. Furthermore, Shaban and Barakat (2023) investigated the link between sustainability reporting and financial performance in order to inform businesses, investors, and other stakeholders about the possible advantages and disadvantages of sustainability reporting. The study focused on 13 Jordanian commercial banks listed on the Amman Stock Exchange from 2012 to 2021. It is census research that collects data from all members of the study population, allowing for a thorough analysis utilizing multiple regression. The findings indicate a strong linear link between sustainability reporting and the dependent variables return on assets and financial leverage, although the relationship between sustainability reporting and return on equity is statistically insignificant. These findings give insights for organizations, investors, and other stakeholders on the possible advantages and downsides of sustainability reporting, and can guide decision making about sustainability activities. Similarly, Kaushalya, Mendis, and Dissanayake (2025) investigated the association between sustainability reporting and financial performance of Sri Lankan-listed firms. It focuses primarily on the economic, environmental, and social aspects of sustainability. Data for the research were gathered over a five-year period from 50 non-financial firms listed on the Colombo stock exchange. The study aims to investigate how sustainability reporting requirements affect financial performance, as measured by return on equity and return on assets. According to the research findings, social sustainability reporting has no influence on Return on Equity, however economic and environmental sustainability reporting does. Furthermore, economic sustainability reporting has no effect on Return on Assets, however social and environmental sustainability reporting do.

Again, Alsayegh (2025) explores the relationship between sustainability reporting and financial success in Saudi Arabia's industrial sector. The focus was on the impact of sustainability disclosure on Return on Assets, Return on Equity, and Financial Leverage. Future study on the Tadawul Stock Exchange will look at Saudi Arabia's listed industrial industry. We employ the Ordinary Least Squares and Fixed Effects Models to assess the impact of sustainability reporting on business financial performance. The results show a strong positive relationship between sustainability reporting and both Return on Assets and Return on Equity, particularly among big enterprises with robust governance procedures. Furthermore, sustainable businesses have less financial leverage than less sustainable ones. However, auditor type was not shown to have a substantial impact on financial results. Corporate strategists and politicians will understand how sustainability reporting improves enterprises' financial performance in accordance with Saudi Arabia Vision 2030.

Additionally, Faisal (2021) investigates the impact of sustainability reporting on firm performance. The control variables are total asset, return on asset, return on equity, and net interest margin. This demographic comprises of financial companies, particularly those in the banking industry, listed on the Indonesia Stock Exchange between 2016 and 2019. Purposive sampling determines the sample procedure. The total sample for this study is 85 firms. The hypotheses in this study were tested using multiple regression analysis. The findings of this study indicate that sustainability reporting improves firm performance. Aiyesan (2023) investigates the impact of sustainability reporting on the financial performance of listed industrial enterprises in Nigeria between 2010 and 2020. An ex-post facto research approach was used, and 24 businesses from eight industries were sampled. Data were gathered from their annual report and analyzed using the panel-regression approach. The study discovered a positive significant relationship between DP, ERS, and R&D and financial success, however CRS had a negative negligible influence on financial performance. Based on the data, the study found that SR had a favorable impact on the financial performance of listed manufacturing enterprises in Nigeria. The research proposed that relevant authorities push corporations to report social responsibility in real time and make reporting mandatory rather than optional. Firms should be required to boost their Research and Development spending since it increases profitability and aids in climate change mitigation.

3. METHODOLOGY

This study employs an ex post facto research design. The population consists of all manufacturing businesses listed on the Nigerian Exchange Group that have released annual and sustainability reports for the thirteen-year period 2012–2024. The data for this study were gathered from audited annual reports of corporations made public on the Nigerian Exchange Group and corporate websites. Sustainability performance data was retrieved through text analysis utilizing a standardized checklist that adhered to the Global data Initiative framework and the Nigerian Exchange Group Sustainability Disclosure Guidelines. Financial performance measures, such as Return on Assets, were obtained from the financial statements.

Model Specification

The model is specified in functional and econometric form as follows:

$$ROA_{it} = \beta_0 + \beta_1 EHCD_{it} + \beta_2 CDCD_{it} + \beta_3 EPCD_{it} + \epsilon_{2t} \quad (1)$$

where:

ROA = Return on Assets

EHCCD = Employees' Healthcare Cost Disclosure

CDCD= Community Development Cost Disclosure

EPCD = Environmental Protection Cost Disclosure

β_{1-3} = coefficient of the independent variables

t = time period

i= Companies

€= Stochastic error

4.0 RESULTS AND DISCUSSION

The result generated from the study are shown below.

4.1 Descriptive statistics

The descriptive statistics of the data deployed for the study is as stated in table 1 below

Table 1: Descriptive Statistics

	ROA	PAT	CDCD	EHCCD	EPCD
Mean	-3.095028	-1.752172	0.241758	0.834835	0.073626
Median	12.77530	1.835900	0.000000	0.487100	0.070000
Maximum	75.72380	26.62580	1.000000	0.607789	1.000000
Minimum	-450.6670	-47.49181	0.000000	0.989811	0.060000
Std. Dev.	70.70930	13.70602	0.430521	0.938442	0.146693
Skewness	-3.996394	-1.404439	1.206318	0.386054	0.208480
Kurtosis	21.97599	5.157098	2.455204	2.184619	1.894504
Jarque-Bera	1607.563	47.55837	23.19597	4.781279	5.293082
Probability	0.000000	0.000000	0.000009	0.091571	0.070896
Sum	-281.6475	-159.4477	22.00000	621.9700	70.40000
Sum Sq. Dev.	449982.4	16906.95	16.68132	79.26064	1.936703
Observations	91	91	91	91	91

Source: Output from EViews version 10

Table 1 above presents the descriptive statistics for the variables employed in examining the effects of sustainability performance reporting on the financial performance of manufacturing companies in Nigeria. The Jarque - Bera normality test results show that Return on Assets, Profit after tax, and Community Development Cost Disclosure are not normally distributed ($p < 0.05$), but Employee Healthcare Cost Disclosure and Environmental Protection Cost Disclosure are normally distributed at the 5% level ($p \geq 0.05$). The non-normality of financial performance indicators emphasizes the significance of using robust stationarity tests to further examine normality criteria, as proposed in econometric literature (Wooldridge, 2019).

Table 2: Stationarity test

Data Series	Augmented DF@5%	Philips-Perron@5%	Remarks on ADF
ROA	**0.0010**	0.0046	Integrated @order 1
PAT	**0.00199**	0.0056	Integrated @order 1
CDCD	**0.0349**	0.0455	Integrated @order 1
EWCD	**0.0045**	0.0446	Integrated @order 2
EPCD	**0.0033**	0.0436	Integrated @order 2

Table 2 indicate that Return on Assets, Profit after tax and Community Development Cost Disclosure are all integrated at order one. The Employee Healthcare Cost Disclosure and Environmental Protection Cost Disclosure are integrated at order two. The result lent credence to the data as suitable for analytical proceedings.

HYPOTHETICAL TESTS:

Test of Hypothesis (H_{01-3})

H_{01}: Employee Healthcare Costs Disclosure has no significant effects on Return on assets of manufacturing companies in Nigeria.

H_{02}: Community Development Costs Disclosure has no significant effects on Return on assets of manufacturing companies in Nigeria.

H_{03}: Environmental Protection Costs Disclosure has no significant effects on Return on assets of manufacturing companies in Nigeria.

Table 3: Panel Least Square Regression Analysis between Sustainability performance reporting and Return on Assets of manufacturing companies in Nigeria.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.35027	11.90393	-3.893694	0.0002
CDCD	3.750680	4.285581	0.875186	0.0343
EHCCD	3.840225	1.565891	2.452421	0.0165
EPCD	2.54840	14.35055	1.571257	0.1203
	Effects Specification			
Period fixed (dummy variables)				
R-squared	0.741030	Mean dependent var		-1.752172
Adjusted R-squared	0.609235	S.D. dependent var		13.70602
S.E. of regression	12.18807	Akaike info criterion		7.997070

Sum squared resid	11141.18	Schwarz criterion	8.438539
Log likelihood	-347.8667	Hannan-Quinn criter.	8.175175
F-statistic	2.587594	Durbin-Watson stat	0.623789
Prob(F-statistic)	0.003574		

Source: Output from EViews version 10

The panel regression results in table 3 above indicate that sustainability performance reporting variables explain a substantial proportion of variation in return on assets, with an R^2 of 0.741 and model significance at p = .0036. Disclosure of community development costs has a positive and significant effect on return on assets (β = 3.751, p =.0343), indicating that firms investing in community-oriented initiatives may benefit from increased stakeholder trust and goodwill, resulting in improved financial outcomes (Singh *et al.,* 2024). Employee healthcare cost disclosure showed a positive and statistically significant impact (β = 3.840, p =.0165), demonstrating the potential economic advantages of employee-focused programs like as training, healthcare, labor rights, occupational safety benefits, and fair remuneration. These efforts are projected to promote employee productivity, dedication, and loyalty, resulting in improved bottom-line performance (Flammer and Luo, 2017). Environmental protection cost disclosure has a positive coefficient (β = 2.548), however the impact is not statistically significant (p =.1203). This might indicate that environmental investments take longer to have a substantial influence on profitability, or that the financial benefits are indirect, such as through brand reputation or regulatory compliance (Shaban & Barakat, 2023). Overall, the findings show that community and employee-related sustainability disclosures have a greater immediate impact on manufacturing firm profitability than environmental initiatives, emphasizing the importance of strategically allocating corporate sustainability performance investments for maximum financial returns.

5.0: SUMMARY, CONCLUSION AND RECOMMENDATION

The study advances empirical evidence to justify that sustainability performance reporting on community development, employee healthcare and environmental protection have significant effects on the financial performance of quoted manufacturing companies in Nigeria. Community development and employee healthcare costs disclosure specifically enhanced return on assets but environmental protection cost disclosure positively but insignificantly increases return on assets. These demonstrations are consistent with the objectives of the legitimacy theory, which states that business operations within the bounds of societal norms and values such as: reporting material performance on environmental concerns, social efforts, and employee-focused sustainability expenditures improves business reputation, brand image, stakeholder trust, and encourages value creation through financial returns. It led to efficient energy and waste management, friendly social contract implementation and corporate responsible behaviour which yield positive patronage among sustainability sensitive stakeholders. These perspectives were recognized by Lehenchuk *et al*. (2023), who investigated Turkish Food and Beverage firms on the Istanbul Stock Exchange, and Kaushalya *et al*. (2025), who investigated firms trading on the Colombo Stock Exchange. The findings emphasize the need for incorporating sustainability performance reporting into Nigerian manufacturing businesses' corporate reporting frameworks and business strategies in order to gain a competitive advantage, avoid regulatory concerns, and drive value generation. Corporate reporting functions satisfy stakeholder involvement expectations, institutional support, regulatory risk minimization, and value generation through increased patronage (Singh *et al*. 2024). It also underlines the need of sector-specific sustainability strategies in leveraging the economic and societal benefits of corporate social responsibility in the manufacturing industry to gain a competitive edge. Manufacturing businesses should deliberately deploy sustainability resources to community involvement and employee healthcare to improve short-term financial performance while preserving environmental investments for long-term competitive advantage, regulatory compliance, and public confidence. To promote long-term environmental responsibility, regulators should strengthen sustainability performance reporting requirements for the manufacturing industry, create consistent reporting criteria, and provide incentives such as tax breaks or green financing. This study advanced statistical evidence which suggests that the manufacturing industry in a developing market, finds sector-specific evidence that sustainability disclosures serve as both ethical imperatives to risk mitigation and strategic levers for financial performance. Therefore, manufacturing firms in Nigeria should not wait for mandatory regulations to perform as sustainability reporting is now a function of financial performance.

REFERENCES

1) Adams, C. A., & Abhayawansa, S. (2022). Connecting the COVID-19 pandemic, environmental, social and governance (ESG) investing and calls for harmonization of sustainability reporting. *Critical Perspectives on Accounting,* 82, Article 102309. https://doi.org/10.1016/j.cpa.2021.102309.
2) Agbo, A. & Joel, I.G. (2023). Sustainability reporting and financial reporting of listed environmentally-sensitive companies in Nigeria. *Advance Journal of Financial Innovation and Reporting,* 07(05), 1-17.
3) Aggarwal, P. (2013). Impact of sustainability performance of company on its financial performance: A study of listed Indian companies. *Global Journal of Management and Business Research Finance*, *13*(11), 61–70.
4) Agyemang, K., Boateng, R., & Danso, A. (2023). Sustainability reporting and financial performance: Evidence from pharmaceutical firms in sub-Saharan Africa. *Journal of Cleaner Production, 390,* 136142. https://doi.org/10.1016/j.jclepro.2023.136142
5) Aiyesan, O. O. (2023). Sustainability reporting and financial performance of listed manufacturing firms in Nigeria. *Gusau Journal of Accounting and Finance*, *3*(3), 33. https://doi.org/10.57233/gujaf.v3i3.180
6) Ajide, F. M., & Aderemi, T. A. (2014). Corporate social responsibility and financial performance in developing economies: The Nigerian experience. *Journal of Economics and Sustainable Development*, *5*(18), 14–26.

7) Akuoko-Sarpong, R., Gyasi, S.T. & Affram, H.(2024). Sustainability reporting and financial performance: Examine the correlation between sustainability disclosure financial performance in publicly traded companies, *International Journal of Innovative Sciences and Research Technology*, 9(9),1041-1055.
8) Ali, M., & Hassan, R. (2020). ESG disclosures and financial performance: Evidence from Asian pharmaceutical companies. *Asian Journal of Sustainability and Social Responsibility, 5*(1), 7. https://doi.org/10.1186/s41180-020-00035-9
9) Alsayegh, M. F. (2025). Nexus between Sustainability Reporting Disclosure and Financial Performance: A Comprehensive Analysis of Saudi Arabia's Manufacturing Industry. *Sustainable Business and Society in Emerging Economies*, 7 (1), 25-38. DOI: https://doi.org/10.26710/sbsee.v7i1.3250
10) Asogwa, I.E. (2017). Sustainability Reporting and Financial Performance: A Conceptual Landscape. *Research Journal of Finance and Accounting,* 8(10), 124-131.
11) Buys, P., Oberholzer, M., & Andrikopoulos, P. (2011). An investigation of the economic performance of sustainability reporting companies versus non reporting companies: A South African perspective. *Journal of Social Science*, 29(2), 151-158.
12) Chowdhury, M. M., Rana, T., & Azim, M. I. (2021). Sustainability reporting and firm performance: Evidence from the pharmaceutical industry in Bangladesh. *Social Responsibility Journal, 17*(8), 1107–1125. https://doi.org/10.1108/SRJ-06-2020-0256
13) Clarkson, P. M., Fang, X., Li, Y., & Richardson, G. D. (2020). The relevance of environmental disclosures for investors and analysts: Evidence from the pharmaceutical sector. *Contemporary Accounting Research, 37*(2), 791–818. https://doi.org/10.1111/1911-3846.12550
14) Clarkson, P. M., Li, Y., Richardson, G. D., & Vasvari, F. P. (2008). Revisiting the relation between environmental performance and environmental disclosure: An empirical analysis. *Accounting, Organizations and Society, 33*(4–5), 303–327. https://doi.org/10.1016/j.aos.2007.05.003
15) De Silva, P. (2018). Sustainability reporting and its impact on financial performance: A study of the Sri Lankan financial sector. 15th International Conference on Business Management (ICBM 2018), 5(1), 1-27.
16) Dzuagwahi, H. & Ola, M.H. (2024). Effects of sustainability reporting on financial performance of listed non-financial companies in Nigeria, *International Journal of Research and Innovation in Social Sciences*, VIII(VI), 1636-1654.
17) Faiza, S. & Rohani, S. (2024). Environmental sustainability performance: Conceptual development, Propositions and Future Research Direction. *International Journal of Academic Research in Business & Social Sciences,* 14(8),353-371.
18) Faisal, A. F. (2021). The effect of sustainability reporting on company performance: DIPONEGORO JOURNAL OF ACCOUNTING, 10(4),1-10.
19) Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. *Journal of Sustainable Finance & Investment, 5*(4), 210–233. https://doi.org/10.1080/20430795.2015.1118917
20) Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
21) Gangi, F., Meles, A., Monferrà, S., & Mustilli, M. (2018). Does corporate social responsibility help the survivorship of SMEs and large firms? *Global Finance Journal, 38*, 26–45. https://doi.org/10.1016/j.gfj.2018.04.003
22) Gentry, R. J., & Shen, W. (2013). The relationship between accounting and market measures of firm financial performance: How strong is it? *Journal of Managerial Issues, 25*(1), 108–137. https://www.jstor.org/stable/43489250
23) Haque, F., & Ntim, C. G. (2022). The impact of regulatory frameworks on the sustainability–performance nexus: A cross-country analysis of the pharmaceutical industry. *Business Strategy and the Environment, 31*(3), 1189–1209. https://doi.org/10.1002/bse.2956
24) IFRS Foundation (2024) IFRS Sustainability Disclosure Standards.www.integratedreporting.org
25) Ismail, E.C. (2023). Impact of Sustainability Reporting on Financial Performance, Opportunities and Challenges in Sustainability, 2(1), 23-29.
26) Ismail, W.A.W., Saad, S.M., Lode, N.A. & Kustiningsih, N. (2022). Corporate sustainability reporting and firm's financial performance in emerging markets, *International Journal of Academic Research in Business & Social Sciences,* 12(1), 374-384.
27) Jenkins, H. (2009). A 'business opportunity' model of corporate social responsibility for small- and medium-sized enterprises. *Business Ethics: A European Review, 18*(1), 21–36. https://doi.org/10.1111/j.1467-8608.2009.01546.x
28) Kaushalya, V.M.S.K., Mendis, M.O.S., & Dissanayake, H. (2025). Sustainability Reporting and Financial Performance: Evidence from listed companies in SRI LANKA, *International Journal of Accounting & Business Finance,* 11(1),168-190.
29) Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate sustainability: First evidence on materiality. *The Accounting Review, 91*(6), 1697–1724. https://doi.org/10.2308/accr-51383
30) Busayo, O., Fatai, S. & Festus, O. (2023). Manufacturing Sector: A key driver for prosperity and economic development in Nigeria. Research and Insight, KPMG Nigeria.
31) Lehenchuk, S., Zhyhlei, I., Ivashko, O. & Gliszczynski, G. (2023). The impact of sustainability reporting on financial performance: Evidence from Turkish Food, Beverage, Tobacco, Textile, Wearing Apparel and Leather Sector. Sustainability, 15(20), https://doi.org/10.3390/su152014707
32) Lozano, R., Barreiro-Gen, M., Lozano, F. J., & Sammalisto, K. (2021). Sustainability disclosure and firm value: Evidence from the European pharmaceutical sector. *Business Strategy and the Environment, 30*(1), 32–46. https://doi.org/10.1002/bse.2601
33) Madarasinghe, W.E. & Wanniarachchige, M.K. (2022). Does Sustainability Reporting Affect the Financial Performance? Evidence from Companies in Consumer Services Industry on Colombo Stock Exchange. Proceedings of the 11th International conference on Management and Economics, Faculty of Management & Finance, University of Ruhuna, Sri Lanka.

34) Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly, 48*(2), 268–305. https://doi.org/10.2307/3556659
35) Mensah, H. K., Ofori, D. F., & Adomako, S. (2023). Social responsibility disclosures and financial performance: Lessons from West African pharmaceutical companies during COVID-19. *Corporate Social Responsibility and Environmental Management, 30*(2), 663–676. https://doi.org/10.1002/csr.2417
36) Michelon, G., Pilonato, S., & Ricceri, F. (2015). CSR reporting practices and the quality of disclosure: An empirical analysis. *Critical Perspectives on Accounting*, *33*, 59–78. https://doi.org/10.1016/j.cpa.2014.10.003
37) Ogboani, H.O., Chikezie-Aga, C.D., and Inyiama, O.I. (2023) The Effects of Manufacturing Sector Output on Environmental Sustainability in Nigeria from 1990 to 2019, *European Journal of Accounting, Auditing and Finance Research*, 11(1), 86-97
38) Okafor, C., & Ijeoma, N. (2022). Corporate social responsibility disclosures and profitability: Evidence from Nigerian pharmaceutical firms. *International Journal of Corporate Governance, 11*(1), 45–60. https://doi.org/10.1504/IJCG.2022.121201
39) Okon, L.J., Philip, I.B., & Okpokpo, A.S. (2023). Sustainability Reporting and Financial Performance Sustainability Reporting and Financial Performance. *AKSU Journal of Administration and Corporate Governance*, 3(1), 14-23.
40) Orlitzky, M., Schmidt, F. L., & Rynes, S. L. (2003). Corporate social and financial performance: A meta-analysis. *Organization Studies, 24*(3), 403–441. https://doi.org/10.1177/0170840603024003910
41) Patel, R., & Sharma, M. (2021). Community health programs, sustainability reporting, and market share: Evidence from Indian pharmaceutical firms. *Journal of Business Ethics, 171*(4), 853–870. https://doi.org/10.1007/s10551-020-04458-y
42) Peters, G.T. & Ogaluzor, O.I. (2023). Corporate Sustainability reporting and financial performance of listed manufacturing companies in Nigeria, *Research Journal of Management Practice*, 3(1), 107-122.
43) Qiu, Y., Shaukat, A. & Tharyan, R. (2016) 'Environmental and social disclosures: Link with corporate financial performance', The British Accounting Review, 48(1), 102-116. Doi: https://doi.org/10.1016/j.bar.2014.10.007
44) Shaban, O. S., & Barakat, A. (2023). The impact of sustainability reporting on a company's financial performance: Evidence from the emerging market [Special issue]. Journal of Governance & Regulation, 12(4), 306–314. https://doi.org/10.22495/jgrv12i4siart10
45) Singh, P., Singh, R.K., Pandey, D., Singh, A., & Pal, R. (2024). Corporate sustainability reporting and financial performance: An empirical analysis of Indian listed companies. Journal of Informatics Education and Research, 4(3), 2024. https://doi.org/10.52783/jier.v4i3.1699
46) Sunny, S. A., & Apsara, F. A. (2024). Impact of Sustainability Reporting on Financial Performance: Evidence from an Emerging Economy. *Journal of Risk Analysis and Crisis Response*, *14*(4). https://doi.org/10.54560/jracr.v14i4.559
47) Ugwu, C.C., Hassan, A.P. & Riku, R.B. (2024). Sustainability reporting and financial performance: Evidence from listed manufacturing firms in Nigeria, *Global Scientific Journal*, 12(11), 395-406.
48) Uwuigbe, U., Egbide, B.-C., & Ayokunle, A.-O. (2011). The effect of board size and board composition on firms' corporate environmental disclosure: A study of selected firms in Nigeria. *Acta Universitatis Danubius: OEconomica, 7*(5), 164–176.
49) Widyawati, L. (2020). A systematic literature review of socially responsible investment and environmental social governance metrics. *Business Strategy and the Environment, 29*(2), 619–637. https://doi.org/10.1002/bse.2393

Corresponding Author: Syder, Inuadume Daniel (Ph.D), Aca.