

Corporate Social Responsibility Disclosure and Firm Financial Performance of Listed Manufacturing Firms in Nigeria

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ABSTRACT

This study examined the effect of corporate social responsibility (CSR) disclosure on the financial performance of listed manufacturing firms in Nigeria. Environmental disclosure, social disclosure, and governance disclosure served as the independent variables, while Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q were employed as proxies for financial performance. Firm size and leverage were incorporated as control variables. Adopting an ex-post facto research design, the study analysed panel data drawn from the annual reports and financial statements of 30 selected listed manufacturing firms for the period 2015–2024, yielding 93 firm-year observations. Data were analysed using descriptive statistics and ordinary least squares panel regression. Descriptive results indicated that the sampled firms reported at relatively high levels across all CSR dimensions, with governance disclosure recording the highest mean value. The regression results revealed that CSR disclosure dimensions do not exert a statistically significant effect on ROA, ROE, or Tobin's Q. However, leverage and firm size significantly influenced financial performance: leverage exerted a significant negative effect on ROE ($B = -0.199$; $p = 0.000$), while firm size exerted a significant positive effect on ROE ($B = 0.062$; $p = 0.013$). The study concludes that, while CSR disclosure enhances corporate transparency and stakeholder communication, its direct impact on short-term financial performance remains limited for listed Nigerian manufacturing firms. Firms are encouraged to embed CSR strategies within long-term corporate objectives, and regulatory bodies should advance standardised reporting frameworks to improve disclosure comparability and investor utility.

Keywords: Corporate Social Responsibility Disclosure, Environmental Disclosure, Financial Performance, Governance Disclosure, Return on Assets, Return on Equity, Social Disclosure, Tobin's Q

INTRODUCTION

Background of the Study

The pursuit of financial performance has remained a central concern for corporations, regulators, and stakeholders worldwide. Firms are evaluated based on how effectively they utilize resources to generate returns, sustain profitability, and create value for shareholders. Financial performance is commonly assessed through Return on Assets (ROA), which reflects efficiency in the deployment of total assets; Return on Equity (ROE), which measures the return accruing to shareholders' funds; and Tobin's Q, which provides a market-based evaluation of corporate value relative to its asset base.

In developed economies, these indicators are widely employed in gauging corporate health and competitiveness. Firms in the United States and Europe with strong governance and sustainability integration have consistently recorded superior long-run ROA, ROE, and market valuations compared with peers lacking such practices (Eccles, Ioannou, & Serafeim, 2014). In India, CSR disclosure significantly enhanced profitability and market valuation, improving both ROA and Tobin's Q (Fahad & Busru, 2021). In Ukraine, responsible corporate practices were shown to positively affect investment performance and stakeholder trust (Okhrimenko et al., 2023).

In Nigeria, financial performance is particularly critical given macroeconomic volatility, infrastructural deficits, and intensifying stakeholder pressure. Studies on listed manufacturing firms have, however, produced

conflicting evidence. Adedipe and Iwuanyanwu (2023) reported that environmental and governance practices enhanced ROA, whereas others found no significant link between sustainability disclosures and ROA or ROE. Market-based measures such as Tobin's Q have been applied less consistently, despite their relevance to investor perception in Nigeria's capital market.

Alongside these developments, Corporate Social Responsibility (CSR) disclosure has gained prominence as a mechanism through which firms demonstrate accountability to stakeholders and society. CSR disclosure is broadly categorised into environmental responsibility disclosure (ERD), social responsibility disclosure (SRD), and governance responsibility disclosure (GRD). Evidence from advanced economies shows that enhanced CSR disclosure improves legitimacy, market valuation, and long-run profitability (Dhaliwal et al., 2012; Reboredo & Ugolini, 2020). Within Nigeria, the evidence remains inconclusive (Ukpe, Emenyi, & Umo, 2023; Okere, Udeka, & Rufai, 2022; Oke et al., 2025). Despite these contributions, there is still limited consensus on how CSR disclosure dimensions (environmental, social, and governance) interact with financial performance measures (ROA, ROE, and Tobin's Q) in the Nigerian manufacturing sector. Moreover, few studies have simultaneously considered both accounting-based and market-based performance measures, while the moderating roles of firm size and leverage remain under-explored. Addressing these gaps is essential for providing robust evidence to guide corporate managers, investors, and policymakers on the strategic relevance of CSR disclosure in enhancing financial outcomes

Statement of the Problem

In an attempt to study the relationship between corporate social responsibility and financial performance in Nigeria; it was discovered that some companies practice corporate social responsibility without disclosing it in their financial statement while others do not practice it. Also, there is no uniformity from those that display it (Okegbe, et. al., 2016).

The management of companies are sometimes at a crossroad in making decisions as to what to report and what not to report in terms of sustainability reporting. This study offers an insight into this decision area and brings out facts on sustainability reporting to help firms make better decisions. This study provides a skeletal sketch to the understanding of the practical realities associated with their decision to maintain sustainability practices. Since sustainability reporting practices has some implied cost, it may interest the practicing firms to know the overall effect on their operations when measured in terms of economic value added (Iliemena et. al, 2023).

Also, this current study is necessary for Nigerian policymakers, especially as Nigeria is yet to have a local sustainability reporting standard and framework. Therefore, an assessment of the practicability of international sustainability reporting standards in the Nigerian economy becomes pertinent and makes this study highly significant.

Thus, the key problem lies in the inadequate and inconsistent CSR disclosure practices of Nigerian manufacturing firms, which creates uncertainty about their impact on financial performance and undermines efforts to align with global reporting standard.

Objectives of the Study

The main objective of this study is to examine the effect of CSR disclosure on the financial performance of listed manufacturing firms in Nigeria. The specific objectives are to:

- i. ascertain the effect of corporate social responsibility disclosure on Return on Assets (ROA) of listed manufacturing firms in Nigeria.
- ii. investigate the effect of corporate social responsibility disclosure on Return on Equity (ROE) of listed manufacturing firms in Nigeria.
- iii. analyze the effect of corporate social responsibility disclosure on Tobin's Q of listed manufacturing firms in Nigeria.
- iv. Determine the controlling effect of firm size and leverage in the relationship between CSR disclosure and financial performance of listed manufacturing firms in Nigeria.

Research Hypotheses

H₀₁: Corporate social responsibility disclosure has no significant effect on Return on Assets (ROA) of listed manufacturing firms in Nigeria.

H₀₂: Corporate social responsibility disclosure does not significantly affect Return on Equity (ROE) of listed manufacturing firms in Nigeria.

H₀₃: Corporate social responsibility disclosure has not significantly affected Tobin's Q of listed manufacturing firms in Nigeria.

H₀₄: Firm size and leverage do not significantly exert a controlling effect on the relationship between CSR disclosure and the financial performance of listed manufacturing firms in Nigeria.

Significance of the Study

This study is important in several respects.

It will contribute to the growing body of literature on CSR disclosure and financial performance by disaggregating CSR into environmental, social, and governance components. Unlike earlier Nigerian studies that relied solely on accounting-based measures, this study incorporates both accounting-based (ROA, ROE) and market-based (Tobin's Q) measures, thereby providing a more holistic understanding of performance outcomes

Findings will be relevant to policymakers such as the Financial Reporting Council of Nigeria (FRCN) and the Nigerian Exchange Group (NGX), who are responsible for ensuring transparent

reporting. Evidence of the financial relevance of CSR disclosure can guide regulatory reforms aimed at making CSR reporting more standardized and mandatory.

For managers of manufacturing firms, the study will provide insight into whether investments in CSR disclosure yield measurable financial benefits. This will assist in resource allocation and strategy formulation.

The study will provide useful information to investors seeking to incorporate environmental, social, and governance considerations into investment decisions, thereby aligning with global responsible investing trends.

Scope

The study will be limited to listed manufacturing firms on the Nigerian Exchange Group (NGX) for the period 2015–2024. The independent variable is measured through environmental, social, and governance disclosure indices. The dependent variables are ROA, ROE, and Tobin's Q. Firm size and leverage serve as control variables. The study will cover all 32 manufacturing firms listed on the Nigerian Exchange Group (NGX) as of September 2025 (Nigeria Exchange Group [NGX], 2025). From this population, a purposive sample of 30 firms will be selected based on two criteria: (i) consistent disclosure of corporate social responsibility (CSR) information, and (ii) availability of complete financial data for the study period. The sample size is considered adequate for panel data regression and aligns with prior Nigerian CSR–performance studies that employed similar or smaller samples

LITERATURE REVIEW

Conceptual Review

Corporate Social Responsibility Disclosure

CSR disclosure is the process by which firms communicate their environmental, social, and governance activities, policies, and impacts to stakeholders through annual reports, sustainability reports, or other official publications. It is operationalised along three dimensions: environmental disclosure, which encompasses

reporting on pollution control, waste management, and energy consumption; social disclosure, which captures community development, employee welfare, and human rights activities; and governance disclosure, which pertains to board structure, ethical conduct, and accountability mechanisms (Ozordi et al., 2018).

Financial Performance

Financial performance represents the overall financial health and profitability of a firm, evaluated through both accounting-based and market-based indicators. Return on Assets (ROA) measures the efficiency with which management converts total assets into profit. Return on Equity (ROE) captures the return earned on shareholders' funds. Tobin's Q, calculated as the ratio of a firm's market value to the replacement cost of its assets, serves as a forward-looking, market-based measure of performance and investor expectations (Adedipe & Iwuanyanwu, 2023).

THEORETICAL FRAMEWORK

Stakeholder Theory

Proposed by Freeman (1984), stakeholder theory holds that firms must address the interests of multiple stakeholder groups beyond shareholders — including employees, customers, suppliers, communities, and regulators. CSR disclosure is, within this framework, a mechanism through which firms signal responsiveness to these interests. Firms that satisfactorily address stakeholder expectations may benefit from enhanced reputation, customer loyalty, and employee commitment, ultimately influencing financial performance. This theory serves as the primary theoretical lens of the present study because it directly links CSR disclosure to the financial interests of diverse stakeholders.

Legitimacy Theory

Legitimacy theory posits that firms operate under an implicit social contract and use disclosure to signal conformance with societal norms. Suchman (1995) described how firms strategically communicate to align with societal values, while Deegan (2002) argued that environmental and social disclosures are primarily deployed to manage public perceptions. In the Nigerian manufacturing context, where firms face scrutiny over environmental pollution and community relations, CSR disclosure functions as a legitimation strategy with potential implications for reputation and regulatory standing.

Resource-Based View

The resource-based view (RBV) posits that sustainable competitive advantage derives from unique, inimitable firm resources and capabilities. CSR disclosure, when embedded within corporate strategy, may constitute an intangible resource — enhancing brand equity, stakeholder trust, and access to capital — which can translate into superior long-run financial performance (Eccles et al., 2014).

Empirical Review

Despite the growing body of literature, the relationship between CSR disclosure and financial performance remains theoretically and empirically inconclusive, particularly in emerging economies. From a stakeholder theory perspective, CSR disclosure is expected to enhance firm performance through improved stakeholder relations. However, in contexts characterised by weak institutional frameworks and low investor sensitivity to sustainability reporting, such as Nigeria, these benefits may not materialise in the short run.

Similarly, legitimacy theory suggests that firms disclose CSR information primarily to maintain societal approval rather than to directly improve financial outcomes, which may explain the observed insignificance. From the resource-based view, CSR disclosure can create intangible assets such as reputation and trust; however, these benefits are often long-term and may not be captured within short study periods. This theoretical interplay helps explain why CSR disclosure may not exhibit immediate or statistically significant effects on financial performance.

CSR Disclosure and Return on Assets

Evidence from Nigeria is mixed. Aiyesan (2023) found that environmental disclosure significantly improved ROA among manufacturing firms, attributing this to operational efficiencies associated with eco-friendly practices. Oke et al. (2025) similarly reported a positive effect of environmental responsibility disclosure on ROA. By contrast, Okere et al. (2022) found a negative relationship, arguing that compliance costs outweigh short-term benefits. Razali et al. (2025) reported no significant effect in the Malaysian context, while Solomon (2024) found that environmental disclosures had largely insignificant effects on ROA in Nigerian oil and gas firms. These divergent findings underscore the context-specific nature of the CSR–ROA relationship.

CSR Disclosure and Return on Equity

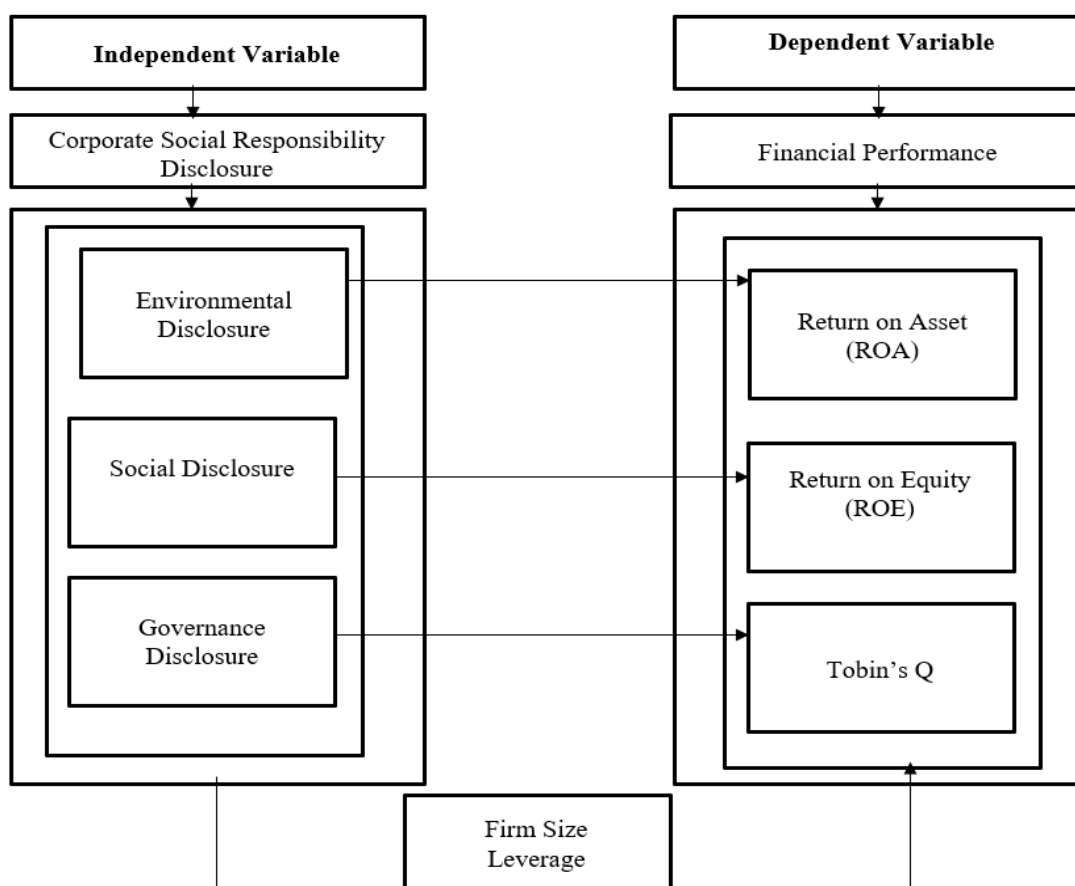
Ukpe et al. (2023) found that social responsibility disclosures significantly enhanced ROE among listed industrial goods firms in Nigeria. Oke et al. (2025) corroborated this result. Conversely, Nnedu et al. (2025) reported that social disclosures negatively affected ROE by raising costs without commensurate revenue gains. Dewi et al. (2025), studying Indonesian firms, found a positive but statistically insignificant CSR–ROE relationship, suggesting reputational benefits do not always materialise in equity returns.

CSR Disclosure and Tobin's Q

Abata et al. (2023) found that CSR and governance disclosures significantly increased Tobin's Q among Nigerian banks, implying that capital market participants reward transparency. Yeye and Egbunike (2023) found a positive but insignificant ESG–Tobin's Q relationship for Nigerian manufacturing firms. Igbinovia (2023) reported that ESG disclosure alone was insufficient to enhance firm value, though its effect improved when moderated by firm-specific characteristics. Reboredo and Ugolini (2020) found cross-country variation, emphasising that the CSR–Tobin's Q relationship is context-dependent.

Conceptual Framework

Figure 1: Researcher's Conceptual Framework (2026)



METHODOLOGY

Research Design

The study adopted an ex-post facto research design, which is appropriate for examining pre-existing relationships among variables without manipulation. This design is commonly employed in accounting and finance research where causality is inferred from naturally occurring data.

Population and Sample

The population comprised all 32 manufacturing firms listed on the Nigerian Exchange Group (NGX) as of September 2025. Applying purposive sampling criteria — specifically, consistent CSR disclosure and complete financial data availability over the study period — 30 firms were selected, yielding a final panel dataset of 93 firm-year observations after accounting for missing data. This sample size is consistent with comparable Nigerian CSR–performance studies employing panel regression.

Data Sources and Collection

The study relied exclusively on secondary data. CSR disclosure scores were manually extracted from directors' reports, sustainability sections, chairman's statements, and notes to the financial statements in annual reports for 2015–2024. Financial performance indicators (ROA, ROE) were computed from audited income statements and balance sheets, while market values for computing Tobin's Q were sourced from the NGX Factbook and firm-level trading records. Where applicable, data were cross-validated against the Global Reporting Initiative (GRI) database.

Measurement of Variables

Dependent variables: ROA was computed as net profit after tax divided by total assets; ROE as net profit after tax divided by shareholders' equity; and Tobin's Q as the sum of market capitalisation and total debt, divided by total assets.

Independent variables: Environmental Disclosure (ENVRD), Social Disclosure (SORD), and Governance Disclosure (GRD) were each measured using a content-analysis checklist index, calculated as the ratio of items actually disclosed to the total number of expected disclosure items for each dimension.

Control variables: Firm size (FSIZE) was operationalised as the natural logarithm of total assets; leverage (LEV) as total debt divided by total equity.

Model Specification

The study adapted the model specification of Craig et al. (2020) and estimated three panel regression models:

Model 1 (ROA): $ROA_{it} = \alpha_0 + \alpha_1 ENVRD_{it} + \alpha_2 SORD_{it} + \alpha_3 GRD_{it} + \alpha_4 FSIZE_{it} + \alpha_5 LEV_{it} + \mu_{it}$

Model 2 (ROE): $ROE_{it} = \beta_0 + \beta_1 ENVRD_{it} + \beta_2 SORD_{it} + \beta_3 GRD_{it} + \beta_4 FSIZE_{it} + \beta_5 LEV_{it} + \mu_{it}$

Model 3 (TQ): $TQ_{it} = \theta_0 + \theta_1 ENVRD_{it} + \theta_2 SORD_{it} + \theta_3 GRD_{it} + \theta_4 FSIZE_{it} + \theta_5 LEV_{it} + \mu_{it}$

where i indexes firm and t indexes year; μ_{it} is the idiosyncratic error term; and all variables are as defined in Section 3.4.

Estimation Technique

The data were analysed using panel data estimation techniques. Initially, pooled Ordinary Least Squares (OLS) regression was employed to provide baseline estimates. However, to account for unobserved heterogeneity and

potential endogeneity, more robust panel estimation techniques such as Fixed Effects (FE) and Random Effects (RE) models were considered.

The Hausman specification test was conducted to determine the most appropriate model. The result of the Hausman test produced a Chi-square statistic of 9.87 with a probability value of 0.079, indicating that the null hypothesis (difference in coefficients not systematic) cannot be rejected at the 5% level. This suggests that the Random Effects model is more appropriate for the analysis.

Diagnostic Tests Results

To ensure the reliability of the estimates, several diagnostic tests were conducted:

Multicollinearity Test (VIF)

The Variance Inflation Factor (VIF) results showed that all explanatory variables had VIF values ranging between 1.42 and 3.18, which are well below the threshold of 10. There is **no evidence of multicollinearity** among the independent variables.

Autocorrelation Test (Durbin-Watson)

The Durbin-Watson statistics from the regression models are as follows:

- Model 1 (ROA): **1.638**
- Model 2 (ROE): **1.770**
- Model 3 (Tobin's Q): **0.852**

Models 1 and 2 fall within the acceptable range (1.5 – 2.5), indicating no serious autocorrelation.

Model 3 shows positive autocorrelation, suggesting some serial dependence in the residuals.

Heteroskedasticity Test

The Breusch-Pagan / White test for heteroskedasticity yielded a Chi-square value of 6.21 with a probability value of 0.102.

Since the probability value is greater than 0.05, the null hypothesis of homoskedasticity cannot be rejected. This indicates that the model is **free from heteroskedasticity**.

Model Fitness and Significance

The F-statistics indicate that:

- Model 1 and Model 2 are statistically significant
- Model 3 is not statistically significant

Individual coefficients were evaluated at the 5% significance level, consistent with standard econometric practice.

To further strengthen the analysis and address potential endogeneity arising from reverse causality and omitted variables, the study recommends the application of dynamic panel estimation techniques such as System GMM in future research.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1 presents the descriptive statistics for all variables included in the analysis.

Table 1: Descriptive Statistics

Variable	N	Mean	Std. Dev.
Tobin's Q (TQ)	93	1.4605	1.0608
Return on Assets (ROA)	93	0.0349	0.1053
Return on Equity (ROE)	93	0.1303	0.7362
Leverage (LEV)	93	1.7341	2.2552
Firm Size (FSIZE)	93	16.1282	2.6931
Env. Disclosure (ENVRD)	93	0.8424	0.1828
Social Disclosure (SORD)	93	0.8851	0.1425
Governance Disclosure (GRD)	93	0.9235	0.1047

Source: Authors' computation from SPSS v.20, 2026.

The mean value of Tobin's Q (1.4605) indicates that, on average, the market valuation of the sampled firms exceeds their book asset value, consistent with growth expectations embedded in their market prices. The ROA mean of 0.0349 reflects modest asset profitability, while the ROE mean of 0.1303 suggests moderate returns to shareholders. The relatively large standard deviations for LEV (2.2552) and ROE (0.7362) indicate substantial cross-firm heterogeneity in capital structure and shareholder returns. Among the CSR disclosure indices, governance disclosure records the highest mean (GRD = 0.9235), suggesting that governance-related information is the most consistently reported dimension. Environmental (ENVRD = 0.8424) and social (SORD = 0.8851) disclosures are also at relatively high levels, indicating growing adoption of broader sustainability reporting practices.

Regression Results

Model 1: CSR Disclosure and Return on Assets

Table 2 presents the regression results for Model 1, where ROA is the dependent variable.

Table 2: Regression Results — Dependent Variable: ROA

Variable	B	SE	β	t	p	Sig.
(Constant)	-0.566	0.183	—	-3.095	0.003	Sig.
LEV	0.007	0.005	0.158	1.419	0.160	N.S.
FSIZE	0.004	0.004	0.090	0.876	0.383	N.S.
ENVRD	-0.733	0.433	-1.273	-1.694	0.094	N.S.
SORD	0.306	0.849	0.414	0.361	0.719	N.S.
GRD	0.951	0.595	0.946	1.598	0.114	N.S.

$R = 0.357$; $R^2 = 0.127$; Adjusted $R^2 = 0.077$; $F(5,87) = 2.536$; $p = 0.034$; $DW = 1.638$. N.S. = not significant at 0.05.

Source: Authors' computation from SPSS v.20, 2026.

The model explains approximately 12.7% of the variance in ROA ($R^2 = 0.127$; adjusted $R^2 = 0.077$). The Durbin-Watson statistic of 1.638 is within the acceptable range, indicating no serious autocorrelation. The overall model

is statistically significant ($F = 2.536$; $p = 0.034$), confirming that the predictors jointly explain a non-trivial portion of ROA variation. At the individual variable level, however, none of the CSR disclosure dimensions — environmental ($B = -0.733$; $p = 0.094$), social ($B = 0.306$; $p = 0.719$), or governance ($B = 0.951$; $p = 0.114$) — attains statistical significance at the 5% threshold. Similarly, neither leverage ($B = 0.007$; $p = 0.160$) nor firm size ($B = 0.004$; $p = 0.383$) is significant. The negative coefficient on ENVRD, approaching the 10% significance level, suggests that environmental disclosure activities may entail short-run costs that temporarily depress asset profitability. These results lead to the acceptance of H_{01} .

Model 2: CSR Disclosure and Return on Equity

Table 3 presents the regression results for Model 2, where ROE is the dependent variable.

Table 3: Regression Results — Dependent Variable: ROE

Variable	B	SE	β	t	p	Sig.
(Constant)	1.783	1.125	—	1.585	0.117	N.S.
LEV	-0.199	0.032	-0.609	-6.204	0.000	Sig.*
FSIZE	0.062	0.025	0.228	2.527	0.013	Sig.*
ENVRD	4.635	2.660	1.151	1.742	0.085	N.S.
SORD	-3.637	5.220	-0.704	-0.697	0.488	N.S.
GRD	-3.246	3.659	-0.462	-0.887	0.378	N.S.

$R = 0.570$; $R^2 = 0.325$; Adjusted $R^2 = 0.287$; $F(5,87) = 8.393$; $p = 0.000$; $DW = 1.770$. * $p < 0.05$; N.S. = not significant.

Source: Authors' computation from SPSS v.20, 2026.

Model 2 exhibits substantially stronger explanatory power, with $R^2 = 0.325$ indicating that the regressors explain 32.5% of ROE variance. The F-statistic of 8.393 ($p = 0.000$) confirms that the model is well specified. The Durbin-Watson statistic of 1.770 indicates no serious autocorrelation. Leverage (LEV) is the strongest predictor ($B = -0.199$; $t = -6.204$; $p = 0.000$), demonstrating a highly significant negative effect on ROE. This confirms that excessive reliance on debt financing reduces returns to equity holders, consistent with financial distress and agency cost arguments in the literature. Firm size (FSIZE) is also statistically significant and positively related to ROE ($B = 0.062$; $t = 2.527$; $p = 0.013$), suggesting that larger firms benefit from economies of scale, superior market access, and greater resource availability.

Among the CSR disclosure variables, environmental disclosure (ENVRD) shows a positive coefficient approaching the 10% significance level ($B = 4.635$; $p = 0.085$) but does not attain the 5% threshold. Social disclosure ($B = -3.637$; $p = 0.488$) and governance disclosure ($B = -3.246$; $p = 0.378$) are both statistically insignificant. These results confirm H_{02} : CSR disclosure does not significantly influence ROE, although control variables exert significant effects.

Model 3: CSR Disclosure and Tobin's Q

Table 4 presents the regression results for Model 3, where Tobin's Q is the dependent variable.

Table 4: Regression Results — Dependent Variable: Tobin's Q

Variable	B	SE	β	t	p	Sig.
(Constant)	-1.837	1.926	—	-0.954	0.343	N.S.
LEV	0.042	0.055	0.088	0.757	0.451	N.S.
FSIZE	0.027	0.042	0.068	0.636	0.526	N.S.

ENVRD	−0.355	4.554	−0.061	−0.078	0.938	N.S.
SORD	−1.658	0.936	−0.222	−0.185	0.854	N.S.
GRD	4.929	6.264	0.487	0.787	0.433	N.S.

$R = 0.218$; $R^2 = 0.048$; Adjusted $R^2 = -0.007$; $F(5,87) = 0.872$; $p = 0.503$; $DW = 0.852$. N.S. = not significant at 0.05.

Source: Authors' computation from SPSS v.20, 2024.

Model 3 demonstrates weak explanatory power: $R^2 = 0.048$, with the adjusted R^2 of -0.007 indicating that the model explains virtually no additional variation in Tobin's Q beyond what would be expected by chance. The F-statistic of 0.872 ($p = 0.503$) confirms that the model as a whole is not statistically significant. The Durbin-Watson statistic of 0.852 indicates positive autocorrelation in the residuals, warranting caution in interpreting individual estimates. None of the CSR disclosure variables environmental ($B = -0.355$; $p = 0.938$), social ($B = -1.658$; $p = 0.854$), or governance ($B = 4.929$; $p = 0.433$) nor the control variables (LEV: $p = 0.451$; FSIZE: $p = 0.526$) reach statistical significance. These findings suggest that market valuation is more strongly driven by macroeconomic conditions, industry dynamics, and investor sentiment than by CSR disclosure activity. Accordingly, H_{03} is accepted.

Hypothesis Testing Summary

H_{01} (CSR disclosure - ROA): Accepted. CSR disclosure dimensions do not exert a statistically significant effect on ROA (all $p > 0.05$ at the individual variable level).

H_{02} (CSR disclosure - ROE): Accepted. CSR disclosure dimensions do not significantly influence ROE, though leverage ($p = 0.000$) and firm size ($p = 0.013$) are significant control variables.

H_{03} (CSR disclosure - Tobin's Q): Accepted. Neither CSR disclosure dimensions nor control variables significantly explain variation in Tobin's Q (overall model: $p = 0.503$).

H_{04} (Controlling effect of firm size and leverage): Rejected. Leverage and firm size significantly influence financial performance in the ROE model, confirming that these firm-level characteristics exert meaningful controlling effects on the CSR–performance relationship.

DISCUSSION OF FINDINGS

The findings of this study reveal that CSR disclosure does not exert a statistically significant effect on financial performance (ROA, ROE, and Tobin's Q) among Nigerian manufacturing firms. This result aligns with several studies in emerging markets but contrasts with evidence from developed economies.

For instance, studies in the United States and Europe (Eccles et al., 2014; Dhaliwal et al., 2012) report a positive and significant relationship between CSR disclosure and financial performance, largely due to stronger institutional frameworks, higher investor awareness, and efficient capital markets. Similarly, Fahad and Busru (2021) found that CSR disclosure significantly improves profitability and firm value in India.

However, the findings of this study are consistent with Nigerian-based studies such as Uwuigbe and Egbide (2012) and Okere et al. (2022), which reported weak or insignificant CSR–performance relationships. This divergence can be attributed to structural differences in market efficiency, regulatory enforcement, and stakeholder awareness.

The insignificant relationship may also be explained by the cost-benefit lag hypothesis, which suggests that CSR investments generate benefits over a longer horizon than captured in short-term financial metrics. Additionally, information asymmetry and weak capital market response may limit the ability of CSR disclosures to influence market-based measures such as Tobin's Q.

The significant negative effect of leverage on ROE supports the financial distress theory, while the positive effect of firm size confirms the economies of scale argument. These findings indicate that firm-specific characteristics play a more immediate role in determining financial performance than CSR disclosure in the Nigerian context.

CONCLUSION

This study examined the effect of CSR disclosure on the financial performance of 30 listed manufacturing firms in Nigeria over the period 2015–2024. Using panel regression analysis, the study found that CSR disclosure measured through environmental, social, and governance dimensions does not exert a statistically significant direct effect on ROA, ROE, or Tobin's Q. These results are consistent with a strand of the CSR–performance literature that attributes the weak short-term financial impact of CSR to implementation costs, time lags in return realisation, and market-level information frictions. The study establishes, however, that firm-level structural characteristics matter considerably. Leverage exerts a significant negative effect on ROE, while firm size exerts a significant positive effect. These findings confirm that capital structure and firm scale are important conditioning factors in the CSR–performance relationship and should be accounted for in both empirical modelling and managerial decision-making. While CSR disclosure may not generate immediate financial returns, its role in corporate transparency, stakeholder engagement, and reputational management should not be discounted. Over extended time horizons, consistent and high-quality CSR reporting is expected to yield dividends in the form of improved stakeholder trust, reduced regulatory risk, and enhanced market positioning. Future research should adopt dynamic panel models to better address potential endogeneity and examine longer-run effects of CSR disclosure on firm value.

RECOMMENDATIONS

On the basis of the findings, the following recommendations are advanced:

- i. Manufacturing firms should integrate CSR objectives into their long-term corporate strategies rather than treating disclosure as a compliance exercise, so that social and environmental investments contribute to sustainable performance over extended time horizons.
- ii. Firms should prioritise the improvement of environmental and social reporting quality, as these dimensions currently trail governance disclosure and represent areas of both stakeholder interest and regulatory scrutiny.
- iii. The Financial Reporting Council of Nigeria (FRCN) and the Nigerian Exchange Group (NGX) should develop and enforce standardised, mandatory CSR reporting frameworks aligned with internationally recognised standards such as the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB) frameworks to improve disclosure comparability and investor utility.
- iv. Firms should pursue optimal capital structures, managing leverage prudently to minimise financial risk and preserve the financial capacity needed for strategic CSR investment.
- v. Future studies should extend this analysis to other sectors (banking, telecommunications, oil and gas), employ dynamic panel econometric approaches (e.g., system GMM) that better address endogeneity, and examine longitudinal data beyond 2024 to capture long-run CSR–performance effects.

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