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EFFECT OF SUSTAINABILITY REPORTING ON RETURN ON CAPITAL EMPLOYED (ROCE) OF CONSUMER GOODS FIRMS IN NIGERIA

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Abstract
The study focused on the effect of sustainability reporting on Return on Capital Employed (ROCE) of consumer goods firms in Nigeria. An ex-post facto research design. The population of the study comprised of the thirty-four (34) listed companies in the consumer goods sector, filtered from the entire list of Fast-Moving Consumer Goods Firms (FMCG) with physical presence in Nigeria as at December 2022. The study adopted secondary data sourced from the Factbook of the Nigerian Stock Exchange (NSE). The study employed quantitative method of data analysis as well as inferential statistics carried out on the hypotheses with the aid of appropriate statistical software as the method of data analysis. The findings revealed that firms with higher social disclosure, larger size, and higher leverage tend to have lower ROCE. Based on the above findings, this study concludes that firms that engaged in more environmental, economic, and corporate governance disclosure practices, as well as those that are older, tend to have higher Return on Capital Employed (ROCE). The study therefore recommended that Economic Disclosures (ECD) and practices by consumer goods firms in Nigeria should be based on policies, procedures and practices that focus on capacity, capability, contributions and do not differentiate on any basis beyond performance and merit.
Keywords: Banking Sector, First Bank, IFRS, Financial Reporting Quality, Compliance

Introduction

The ability of a firm to effectively and efficiently manage its financial and non-financial activities is very crucial to the survival of the firm (Taouab & Issor, 2019). When this is attained at a momentous level in a firm, it is said to be sustainable. Furtherance to which, Ngozi and Charles (2017); Bartoszewicz and Rutkowska-Ziarko (2021) provided evidences that suggested that, the most significant challenge with sustainability, is that, its inclusion in the published financial statement is not statutorily required. As such, public limited liability companies may not need any third-party attestation to sustainability reporting. Due to this recent development, the Global Reporting Initiative (GRI) has advocated that environmental, social, and economic activities should be standardized and sustainable reporting should be made mandatory for all public limited liability companies in Nigeria regardless of their sector, location, or size. The Guidelines are handy in the preparation of any type of document which requires these disclosures. The GRI Reporting Framework contains general and sector-specific content that has been agreed upon by a wide range of stakeholders around the world to be generally applicable for reporting companies' sustainability performances.

However, various researchers such as Clarissa and Rasmini (2018); Al-Dhaimesh and Alzobi (2019); Iheduru and Okoro (2019); Olabisi, Afolabi, Omoyele and Abolade (2021) have argued and disagreed

concerning the inappropriate and unwholesome disclosures of social, economic and environmental activities of companies. Aifuwa (2020) claimed that social and environmental disclosures are very low among firms in developing climes and specifically in Nigeria, which implies that developing nations (Nigeria inclusive) may possibly not achieve sustainable development goals before the year 2030 as envisaged by the United Nations (UN). This is because of the voluntary nature of the report but if the report on sustainability issues is made mandatory, then it can be said that the nation is on the path of sustainable development. In particular, the paucity of innovative and inadequate value-laden creative reporting of the consumer goods sector activities in Nigeria which has dampened the competitiveness of these firms against their foreign equivalents over the years will be enhanced.

Buallay, Hamdan, and Barone (2019); Sideri (2021); Aslam and Jawaid (2023); Al-Ahdal, Farhan, Vishwakarma and Hashim (2023) submitted that, environmental, social, and governance negatively affect the operational, financial, and market performance in the banking sector, indicating that banking sectors are still away from adopting the right sustainability policies that suit them, which generates a positive impact on their operational performance and investors' trust. Oncioiu *et al*. (2020) argued further that corporate social reporting indicators can be integrated into the reporting of the financial performance of a company and can transform sustainability into tangible value for all interested parties. In view of this scenario, given the very few empirical and inconsistent findings in these previous studies which have failed to examine in concrete terms, the effect of such inadequacies as wastes, emissions, social issue, unfair treatment of employees, habitat loss, over exploitations and a host of other negative impacts on corporate financial performance, this study investigates the impact of identify the impact of sustainability reporting on Return on Capital Employed (ROCE) of consumer goods firms in Nigeria.

Literature Review

Sustainability Reporting

The concept of sustainable development came to fore between 1972 and 1992 as result of a series of conferences and other summits which was a pointer to the fact that, sustainability reporting had been in existence for a couple of decades (Oladele, 2022). Disclosure was made in the financial statement indicating the performance of firms to interested parties such as the management, lenders, employees and other stakeholders. This concept was first presented at the United Nations Conference on the Human Environment, held in Stockholm in 1972 being the first international gathering on the concept of sustainability on a global scale (Al-Dhaimesh & Al-Zobi, 2019). The emergence of several national environmental protection agencies was the product of a series of conferences which came up with recommendations for the establishment of the United Nations Environment Program (UNEP).

In furtherance to this goal, the United Nations met in 1983 with the World Commission on Environment and Development under the guidance of the former Norwegian Prime Minister Gro Harlem and Four years later, a committee which had been constituted to address the growing concerns about the collapse of the human environment and natural resources and the effects of this collapse on economic and social development came up with a published report to address these issues entitled “Our Common Future”, also known as the Brundtland Report of 1987. The published report provided a concise and detailed description concerning the disorderliness of the environment as well as the dissemination of the most commonly used definition of sustainable development as: “Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs” (Sakalasooriya, 2021). Sustainability reporting is considered to as the act of measuring, analyzing, disclosing and being responsible to each category of stakeholder for company’s performance towards achieving sustainable growth (Calabrese, Costa, Gastaldi, Ghiron & Montalvan, 2021).

In this context, in 1997 the GRI was created as an international independent organization saddled with the responsibility of helping governments, businesses and other organizations to communicate their impacts on important sustainability issues such as human rights, climate change and corruption with the aim of creating an accountability mechanism which ensured that companies were following the doctrines for responsible environmental conduct. D’Andrea (2017); Al-Dhaimesh and Al-Zobi (2019) posited that sustainability

disclosure targets the economic, social and environmental aspects of a company as well as the accounting that deals with methods, activities, system to record and reporting of impacts of a defined economic system.

Financial Performance

The concept of firm performance needs to be distinguished from the construct of organizational effectiveness which is synonymous with firm's efficient use of available resources. In this research, efforts will be made to look at firm's performance from the financial perspective using sustainability reporting as a driver. In other words, financial performance refers to the act of performing financial activity or an assessment of the abilities of the company, both from the aspect of liquidity, activity, solvency and profitability which are always of interest to parties related to the company (Hariatih & Aziz, 2022). In broader sense, financial performance refers to the degree to which financial objectives are being or has been accomplished. The financial performance reflects the company's fundamental accomplishments which is done through the process of measuring the results of a firm's policies and operations in monetary terms. It is used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

Theoretical Review

This study adopted Legitimacy Theory. With Legitimacy theory, it is perceived that there is an existence of a hidden social agreement for good conduct between a company and the society. As such, the company will strive to achieve this objective by constantly reviewing its sustainability reports (Crossley, Elmagrhi & Ntim, 2021; Hardiyansah, Agustini & Purnamawati, 2021). For a company to survive and operate in the long run, the theory maintains that, it needs to achieve the expectations and desires of the society. Thus, Legitimacy theory states that companies most often ensure that they carry out their activities within the dictates and bounds of the whole society, in that, their activities need to be seen by stakeholders as legitimate. Legitimacy theory is derived from political economy theory and relies on the idea that, the legitimacy of a company to operate in a society depends on an implicit social contract between the company and society. According to Crossley, Elmagrhi and Ntim (2021), legitimacy theory asserts that organizations continually seek to ensure that they operate within the societal bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by third parties as being legitimate and in line with global best practices.

The social relationship between the company and society where it carries out its activities is the foundation or cornerstone on which the legitimacy theory is built. In doing so, it is important for organizations to focus on investors' interest as an obligation for enhancing stakeholders trust in its activities. Most significantly also, is that, the organization must note the concerns that the public have in relation to the organizations activities as well as their rights. Hence, to close the inevitable legitimacy gap, if any, the organization must communicate to the public or external stakeholders about their policies in changing the company's reputation through emotive symbols that divert public attention on other important, related issues or by altering societal expectations (Gomez-Carrasco, Guillamon-Saorin & Garcia Osma, 2021).

Therefore, managers must continually attempt to ensure that their company comply with their social contract by operating within society's expectations to establish a congruence between social values that associate with their business operation and the norms or acceptable behavioral practices in the larger social system of their location. This suggests that managers must have incentives to disclose information showcasing that the company is not in breach of the norms and expectations of society. Therefore, the company voluntarily disclose detailed information about its operations to the society to prove it is a good entity to ensure its survival and continuity. As such, sustainability reporting is a tool used to respond to stakeholder and community expectations and maintain legitimacy.

Bhattacharyya and Agbola (2018) conclusively posited that corporate legitimacy therefore, focuses on ensuring that the roles of firms are appropriate and meet the needs of society, while, Garcia, Carvalho, Boaventura and Souza Filho (2021), argued that most insights into Corporate Social Responsibility (CSR) disclosure originate from the application of this theory which posits that social and environmental disclosure are a way to legitimize a firm's continued existence. However, legitimacy in organizational context is

perceived as generalized believe that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions (Diez-Martin, Blanco-Gonzalez & Diez-de-Castro, 2021).

Empirical Review

Yunusa, Ayuba and Tagwi (2023) evaluated the impact of social and environmental disclosure on return on capital employed of listed oil and gas companies in Nigeria. The population adopted for the study constituted all the thirteen (13) oil and gas companies while eight (8) of those companies was selected as the sampled population. The study made use of three variables, that is, the dependent, independent and control variable. Environmental and social disclosure is the independent variable, return on capital employed is the dependent variable, while firm size and firm age are the control variables. Secondary data were sourced from annual report and account of the sampled companies for the period 2010 to 2019. In addition, the study utilized descriptive statistics and correlation matrix to analyze the data. The study observed that environmental and social disclosure have negative impact on return on capital employed (ROCE) of listed oil and gas companies in Nigeria. Hence, the researchers recommended that companies should incorporate environmental management system for environmental performance management and evaluation as this practice will enhance environmental disclosure and improve financial performance which will also promote consistency in presentation and also comparability among companies.
IIiemena, Amedu, and Uagbale-Ekatah (2023) investigated the effect of social and environmental disclosure on Return on Capital Employed (ROCE) and Gross Profit Margin (GPM) of manufacturing companies in Nigeria. The study relied on secondary data sourced from the annual reports and sustainability reports of the sampled firms for the period 2012-2021. Regression analysis was used to analyze the study data. The findings of the study showed that there is a significant positive effect between environmental and social disclosure with gross profit margin. However, an insignificant relationship was observed with ROCE, the study recommended that government should put in place as policy, annual awards and recognition programmes for firms with appreciable level of disclosure to encourage them to do more.

Elkholy (2020) investigated the impact of sustainability accounting on corporate financial performance, Evidence from oil and gas company sector in Egypt. The study covered a period of 2018 to 2020. The study focused on the effect of economic, environmental, and social disclosure on financial performance. The study adopted mainstream positivistic quantitative methods to test the formulated hypotheses and the study variables were measured with indicators developed in line with Global Reporting Imitative (GRI) as well as the Global Sustainability Standard Board (GSSB) and supported by the Sustainability Accounting Standard Board (SASB). The study revealed that economic, environmental, and social aspects have a positive significant effect on corporate financial performance and that two control variables (top management support and innovation) have a positive significant effect on the relationship between sustainability accounting and corporate financial performance. The study concluded that the oil and gas companies must know the value of social, economic and environmental report in sustainability accounting as stakeholders become interested in such reporting and they judge to give “value good image”. To the stakeholders, a good image is what helps to enhance the financial performance of the company. The study recommended that the oil and gas companies in Egypt must pay special attention to the value of social, economic, and environmental performance information report in the sustainability accounting guidelines to raise the value of a firm in stakeholders’ eyes.

Oyerogba and Oseni (2021) assessed the influence of corporate governance elements on the return on capital employed by cooperative societies in Southwest Nigeria. Two hundred and thirty-one (231) cooperative societies were sampled for a period of eight years from 2011 to 2018. Secondary data was obtained from the books and annual reports and accounts of the selected cooperative societies. The study revealed that the society’s capital was not efficiently utilized by the management to generate enough profit for their members. To this end, majority of the cooperative societies reported returns on capital employed of about 6% which is lower than the range of 10% - 20% recommended for the non-listed institutions which showed that the

executive compensation had an insignificant inverse relationship with return on capital employed. Hence, the inverse relationship between these two variables implies that higher remunerations were not able to generate higher returns for the members of the cooperative societies, while the insignificant relationship on the other hand portends that remuneration or higher incentives for the management of cooperative societies in Nigeria does not improve their performance. Out of the two control variables in this study, only age of the society has significant effect on return on capital employed. The researchers concluded that risk management committee should be strengthened.

Nurlan, Monowar and Timur (2019) investigated the impact of sustainability performance indicators on financial stability with evidences from the Russian oil and gas industry. The main objective of the study was to explore sustainability reporting practices of top oil and gas companies in Russia and investigate the effects of sustainability performance indicators on financial stability in the context of a given emerging economy. The study covered 2012 to 2016 and secondary data were extracted from financial data of forty-five oil and gas companies listed on the Russian Trading Stock Exchange (RTSE) comprising the sustainability reports, annual reports and audited financial statements. Panel data analysis was used to achieve the research objective. The result of the investigation indicated that companies improved their sustainability indicators in order to manage risk and improve their financial stability. It also revealed that firm specific characteristics, such as financial capacity, leverage, firm size, and firm age are important underlying factors affecting the degree of financial distress and financial stability. Additionally, the findings of the study provided managers and practitioners with useful aspects of sustainability performance indicators to improve financial stability and mitigate financial distress, thus encouraging investors and practitioners to consider other underlying factors, including financial capacity, leverage, firm size, and firm age, that may influence financial stability. The study concluded that managers of oil and gas firms in Russia should enhance their sustainability reporting practices by disclosing sustainability performance indicators in a more informative, extensive, and transparent manner to different stakeholders. The researchers recommended that, it is essential that companies operating in the Russian oil and gas industry adopt and implement new G4 standards of the GRI framework as part of their corporate disclosure practices in order to provide more informative and transparent information, control firm risks, and improve financial stability as these standards have more acceptance and recognition than other traditional reporting practices.

Olabisi, Afolabi, Omoyele, and Abolade (2021) investigated sustainability reporting and financial performance of listed oil and gas companies in Nigeria that presented sustainability over a period of 2010-2019. The Population of the study was thirteen (13) listed oil and gas companies in Nigeria as at 2020. Purposive sampling technique was employed to select ten (10) companies. The study adopted an ex-post facto research design. This research design was employed because it can be used to examine the relationship among existing variables. It also made use of secondary data sourced from the audited annual report of the sampled oil and gas companies for the period of ten years (2010–2019) which resulted in panel data and constituted a total of 100 observations in the regression analysis. The study revealed that Expenditure on Economic Activity (EECOAC) and Expenditure on Environmental Activity (EENVAC) had positive and significant impacts on financial performance ($P<0.05$).

Methodology

The study adopted an ex-post facto research design. The population of the study consisted of the thirty-four (34) listed companies in the consumer goods sector, filtered from the entire list of Fast-Moving Consumer Goods Firms (FMCG) with physical presence in Nigeria as at December 2022. A purposive sampling technique was employed in this study to select a sample of sixteen (16) listed consumer goods firms over a period of sixteen years (2007-2022). The study made use of secondary data sourced from the Factbook of the Nigerian Stock Exchange (NSE). Data were collected from the audited annual report of the selected consumer goods firms listed on the Nigerian Stock Exchange (NSE) for a period of sixteen years (2007-2022). The study employed quantitative method of data analysis as well as inferential statistics carried out on the hypotheses with the aid of appropriate statistical software, for coefficient of correlation suitable for assessing relationship between two variables involving time-series and cross-sectional data that are merged.

Results and Presentation of Data
Descriptive Statistics
Table 1: ROCE Model using Panel EGLS (Period SUR)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
SOD	-0.0076	0.0002	-37.4654	0.0000
EVD	0.4085	0.0114	35.9149	0.0000
ECD	0.0005	0.0001	3.3255	0.0010
CGD	0.0083	0.0040	2.1049	0.0363
LOG(FSZ)	-0.0052	0.0009	-5.4357	0.0000
LOG(FAG)	0.1058	0.0048	22.2459	0.0000
FFL	-0.0680	0.0087	-7.8133	0.0000
C	-0.1340	0.0183	-7.3220	0.0000
Weighted Statistics				
R-Squared	0.9836	Mean Dependent Var.	1.5814	
Adjusted R-Squared	0.9831	S.D. Dependent Var.	8.9221	
F-Statistic	2123.2420	Durbin-Watson stat.	2.0387	
Prob (F-Statistic)	0.0000			
Unweighted Statistics				
R-squared	0.0728	Mean Dependent Var.	0.1689	
Sum squared residual	58.3713	Durbin-Watson Stat.	1.6131	

Source: Researcher's Computation, 2024
Key: Significant: p<0.05; Not Significant: p>0.05

Model: ROCE Versus SOD, ECD, ENVD, CGD, FSZ, FFL, LOG(FAG), C (Using Dynamic Approach)
Table 2: ROCE Model using Panel EGLS (Period SUR)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROCE (-1)	0.2045	0.0060	33.8093	0.0000
SOD	-0.0570	0.0052	-11.0475	0.0000
EVD	0.2817	0.0170	16.6075	0.0000
ECD	0.0004	0.0006	0.6728	0.5018
CGD	0.0065	0.0124	0.5235	0.6011
SOD (-1)	-0.0263	0.0005	-57.2490	0.0000
EVD (-1)	0.0947	0.0141	6.7144	0.0000
ECD (-1)	-1.54E-05	0.0013	-0.0122	0.9902
CGD (-1)	-0.0428	0.0116	-3.6745	0.0003
LOG(FSZ)	-0.0196	0.0045	-4.3622	0.0000
LOG(FAG)	0.1090	0.0138	7.8875	0.0000
FFL	-0.0154	0.0202	-0.7607	0.4476
C	0.0803	0.0848	0.9463	0.3450
Weighted Statistics				
R-Squared	0.9521	Mean Dependent Var.	0.7645	
Adjusted R-Squared	0.9496	S.D. Dependent Var.	4.8851	
F-Statistic	376.4016	Durbin-Watson stat.	2.0218	
Prob (F- Statistic)	0.0000			
Unweighted Statistics				
R-squared	0.3040	Mean Dependent Var.	0.1618	
Sum squared residual	40.6870	Durbin-Watson Stat.	2.1679	

Source: Researcher's Computation, 2024
Key: Significant: p<0.05; Not Significant: p>0.05

ROCE Versus SOD, ECD, ENVD, CGD, LOG(FAG), FFL, LOG (FSZ).
Table 3: Correlation Matrix

Firm ID	ROCE	SOD	ECD	ENVD	CGD	LOG(FAG)	FFL	LOG(FSZ)
SOD	-0.1701	1						
ECD	0.00232	-0.02163	1					

ENVD	0.22245	-0.32003	-0.05095	1				
CGD	0.00574	-0.0309	0.35099	-0.05658	1			
LOG(FAG)	0.1069	0.05178	0.076866	0.026724	0.06714	1		
FFL	-0.0652	0.10413	0.082391	-0.19787	-0.07009	0.078083	1	
LOG(FSZ)	0.06141	-0.03997	-0.0213	0.319257	-0.1441	0.088221	-0.15283	1

Source: Researcher's Computation, 2024

Table 3 revealed the correlation coefficients of (-0.1701), (0.0023), (0.2225), (0.0057), (0.1069), (-0.0652) and (0.0614) between each of these respective variables (Social Disclosure, Economic Disclosure, Environmental Disclosure, Corporate Governance Disclosure, Firm Age, Firm Financial Leverage and Firm size) and Return on Capital Employed (ROCE). The scores suggested varying degrees of linear relationships. To this end, the correlation coefficient of (-0.1701) between Social Disclosure (SOD) and ROCE suggested a weak negative correlation between these two variables. This meant that, as the level of social disclosure increased, there was a slight tendency for ROCE to decrease. Also, it's important to note that the relationship between social disclosure and ROCE may not be consistent.

Furthermore, Economic Disclosure (ECD) revealed an extremely weak positive correlation (0.0023) which suggested that, there was almost no discernible relationship between economic disclosure and ROCE, while Environmental Disclosure (ENVD) indicated a moderate positive correlation (0.2225) suggesting that as environmental disclosure increased, ROCE tend to moderately increase and Corporate Governance Disclosure (CGD) exposed an extremely weak positive correlation (0.0057) with almost no discernible relationship between corporate governance disclosure and ROCE.

Concerning the control variables, Firm Age (FAG) revealed a moderate positive correlation (0.1069) which implied that as firm age increased, ROCE tend to moderately increase. While, Firm Financial Leverage (FFL) showed a weak negative correlation (-0.0652) which suggested that as firm financial leverage increased, ROCE tended to slightly decrease, though the relationship was not strong and with Firm Size (FSZ), there was a weak positive correlation (0.0614) which indicated that as firm size increased, ROCE tended to slightly increase, though the relationship was not strong.

Hypothesis Testing

H_{01}: There is no significant impact of sustainability reporting on Return on Capital Employed (ROCE) of consumer goods firms in Nigeria

Discussion of Findings

Table 1 highlighted the regression output for ROCE using the Static Model (SM) which indicated that Social Disclosure (SOD), Firm Size (FSZ) and Firm Financial Leverage (FFL) all had negative coefficients of (-0.0076), (-0.0052) and (-0.0680) as well as P-values of (0.0000), (0.0000) and (0.0000) which were indicative of inverse but significant relationships between SOD, FSZ and FFL with ROCE. In this case, a percentage point decrease in social disclosure cost, firm size and firm financial leverage resulted in an inverse relationship of about (0.07.6%), (0.05.2%) and (6.8%) in ROCE which were all significant respectively. Nevertheless, Environmental Disclosure (ENVD), Economic Disclosure (ECD), Corporate Governance Disclosure (CGD) and Firm Age (FAG) with regression coefficients of (0.4085), (0.0005), (0.0083) and (0.1058) as well as P-values of (0.0000), (0.0010), (0.0363) and (0.0000) had positive and significant relationships with ROCE respectively.

However, the Dynamic Model as shown by table 2 revealed the association between lagged Return on Capital Employed (ROCE), lagged less ROCE. The previous period coefficients for ROCE (-1) and ENVD (-1) of (0.2045) and (0.0947) were respectively positive while those of SOD (-1), ECD (-1) and CGD (-1) with coefficients (-0.0264), (-0.1.54E-0)5 and (-0.0428) were found to be negative. This result indicated that of a one-unit increase in ROCE and ENVD from the previous period were associated with an increase of approximately (20.45%) and (9.46%) in ROCE and a one-unit decrease in SOD, ECD and CGD accounted for about (2.6%), (10%) and (4.2%) decrease in ROCE respectively. The respective coefficients were found to be statistically significant as indicated by their probability values of ($p<0.05$) except for one ECD (-1) and

CGD (-1) with (p>0.05) at (5%) level of significance. At (5%) level of significance, the lagged less coefficients in SOD, ENVD, ECD, CGD, FSZ, FAG and FFL were all found to be statistically significant except for ECD, CGD and FFL with p-values of (0.5018), (0.6011) and (0.4476) which were observed to be greater than (0.05).

Concerning the positive and significant relationships of some of these variables with ROCE. Ramlawati, Junaid, Alattas, and Muslim (2022) in their work suggested that environmental performance was positively and statistically significantly associated with profitability, at a significance level of (0.000). In this regard, the researchers concluded that the result strengthened the relationship between environmental disclosure variable and environmental performance as well as profitability. This outcome was in agreement with the opinions of Olabisi, Afolabi, Omoyele, and Abolade, (2021) who in their work revealed that Expenditure on Economic Activity (EECOAC) and Expenditure on Environmental Activity (EENVAC) had positive and significant impact on financial performance (P<0.05). However, Expenditure on Social Activities (ESOCAC) had a negative and insignificant impact on financial performance (P>0.05).
Furthermore, Nzekwe, Okoye and Amahalu (2021) asserted that environmental reporting, social reporting and economic reporting had significant positive effect on cash value added (ROCE) respectively at (5%) level. The study recommended inter alia that there should be a promotion of environmental policies through direct regulations to encourage energy/resource savings through innovations in technology and management, thereby reducing the cost of environmental measures, in general and also stimulating improvements in value-added. In addition, Egiyi and Okafor (2022) argued that shareholder value had significant effect on firm profitability and that shareholder value has no significant influence on financial efficiency. The study recommended that firms hire managers with not only great marketing strategy, but one that also had good knowledge of the stock market and its operations, this was the only way to ensure a win-win situation between shareholders and other stakeholders.

Furthermore, Erhirhie, and Ekwueme (2019) posited that economic performance disclosure had a significant positive effect on net profit margin, while environmental performance disclosure had no significant impact on the net profit margin of companies listed on the Nigerian Stock Exchange, which led to the conclusion that, there was a significant correlation between sustainability reporting and the corporate performance of telecom companies listed on the Nigerian Stock Exchange. They went ahead to recommend, among other things, that companies should strive not only to improve these disclosures, but also to improve the quality of these disclosures. Also, Otemu and Onodavwerho (2023) in their work revealed that firm profitability had significant effect, driven by net profit margin and firm size, on the dividend policy or return on capital employed of consumer goods firms in Nigeria. Hence, they concluded that, firm profitability was the determinant of dividend policies of quoted firms in Nigeria and thus recommended that investors with risk adverse attitude needing quick return on investment should consider larger firms that have higher propensity to pay dividend. In a similar manner, Abdulwahab, Bala, Yahaya and Abdullahi (2023) revealed in their work that finance, risk, and audit committees had statistically positive significant associations with sustainability reporting of listed consumer goods firms in Nigeria. While on the other hand, remuneration committee documented a positive but insignificant correlation with sustainability reporting of listed consumer goods firms in Nigeria. The study called for more studies on corporate governance committees and sustainability reporting in another domain other than the consumer goods firms.
However, the work of Oyerogba and Oseni (2021) contradicted the above assertions as their study on cooperative societies reported returns on capital employed of about (6%) which was lower than the range of (10% - 20%) recommended for the non-listed institutions. Which meant that the executive compensation had an insignificant inverse relationship with return on capital employed. Hence, the inverse relationship between these two variables implied that higher remunerations were not able to generate higher returns for the members of the cooperative societies, while the insignificant relationship on the other hand portended that remuneration or higher incentives for the management of cooperative societies in Nigeria did not improve their performance. In addition, Yunusa, Ayuba and Tagwi (2023) observed that environmental disclosure had negative impact on return on capital employed (ROCE) of listed oil and gas companies in Nigeria.

Hence, the researchers recommended that companies should incorporate environmental management system for environmental performance management and evaluation as this practice will enhance environmental disclosure and improve financial performance which will also promote consistency in presentation and also comparability among companies.

IIiemena and Uagbale (2023) who in their study found no significant effect of environmental disclosure was on ROCE, which they argued could have been due to other factors outside our scope of study. It is therefore recommended among others that business organizations incorporate Sustainability Reporting (SR) as part of their reporting policy to reap the associated benefit on GPM with high hopes that other things being equal, constant increase in GPM will influence the ROCE to increase significantly at a point. Then, as policy recommendation, government should put in place annual awards and recognition programs for firms with near or (100%) disclosure to encourage a more sustainability-driven economy towards the achievement of the sustainable development goals agenda.
Similarly, there are submissions of mixed relationships between these variables and financial performance as posited by Obamwonyi and Ugbogbo (2023) who in their work discovered a mixed relationship which revealed that environmental sustainability reporting had positive and significant effect on the performance measure of earnings before interest and tax, but it revealed insignificant effect on return on capital employed and gross profit after tax margin which they saw as been consistent with the legitimacy theory on the premise that corporate duties did not end at reaping profit but that commitment to environmental support programme and activities would result in profit for shareholders even when they found that social sustainability reporting had both positive and negative effects on ROCE. Therefore, they suggested that policies that would sustain reporting on environmental issues (such as mandatory disclosure on environmental issues) should be encouraged since it had been shown to be beneficial to the health and survival of the firms.

Conclusion and Recommendation

The study investigated effect of sustainability reporting on Return on Capital Employed (ROCE) of selected consumer goods firms in Nigeria. The conclusion showed that, firms that engaged in more environmental, economic, and corporate governance disclosure practices, as well as those that are older, tend to have higher Return on Capital Employed (ROCE). Conversely, firms with higher social disclosure, larger size, and higher leverage tend to have lower ROCE. These relationships provided insights into how sustainability reporting practices can impact a firm's financial performance, specifically ROCE. Hence, the importance of considering social disclosure, firm size, and financial leverage when assessing a company's return on capital employed can't be overstressed. Maintaining a balance between social responsibility, firm size, and financial structure is crucial for optimizing profitability and capital efficiency. While, the positive association of these variables with ROCE underscored the importance of environmental responsibility, economic transparency, strong governance practices, and organizational maturity in driving higher returns on capital employed, ultimately benefiting shareholders and stakeholders alike.
Therefore, the study recommends that

i. Economic Disclosures (ECD) and practices by consumer goods firms in Nigeria should be based on policies, procedures and practices that focus on capacity, capability, contributions and do not differentiate on any basis beyond performance and merit. As such, sustainability reporting practices should support business continuity which in turn will help the organization maintain resiliency, in responding quickly to an interruption and emerging challenges as well as unforeseen economic penny-pinchings.
ii. Managers should ensure that well-articulated and relevant sustainability reporting disclosures practices are made for consumption of employees. It believed that this approach will motivate the employees to invest their cognitive, emotional, and behavioral energies toward positive organizational outcomes, as they continue to grow every day.

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