

CORPORATE VOLUNTARY DISCLOSURE AND FINANCIAL PERFORMANCE OF QUOTED CONSUMER GOODS IN THE POST COVID 19 ERA

Friday Audu¹ & Adejoh Edogbanya²

^{1&2}Department of Accounting, Kogi State University, Anyigba, Nigeria
audufriday96@yahoo.com¹
adejoh17@yahoo.com²

Abstract

Numerous scholars have focused their attention on the issue of voluntary disclosure of financial or non-financial information in the past few decades. The information provided in annual reports serves as the foundation for the financial and investment decisions made by shareholders, investors, and other stakeholders. There may be required and optional information in these annual reports. Managers make these voluntary disclosures out of a sense of openness and transparency, and they could include important information that helps all parties involved make informed decisions. This study looked at the financial performance of consumer products companies in Nigeria as well as corporate voluntary disclosure. The population of the study consisted of the twenty (21) quoted consumer goods firms on the Nigerian Exchange Group (NGX Group) as of December 31, 2023. A sample size of ten (10) consumer goods firms was selected using the purposive sampling technique. The research design used in the study was ex post facto. According to the study, corporate voluntary environmental disclosure (CVEND) has a negligible positive impact on the return on asset of quoted consumer goods companies in Nigeria, whereas corporate voluntary economic disclosure (CVED) has a significant negative impact. In order to increase overall performance in a sustainable manner, the study advises management of consumer products companies to take the required actions to raise their levels of social engagement with their particular host communities. Additionally, management ought to reveal less economic performance operations and more social and environmental performance actions.

Key Words: Corporate Voluntary Disclosure, Financial Performance, Post COVID Era, Firms, Nigeria

Introduction

The annual report's disclosure of accounting information benefits a wide range of users, including shareholders, management, the government, workers, lenders, rival businesses, trade unions, creditors, financial analysts, and possible investors, by offering highly valuable and trustworthy financial and non-financial information. The primary benefit of voluntary disclosure, a strategic strategy for gaining the favor of investors and additional customers, is an improvement in the company's outlook and perception (Modugu & Eboigbe, 2024). In actuality, people view companies that participate in meaningful voluntary disclosure as being more accountable than those that do not. The majority of this accountability relates to the company's social, environmental, and welfare responsibilities, which in today's business climate are becoming essential to corporate sustainability (Adegbe, et al. 2019). Investors and other stakeholders cannot completely evaluate a company's success based solely on financial reporting, as it is insufficient. In other words, in order for readers of the companies' annual reports to fully understand how the company behaves toward its workers, the environment, host communities, and shareholders, additional measures of corporate policies and performance must be made public (Adeyemi, et al. 2020). In addition to other kinds of capital providers, shareholders' information needs are taken into consideration when designing the financial reporting system. Customers, social activists, and environmentalists have all started to challenge how businesses conduct their environmental operations while taking the social and environmental effects of their business ventures into account in recent times. This is why there is a growing demand for greater transparency of corporate policies and practices in addition to financial indices reflecting a company's financial performance (Elikanah, 2019).

Corporate voluntary disclosures are information given above and beyond the legally required threshold, either financially or non-financially, and based on the free will and decision of the corporation

(Barako, et al., 2024). Due to the multiple economic ramifications of corporate disclosure for the company, research on the effect of disclosure on the firm's value has been inconsistent. Existing research on this disclosure style and financial performance has been carried out in several nations. For example, Alhazaimeh, et al. (2014) showed a beneficial effect of voluntary disclosure on market capitalization in Jordan, whereas Hamrouni, et al. (2015) indicated a direct and significant association between voluntary disclosure indices and performances in France. While obligatory disclosures are problematic in emerging economies, the research in the west focuses more on voluntary disclosure (Sahore & Verma, 2017).

Large-scale corporate scandals have occurred over the past 20 years, most of which can be linked to business entities' actual operations being either withheld or not disclosed. For instance, the Enron scandal in the US prompted numerous inquiries about the disclosure practices of corporations. Following this scandal, the US government implemented a number of reforms aimed at strengthening corporate disclosure and corporate governance practices in general. While developed economies in this region made efforts to improve the quality of corporate disclosure by establishing robust institutions tasked with corporate reporting transparency, the majority of developing nations lagged behind in this effort. If the technologically advanced structure with better institutions nevertheless records instances of bad disclosures, it implies that the latter format with weaker institutions and a developing corporate climate might be worse. For instance, weak corporate governance structures and a subpar accounting system have been linked to Nigeria's reputation for low-quality financial reporting (Okit, et al., 2015). According to Wallace (1988), Adeyemi (2006), and Nwere (2009), financial reports in Nigeria have been shown to be inadequate over time due to the absence of critical information that would allow stakeholders to make well-informed decisions. Therefore, it is essential to look into how well Nigerian businesses are complying with the country's corporate disclosure laws in the wake of the implementation of the International Financial Reporting Standards (IFRS). This is in an effort to comprehend the financial reporting environment in Nigeria and determine the information requirements of the various users so that the right combination of accounting information may be appropriately provided to them.

Apart from global initiative, corporate voluntary organizations have historically worked at maximizing wealth and profit, which they believe is possible, but typically at the expense of the environment and people (Tiamiyu & Oyekunle, 2021). This is due to the apparent inclination for profit generation and maximizing to take precedence above the effects that a firm's operational operations have on the economy, environment, and society (Tiamiyu & Oyekunle, 2021). As a result, many stakeholders are requesting more detailed corporate information beyond financial disclosure regarding sustainability-related issues such as deforestation, biodiversity loss, pollution (air and water), emissions, logging, poverty, inequality, and a host of other issues that are enshrined in the sustainable development goals of the United Nations (Abdulsalam & Babangida, 2020; Anazonwu, et al., 2018; Sanusi & Sanusi, 2019). Because non-financial activities have an impact on the host community and society as whole, financial information thus focuses primarily on the financial success of disclosure firms (Wang, 2017).

The aim of this research is to present empirical data regarding the relationship between the financial performance of publicly traded consumer products companies in Nigeria and corporate voluntary disclosure. Concerning improving the corporate voluntary disclosure level of Nigerian enterprises, the study has implications for firms, policymakers, regulators, and various other stakeholders from a theoretical, practical, and policy standpoint.

Theoretical Background

As information users become more aware, there is a growing need worldwide for corporate voluntary disclosure of corporations. In addition to what is required by law, corporate voluntary disclosure refers to information disclosed at the managers' discretion. Improved voluntary disclosure lowers the cost of capital, boosts stock value in the capital market, shortens the distance between management and the public, and so on (Karim, 2023). The degree of voluntary disclosure is determined by a variety of factors, including firm attributes, societal shifts in attitudes, economic conditions, and behavioral aspects like corporate culture.

When a company's management chooses to disclose information beyond what is required by regulations like generally accepted accounting principles and Securities and Exchange Commission rules, they are doing so voluntarily because they feel that the information will help users of the company's annual reports make more informed decisions (Bebchuk, et al., 2024). Numerous companies practice voluntary disclosure; however, the type and extent of this type of disclosure varies depending on the industry, geographic region, and size of the company. The corporate governance and ownership structures of the firm also have an impact on the voluntary disclosure of the company. Specifically, research has revealed that top executives significantly influence their companies' voluntary disclosure, and their managers have distinct disclosure styles related to their personal backgrounds, including their career paths and military experience (Yaser, 2022). As a result, management has total control over voluntary disclosure as opposed to financial disclosure. The decisions about what, when and how much to publish are made by them. They must choose what would be best for their company and have complete control over what is made public.

According to agency theory, there are agency linkages between debt holders and managers as well as between shareholders (Watts & Zimmerman, 1973, 1983, Jensen & Meckling 1976.) A methodical and analytical framework for analyzing the principal-agent interaction is offered by agency theory. It makes important components like self-interest, contractual agreements, and information asymmetry clear, enabling a methodical study of agency issues. Managers make operational and strategic decisions on behalf of capital providers. Managers should ideally act and make decisions that enhance value for shareholders and guarantee debt repayment. The hypothesis has effects on governance and policy. Agency theory insights are used to inform the creation of corporate governance policies, rules, and procedures that are intended to reduce agency issues and improve organizational effectiveness. But as agency theory explains, managers take advantage of this because ownership and control of the company are separated, and this is made worse by the information asymmetry issue because managers are less aware of the firm's potential value than debt holders and shareholders. Due to capital suppliers' uncertainty about managers' best interests, this can lead to issues with moral hazard and adverse selection. Therefore, there is an incentive for managers, shareholders, and debt holders to align their interests. The most popular strategies employed by capital providers to lessen issues with agency and knowledge asymmetry are bonding and monitoring. The cost of implementing the bonding and monitoring devices is high.

Information asymmetry issues are addressed by signaling theory (Akerlof, 1970; Levin 2001; Morris; Ross, 1977). According to the theory, information asymmetry issues can be mitigated by the party with greater information communicating it to others. Through communication channels like voluntary corporate disclosures, product guarantees, or the financial reports, the firm's "quality" or value is communicated. Managers give investors more information to aid in their decision-making when it comes to voluntary corporate disclosures. There is an incentive for managers of underperforming enterprises to withhold their bad news from the public. This assertion aligns with the analysis conducted by Kothari, Shu, & Wysocki (2009). They argue that because the market reacts more strongly to bad news than to good news, company management often chooses to withhold or delay disclosing negative information. However, in order to preserve their stock value and prevent the expenses of litigation for failure to disclose, businesses also have an incentive to disclose bad news.

Edward Freeman introduced the Stakeholder Theory in 1984. Stakeholder theory is a management and ethics theory that highlights how crucial it is for decision-making processes inside businesses to comprehend and accommodate the demands and concerns of diverse stakeholders. In contrast to conventional business models that place a premium on maximizing shareholder profit, Stakeholder Theory promotes a more inclusive strategy that acknowledges the importance of various stakeholders in a company setting. According to stakeholder theory, management must get along well with its stakeholders in order to succeed. This approach offered a substantial divergence from the dominant perspective on corporate management that is centered on shareholders. A management and ethical paradigm known as "stakeholder theory" contends that businesses should take into account the

interests of all parties involved in its operations, not just shareholders, when making decisions. The conventional understanding of business, which emphasizes maximizing shareholder value, is called into question by this theory. The fundamental tenets of stakeholder theory serve as a basis for comprehending and putting this corporate governance strategy into practice. The following are some fundamental tenets of stakeholder theory, accompanied by pertinent citations:

Managers are incentivized by proprietary costs to withhold certain information from voluntary disclosure (Healy & Palepu 2001). According to this hypothesis, managers might be hesitant to share additional information if they think it contains confidential information that could be detrimental to their company (Dye, 1985; Verracchia, 1983, 1990). Because segment information is more sensitive to commercial interests and more proprietary than other types of information, including cash flow figures, it has been explained by the notion of proprietary costs Leuz, 2003. Depoers & Jeanjean (2010) look into how frequently people disclose their financial information. They discover that the concentration and actions of rivals can account for both the disclosure and non-disclosure of financial data.

Hypothesis Development

Corporate Voluntary Economic Disclosure and Financial Performance

The principle of proprietary costs incentivizes managers to withhold some information from voluntary disclosure (Healy & Palepu 2001). According to this hypothesis, managers might be hesitant to share additional information if they think it contains confidential information that could be detrimental to their company (Dye, 1985; Verracchia 1983, 1990). Because segment information is more sensitive to commercial interests and more proprietary than other types of information, including cash flow figures, it has been explained by the notion of proprietary costs Leuz, 2003. Therefore, companies have an incentive to voluntarily disclose certain information if: (a) they hope to gain something from it, such as lower costs for debt capital (Sengupta, 1998) or equity capital (Botosan 1997; Botosan & Plumlee 2002); or (b) the disclosure will not negatively impact the company's share value, which will help to reduce information asymmetry issues.

Information asymmetry issues are addressed by signaling theory (Akerlof, 1970; Levin 2001; Morris; Ross 1977). According to the theory, information asymmetry issues can be mitigated by the party with greater information communicating it to others. Through communication channels like voluntary corporate disclosures, product guarantees, or the financial reports, the firm's "quality" or value is communicated. Managers give investors more information to aid in their decision-making when it comes to voluntary corporate disclosures. The study provided managers, board directors, and policymakers with insightful information and recommendations tailored to the specific context of enhancing company sustainability initiatives in emerging economies. The voluntary disclosure of a corporation, as previously noted, is seen as an effective form of interaction and serves as a signaling canal from a firm to customers, based on the tenets of signaling theory (Li, et al., 2013; Leventis & Weetman, 2024; Watson, et al., 2022), which, depending on the signal's characteristics, a company can reduce information asymmetry and establish effective interaction (Li, et al., 2013). As a result, a company's operational costs and reputation may be impacted by the signal (voluntary disclosure) (Anderson & Frankle, 1980; Shane & Spicer, 1983), which may eventually have an impact on the effectiveness of the business as a whole.

On the other hand, Udomah & Emenyi (2023) contend that social reporting was linked to a decline in these consumer goods companies' financial performance, whereas economic reporting had a favorable influence. The paper makes the following hypothesis based on empirical data, signaling theories, and proprietary costs:

Ho¹: In Nigeria, there is a positive and strong correlation between the financial performance of quoted consumer products companies and their voluntary economic disclosure.

Corporate Voluntary Social Disclosure and Financial Performance

According to legitimacy theory, an organization must adhere to standards or norms that are outlined in the "social contracts" that exist between it and society. As a result, the organization always

strives to obtain legitimacy, which is granted by society according to their mutual social contract. An organization will use a variety of tactics to maintain its legitimacy if it senses that it is in danger. Empirically, corporate voluntary social disclosure has no discernible impact on the financial results of listed consumer products companies in Nigeria. The practice of businesses voluntarily incorporating social and environmental issues into their business values and operations and reporting on them is known as corporate social disclosure (CSD), sometimes known as corporate social responsibility reporting (CSR) (Deegan, 2007, Mohammed & Abubakar, 2014). These CSED are valuable instruments for making decisions (Shi & Paramanik, 2009). CSED has been widely discussed in literature, particularly in developed nations. In many of these nations, it is regarded as one of the means by which companies can accept accountability for the consequences of their social activity and provide information to account for it. According to Bradford, et al. (2018), social disclosure is the arrangement of social responsibility principles, social responsiveness processes, policies, programs, and observable results in respect to the company's social interactions within a commercial organization.

A concept that highlights a company's obligations to other stakeholders, including workers and the community at large, in addition to its customary obligations to financial shareholders, is known as social disclosure. As a result, companies that exhibit strong social performance tend to recruit more qualified personnel. Therefore, the business needs to be socially conscious and sensitive to social issues in order to foster trust and loyalty among its employees, clients, and the general public. Product responsibility, community, human rights, diversity and opportunity, employment quality, health and safety, and training and development are all indicators of a company's social responsibility (Reuters, 2015).

Ho²: The financial success of listed consumer goods companies in Nigeria has a noteworthy and affirmative correlation with their corporate voluntary social disclosure.

Corporate Voluntary Environmental Disclosure and Financial Performance

Consequently, a firm can use corporate voluntary environmental disclosure as a tool to address the requirements and aspirations of society (Freedman & Jaggi, 2005). Through the disclosure of social and environmental information, companies aim to persuade various stakeholders about their performance and emphasize that they are meeting their expectations, so preserving their legitimacy. Stanny (2010) examines whether US corporations publish information relevant to climate change in response to demand from institutional investors, one stakeholder group. He confirms that by deflecting investors' focus from real performance, responding to the Carbon Disclosure Project (CDP) questionnaire can be utilized as a novel tactic to boost credibility. As stated by Stanny (2010). This can be accomplished by responding to the questionnaire with insufficient details regarding the actual emissions and the accounting procedures utilized to determine them. According to (Alsayegh, et al. 2020), environmental disclosure is a framework for evaluating a business's performance in relation to its social responsibility, economic practices, and environmental effect. They stress that environmental reporting is a comprehensive strategy that considers the efficacy of the company's governance systems, its social impact on a range of stakeholders, and its obligation to the environment. Environmental reporting is defined by the Global Reporting Initiative (GRI), a widely accepted standard for sustainability reporting, as the three interrelated pillars that include the economic, environmental, and social components. According to GRI (2016), environmental reporting offers transparency into a business's financial performance, how it manages environmental opportunities and risks, and how it affects stakeholders in society.

Ho₃: A noteworthy and affirmative correlation exists between the financial successes of publicly traded consumer goods companies in Nigeria and corporate voluntary environmental disclosure.

Research Methodology

Research Design

This study examined the relationship between the financial performance of listed consumer goods companies in Nigeria and corporate voluntary disclosure using an ex post facto research design. Since the events under examination have already occurred, an ex-post facto research design has only depended on historical data. The goal of an ex-post facto design was to investigate the causal relationship between an independent variable and the dependent variable. The twenty-one (21) consumer goods companies quoted on the Nigerian Exchange Group (NGX Group) as of December 31, 2022, make up the study's population. Ten (10) consumer goods companies quoted as of December 31, 2022, on the Nigerian Exchange Group make up the study's sample size. This is predicated on the following filtering criteria: A company must have been listed on the Nigerian Exchange Group (NGX), continued to operate from 2018 to 2022, and have contained in its financial statements for the research the fundamental information needed for the study.

As a result, the yearly report using content analysis serves as the data gathering tool. Many stakeholders consider this to be a mandatory report (Vergoossen, 1993) and a means of reporting on sustainability (Harte and Owen, 1991). The yearly report is routinely released (Wilmschurst and Frost, 2000) and is easily evaluated in comparison to other media sources (Suttipun & Stanton, 2012). As a result, it is assumed that here is where stakeholders are most likely to get information (Ahmad, 2017; Bae Choi et al. 2013). Data on financial performance and company voluntary disclosure were selected by hand from the annual reports. Most significantly, panel data were used in the study. For the panel data, a random effect regression analysis is performed to determine the impact of the independent variable on the dependent variable. Robustness tests such as the Hausman Specification Test, the Variance Inflation Factor (VIF), the Shapiro-Wilk Normality Test, the Breusch-Pagan Lagrangian Multiplier Test, and the Correlation Matrix were used to assess the result's dependability.

The regression analysis model was applied to interpret the data gathered for this investigation. It says this:

$$ROA = f(CVED + CVSD + CVEND + TCVD + FSZ + LEV)$$

The econometrically, the model is stated thus:

$$ROA_{it} = \alpha + \beta_1 CVED_{it} + \beta_2 CVSD_{it} + \beta_3 CVEND_{it} + \beta_4 TCVD_{it} + \beta_5 FSZ_{it} + \beta_6 LEV_{it} + e_{it}$$

Variables	Type	Measurement and Justification
ROA	Dependent	expressed as a net income to shareholders' equity ratio (Haniffa & Cooke, 2005; Manning, et al., 2019).
Corporate Voluntary Economic Disclosure (CVED)	Independent	ECD – is measured as environmental reporting above and reflects company voluntary economic disclosures pertaining to the sampled firms' financial well-being.
Corporate Voluntary Social Disclosure (CVSD)	Independent	SOD – illustrates voluntary social disclosures made by businesses using the aforementioned metric.
Corporate Voluntary Environmental Disclosure (CVEND)	Independent	END – uses the same metric as above to reflect company voluntary environmental disclosures. The appendix A displays the index.
Total Corporate Voluntary Disclosure (TCVD)	Independent	TCVD – shows the voluntary disclosure index, which is calculated as follows: total voluntary items/ maximum possible voluntary items
Firm Size (FSZ)	Control	Log of total assets. Shhu & Jibril (2012).
Leverage (Lev)	Control	as the ratio of total debt to total assets (Ismail, 2016; Kale, 2013; Regasa, 2014)

Source: Authors (2024)

Presentation of Results

Descriptive Statistics

Table 2: Summary of the Descriptive Statistics of the Entire Data Set.

Variables	Obs	Mean	Std. Dev.	Min	Max
ROA	50	18.437	17.747	3.74	67.52
CVED	50	0.237	0.109	0.022	0.424
CVSD	50	0.053	0.030	0	0.11
CVEND	50	0.079	0.039	0	0.17
TCVD	50	0.105	0.045	0.02	0.17
LEV	50	31.350	31.350	0.04	67.36
FZ	50	7.198	1.149	0.04	8.342

Source: Stata Output, (2024)

The ROA model's descriptive data for the years 2018 through 2022 are shown in Table 2. The average return on assets (ROA) is 18.437%, with a minimum of 3.74 and a maximum of 67.52%. Despite being low, this indicates that the sampled consumer goods companies' corporate voluntary disclosure has improved. This is in line with earlier research on sustainability in Nigeria, including that conducted by Edogiawerie & David (2016), Emenyi & Okpo (2023), Enefiok, et al. (2024), Madison & Schiehl (2021), and Barako, et al. (2024). Corporate voluntary economic disclosure (CVED) is comparable to the research of Nworie & Mba (2022); Edogiawerie & David (2016), with a mean of 0.237, a minimum of 0.022, and a maximum of 0.424. Corporate voluntary social disclosure (CVSD) has a mean score of 0.053% and a minimum and maximum of 0% and 0.11%, respectively. The mean score of Corporate Voluntary Environmental Disclosure (CVEND), which ranges from 0% to 0.17%, is similar to the findings of Emenyi & Okpo (2023); (Manning et al. 2019). The mean score for total corporate voluntary disclosure (TCVD) is 0.105%, with a minimum of 0.02% and a maximum of 0.17%. Leverage (LEV) has a mean score of 31.350% and a minimum of 0.04% and maximum of 67.36%. With a mean score of 7.198%, Firm Size (FSIZE) ranges from a minimum of 0.04% to a maximum of 8.342%.

Correlation Matrix

To determine the degree of association, the study computes a correlation analysis for the relevant variables (Asteriou & Hall, 2007). Multicollinearity issues are present when the correlation is larger than 0.8 (Gujarati, 1995). This study's coefficient of correlation falls within an acceptable range, ranging from 0.250 to 0.264. Therefore, if the correlation is noticeably greater than 0.80, it is often considered to be multicollinearity (Corlett & Aigner, 1972; Gujarati & Porter, 2004; Gujarati, 1995). The findings of the Pearson correlation matrix are shown in Table 2. The findings generally indicated that multicollinearity is a problem, which explains why all of the interactions had high correlation. As indicated in Table 4.3 below, the Variance Inflation Factor (VIF) result also confirms the existence of multicollinearity.

Table 3: Pearson Correlation Matrix

VARIABLES	roa	cved	cvsd	cvend	tcvd	lev	fz
ROA	1.000						
CVED	***-0.392	1.000					
CVSD	***-0.340	***0.918	1.000				
CVEND	***-0.253	***0.910	***0.781	1.000			
TCVD	***-0.415	***0.940	***0.808	***0.764	1.000		
LEV	0.1135	**0.092	**0.0764	***0.1364	**0.088	1.000	
FZ	**0.013	***0.2502	***0.2642	***0.2506	***0.217	***0.163	1.000

Source: Statas Output, (2024)

Note: Significant at * = $p \leq 0.10$, ** = $p \leq 0.05$, and *** = $p \leq 0.01$.

Regression Results

The study used the panel regression rule to choose the best estimator among constant variance, random, and fixed-effect models before performing the regression. It also conducted a few preliminary assessments (diagnostic tests). Multicollinearity is evident in both Table 3 and the Pearson correlation matrix, as indicated by the Variance Inflation Factor (VIF) of 90.70. The substantial serial correlation (Wooldridge test) of 0.000 indicates the presence of first-order autocorrelation. Similarly, because the Breusch-Pagan/Cook-Weisberg test has a significance threshold of 0.000, heteroscedasticity is problematic. Furthermore, the Lagrangian Multiplier test result (Breusch & Pagan, 1980) for the ROA model is significant at the 0.000 level, indicating a superior match for the RE model. Furthermore, the Hausman specification test (Hausman, 1978) shows that the random effect model is a better fit, with an insignificant value of 0.931. The panel regression approach, which is immune to autocorrelation and heteroscedasticity, is used as the appropriate estimate method for the ROA model due to these issues. This is consistent with previous research (Zhuang, Chang, & Lee, 2018; Katmon, et al., 2019) which found that the OLS was not a good estimator for these kinds of scenarios. The relationship between corporate voluntary disclosure and financial performance is examined in this study. Table 3 displays the regression findings of the multiple regression analysis. According to the analysis's findings, ROA and total corporate voluntary disclosure (TCVD), corporate voluntary environmental disclosure (CVEND), corporate voluntary social disclosure (CVSD), and corporate voluntary economic disclosure (CVED) significantly positively correlate. Consequently, the four hypotheses (H1, H2, H3, and H4) are supported by evidence. The results suggest that voluntary disclosure by companies in the domains of economics, social responsibility, the environment, and general corporate voluntary disclosure raises ROA. Table 4.3 displays the results for the control variables as well. The results show that the relationship between firm size (FSIZE) and ROA is positive and incredibly small. This indicates that a company's size has an adverse effect on ROA. The coefficient of leverage, or LEV, has a positive but insignificant correlation with ROA.

Table 4: Random Effect Regression Model Conducted

Variable	Coefficients	z-value	Prob.	Vif
CVED	-162.905	--3.88	0.000	379.62
CVSD	292.221	3.68	0.000	77.22
CVEND	198.283	3.28	0.001	49.12
TCVD	188.284	3.58	0.002	36.00
LEV	-0.187	0.07	0.945	1.13
FZ	-0.187	-0.22	0.828	1.12
_Cons.	26.894	3.65	0.000	
R-sq overall	0.307			
Wald Chi2	17.69			
Prob. >Chi2	0.0034			
Panels			homoskedastic	
Autocorrelation			no	
			autocorrelation	
Vif				90.70

Source: Stata Output, (2024)

Note: Significant at * = $p \leq 0.10$, ** = $p \leq 0.05$, and *** = $p \leq 0.01$.

Discussion Results

Despite the attention that sustainable development has gotten globally and the focus of current research on business voluntary disclosure practices, studies on corporate voluntary disclosure in some emerging countries like Nigeria have left much to be desired. The current study is one of the few that examines how the financial performance of consumer goods businesses listed on the NGX is affected by corporate voluntary disclosures in the areas of economics, social and environmental issues, as well as overall corporate voluntary disclosures. The study also demonstrated that corporate voluntary economic disclosure, or CVED, had a major negative influence on the return on asset of quoted Nigerian consumer products companies. Therefore, for listed Nigerian consumer product businesses, an increase in corporate voluntary economic disclosure will translate into an increase in return on assets of -162.905. Signaling theory states that managers who willingly share information about their companies provide investors with more knowledge to help them make decisions. This result is consistent with the findings of Modugu & Eboigbe (2024), Emenyi & Okpo (2023), and Emenyi, et al. (2023). Nevertheless, the results do not agree with those of Odum & Obiano (2023). The study also demonstrated that corporate voluntary social disclosure, or CVSD, has a negligible positive impact on the return on asset of listed Nigerian consumer product businesses. Consequently, an increase in corporate voluntary social disclosure will raise the return on assets of listed Nigerian consumer goods companies by 292.221.

Stakeholder theory is a management and ethics theory that emphasizes how important it is for internal business decision-making processes to understand and take into account the needs and concerns of various stakeholders. This result is consistent with that of Onoh, et al. (2023). However, the results conflict with those of Adeyemi, et al. (2021), Gladys & Edirin (2022), and Barako et al. (2022). In the end, the study demonstrated that corporate voluntary environmental disclosure, or CVEND, has a minor positive impact on the return on asset of quoted Nigerian consumer products companies. As such, an increase in social transparency will translate into a 198.283 return on assets increase for quoted Nigerian consumer product businesses.

The monitoring of agents' actions by principals to guarantee the maximization of shareholders' wealth gives rise to agency theory. This result is consistent with that of Adegbe, et al. (2020), Elfeky (2023), and Alsayegh & Homayoun (2020). Nevertheless, the results do not agree with Elikanah's (2019) findings. In the end, the study demonstrated that total corporate voluntary disclosure, or TCVD, has a

considerable beneficial influence on the return on asset of quoted Nigerian consumer products companies. Increases in social transparency will therefore lead to an 188.284 rise in the return on assets of listed Nigerian consumer product companies. The concentration and actions of competitors can be used to explain financial information disclosure and non-disclosure, according to proprietary cost theory. This result is consistent with the findings of Adegbe & Onipe (2021), Elfeky (2023), and Adegbe, et al. (2021). Nevertheless, the results do not agree with Elikanah's (2019) findings.

Conclusion

The study looked into the relationship between the financial performance of the ten (10) consumer goods companies in Nigeria and corporate voluntary disclosure. According to the empirical findings, a company's voluntary performance disclosure is significantly influenced by its voluntary economic, social, and environmental disclosures as well as its overall voluntary disclosure. When compared to other emerging or developed economies, the average or amount of corporate voluntary disclosure needs substantial improvement, even though the study found a favorable relationship between the variables of interest. The study's conclusions indicate that greater work is required to improve the corporate voluntary performance of consumer goods companies as well as other businesses in general. The government and its representatives—such as lawmakers and regulators like the SEC and NSE were able to better understand the implications of the findings and increased their efforts to mandate environmental disclosure and sustainability by creating criteria and a framework for sustainability reporting. In other words, in order to achieve sustainable development, norms and standards must be enforced again through future regulatory action.

Implications

The study has theoretical ramifications since its outcomes validate the premise of the pertinent theories. Stated differently, the concepts are supported by the positive correlation among the pertinent variables. The study's theoretical focus was on corporate voluntary disclosure techniques rather than just corporate voluntary performance as a means of increasing public knowledge of these policies. In order to meet the informational demands of stakeholders, it also considered disclosing corporate optional information. By examining the connection between corporate voluntary disclosure and the financial success of consumer products companies, the study fills a knowledge gap and bridges the research gap. It does so, however, in a unique method compared to earlier Nigerian corporate voluntary disclosure literature by additionally examining the influence of these variables on listed businesses' corporate voluntary disclosure on the NGX. In addition, the study is conducted in a developing market, while earlier research focused mostly on mature economies, and company voluntary disclosure remains unclear in these contexts. The work also has theoretical ramifications because it addresses previous literature's demands for more research (Barako, et al. 2022, Adegbe, et al. 2020, Onoh, et al. (2023). Additionally, by incorporating the tenets of the agency, signaling, and stakeholder theories in order to explain the relationship between variables of interest, the study adds to the body of knowledge.

Recommendations

In view of the foregoing, this study recommends as follows:

- a. It is advised that Nigerian consumer products companies be financially responsible by always focusing their efforts on having a positive effect on the economy. Being socially and ecologically conscious, for instance, can greatly strengthen the regional and national economies, which will raise the earnings per share of the companies. According to the study, consumer products companies should have thorough environmental reporting procedures rather than only environmental reporting. A more comprehensive approach to sustainability can be created by including social and governance considerations with environmental activities, which may increase total profitability.

- b. In order to enhance overall performance in a sustainable manner, management of consumer products companies should take the required actions to raise their levels of social involvement with their respective host communities. Additionally, management ought to reveal less economic performance operations and more social and environmental performance actions.
- c. This study suggested that managers in companies reveal more information voluntarily in order to get cheaper capital, as well as to improve transparency and accountability in annual reporting, which gives investors more confidence when they make financial and investment decisions

References

- Adegbe F.F, Akintoye I.R, Enyi E.P & Adekoya O. (2020). Corporate Social Responsibility Practices and Reputation of Listed Firm in Nigeria: A Structural Equation Modeling Approach. *European Journal of Accounting, Auditing and Finance Research*, 8(4), 1-17.
- Adegbe, F. F., Iranola, R. & Isiaka, B. (2019). Evaluation of Integrated Reporting and the Value of Listed Manufacturing Firms in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 7(7), 31-59.
- Aderibigbe, N., (2019). Car Retailer CMC says Goodbye to Kenya's Stock Exchange [web.blog.post]. Retrieved from <http://venturesafrica.com/car-retailer-cmc-says-goodbyeto-kenyas-stock-exchange/>
- Adeyemi, S. B., Fagboro, G. D. & Udofia, I. E. (2020). The Integrated Reporting (IR) Framework Implementation in Nigerian Listed Companies. *Global Journal of Accounting*, 6(1), 1-11.
- Agrawal, A. & Knoeber, C. R. (2020). Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders. *The Journal of Financial and Quantitative Analysis*, 31, 377-397. <http://dx.doi.org/10.2307/2331397>
- Ahmed, K. & Courtis, J. K. (2023), Associations between Corporate Characteristics and Disclosure Levels in Annual Reports: A Meta-Analysis, *British Accounting Review*, 3(1), 35 -61.
- Alhazaimh, A., Palaniappan, R., & Almsafir, M. (2014). The Impact of Corporate Governance and Ownership Structure on Voluntary Disclosure in Annual Reports among Listed Jordanian Companies. *Procedia- Social and Behavioral Sciences*, 129, 341-348.
- Alsayegh, M., Rahman, R., & Homayoun, S. (2020). Corporate Economic, Environmental, and Social Sustainability Performance Transformation through ESG Disclosure. *Sustainability*, 12, 3910. <https://doi.org/10.3390/su12093910>
- Bebchuk, M. J., Ahmed, k., & Henry, D. (2004). Disclosure Compliance with National Accounting Standards By Listed Companies In South Asia. *Accounting and Business Research*, 34(3), 183-199.
- Barako, D. G., Hancock, P., & Izan, H. Y. (2024). Factors Influencing Voluntary Corporate Disclosure by Kenyan Companies. *Corporate governance: An International Review*, 14(2), 107-125.
- Edogiawerie, O. U., & David, J. O. (2016). Financial Reporting and Voluntary Disclosure in Nigeria Quoted Companies. *Igbinedion University Journal of Accounting*, 1, 42-58.
- Elfeky, M. I. (2023). The Extent of Voluntary Disclosure and Its Determinants in Emerging Markets: Evidence from Egypt, *Journal of Finance and Data Science*. 3, 45-59.
- Elikanah, J. (2019). Value Relevance of Non-Financial Disclosures in Annual Reports: Evidence from Listed Banks in Kenya. Unpublished Research Project Submitted to Jomo Kenyatta University of Agriculture and Technology.
- Emenyi, E. O., & Okpo, A. S. (2023). Environmental Disclosure and the Quality of Financial Reports of Listed Nigerian Manufacturing Firms. *British Journal of Marketing Studies*, 11(4), 18-53.
- Enefiok, N. S.; Emmanuel, O. E. & Uwem, E. U. (2024). Environmental Voluntary Disclosure and Market Value of Listed Consumer Goods Firms in Nigeria, *International Journal of Economics, Business and Social Science Research*, 02 (01), 89-98
- Gladys, M. O. & Edirin J. (2022). Corporate Disclosures and Stock Performance in Nigeria, *Finance & Accounting Research Journal*, 4(6), 2708-6348.

- Hamrouni, A., Miloudi, A., & Benkraiem, R. (2015). Signaling Firm Performance Through Corporate Voluntary Disclosure. *The Journal of Applied Business Research*, 31(2), 609-620.
- Jensen, M. (1993). "The Modern Industrial Revolution, Exit, and the Failure of Internal Control Systems." *the Journal of American Finance Association* 48.3 n. pag. Web.
- Jesen, M. & William M. (1976). "Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure." *Journal of Financial Economics* 3.4 (1976): 305–350. Print.
- Jane, et al. (2024). Relationship between voluntary Disclosure and Financial Performance of Companies Quoted at the Nairobi Securities Exchange, *International Journal of Managerial Studies and Research (IJMSR)*, 3 (6), 171-195
- Madison, N., & Schiehl, E. (2021). The Effect of Financial Materiality on ESG Performance Assessment. Sustainability. <https://doi.org/10.3390/SU13073652>
- Maryam, M. U., Lateef, O. M. & Onipe, A. Y. (2021). Sustainability Reporting and Financial Performance of Listed Consumer Goods Firms in Nigeria, *Journal of Advance Research in Business Management and Accounting*, 2456-3544
- Modugu, K. P., & Eboigbe, S. U. (2024). Corporate Attributes and Corporate Disclosure Level of Listed Companies in Nigeria: A Post-IFRS Adoption Study. *Journal of Finance and Accounting*, 5(2), 44- 52. Available at <http://pubs.sciepub.com/jfa/5/2/3>
- Naran, P. M. (2013). *The Effect of Company Size and Voluntary Disclosure on Financial Performance of Commercial Banks in Kenya* (MBA Thesis, University of Nairobi).
- Nworie, G. O. & Mba, C. J. (2022). Modelling Financial Performance of Food and Beverages Companies Listed on Nigerian Exchange Group: The Firm Characteristics Effect. *Journal of Global Accounting*, 8(3), 37 - 52. <https://journals.unizik.edu.ng/index.php/joga/article/view/1418/1142>
- Odum, A. N. & Obiano, M. O. (2023). Voluntary Disclosure and Financial Performance of Listed Consumer Goods Firms in Nigeria, *Journal of Global Accounting*, 9(2), 138-179.
- Okpala, O. P., & Iredele, O. O. (2018). Corporate Social and Environmental Disclosures and Market Value of Listed Firms in Nigeria. *Copernican Journal of Finance & Accounting*, 7(3), 9–28. <http://dx.doi.org/10.12775/CJFA.2018.013>
- Onoh, U., Kayadi, B. & Ndubuisi, O. (2023). Sustainability Reporting and Firm Value of Listed Oil and Gas Companies in Nigeria. *Journal of Development Economics and Finance*, 4(1), 177-223.
- Sahore, N., & Verma, A. (2017). Corporate Disclosures and Financial Performance of Selected Indian Manufacturing and Non-Manufacturing Companies. *Accounting and Finance Research*, 6(1), 119- 132.
- Sunitha, D.; Ni Made, S. W, Putu, R. M. & Lucy, S. M. (2020). The Impact of COVID-19 Pandemic on the Financial Performance of Firms on the Indonesia Stock Exchange, *Journal of Economics, Business, and Accountancy Ventura*, 23 (2), 226–242
- Udomah, M. O., & Emenyi, D. E. O. (2023). Sustainability Reporting and Financial Performance of Selected Cement Firms in Nigeria. *GPH-International Journal of Business Management*, 6(08), 40-65.