

Social Sustainability Accountability and Corporate Financial Performance of Quoted Consumer Goods Firms in Nigeria

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Abstract: *The study evaluated the effect of social sustainability accountability on corporate financial performance of quoted consumer goods firms in Nigeria by means of data from the Nigerian Stock Exchange from 2012 to 2021 with the support of ex post factor research design. This study espoused both qualitative and quantitative strategy otherwise referred to as mixed methods. The study espoused ex-post factor design approach and content analysis for data collection on a population of twenty one (21) quoted consumer goods firms on Nigerian Stock Exchange, that disclosed constant sustainability information casing eight years (2012-2021). The panel data routine was used because the scheme enables companies' performance in the sample to be evaluated over time, by examining observations from several successive years for the same companies. The study found that, social sustainability accountability has a positive and significant effect on return on assets. The study therefore concludes that, social sustainability accounting significantly affect return on asset, and recommends that, management of consumer goods firms in Nigerian should be more socially accountable through the provision of basic amenities such as good roads, electricity, drinking water, health care, education, and opportunities for employment to their community of place and persons since their interaction with the society has social implication. This will aid them in achieving higher return-on-asset.*

Keywords: *Corporate financial performance, Return on assets, Social sustainability accountability, Quoted consumer goods firms.*

INTRODUCTION

The consumer goods sector, according to Kenny (2019), is regarded as a very important sector in an economy because of its ability to foster wide and efficient backward and forward linkages among other sectors of the economy, while Kayode (2000) described the consumer goods sector as the engine room for any economy. Consumer goods firms is critical to national growth and development, so it requires special attention to ensure that it follows best practices (Utile *et al.*, 2017).

The Nigerian consumer goods sector occupies important position in the Nigerian economy and contributes immensely to the development of the country. This sector remains one of the fastest growing sectors of the economy and we believe opportunities still exist in this sector. Consumer goods are classified into durable and non durable. While durable have life span of three or more years, non durable have life span below three years. However, after the recovery of the Nigerian economy from a six-quarter long recession, which ended in 2017, the consumer goods market is back on track to trend upwards as Nigeria is predicted to become one of the top 20 economics in the world by 2030.

Consumer goods companies connect with society the most because they turn raw resources into ready-to-market commodities by involving a variety of raw materials, production techniques, and technology, and they contribute significantly to social problems. Therefore, consumer goods firms are companies that are closely related to the social and the surrounding environment or have the broadest coverage of stakeholders so that they must conduct sustainability report disclosure productively.

Globally, almost every person, organization, and country wants to increase its productivity (Nadeem et al., 2018). Consequently, the nation's manufacturing sector's performance and sustainability have been central to most conversations among governments, scholars, legislators, economists, researchers, and the general public. The outcome of these discussions may or may not have anything to do with the critical role that industry plays in deciding how successfully a nation meets its macroeconomic objectives. Kenny's (2019) analysis, the manufacturing sector holds significant importance in an economy due to its capacity to establish extensive and effective cross-sectoral connections. Kayode (2000) characterised the manufacturing sector as the backbone of any given economy. Because manufacturing is essential to the growth and development of a country, it needs special consideration to guarantee that best practices are followed (Utile *et al.*, 2017). Therefore, social accounting is indispensable in this direction.

Social reporting as an angle of sustainable development reflects the concern about business as a socio-economic activity that obtains its input and utilizes resources from within the society, and therefore the objective of firms should equally be focused on meeting welfare of the society. From a corporate viewpoint, social sustainability is about underscoring business impacts on people and society. It is about evaluating potential hurt, needs, and aspirations. It is also about proactive and ardent contributions toward human development and wellbeing now and in the future (Linda, 2015), and particularly enhancing firm's corporate performance.

Corporate performance is measured to give shareholders an account of the management team's stewardship. The most important component of this is determining a company's profitability, market value, and growth prospects. Financial performance is frequently cited as an indicator of a company's health throughout time. Profitability, increased turnover, gauge return, market share growth, return on investment, return on equity, return on capital employed, and liquidity indicators are all ways to define or quantify corporate performance (Iliemena & Okolocha, 2019), and particularly enhancing their corporate performance.

Numerous empirical studies that have investigated the relationship between social accounting and financial performance have found that the result varies (Brooks & Oikonomou, 2018). For example, on the one hand, many researchers have found a significant positive relationship between sustainability integration and firm performance (Deng & Cheng, 2019; Aouadi & Marsat, 2018; Zhao *et al.*, 2018; Velte, 2017; Lins *et al.*, 2017). On the other hand, other scholars have identified a negative relationship (Duque-Grisales & Aguilera-Caracue, 2019; Landi & Sciarelli, 2019) or an insignificant relationship (Atan *et al.*, 2018) between the two.

Due to the above debates, Benlemlih *et al.* (2018) stated that sustainability disclosure and its effect on firm performance is vary because of the variation in the country's institutional and regulatory setting. They call for future research to test the link between sustainability disclosure and corporate performance in a multi-country setting. Therefore, this present study examines the effect of social accountability, a proxy of sustainability accounting on the corporate financial performance of selected consumer goods firms in Nigeria in order to add to the existing stock of knowledge on the subject matter.

LITERATURE REVIEW AND HYPOTHESIS

Theoretical Review

This study adopted the stakeholder theoretical framework for and against the inferences to be made in the study.

Stakeholders Theory

The stakeholder theory was propounded by Edward Freeman in 1984, with the notion that managers have the corporate responsibility to stakeholders rather than shareholders. Freeman (2010) defined a stakeholder as “any group or individual who can affect or is affected by the achievement of an organization's objectives” In defining stakeholder, Freeman (2010) considered both internal and external parties that affect and are affected by the firm (Sarkiset al., 2010). External parties often create pressures on firms to lower negative impacts and improve positive ones (Sarkis et al., 2010).

Stakeholder theory basically depends on the assumption that firms need to manage their relationship with their stakeholders in order to survive. Deegan and Blomquist (2006) clarified that according to stakeholder theory, reporting on specific types of information can be used to attract or maintain particular groups of stakeholders. For example, if a powerful individual or group is interested in a firm's social or environmental activities, then disclosing information about social or environmental performance is essential to attract or maintain them.

Freeman (1993) as cited in Freeman (1999), suggested that if organizations want to be effective, they will pay attention to all and only those relationships that can affect or be affected by the achievement of the organization's purpose. That is, stakeholder management is fundamentally a pragmatic concept. Regardless of the content of the purpose of the firm, the effective firm will manage the relationships that are important.

Sundaram and Inkpen (2004) also suggest that "stakeholder theory attempts to address the question of which groups of stakeholder deserve and require management's attention that can be said to be adequate". Stakeholder theorists are of the view that managers in the organization have a chain of relationships to render services which include, suppliers, employees, and business partners.

Firms face challenges in meeting the expectations of various stakeholders. More attention is paid to investors (Verbeeten *et al.*, 2016), as they are the main contributors to the firm's survival. In the context of sustainability, the issue is to consider the needs of all stakeholders (shareholders, investors, employees, community and so on) while reporting on sustainability. This is supported by the normative section of stakeholder theory. A normative theory states that firms not only increase stockholders' financial returns but also must give equal consideration to the needs of other stakeholders to gain the optimal balance among them (Hasnas, 1998). In fact, any firm has explicit costs and implicit costs. The firm that attempts to decrease its implicit costs by being socially irresponsible will certainly incur additional explicit costs. Therefore, managers should satisfy the needs of all stakeholders, not just investors or shareholders (Mele, 2008). Thus, sustainability reporting will satisfy stakeholders' needs. For example, if employees are satisfied, they will work more effectively; satisfied customers will purchase more, and satisfied suppliers will provide discounts.

The Concept of Social Sustainability Accounting

The social dichotomy of sustainability accounting otherwise known as “the People” is an aspect of sustainability that embodies the cost an entity incurs in connection to socially related issues such as employee welfare packages, community involvement as well as product/consumer related matters. Companies operate within the society and so the Community would expect that company will provide improved healthcare initiatives; support or charity, children education support, provision of work condition for the disabled, and participate in occupational qualification programmes. Socially responsible practices are mainly targeted at efforts to alleviate poverty, prevent violation of human rights and general improvement in social wellbeing of the society. Business is a socio-economic activity that obtains its input and utilizes resources from within the society, and therefore

the objective of firms should equally be focused on meeting welfare of the society. From a corporate viewpoint, social sustainability is about underscoring business impacts on people and society. It is about evaluating potential hurt, needs, and aspirations. It is also about proactive and ardent contributions toward human development and wellbeing now and in the future (Linda, 2015).

The social dimension of sustainable accounting relates to the impact of the organization's operations and activities on society as a whole. The social dimension consists of four major aspects: labor practices and decent work, human rights, society and product responsibility (GRI, 2013). Consequently, social accounting is measured by social responsibility expenditure (amount spent on donations, charity and trainings). Apart from NCCG 2018, this is also validated by Kipruto (2014). The social dichotomy of sustainability accounting otherwise known as "the People" is an aspect of sustainability that embodies the cost an entity incurs in connection to socially related issues such as employee welfare packages, community involvement as well as product/consumer related matters.

Social sustainability is the least quantifiable part of sustainability or the triple bottom line. Within the company, social sustainability involves such sensitive areas as human rights, fair labor practices, work hours and health, safety, and wellness. It also involves more nuanced areas such as diversity, equity, work-life balance, and empowerment. Outside the company, social sustainability involves community engagement, charity among others. It is also reflected in product quality responsibility, including product performance, safety, and standards. The social aspects of sustainability interrelate with the economic and environmental dimensions. For example, a large part of individuals' social sustainability depends on the quality of their employment. This includes how a company treats them, how fulfilling their job is, or whether they make enough money to support a decent quality of life.

Corporate Financial Performance

Corporate financial performance is the success in meeting pre-defined objectives, targets and goal within a specific time target (Eyenubo, 2013). Corporate financial performance can be considered as the degree of accomplishment of the objective and goals which an organization's resources have been provided. Performance measurement is an aspect of management control which indicates the extent to which corporate strategies and objectives may have been met. Performance is normally measure to check whether there is need to reinforce action or to diverse alternative course of action. Traditionally, financial performance has been based on the income statement and of financial position. Financial performance relates to the various subjective measures of how a firm can use its given assets from primary mode of operation to generate profit. Kothari (2001) defined the value of a firm as a present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. The measures of corporate financial performance include but not limited to net profit, return on asset, return on equity, and earnings per share, but for the purpose of this study therefore, corporate financial performance shall be measured by return on asset.

Return on Asset

Return on assets (ROA) is one of the broadest measures of operational performance (Derwall, 2007). It is defined as the ratio of net income to total assets, and it focuses on whether a firm used its assets in an efficient way (Lee & Faff, 2009). The ROA relates to assets employed to generate profit. Many recent

studies have employed ROA to test the link between sustainability reporting and operational performance (Duque-Grisales & Aguilera-Caracue, 2019; Deng & Cheng, 2019; Aouadi & Marsat, 2018; Zhao *et al.*, 2018; Velte, 2017; Lins *et al.*, 2017). Return on assets (ROA) show the profitability of the company's assets in generating profits. The return on assets (ROA) is a measure which shows the amount of earnings that have been generated from invested capital. It is an indication of the number of kobo earned on each naira worth of assets. It allows users, stakeholders and monitoring agencies to assess how well a firm's corporate governance mechanism is in securing and motivating efficient management of the firm (Chagbadari, 2011).

Empirical Literature Review

Najul (2018) analyzed the impact of corporate sustainability reporting on firm performance in four Asian countries – Japan, South Korea, Indonesia and India. The study is based on 36 listed nonfinancial companies from Japan, 28 from India, 26 from South Korea and 21 from Indonesia respectively, from 2009 to 2014. Content analysis (binary 0 and 1) is used to calculate the disclosure score of sustainability performance, based on Global Reporting Initiative (GRI) format. The content analysis is used to examine the impact of corporate sustainability reporting on firm performance employing a logistic regression model. The study finds that the average level of disclosure is more in the case of Japanese companies (90 per cent), followed by India (88 per cent) and South Korea (85 per cent). On the other hand, the average level of disclosure is only 72 per cent for Indonesian firms. Regression results depict a significant positive association between sustainability reporting and firm's performance.

Nnamani *et al.* (2017) evaluated the effect of sustainability accounting on the financial performance of listed manufacturing firms in Nigeria. Firms used for the study were chosen from the Nigerian brewery sector. Data were sourced from the financial statements of three sampled firms. Data were analyzed using the ordinary linear regression. The study reveals that sustainability reporting has positive and significant effect on financial performance of firms studied. Following the findings, the study recommends that firms in Nigeria should invest reasonable amount of their earnings on sustainability activities while specific accounting templates be articulated by professional accounting regulating bodies to guide firms' reportage on sustainability activities.

Onyekwelu and Uche (2014) carried out a research on Corporate Social Accounting and Enhancement of Information Disclosure among Firms in Nigeria. The broad object of this study was aimed at ascertaining if the inclusion of social accounting information in the financial statements will significantly enhance information disclosure. They adopted survey research design; primary and secondary data were used. A sample size of 108 was drawn from a total population of 148 using Taro Yamane formula. The research hypothesis was tested using chi square (χ^2). Finding reviews the inclusion and separate presentation of social costs incurred by organizations in the financial statements will enhance information disclosure in the statement.

Onyekwelu and Ugwuanyi (2014) made an investigation on corporate social accounting and enhancement of information disclosure among firms in Nigeria. The copious objective of the study was targeted at establishing whether the inclusion of social accounting information in the financial statements significantly enhanced information disclosure. The study adopted a survey design where in primary and secondary data were utilized and Yaro-Yamme formula was used to determine a sample size of 108 out of the total population of 148. The findings from the study using chi-square (χ^2) reviewed that the adoption and inclusion of presentation of social cost incurred by organization to the financial will enhanced information disclosure.

Adediran and Alade (2013) studied the impact of environmental and social accounting on corporate performance in Nigeria fourteen (14) randomly selected listed companies were used as the sample size. Data were obtained through secondary data collection method and was analysed with regression analytical technique. The discovery was that a negative relationship exist between environmental accounting and return on capital employed and earnings per share (EPS) on one side and significant relationship exist between environmental accounting and net profit margin cum dividend per share (cum DPS).

Juhmani (2004) examine corporate social and environmental disclosure on website. This study focused on the examination of information disclosure of companies and website. The researcher adopted a historical

research design and secondary data survey finding shows that 57.57% of sampled listed companies provided social and environmental information in their 2012 annual reports and their website.

From the review of literature, the following research model was designed:

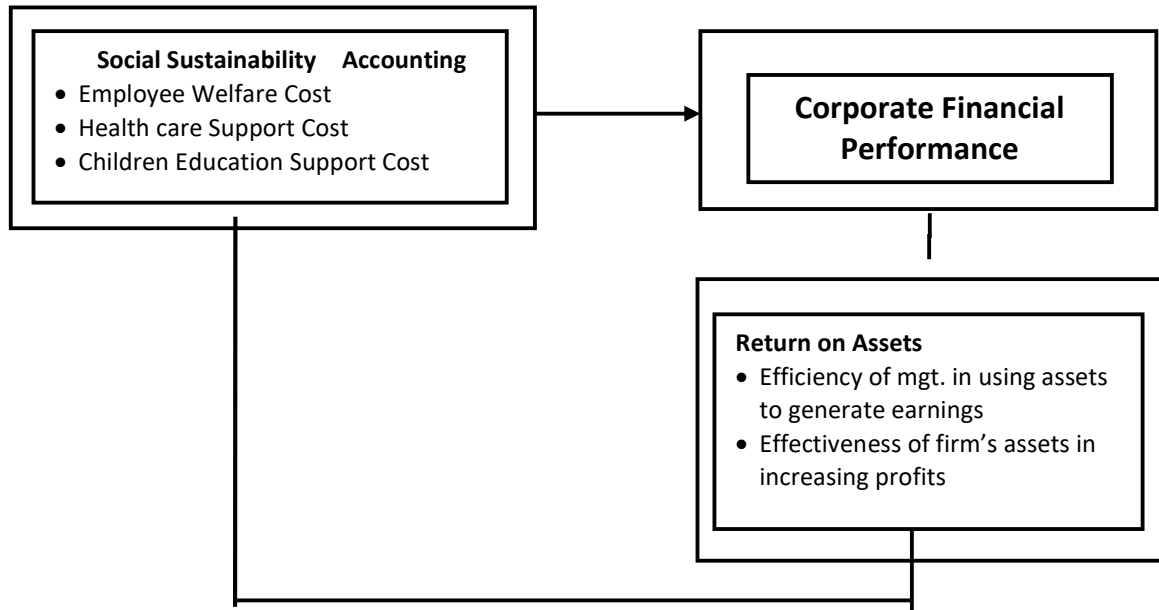


Figure 1: Conceptual framework of the effect of social sustainability accounting on corporate financial performance.

Sources: Utile *et al* 2017, Caesaria and Basuki, 2017, Najul, 2018, Norlasimah, 2015

The lines on figure 1 signify the movement of the relationship between the independent and dependent variables of the study. From the research model, the following hypothesis was formulated:

Ho1: Social sustainability accountability does not have any significant influence on return on asset of selected quoted consumer goods firms in Nigeria.

RESEARCH METHODOLOGY

This study espoused both qualitative and quantitative strategy otherwise referred to as mixed methods. The study espoused ex-post factor design approach and content analysis for data collection on a population of twenty one (21) quoted consumer goods firms on Nigerian Stock Exchange, that disclosed constant sustainability information casing eight years (2012-2021). The panel data routine was used because the scheme enables companies' performance in the sample to be evaluated over time, by examining observations from several successive years for the same companies. The regression model was in the form of the Fixed Effects Model. The regression model is thus stated as: $Y_{it} = \alpha_0 + \beta_1 x_{it} + \mu_{it}$. Where: y_{it} is the criterion variable, α is Constant term for the criterion variable and μ the random disturbance term. X_{it} is the predictor variable with β is the regression coefficients for the independent variable.

RESULTS AND DISCUSSIONS

Demographic Analysis

In line with the research design, aim and specific objectives of the study, wide range data (see appendices) were extracted from the annual reports of the sampled companies covering the period from 2012 – 2021 (ten years). Most of the data collected were subjected to rigorous transformation process for the purpose of deriving values for social sustainability accounting. Some transformations were also made to data from the audited annual report in respect of measures of corporate financial performance to bring all the data to the same scale. Table 4.1 presents descriptive statistics (univariate) for the entire variables.

Univariate Analysis

1: Descriptive Statistics Result

	Mean	Median	Maximum	Minimum	Std. Dev.	Observations
ROA	0.035331	0.04000	0.192909	-0.190000	0.068520	100
SOA	0.208198	0.052405	1.516537	0.000000	0.307481	100

These descriptive statistics and their implications with respect to measures of central tendency, dispersion and distributive properties are discussed in the following sub- sections on individual basis.

Return on Assets

Return on Assets is obtained by dividing Net operating profit by the total Assets which measures the extent to which assets were utilized efficiently in generating income by the respective businesses. As obtained from Table 1, which is also recast in figure 1, the mean ROA for the firm is 3.533 percent which implies that on the average every one Naira asset deployed by the firms generated 3.533 kobo as profit. The ROA during the period under study exhibited considerable degree of dispersion as represented by the standard deviation (0.069) relative to the mean. This is further confirmed by the wide range represented by the difference between the maximum and minimum observed ROA. This wide dispersion could be explained by a number of factors such as difference in product line, management structure, assets composition and intensity of the firms.

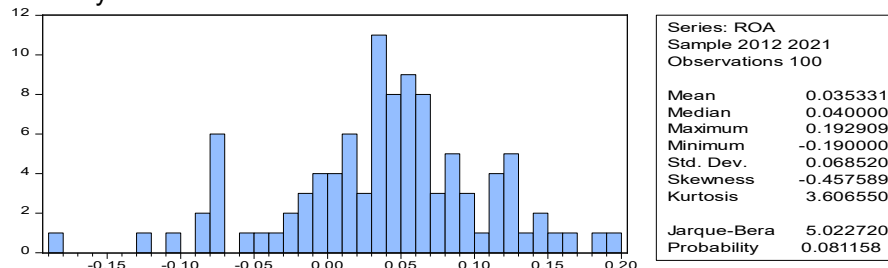


Figure 1: ROA of listed consumer goods Firms in Nigeria.

In relations to the distributive property of ROA, the fact that the mean (0.0353) and the median (0.0400) are approximately equal and that the skewness (-0.458) is approximately zero, it can be concluded that the distribution of ROA is fairly a normal distribution. In furtherance of the foregoing conclusion, the kurtosis (3.607) of the distribution is fairly close to 3 while the Jarque–Bera Statistic and the associated probability value fairly rejects the null hypothesis of asymmetry. Hence, confirming that the ROA is fairly distributed normally. This is important because the ROA in the study is a dependent variable which is required to be normally distributed for a parametric method to be approximate for our analysis.

Social Sustainability Accounting

Social sustainability accounting is measured in terms of social sustainability costs to total assets ratio, representing social sustainability cost per naira book value of total assets. Table 1 and Figure 2 present the descriptive statistics on social sustainability cost. According to the descriptive statistics, the mean ratio obtained is 0.2082 while the standard deviation is 0.307. The average score of 0.208 implies that the companies on the average spend about ₦0.208 on maintaining social sustainability for every ₦1 book value of total assets.

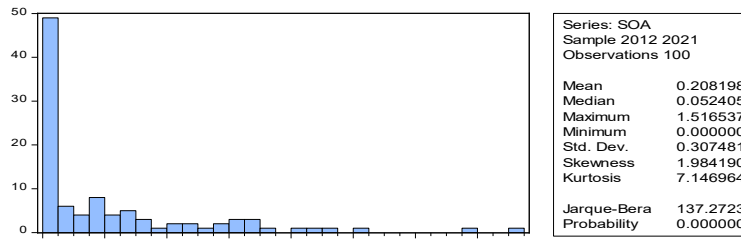


Figure 2 -- SOA of listed consumer goods Firms in Nigeria

The maximum score during the period under review was 1.517 while minimum was 0.000. According to the statistic, there is a strong indication that social sustainability accounting was highly volatile during the period among the sampled firms. Also, the statistics indicate that the distribution of social cost accounting is not normally distributed. The distribution is skewed (1.984) to the right, the Jarque-Bera statistic (137.272) and the kurtosis (7.147) of the distribution clearly confirms the non-normality status.

Unit Root Test

Unit root tests results are displayed in Table 2 for all series used in the study's analysis. Three different methods, including the Levin, Lia, and Chu (2002) test, the ADF-Fisher Chi-square, and the PP-fisher chi-square test, were used to test each of the series. Our basis of evaluation and the criteria for our decisions is the ADF-fisher chi-square result. The main purpose of this test is to verify that the series are stationary before using them for analysis in order to prevent erroneous results. In accordance with the null hypothesis on stationarity, if the probability value is greater than the 0.05, the series are not stationary, otherwise the series is stationary. The result for each of the series is reported under three assumed deterministic components (i.e. with intercept only; with intercept and trend; and with not intercept or trend). Depending on which of these deterministic components best approximates to stationarity of the series, the accuracy of the series' structural form of long-run stability is determined.

The unit root test results on social sustainability accounting (SOC) confirm the stationarity of the series at 1% levels for two of the three methods used, under all of the three structural forms of the stationarity except for PP - Fisher Chi-square criterion under '*intercept*' deterministic component, which is significant at 5% levels and for ADF - Fisher Chi-square criterion under '*intercept with trend*' which is also significant at 5% level as shown in Table 2. In conclusion therefore, series for SOC is stationary at levels and can take any of the three deterministic components of stationarity.

On the other hand, the unit root test result on return on assets (ROA) confirms the stationarity of the series at 1% levels for only one method (Levin, Lin & Chu) out of the three methods used, under 'intercept only' structural forms of the stationarity. However under intercept and trend structural form of stationarity, the PP-Fisher Chi-square and Levin, Lin & Chu criteria alone out of the three different criteria confirm stationarity. But under '*no intercept*' deterministic component of stationarity, all three different criteria affirm stationarity at levels. In conclusion therefore, series for ROA is stationary at levels under '*no intercept*' deterministic component of the stationarity as shown in Table 2.

Table 2: Stationarity Test Result of the Series for all Variables

		Intercept	Intercept & Trend	No Intercept
ROA	Levin, Lin & Chu t*	-3.66148***	-5.48617***	-4.98776***
	ADF - Fisher Chi-square	27.5261	27.8484	50.0150***
	PP - Fisher Chi-square	27.4825	31.9305**	57.4861***
SOC	Levin, Lin & Chu t*	-5467.18***	-5.75691***	-2723.76***
	ADF - Fisher Chi-square	49.5800***	29.6422**	50.0059***
	PP - Fisher Chi-square	59.3521***	43.7875***	48.6061***

Source: Extract from E-view 10 2022

Key *** denotes 1 % significance level
 ** denotes 5% significance level
 * denotes 10% significance level

Finally, unit root test result on size shows that the series for size is stationary at levels under '*intercept*' or '*intercept and trend*' but not '*no intercept*' deterministic component of stationarity. All three criteria of test statistics used collectively affirm the stationarity at 1% levels. Therefore in the overall, the foregoing unit root test has confirmed that each of the variables of this study is in $I(0)$ form of integrating series.

Bivariate Analysis

Table 3 presents the correlation matrix of the variables wherein the degree and direction of relationships are indicated with the aid of Pearson's product moment correlation.

Table 3: Variables Correlation Matrix

Correlation Probability Observations	ROA	ROE	EPS	SOA	ENA	ECA	SIZE
ROA	1.000000 ----- 100						
SOA	0.282208 0.0044 100	0.435191 0.0000 100	0.203592 0.0422 100	1.000000 ----- 100			

Key:

ROA Return on Asset
 SOA Social Sustainability Accounting

Multi-collinearity exists when the predictor variables are themselves highly correlated. If the variables have variance inflation factor (VIF) of above 10, then there is a strong indication of the existence of excess correlation, (Gujarati & Porter, 2013). As indicated by the p-value ($PV < 0.05$), there is clearly no grounds for worry about multicollinearity.

On the other hand, the correlation coefficients obtained from pairing dependent variables indicate degree of uni-dimensionality (i.e. the extent to which the proxies used go in the same direction in representing the principal variable they purport to represent; representational validity). The coefficients are expected to be all positive, indicating that they go in the same direction; otherwise they are not consistent in their representation. In our case, the degree of uni-dimensionality seems to be high, as the least degree of correlation is 0.4069 and the maximum is 0.8778.

The category of bivariate relationships between independent and dependent relationship is the subject of inquiry upon which the stated research hypotheses are confirmed or rejected. The subject of inquiry in the

current study covers one (1) basic hypothesis, including the relationship between social sustainability accounting and corporate financial performance.

With respect to social sustainability accounting and corporate financial performance, results indicate that social sustainability accounting correlates significantly and positively with all ROA, a measure of corporate financial performance. Against ROA, the coefficient of correlation with social sustainability accounting is 0.2822. The implication of this coefficient is that, increase in social sustainability accounting is expected to elicit increases in ROA.

Test of Hypothesis

Hypothesis Testing: Return on Assets

The model to be estimated is stated thus:

$$ROA_{it} = \beta_0 + \beta_1 SOA_{it} \dots\dots\dots 1$$

Phase 1: Firstly we determine if cross-sectional difference is substantial enough to worry for its impact on our main test result. If p-value < 0.05, then we confirm need for worry otherwise we proceed with pooled regression model. The Likelihood Ratio Test result is presented in Table 4 as follows:

Table 4: Redundant Fixed Effects Tests on ROA

Equation: ROA

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	6.792988	(9,87)	0.0000
Cross-section Chi-square	53.222866	9	0.0000

In this case, the test result strongly reject the null hypothesis of redundant fixed-effect (hence, against the use of pooled regression) since the p-value is less than 5%. Therefore we proceed to Hausman test.

Phase 2: Next we determine which between FEM and REM is better suited for testing the hypothesis on ROA. If the p-value of the cross-section random < 0.05, then it means a FEM is better suited, otherwise a REM is better suited. The result is presented in Table 5 as follows:

Table-4.5: Hausman Test on ROA

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.996287	3	0.5732

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
SOA	0.017223	0.023983	0.000030	0.2207

The result clearly shows that the REM is better suited because the p-value (i.e. 0.5732) of the test statistic (1.996) rejects the null hypothesis of cross-section random effects at 5% level. Therefore for ROA as proxy of financial performance, the hypothesized relationships involving ROA are tested using random-effect regression model. Using a panel regression with random-effect regression allows for an estimation of the regression parameters on the assumption that cross-sectional differences do affect the validity of conclusions reached on how ROA is associated with the explanatory variables, hence the need to mitigate such effect. By using the random-effect model, such biases are curtailed sufficiently. The regression result is thus presented in Table 6.

According to Table 6, SOA is significantly and positively associated with ROA since its p-value (0.0425) is less than 5% and its coefficient (0.024 approx.) has a positive sign.

Table 6 : Regression Result Output on ROA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000671	0.018366	-0.036509	0.9710
SOA	0.023983	0.011666	2.055726	0.0425
Effects Specification				
			S.D.	Rho
Cross-section random			0.044741	0.4184
Idiosyncratic random			0.052752	0.5816
Weighted Statistics				
R-squared	0.117810	Mean dependent var		0.012343
Adjusted R-squared	0.090241	S.D. dependent var		0.055016
S.E. of regression	0.052475	Sum squared resid		0.264349
F-statistic	4.273354	Durbin-Watson stat		0.740586
Prob(F-statistic)	0.007064			
Unweighted Statistics				
R-squared	0.091415	Mean dependent var		0.035331
Sum squared resid	0.422315	Durbin-Watson stat		0.463571

The result obtained from the analysis shows a t-statistic of 2.0557 and p-value of 0.0425 which is less than 0.05 significance level. This falls within the rejection region of the null hypothesis. We therefore reject the null hypothesis that says Social Sustainability Accounting (SOA) does not have any significant effect on return on asset (ROA) of listed consumer goods firms in Nigeria.

All the indicators of model goodness-of-fit show high scores. The F-statistic (4.2733) and the associated probability value (0.00706) confirms that the proportion of return on assets (ROA) variance explained is larger than would be expected if there was no association with sustainability accounting at all, thus confirming its *relative* correlation strength. In the same vein, the result yielded 0.09 as adjusted-R² (i.e. coefficient of variation), implying low capacity to explain the changing behaviour of ROA of the sampled consumer goods companies. In other words, about 9.0% of ROA variability is attributable to the joint variability of the three dimensions of sustainability accounting, leaving out 91.0% for other factors not included in the current study.

With regards to effect of autocorrelation, the Durbin-Watson statistic (0.7406) significantly confirms significant presence of autocorrelation. One predominant method to autocorrelation correction is the use of robust standard error (RSE). RSE addresses the error-related problem of being non-independent and similarly distributed. The use of RSE does not affect the coefficient valuations produced through ordinary least squares (OLS) regression; however, they affect the standard errors and significant analyses. Hence, RSE OLS regression could be considered reliable in the presence of autocorrelation. White cross-section standard errors & covariance (d.f. corrected) was used.

The result also confirms the assurance that our model is not only well-fitted, but it is free of problem with stability, reliability and is good enough for generalizability beyond the sample used, because it meets the necessary requirement of distribution normality of residuals (see figure 3).

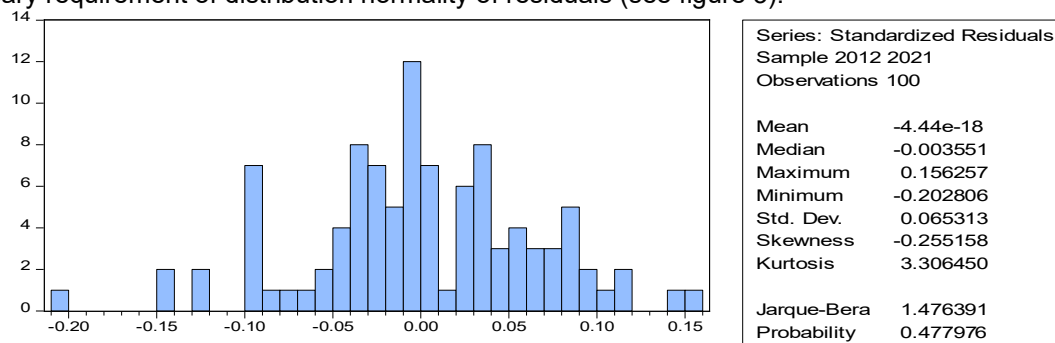


Figure 3 -Standardized Residuals of listed Consumer Goods Firms in Nigeria

This study examined the effect of social accountability on corporate financial performance of quoted consumer goods firms in Nigeria. To accomplish this mission, the study adopts one predictor variable against one criterion variable. The predictor variable is social, while the criterion variable is return on assets. The study follows a systematic and logical process in analyzing and discussing the findings of the hypotheses formulated by the adoption of panel data analysis techniques with three models designed to capture the variables of study.

Social sustainability accounting is consistent in its relationship with corporate financial performance. Against return on asset as a proxy of financial performance, the coefficient is positive and the probability value of the coefficient is significant at 5% level. It is therefore incontrovertibly established that social sustainability accounting is positively associated with corporate financial performance. In other words, greater degree of social sustainability accounting is expected to bring about better corporate financial performance. The result thus conforms to the stake holders' theory where outside stakeholders (host communities, society generally) are favourably disposed to listed consumer companies due to their satisfactory discharging of corporate social responsibility. This is not supported by Ufuegbu and Asogwa (2020) whose findings suggested that social performance have an insignificant positive impact on financial performance.

CONCLUSION AND RECOMMENDATION

This study investigated the effect of social sustainability accountability on corporate financial performance of quoted consumer goods firms in Nigeria revealed statistical insignificant but positive effect of the predictor variable on the criterion variable, the study concluded that social sustainability accountability of consumer goods firms in Nigeria is still at the infant stage, and thus plays an trivial role on their corporate financial performance. This explains the reason why the manufacturing sector recognized to be decisive to economic growth and development globally, has an out of order locomotive in Nigeria ensuing corollaries of meager contribution to GDP, rising unemployment rate, high inflation rate, escalating suffering index, growing maternal mortality rate, escalating insecurity and omnipresent poverty intensity in the terrain, among others. The study therefore concludes that, social sustainability accountability has statistical positive significant effect on return on asset, and recommends that, management of consumer goods firms in Nigerian should

be more socially accountable through the provision of basic amenities such as good roads, electricity, drinking water, health care, education, and opportunities for employment to their community of place and persons since their interaction with the society has social implication. This will aid them in achieving higher return-on-asset.

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