ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE ON CORPORATE PERFORMANCE: A STUDY OF AGRICULTURAL FIRMS AND HEALTH CARE FIRMS IN NIGERIA

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Abstract: *This study determined the environmental, social and governance disclosure on corporate performance of two selected firms in Nigeria (agricultural firms and health care firms). The study employed environmental disclosure, Social disclosure and corporate governance disclosure as the independent variables and return on assets as the dependent variable. Ex Post Facto research design. Data were analyzed with descriptive statistics, and the hypotheses were tested inferential statistics. Multiple regressions were employed to test the hypotheses. The study regression result of the model showed that the environmental disclosure had a positive coefficient of 0.0032 and a p-value of 0.040 which was significant at 5% level. The hypothesis result showed that the variable of social practice disclosure had a positive coefficient of 0.000390 and a p-value of 0.087 which was significant at 5% level. Another finding showed that the regression result of model showed that the variable of governance practices disclosure had a negative coefficient of -0.000558 and a p-value of 0.355 which was significant at 5% level. Based on the outcome of the study, the study suggested among others that since environmental, sustainability disclosures positively affects financial performance, the companies need to develop and publicize detailed environmental policies and practices. This includes reporting on emissions reductions, waste management, and resource conservation efforts.*

Keywords: *Environmental disclosure, Social disclosure, Governance disclosure and Return on assets.*

Introduction

Environmental, Social and Governance (ESG) credentials have become a global trend nowadays and are increasingly important for companies due to spreading awareness of their responsibility for sustainable growth and their multi-dimensional impact on society (Kaakeh & Gokmenoglu, 2022). Sustainable development in all fields of activity is ever more demanded to become a compulsory requirement at the global level (Chien, 2023) and companies are increasingly using sustainability strategies and this has led to notable shifts in business models and management practices (Chang &

Lee, 2022). Firms are implementing optimal strategies focused on maximizing stakeholder value while also achieving the company's financial goals (Al Amosh, Khatib & Ananzeh 2022). The practical implementation of this new paradigm is reflected in the increasing efforts companies are making to properly assess their commitment to sustainability and global long-term development goals (Chang & Lee, 2022).

ESG indicators have become relevant for both companies and investment fund managers or shareholders (Orsato et al., 2015). Investors are increasingly considering environmental, social, and governance issues when selecting their portfolios. This information allows them to steer towards investments that can be socially and environmentally beneficial (Orsato et al., 2015). It is recommended for companies aiming to implement integrated reporting (IR) using the International Integrated Reporting Council (IIRC) Framework to use company-specific determinants to encourage IR adoption (Tiron-Tudor, Hurghis, & Topor, 2022). The criteria used by financial and management professionals to differentiate between various potential investments include environmental, social and corporate governance indicators. All these are arguments for firms to consider non-monetary objectives in their activities (Noja, et al, 2024). Environmental, Social and Governance (ESG) information is getting gradually more included into corporate communication (Arvidsson, 2010; Ihlen, 2008). ESG can also be known as 'extra financial' information that help investors make investment decision by better assessments of risks and opportunities (Bassen & Kovacs, 2008).

Numerous studies have examined the link between ESG practices and corporate economic performance, but most of them focus on a single ESG dimension (Kaakeh & Gokmenoglu, 2022; Mu, Wang & Mohiuddin, 2022; Wu & Li, 2023). The integrated analysis of all three dimensions is considered quite difficult to address, as ESG topics are very broad and comprehensive. In this complex framework, the current research aims to fill in the gap and address this challenge by analyzing the interplay between the ESG dimensions and companies' economic performance in a new comprehensive approach. We address a general objective to assess whether ESG policy performance leads to increased economic performance and to analyze the three pillars of sustainability, the so-called "triple bottom line of sustainability" (Kouaib et al., 2020), namely that environmental performance (planet), social performance (people) and the performance of corporate governance policies lead to an increase in the economic performance of companies (profit). Majority of these prior studies were carried out in foreign countries like China, Malaysia, Korea and others. There is a limited study of this nature in Nigeria up to 2023 financial data using agricultural firms and health care firms, thereby create a geographical gap. This study ascertain the effect of environmental, social and governance (ESG) practices on corporate performance of manufacturing firms in Nigeria. The specific objectives to:

1. Ascertain the effect of Environmental practices on financial performance of firms listed on Nigeria.
2. Ascertain the effect of Social practices on financial performance of firms listed on Nigeria.

3. Evaluate the effect of corporate governance practices on financial performance of firms listed on Nigeria.

Conceptual Review

Environmental, Social and Governance (ESG)

In recent years, there has been expanding utilization of ESG information by stakeholders, particularly investor. Initially, there is limited information on non-financial data such as ESG disclosures. For the most part, they are referring to traditional extraction data for yearly report and website of the company. Nowadays companies are moving to data stream based to remain competitive as pressures from stakeholder on environmental issues such as climate change, pollution and waste are growing significantly. The role of ESG information much transformed changed the business adequately and effectively (Indarawati, Ruhanita & Nor, 2016). Firms are aware that ESG disclosure is critical to portray their good reputation and image in meeting the challenge of green issues to their stakeholders. Trends on disclosing ESG practices in the global data stream are colossally expanded throughout the years as an exertion of the companies to remain sustainable.

Furthermore, companies with strong ESG performance have a keen knowledge of the long-term strategic issues in their industries and managers at these companies can manage by long-term goals. Such companies make the necessary long-term decisions to ensure the success of their business over longer time periods to remain sustainable (Greenwald, 2010).

Environmental Practices

The support of the advance technology and product innovation could enhance the environmental performance as it reveals a company's capacity to lessen the environmental costs and burdens for its customers and thereby creating new market opportunities through new environmental technologies and processes or eco-designed, dematerialized products with extended durability (Thomson Reuters, 2015). Melnyk, Sroufe and Calantone (2003) reported that stronger environmental performance can improve the value of the firm and attract new stakeholders. A good environmental practice on operational activities can generate reasonable costs saving as well as keeping away from the business effect of the contamination issue (IFAC, 2005). On the other hand, Elsayed and Paton (2005) used three alternative measures of firm performance or economic performance, i.e., Tobin's q, return on assets and return on sales. Their study provides evidence that environmental performance has less impact on financial performance.

In the same paradigm Ambec et al. (2013) suggested that it can be considered that pollution is equated to a waste of resources, a reduction of which can lead to an improvement in the resources use efficiency. In other words, we can state that innovation is a catalyst for the sustainable activities of business organizations (Noja, et al. 2024). In the same direction, Chen and Ma (2021) stated that the impact of green investment in improving firms' long-term performance can be strengthened by environmental performance. Thus conclude that it takes a sufficiently long time for compliance with

regulations from an environmental perspective and social initiatives addressing this dimension to materialize in financial performance

Social Practices

While Wood, (1991) documented that corporate social practice is a business organization's conformation of ideologies of social responsibility, processes of social responsiveness and policies, programs and tangible outcomes as they relate to the firm's social relationships. The perception of corporate social responsibility seems to be as old as the business itself (Ferramosca & Verona, 2020), In that way, CSR can be viewed as a part of the business strategy that can improve financial and market performance (Berber et al., 2022).

The links between corporate social performance and financial performance are still far from being clarified in literature and contradictory evidence expressing the relationship between them is noted, both in intensity and sign (Lahouel et al., 2021). Results from empirical work indicate an ambiguous relationship between them (Ho et al., 2021; Jacobs et al., 2016). One fundamental reason for the uncertainty about this relationship is the problem of measuring social performance, which is a multi-dimensional construction that refers to a wide variety of topics. Their aggregation into a single form of measurement may suffer from inconsistency or lack of accuracy (Wang et al., 2015). The sign for the company to be socially accountable is associated to product concern, community, human rights, diversity and opportunity, employment quality, health and safety and training and development (Thomson Reuters, 2015). Barnett and Salomon (2012) enticed that firms with low corporate social practice have higher financial performance than firms with moderate corporate social practice, but firms with high corporate social practice have the highest financial performance (Indarawati, Ruhanita & Nor, 2016).

Governance Practices

The concept of corporate governance has received multiple meanings over time, being associated with management, accounting or auditing. It has often been used to describe actions taken to guide, direct and govern companies towards achieving business objectives. Corporate governance is defined as the "rules and practices by which companies are governed or run" (Encyclopædia Britannica, 2014). Corporate governance assumes the fundamental part in organization execution is to help the board's performance in controlling their business operations (Ponnu, 2008). Board of directors is one of the most important elements of corporate governance mechanism in overseeing the conduct of the company's business (Said, Zainuddin & Haron, 2009). The company follows the procedures and frameworks to ensure sustainability and be more progressive. The governance of corporate responsibility means that the company has specific systems for sustainability management (Klettner, Clarke, & Boersma, 2014). The emergence and further development of the concept of corporate governance have been associated with companies' constant attempts to improve their business in an increasingly dynamic competitive environment (Noja, et al, 2024).

The studies also found that this relationship is stronger in countries with less stringent investor protection standards. Benvenuto et al. (2021) conducted a study in the Romanian and Italian banking systems and identified a significant and positive, lasting influence of the IGC (corporate governance index) on financial performance expressed as profitability in both countries.

Performance

The impact of environmental management activities on competitiveness and corporate economic success has been debated actively for many years. Financial and non-financial indices can directly reflect economic performance. Financial indices refer to sales, profitability, inventory turnover and return on equity while non-financial indices refer to market share, sale region and the number of customers (Earnhart & Lizal, 2010).

The Economic indicator used in asset ESG is non-financial based. The economic performance measures a company's capacity to produce feasible development and a high return on investment through the efficient use of all its resources. It demonstrates a company's ability to improve its margins by increasing its performance (production process innovations) or by maintaining a loyal and productive employee and supplier base. The company's capacity is also to maintain a loyal shareholder by creating reasonable returns through a focused and transparent long-term communications strategy with its shareholders. The customer fulfillment and dependability produce feasible and long-term revenue growth (Thomson Reuters, 2015).

Typically corporate environmental management practices relate to economic performance. By adopting new environmental practices such as reduce pollution source, more environmentally friendly ways of operation, etc., it can reduce waste disposal costs and penalty, thus, bringing about effective economic benefits for enterprises (Aragón-Correa, et al 2008). However, inconsistent findings were found in the empirical literature on the relationship between the environmental, social and economic performance. There is little evidence of a weak relationship and some for a weak but statistically significant positive relationship, negative to insignificant to moderately or even strongly positive relationships of environmental and economic performance (Orlitzky, Schmidt, & Rynes, 2003). Margolis and Walsh (2003), documented that most studies support a positive correlation between the environmental performance and economic performance.

Empirical Review

Noja, Baditoiu, Buglea, Munteanu and Gligor Cimpoieru (2024) investigated the effectt of ESG reporting on company performance of financial and non-financial data of 2,400 companies. Main findings entail that ESG indicators had strong and medium effects on company performance, but these effects varied across different dimensions, requiring a tailored approach to embed ESG factors in corporate strategy to enhance overall performance. Cao, Duan, and Ibrahim (2024) analyzed effect of corporate underinvestment on environmental, social, and governance performance of Chinese A-listed companies from 2011 to 2020. Data were analysed using OLS and two-stage least squares

methods. The study showed a negative correlation between underinvestment and ESG ratings, particularly in the environmental and social dimensions. Habib (2023) analyzed a study titled 'Does real earnings management affect a firm's environmental, social, and governance (ESG), financial performance, and total value?. The study employed PLS-SEM and moderation-mediation analysis. The study revealed that firms employing the REM have lower ESG and total enterprise value, whereas those using the ESG strategy have higher total enterprise value and financial performance. Kim and Lee (2023) conducted a study titled 'Association between Earnings Announcement Behaviors and ESG Performances'. The final sample comprised of 17,370 firm-quarters of firms listed in Korean stock markets, including the KOSPI (Korea Composite Stock Price Index) and the KOSDAQ (Korea Securities Dealers Association Automated Quotation). The study period was from 2012 to 2018 in Korea. The data were analysed using OLS technique. The study disclosed that there is a negative association between earnings announcement and ESG scores. Rahcmatulloh, and Suranta (2023) analyzed the effect of Environmental, Social, and Corporate Governance (ESG) on a company's overall performance. The performance of the firm is assessed using various returns on assets, return on equity and Tobin's Q, which are regarded as reliance variables. The multiple linear regression techniques were employed for the study from 2018 to 2022. The study showed that the ESG index exerts a positive and statistically significant influence on ROA, ROE, and Tobin's Q. Enekwe, Ugwudioha and Uyagu (2023) studied the influence of environmental costs on the financial performance of listed oil and gas companies in Nigeria for a ten-year period from 2010 to 2019. The study employed Panel Ordinary Least Square of the multiple regression model was conducted using the E-views version 9.0 statistical software package. The study indicated that staff development costs have a negative but insignificant effect on listed Nigerian oil and gas companies' return on assets, while community development costs and employee health and safety costs have a positive but insignificant effect. Okoye and Erinugha (2023) ascertained the effect of environmental disclosure on the financial performance of listed Oil and Gas companies in Nigeria from 2011 to 2021. Descriptive statistics was used to analyze the data and inferential statistics was employed using Pearson correlation coefficient and Panel least square regression analysis to test the hypotheses of the study. The results showed that there is a significant and positive relationship between employee health and safety disclosure, waste management disclosure, environmental protection disclosure and cash value added. Nwanwu (2022) assessed the environmental management expenses and financial performance of Nigerian oil and gas firms for the period of nine (9) years from 2011 to 2018. The linear regression model and e-views statistical software were also adopted for the study. The study indicated that pollution costs have a positive and significant impact on the net profit of Nigerian oil and gas firms. Ekpose and Enidiok (2021) determined the effect of environmental costs on the financial performance of quoted Nigerian oil and gas firms from 2009 to 2019. Linear regression model were adopted for the study. The study showed that health-related costs (HRC) have a positive and significant influence on

profit margin (PM), while infrastructural development costs (IDC) and education program costs (EPC) have a positive but insignificant influence on the profit margin (PM) of quoted Nigerian oil and gas firms. Fazle, Ruzlin and Jeaneth (2021) ascertained the impact of sustainability (environmental, social and governance or ESG) practices on the financial performance (FP) of the Nordic financial industry from 2015–2019. This is a quantitative study using regression and a generalized method of moments. Using static and dynamic estimators, the authors found both positive and negative impacts of sustainability practice on FP. The study showed a negative relationship between ESG practices and FP (return on invested capital, return on equity and earnings per share). Helmi (2020) ascertained the effect of firm size, leverage, manufacturing type, family ownership and government ownership on corporate social and environmental voluntary disclosure in Saudi Arabia listed firms. The study employed regression model to run the analysis. The study shows that Saudi companies' corporate social and environmental voluntary disclosure has improved over time when compared to previous studies to about 68% disclosure due to new corporate governance principles and IFRS application.

Methodology

The study used *Ex Post Facto* research design because it involves the evaluation of the behaviour of the same variables over an extended period of time. The panel nature of the data implies that the cross sectional research design is also applied because the sample objects of the study cover different firms for various years in order to determine their relationships and how significant one variable affects another.

Population and Sample Size of the Study

The population of the study consists of agricultural firms and healthcare firms in Nigerian Exchange Group as at year ended December 2023. the purposive sampling method was employed in selecting five agricultural firms and six health care firms listed on the Nigeria Exchange Group (NGX), considering the limited number of manufacturing firms listed on the with availability of Data which fall into eleven firms and the need to adopt an equal sample size for the purpose of the comparative analysis.

Methods and Sources of Data

The study used secondary data which were sourced from the various annual reports of the sampled manufacturing firms deposited in the libraries and website of the NGX. The research covered a period of twelve (12) financial years (2012-2023). The twelve-year period was used for the estimations in order to use information from the same accounting reporting regime (that is, IFRS) – especially since Nigeria adopted IFRS in 2012.

Model Specification

This study modified the model proposed by Yasin and **Evren (2021).** The model specified by, Yasin and **Evren (2021)** are as follows:

$FRQ_{it} = \alpha + \beta_1 ESG_{it} + \beta_2 SIZE_{it} + \beta_3 ROA_{it} + \beta_4 LEV_{it} + \beta_5 FIRM\_AGE_{it} + \Sigma YEAR + \Sigma INDUSTRY + \Sigma COUNTRY + \varepsilon_{it}$

Where:

FRQ_{it} = separately represents the models FRQ1, FRQ, FRQ 3 and FRQ 4

ESG_{it} = separately represents ESG, ENV, SOC, and GOV

$SIZE_{it}$ = the natural logarithm of the market value of equity

ROA_{it} = Return on assets

LEV_{it} = Total liabilities/total assets

$FIRM\_AGE_{it}$ = The natural logarithm of 1 + age of firm

The model was modified as follows:

$$CVA_{i,t} = \beta_0 + \beta_1 EVD_{i,t} + \beta_2 FSIZ_{i,t} + e_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{i}$$
$$CVA_{i,t} = \beta_0 + \beta_1 SPD_{i,t} + \beta_2 FSIZ_{i,t} + e_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{ii}$$
$$CVA_{i,t} = \beta_0 + \beta_1 GVD_{i,t} + \beta_2 FSIZ_{i,t} + e_{it} \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\text{iii}$$
$$CVA_{i,t} = \beta_0 + \beta_1 EVD_{it} + \beta_2 SPD_{it} + \beta_3 GVD_{it} + \beta_4 FSIZ_{i,t} + e_{it} \dots\dots\dots\dots\dots\dots\dots\dots\text{iv}$$

Where:

ENV_{it} = environmental-related disclosures of firm *i* at period *t*.

SPD_{it} = social-related practices disclosures of firm *i* at period *t*.

GOV_{it} = governance-related disclosure of firm *i* at period *t*.

$FSIZE_{it}$ = Natural logarithm of total assets of firm *i* at period *t*.

B_0 = Intercept

$\beta_1 - \beta_4$ = are the parameters to be estimated in the equation

e = Stochastic error term.

Method of Data Analysis

Data were analyzed with descriptive statistics, and the hypotheses were tested inferential statistics (Pearson correlation, and multiple regression analysis). Since the focus of the study is to determine the significant effect, regression analysis becomes appropriate tool for it with aid of E-Views 9 using.

Decision Rule

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Results and Discussion

Table 1   *Descriptive Statistics*

	ROA	EVD	SRD	GVD	LEV
Mean	0.018004	20.83333	65.00000	48.33333	0.651202
Median	0.038882	25.00000	60.00000	60.00000	0.552922
Maximum	0.139515	25.00000	90.00000	60.00000	1.300714

Minimum	-0.171559	12.50000	50.00000	20.00000	0.444210
Std. Dev.	0.093134	5.915004	11.22293	17.30581	0.257391
Skewness	-1.063207	-0.707107	0.715542	-0.912527	1.764143
Kurtosis	3.142527	1.500000	2.920000	1.968119	4.441675
Jarque-Bera	24.98071	23.37500	11.29920	24.17580	79.89979
Probability	0.000004	0.000008	0.003519	0.000006	0.000000
Sum	2.376500	2750.000	8580.000	6380.000	85.95865
Sum Sq. Dev.	1.136279	4583.333	16500.00	39233.33	8.678757
Observations	132	132	132	132	132

Source: E-views 9 (2025)

This study considered descriptive statistics (mean, standard deviation, minimum and maximum) for the panels for 132 observations (that is, 11 firms x 12 years). The table showed an average mean of 0.018 for return on assets (ROA). The maximum value for is 0.14, minimum of -0.17 with a standard deviation of 0.093. Similarly, on environmental disclosure (EVD), the results showed that on the average the mean value is 20.833. The maximum figure of EVD for the sample firms is 25.000, while the minimum is 12.500, with a standard deviation of 5.915. On the average, social responsibility disclosure (SRD) stood at 65.000. The implication is that on the average, with a standard deviation of 11.222, a maximum number of 90.00 and a minimum of 50.000. The mean value of governance disclosure (GVD) stood at 48.333. The minimum GVD stood at 20.000 while the maximum number of 60.000, with a standard deviation of 17.306. For firm leverage (LEV), the results showed that on the average the mean value is approximately 0.651. The maximum figure of LEV for the sample firms is 1.301 while the minimum is 0.444 with a standard deviation of 0.0058.

Table 2: Pearson Correlation Matrix

	ROA	EVD	CSRD	GVD	LEV
ROA	1				
EVD	0.65561	1			
SRD	-0.02233	0	1		
GVD	0.72946	0.95702	-0.04323	1	
LEV	-0.94627	-0.61093	0.08218	-0.71031	1

Source: E-Views 9 Correlation Output, 2025

The outcome of the correlation matrix was presented in table 2. In the first part which focused on the Nigerian manufacturing firms, the measures of environmental disclosure (EVD) 0.656, and governance disclosure (GVD) 0.729 were positively correlated with the return on assets (ROA). While social practice disclosure (SRD) is -0.022 and firm leverage (LEV) -0.946 were negatively correlated with the return on assets (ROA).

Test of Hypotheses

Table 3: Regression analysis between EVD, SRD, GVD and ROA

Dependent Variable: ROA
Method: Panel Least Squares
Date: 06/04/25   Time: 19:29
Sample: 2012 2023
Periods included: 12
Cross-sections included: 11
Total panel (balanced) observations: 132

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.163445	0.022378	7.303763	0.0000
EVD	0.003249	0.001564	2.077815	0.0397
SRD	0.000390	0.000226	1.725419	0.0869
GVD	-0.000558	0.000600	-0.929179	0.3546
LEV	-0.324804	0.014694	-22.10384	0.0000

R-squared	0.908093	Mean dependent var		0.018004
Adjusted R-squared	0.905198	S.D. dependent var		0.093134
S.E. of regression	0.028676	Akaike info criterion		-4.228382
Sum squared resid	0.104433	Schwarz criterion		-4.119184
Log likelihood	284.0732	Hannan-Quinn criter.		-4.184009
F-statistic	313.7062	Durbin-Watson stat		1.551431
Prob(F-statistic)	0.000000			

In table above, the multiple regressions analysis was conducted to test the effect between environmental disclosures (EVD), social responsibility disclosure, Governance disclosure (GVD), firm leverage (LEV) and return on assets (ROA) of sampled manufacturing firms in Nigeria. The Adjusted R-squared is 0.91, an indication that there was variation of 91% on ROA due to changes in EVD, SRD, GVD and LEV. This implies that 91% changes in ROA could be accounted for by EVD, SRD, GVD and LEV, while 9% was explained by unknown variables that were not included in the model.

The Durbin-Watson Statistic of 1.551 suggests that the model does not contain serial correlation. The F-statistic of the regression is equal to 313.706. The associated F-statistical probability is equal to 0.000.

Hypothesis One

Ho_1: Environmental practice has no significant effect on return on assets of manufacturing firms in Nigeria.

The evidence provided by the regression result of the model showed that the variable of environmental disclosure had a positive coefficient of 0.0032 and a p-value of 0.040 which was significant at 5% level.

Hypothesis Two

Ho_2: Social practice disclosure has no significant effect on return on assets of manufacturing firms in Nigeria.

The evidence provided by the regression result of model showed that the variable of social practice disclosure had a positive coefficient of 0.000390 and a p-value of 0.087 which was significant at 5% level.

Hypothesis Three

Ho_3: Governance practices disclosure has no significant effect on return on assets of manufacturing firms in Nigeria.

The evidence provided by the regression result of model showed that the variable of governance practices disclosure had a negative coefficient of -0.000558 and a p-value of 0.355 which was significant at 5% level.

Discussion of Findings

The study regression result of the model showed that the environmental disclosure had a positive coefficient of 0.0032 and a p-value of 0.040 which was significant at 5% level. This result is in line with Omoye, and Wilson-'Oshilim, (2018) who found that firm size have significant and positive relationship with environmental disclosure. But Nur, Suganthi and Yuen (2023) results showed that individual Environmental score has a negative impact on ROA but a positive impact on ROE and Tobin's Q. Also the study of Kim and Lee (2023) results showed a negative association between earnings announcement and ESG scores (i.e., earnings announcement on Friday and firms that omit preliminary earnings announcements). Yousra (2018) revealed that there is an insignificant relationship between Firm Size and environmental information disclosure.

The hypothesis result showed that the variable of social practice disclosure had a positive coefficient of 0.000390 and a p-value of 0.087 which was significant at 5% level. This result is in line with Rahcmatulloh, and Suranta (2023) which reported that the ESG has a positive and statistically significant influence on ROA. This result disagreed with Nur, Suganthi and Yuen (2023) who showed that social disclosure on its own has an insignificant negative impact on on ROA.

The evidence provided by the regression result of model showed that the variable of governance practices disclosure had a negative coefficient of -0.000558 and a p-value of 0.355 which was significant at 5% level. This result affirmed the finding of Nur, Suganthi and Yuen (2023) who found that the Governance practice disclosure has an insignificant effect on ROA.

Conclusion and Recommendations

Conclusions

This study determined the environmental, social and governance practices on corporate performance of two selected firms in Nigeria. The study employed environmental disclosure, Social disclosure and corporate governance disclosure as the independent variables and return on assets as the dependent variable. Data were analyzed with descriptive statistics, and the hypotheses were tested inferential statistics.

The study regression result of the model showed that the environmental disclosure had a positive coefficient of 0.0032 and a p-value of 0.040 which was significant at 5% level. The hypothesis result showed that the variable of social practice disclosure had a positive coefficient of 0.000390 and a p-value of 0.087 which was significant at 5% level. The evidence provided by the regression result of model showed that the variable of governance practices disclosure had a negative coefficient of -0.000558 and a p-value of 0.355 which was significant at 5% level.

Company's sustainability performance as shown by the ESG performance consists of the environmental, social, and governance aspects that must be maintained and improved from time to time. This can be structured by integrating the ESG framework, milestones, manufacturing firm's activities and documentation of the ESG into the firm's operation. By having sustainability ESG activities, company will have solid ESG performance by third party, leading to increased firm value for the firm that, in turn, will increase the welfare of the stakeholder.

While the significance of specific ESG components varies, they all contribute to the creation of long-term shareholder value. Companies that embrace ESG concerns not only align with changing societal expectations, but they also stand to improve their reputations, attract ethical investors, and ultimately contribute to the long-term increase of shareholder value. It is therefore safe to conclude that ESG variables and shareholder wealth emerges as a fundamental need for firms seeking long-term success in today's dynamic corporate market in Nigeria.

Recommendations

Based on the outcome of the study, the following are our recommendations:

1. Since environmental, sustainability disclosures positively affects financial performance, the companies need to develop and publicize detailed environmental policies and practices. This includes reporting on emissions reductions, waste management, and resource conservation efforts.

2. The manufacturing firms should advance and disclose creativities on corporate social responsibility matters, employee welfare, community engagement, and focus on social issues that are relevant to their operational areas, such as community health, education, and job creation, especially in regions impacted by oil and gas activities.

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3. Governance sustainability disclosures were found to have the negative effect on firms' performance. This suggested that investors are reluctant in placing high importance on transparency, ethical practices, and corporate accountability.

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