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BOARD COMPOSITION, CORPORATE GOVERNANCE AND ADOPTION OF SUSTAINABILITY REPORTING IN NIGERIA

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Abstract

In the last decade, mounting stakeholder pressure and changing regulatory requirements have propelled a worldwide trend of incorporating sustainability into corporate governance structures. This research investigates the impact of board composition and governance practices on the uptake and quality of sustainability reporting in the Nigerian consumer goods industry. Considered an ex-post facto research design as suitable research design for the study. Data were obtained from listed consumer goods firms on the Nigerian Exchange Group (NGX) as at December 31, 2024. The choice was based on the availability of full data, using a non-probability *sampling method. Data were analysed using descriptive statistics, Pearson correlation, panel logistic regression, fixed and random effects models was used with the aid of Eviews 9 statistical tools. Findings reveal that firm size positively impacts sustainability reporting ($\beta = 6.03$, $p < 0.01$), meaning that larger firms are more transparent due to stakeholder pressure. Firm age ($\beta = 0.106$, $p = 0.324$) and corporate earnings performance ($\beta = 0.840$, $p = 0.711$) also exert positive but statistically insignificant effects. The study recommends more stringent regulatory regimes and incentive-based policies to stimulate broader acceptance. Future research should incorporate additional governance and environmental performance variables to enhance the understanding of sustainability disclosure practices.*

Keywords: Board composition, corporate governance, firm size, firm age, adoption of sustainability reporting, and corporate earnings performance

Introduction

The global focus over the last ten years has been on embedding sustainability into corporate governance models, driven mostly by heightened stakeholder expectations and shifting regulatory expectations. International sustainability reporting has become an essential instrument globally for enhancing transparency, accountability and long-term corporate value generation (Pathak et al., 2025). Sustainability reporting is growing relevance and closely interconnected with internal governance models that impact the reporting habits of companies. Board composition is also important, since boards that are independent and diverse are likely to prioritize sustainability disclosure that captures broader stakeholder interests beyond financial performance (Darmawan & Umaimah, 2025). Corporate governance practices like audit committees, ownership and regulatory compliance are also enablers that determine the level and quality of sustainability reporting. In Nigeria's consumer goods sector, where social and environmental concerns are increasing in prominence, the adoption of sustainability reporting is both a strategic response to most advanced international practice and a means of corporate legitimation (Ibe et al., 2025). Thus, the dynamics between board composition, governance practice, and sustainability reporting demonstrate the industry's capacity to balance profitability with moral business practice in meeting the demands of stakeholders.

While growing global interest in sustainability reporting, the extent of adoption in Nigeria's consumer goods sector is shallow because of weak board composition, most significantly limited independence and weak gender diversity has undermined the capacity of boards to drive effective sustainability disclosure (Akosile et al., 2025). Likewise, weaknesses in corporate governance frameworks, most significantly non-efficient oversight arrangements and weak regulatory enforcement, have reduced the credibility and extent of sustainability practices. While some firms report on sustainability, their reports are tokenistic and do not exhibit material environmental and social issues (Henry et al., 2025). Addressing this gap will provide valuable insights for both corporate managers and policymakers seeking to enhance transparency, accountability and long-term performance in the sector. Led to the question that how does board composition influence the adoption and quality of sustainability reporting among consumer goods firms in Nigeria? The study investigates how board composition and corporate governance mechanisms influence the adoption and quality of sustainability reporting in Nigeria's consumer goods sector, with the goal of generating evidence-based insights that enhance corporate transparency, accountability and sustainable business practices. These practices undermine the trust of stakeholders and limit the potential of sustainability reporting to influence company legitimacy and performance. Firms in Nigeria's consumer goods sector are under tremendous pressure due to their high environmental footprint but reporting is uncoordinated. Therefore, it is important to comprehend how the structure of the board and the quality of governance affect the adoption of sustainability.

Literature Review

Corporate Earnings Performance

Corporate earnings performance refers to a company's ability to generate profits relative to its revenues, assets, or equity, reflecting its financial health and operational efficiency (Frances & Nworie, 2025). Corporate earnings performance captures the outcome of managerial strategies and decision-making that assessed through accounting indicators such as Return on Assets (ROA), Return on Equity (ROE), and Earnings Per Share (EPS) (Odokwo et al., 2024). Strong corporate earnings performance is a key determinant of shareholder wealth and firm valuation. Earnings performance serves as a central benchmark for evaluating managerial effectiveness and long-term sustainability (Yahaya et al., 2025). Corporate earnings performance not only reflects a firm's internal efficiency but also signals its competitiveness in the broader industry and capital market (Chidi, 2024). Sustained earnings performance enhances corporate reputation, investor confidence and access to external financing, thereby strengthening long-term survival prospects (Olanrewaju, 2024).

Sustainability Reporting

Offiaeli et al. (2025) describes sustainability reporting as a process for evaluating, disclosing, and being accountable to an organization's diverse stakeholders. Akinbode et al. (2024) explained that sustainability reporting involves the disclosure of non-financial information, which includes economic, environmental, social and governance (EESG) factors. Sustainability reporting was defined as the practice through which organizations disclose their environmental, social, and governance (ESG) performance to stakeholders. Ogunmola et al. (2024) also described as a communication tool that aligns corporate activities with sustainable development goals and stakeholder expectations. Sustainability reporting was increasingly recognized as a strategic tool for building corporate legitimacy and stakeholder trust. Sustainability reporting was discussed as both a regulatory requirement and a voluntary practice depending on jurisdiction and industry pressure (Udosen & Enoidem, 2022). Odokwo et al. (2024) highlighted sustainability reporting role in influencing corporate reputation, investor decisions and long-term financial performance. Onyinye and Amakor (2019) posit that limited adoption of sustainability reporting in developing economies noted as a barrier to global ESG accountability

Board Composition

Firm attributes are those peculiarities or features that distinguish a firm among the others in the same industry or sector. Located in the financial statements of a company, these attributes which is a good source of information about the performance, strategy and growth of firm (Sani et al., 2022). There are different types of firm attributes, such as market-related attributes such as firm size, audit firm status and industry type. Performance attributes such as profitability and liquidity, earnings performance, ownership attributes such as high spread ownership and low spread ownership; and structural attributes such as gearing (Udosen & Enoidem, 2022). These attributes are firm size, leverage policy, performance, firm age, firm growth, management efficiency and firm stability that make corporate organizations unique (Uwuigbe et al., 2018), these characteristics have serious impact on performance, decision making and operational strategies of firms. The dynamic quality of these attributes and the need to be flexible and responsive to evolving market condition ns because firm attributes are the heart of company identity, which determines the strategic orientation and positioning of a company (Soomiyol et al., 2023). The involvement of companies in CSR activities, environmental stewardship and ethical business practice is an essential characteristic. Fiaz and Saba (2022) claimed that the organizations that incorporate CSR in their activities take an all-inclusive strategy to their social responsibilities that improves their image and leverages long-term sustainability. The variables considered in this study included firm age, firm size and firm performance.

Firm Size

Firm size refers to the scale of a company's operations, commonly measured by total assets, sales revenue and number of employees which reflects its capacity to compete and influence market outcomes (Frances & Nworie, 2025). Firm size denotes the relative magnitude of a firm in its industry, serving as an indicator of its market power, resource availability, and resilience to external shocks (Chidi, 2024). Larger firms often enjoy economies of scale, enabling them to spread costs across higher output levels (Yahaya et al., 2025). Firm size is widely used as a control variable in corporate governance and performance studies (Akinbode et al., 2024). The size of a firm significantly determines its access to finance and investment opportunities; bigger firms generally attract investors due to perceived stability and lower default risks (Offiaeli et al., 2025). Firm size also affects strategic choices, as larger firms may diversify and innovate more aggressively compared to smaller firms, which often face resource constraints.

Firm Age

Firm age is the number of years a business has operated since its establishment, reflecting its level of experience, learning and market presence (Omaliko et al., 2024).Firm age serves as a measure of organizational maturity, often linked to the firm's ability to survive, adapt, and sustain operations over time (Godwin & Iyoha, 2024). Older firms tend to accumulate experience that enhances their efficiency and decision-making capacity. The age of a firm is commonly used in performance models as a proxy for organizational stability and resilience (Olowookere et al., 2025). Firm age influences performance since older firms may have established customer loyalty and refined operational processes, thereby reducing costs and risks (Shokomi & Yahaya, 2024). However, overly aged firms may experience rigidity and resistance to change, which can negatively impact competitiveness in dynamic markets (Ogunode et al., 2022).

Corporate Governance

Corporate governance strengthens investor confidence by safeguarding shareholder rights and enhancing transparency in organizational operations with practices to mitigate risks of mismanagement and fraudulent reporting and contributing to sustainable firm performance (Ajibade, et al., 2022). In the assertion of Isam et al. (2020) assert that corporate governance refers to the framework of rules, practices and processes by which a company is directed and controlled, ensuring accountability, fairness and transparency in relationships with stakeholders. Corporate governance is the system that balances the interests of a company's stakeholders including shareholders, management, customers, suppliers, financiers, government and the community through effective monitoring and decision-making structures (Al-Qudah & Houcine, 2024). Corporate governance is central to achieving long-term business sustainability, as it fosters ethical practices, strategic accountability and compliance with regulatory frameworks (Ofoegbu & Odoemelam, 2018). In emerging economies like Nigeria, Corporate governance enhances financial performance and global competitiveness. Whereas, Saka (2024) posit that weak corporate governance leads to poor accountability, managerial opportunism and financial scandals, undermining investor trust and threatening firm survival. Thus, effective governance is critical for building resilience in volatile business environments.

Theoretical Review

The study took into account the below theories; institutional theory, stakeholder theory, legitimacy theory. However, the institutional theory used here to ground this study.

Institutional Theory

Institutional theory explains how organizational behavior and decision-making are shaped by social norms, cultural values, and institutional forces that promote conformity with accepted practices (DiMaggio & Powell, 1983). Institutional theory suggests that firms adopt the culture of sustainability reporting both for efficiency and to conform to societal requirements and establish legitimacy in their institution of operation (Oyerogba et al., 2024). Emerging market firms like those in Nigeria are subject to coercive, normative and mimetic pressures that significantly influence the framing and message of sustainability reporting to stakeholders (Oti & Mbu-Ogar, 2018). Organizations follow institutional values and norms in order to achieve legitimacy and survival. External pressures by governments, industries and societies impact corporate practice more than internal strategic decision-making (Amer et al., 2025). Institutional theory is too concerned with conformity, hence unable to acknowledge innovation, competitive advantage, and managerial discretion as organizational practice determinants (Omolade & Tony, 2014). This institutional theory is pertinent to this study since it explains why firms such as regulatory requirements, and society legitimacy needs.

Stakeholder Theory

Stakeholder theory posits that companies must create value not only for the shareholders but also for other stakeholders such as employees, customers, suppliers, communities, and regulators (Freeman, 1984). Stakeholder theory presumes that sustainability reporting promotes transparency and accountability and aligns business operations with the pluralistic interests and concerns of stakeholders that influence organizational existence and performance (Anaike et al., 2024). Those businesses that have stakeholders' requirements in mind in areas such as greenhouse gas emissions, energy efficiency and workplace safety are poised to realize long-term financial and reputation stability (Fodio et al., 2025). The assumptions of the theory is that stakeholders possess a rightful stake in corporate decision making and consequences because a business's success and sustainability depend on balancing and satisfying diverse stakeholder interests (Sanni & Usman, 2024). The theory is criticized on grounds of its vagueness and unworkability, since it is difficult to balance the interests of all stakeholders with conflicting and sometimes contradictory interests (Akuchi & Egbunike, 2023). The theory is relevant to this study, in the sense that sustainability reporting directly addresses the needs of stakeholders for ethical, environmental, and social responsibility, improving corporate confidence and stakeholder relations in Nigeria's cement and consumer goods industry.

Legitimacy Theory

Theory of legitimacy believes that corporations attempt to operate within the limits of societal values and norms, and sustainability reporting practices like disclosure are attempts at maintaining legitimacy (Suchman, 1995). Legitimacy theory points out that corporations use sustainability reporting to justify their conduct, especially in ecologically sensitive industries, to gain continuous societal approval and access to resources (Akintoye & Kassim, 2022). Firms disclose greenhouse emissions, energy conservation and employee safety as their means of adapting to public expectations and filling legitimacy gaps (Wobo & Odoemelam, 2024). Firms must adapt to evolving society values and expectations to survive and disclosure practice is a strategic approach to achieving or regaining public confidence (Nangih et al., 2022). Legitimacy theory assumes that legitimacy is the sole driver of disclosure practices while ignoring profit incentives, competitive pressures, and compliance with regulations (Ogunode, 2022). The theory is relevant to this study because Nigerian businesses, particularly energy-intensive business entities, use sustainability reports to demonstrate responsibility, gain legitimacy and avoid reputational damage in both domestic and overseas markets.

Empirical Review

Pathak et al. (2025) conducted an empirical investigation into the relationship between board composition and corporate capital structure, further examining whether capital structure mediates the link between board composition and executive remuneration. Utilizing a balanced panel dataset comprising 484 firms listed in the BSE-1000 Index from 2014-2015 to 2023-2024, the study employed panel regression analysis to test the proposed hypotheses. To address endogeneity concerns and enhance the robustness of the findings, the Generalized Method of Moments (GMM) estimation technique was applied.

In a related study, Darmawan and Umaimah (2025) assessed the impact of Good Corporate Governance (GCG), earnings management, and firm-specific variables on firm value, offering implications for investment decision-making. Drawing on a quantitative approach, the researchers analyzed data from 155 observations of newly listed coal mining firms on the Indonesia Stock Exchange between 2019 and 2023, selected via purposive sampling. Findings indicated that the board of directors significantly enhances firm value, while the audit committee and independent commissioners exert limited influence. Moreover, earnings management was found to diminish firm value by exacerbating information asymmetry.

Ibe et al. (2025) examined how board independence influences earnings management among listed deposit money banks in Nigeria, with audit committee expertise introduced as a moderating variable. The study targeted 14 listed deposit money banks as of December 31, 2023, from which 10 were selected using purposive sampling. Secondary data spanning from 2014 to 2023 were analyzed using the Moderated Multiple Regression (MMR) technique via STATA version 12. Results revealed a positive and statistically significant association between board independence and earnings management, suggesting that greater board autonomy may inadvertently encourage earnings manipulation in the absence of sufficient oversight.

Similarly, Akosile et al. (2025) investigated whether corporate governance moderates the relationship between real earnings management and the market value of manufacturing firms listed in Nigeria. Out of 51 firms in the sector, 38 met the inclusion criteria, having been listed and operational throughout the 2011–2021 study period. The findings demonstrated that board size negatively moderates the relationship between real earnings management and market value, with a statistically significant effect ($\beta = -0.450$, $t = -1.965$, $p < 0.05$), indicating that larger boards may dilute governance effectiveness in curbing earnings manipulation.

Henry et al. (2025) explored the effects of various corporate governance mechanisms on earnings quality in Nigerian manufacturing firms. Drawing on panel data from 2012 to 2022, the study found that board composition positively and significantly influenced earnings quality ($\beta = 0.38$, $z = 2.42$, $p = 0.005$). In contrast, audit committee independence and institutional ownership showed no significant effects. Notably, executive compensation exhibited a significant positive influence on earnings quality ($\beta = 0.42$, $z = 3.96$, $p = 0.000$), suggesting a performance-aligned remuneration structure.

Frances and Nworie (2025) assessed the impact of firm size on shareholder wealth maximization—proxied by share price returns within Nigeria's listed agricultural firms. Employing an ex-post facto design, the study included all five agricultural firms listed on the Nigerian Exchange, covering the period from 2014 to 2023. Using panel generalized least squares (GLS) regression, the study revealed a statistically significant and positive relationship between firm size and shareholder wealth maximization ($\beta = 18.26749$, $p = 0.0028$), implying that larger firms are more likely to deliver enhanced returns to shareholders.

Yahaya et al. (2025) analyzed how board size affects the capital structure of 17 service-oriented firms listed in Nigeria over a decade (2013–2022), incorporating firm listing age as a moderating factor. Board size was measured by the total number of directors, while capital structure was proxied by long-term debt to equity. The study found low explanatory power in both models ($R^2 = 7.46\%$ in Model 1 and $R^2 = 8.27\%$ in Model 2), concluding that board size alone—and even when moderated by listing age does not significantly determine capital structure decisions in these firms. The authors recommend further exploration into other board characteristics that may influence financing decisions.

Olanrewaju (2024) examined the influence of firm-specific characteristics on the financial performance of Nigerian manufacturing firms, with net profit margin serving as the performance metric. Utilizing an ex-post facto design, secondary data were collected from 41 firms listed on the Nigerian Exchange between 2018 and 2022. Results indicated that operating expenses, leverage, and liquidity had statistically significant negative effects on net profit margin, whereas firm age showed a negative but statistically insignificant relationship.

Chidi (2024) explored the relationship between firm size, profitability, and firm value among 18 consumer goods firms listed on the Nigerian Exchange from 2013 to 2022. Using robust regression analysis, the study found that firm size negatively and significantly impacts firm value, while profitability has a significant positive influence. This indicates that more profitable firms tend to command higher market valuations, whereas larger size not guarantee enhanced value creation.

Odokwo et al. (2024) investigated the relationship between corporate attributes and earnings management practices among non-financial firms listed on the Nigerian Exchange. The study employed an ex-post facto design and analyzed data from 70 purposively selected firms out of a population of 109, covering the period 2014 to 2023. The results revealed that firm age, firm size, and profitability each have a statistically significant negative effect on real earnings management, implying that older, larger and more profitable firms are less likely to engage in manipulative earnings practices.

Gap in the Literature

Even though the concept of sustainability reporting has gained more and more interest at the academic and regulatory levels, its empirical evaluation in the context of the consumer goods industry in Nigeria has been scarce and inconclusive. Majority of available literature on corporate sustainability in Nigeria takes a generalized approach by looking at various sectors, ignoring the dynamics of the consumer goods sector which is the most affected by environmental and social sustainability issues. In addition, it has not sufficiently researched the particular impact of board composition specifically independence, diversity as well as size on the quality of sustainability reporting. On the same note, even though corporate governance is considered in terms of financial performance, fewer studies have been conducted on its effectiveness in influencing the sustainability disclosure practices. Available evidence is inclined to concentrate on adherence to reporting rules as opposed to assessing the level at which governance constructions are fueling significant take up of sustainability practices. This brings a stark difference in comprehension on the intersection of the governance processes, board performance and sustainability adoption in the consumer goods industry in Nigeria.

Methodology

The approach used in this study is the ex-post facto research design, and the sample size is fitheen (15) out of twenty-one (21) consumer goods companies listed at the Nigerian Exchange (NGX)

Group on 31st Dec 2024. A non-probability sampling method was used in the determination of the sample where the sample comprised only of the consumer goods firms that had full records of all the required data to evaluate the variables of the study in the covered period. The analysis of data was done using Eview version 9 software and descriptive statistics, Normality Test, Pearson Correlation, Variance Inflation Factor, Heteroscedasticity test, Hausman test, Panel logistic regression model and fixed effect and random effect were conducted. The study developed logistic regression model and founded on institutional theory and presented as follows;

$SUSTREPit = \alpha + \beta_1 FSIZEit + \beta_2 FAGEit + \beta_3 CORPEPit + \varepsilon it$ ………………………………(i)

SUSTREP = Sustainability Reporting

FSIZE = Firm Size

FAGE = Firm Age

CORP_EP = Corporate Earnings Performance

α: represents the constant term

β_1- β_3 are the coefficient of the parameter estimate.

ε: represents the error term

i: represents the companies

t: represents the year.

The dependent is sustainability reporting measured by corporate earnings performance and independent variables is board composition and corporate governance measured by firm size and firm age.

Table 1: Measurement of Variable

Variable Name	Type Variable	Measurement	Source
Sustainability_Reporting (SUS_TREP)	Dependent	Measured as the dichotomous data encompassing the codification of "1" for revelation of any sustainability data and "0" for non-revelation.	Akuchi & Egbunike (2023); Ogunode (2022).

Corporate Earnings Performance (CORP_EP)	Dependent	Defined as profit after tax all over total assets	Oyerogba et al. (2024).
Firm_Size (FSIZE)	Independent	Measured as natural logarithm of the total assets of a firm	Frances & Nworie (2025); Chidi (2024)
Firm_Age (FAGE)	Independent	Measured as number of years from the year a firm is incorporated.	Offiaeli et al. (2025)

Source: Researchers' Computation (2025).

Data Analysis and Discussion of Findings

Descriptive Statistics

Table 2 reports descriptive statistics of the variables under study. The mean of sustainability reporting (SUST_REP) is 0.51, implying that approximately half of the companies sampled make sustainability disclosure. Firm Size (F_SIZE) measures 7.68 log of total assets varying from 4 to 9.03, suggesting large variability between small and large companies in the sample. Firm Age (F_AGE) has a mean of 55.65 years, suggesting that the sample contains both comparatively young firms and old firms, with ages varying from 19 to 101 years. CORP_EP is low at 0.054, but with such a high standard deviation (0.639) and outlier values at –4.206 and 6.174, there is very high variation in earning performance with some firms making huge losses and others highly impressive profits.

Table 2: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
SUST_REP	150	.51187	.50133	0	1
F_SIZE	150	7.6838	.94872	4	9.03
F_AGE	150	55.6506	20.585	19	101
CORP_EP	150	.053858	.63942	-4.206	6.174

Source: Researchers' Computation (2025).

Pearson Correlation

Table 3; presents the Pearson correlation results among the study variables. Sustainability Reporting (SUST_REP) is positively correlated with firm size (0.225) and firm age (0.149), suggesting that larger and older firms are more likely to engage in sustainability disclosures. However, SUST_REP shows a weak negative correlation with corporate earnings performance (-0.027), indicating that reporting practices may not directly translate into short-term financial gains. Firm Size and Firm Age exhibit a modest positive relationship (0.111), implying that older firms tend to be relatively larger. Interestingly, corporate earnings performance shows weak negative correlations with firm Size (-0.036) and firm age (-0.041), suggesting that neither size nor age guarantees improved performance within the sampled firms.

Table 3: Pearson Correlation Matrix

	SUSTREP	FSIZE	FAGE	CORPEP
SUST_REP	1.0000			
F_SIZE	0.2249	1.0000		
F_AGE	0.1486	0.1106	1.0000	
CORP_EP	-0.0271	-0.0360	-0.0413	1.0000

Source: Researchers' Computation (2025).

Logistic Regression Analysis on the Relationship between Board Composition, Corporate Governance and Adoption of Sustainability Reporting in Nigeria

Table 4 presents the outcome of the logistic regression testing for determinants of sustainability reporting. Firm Size (F_SIZE) is positive and statistically significant (6.03; $p < 0.01$), which means that big firms are more likely to engage in sustainability reporting. Firm Age (F_AGE) reveals a positive but statistically insignificant impact (0.106; $p = 0.324$), implying that the age in years that a company has been incorporated does not influence sustainability disclosure significantly. Corporate Earnings Performance (CORP_EP) also exhibits a positive but not significant correlation (0.840; $p = 0.711$) that implies that financial performance in itself is not a significant determinant of sustainability reporting in the sample firms. The constant is positive and significant, implying that without the impact of firm characteristics, the disclosure probability is very low. The Wald chi-square (15.56) and p-value ($p = 0.0006$) confirm goodness of fit of the model in aggregate and show that the explanatory variables together predict sustainability reporting outcomes well.

Table 4: Logistic Regression Analysis

Variable	Coefficients	z-value	Prob.
F_SIZE	6.03144	3.86	0.001
F_AGE	.106204	1.15	0.324
CORP_EP	.840112	0.37	0.711
_Cons.	-62.0110	-3.70	0.000
Wald chi2	15.56		
Prob. >chi2	0.0006		

Source: Researchers' Computation (2025).

Hausman Test

Table 5 present Chi-square statistic is 0.58 with a corresponding p-value of 0.7495, which is greater than the 0.05 significance level. The result indicates that the null hypothesis which favors the random effects model, cannot be rejected. Therefore, the random effects model is considered more appropriate for analyzing the data, as it provides consistent and efficient estimates compared to the fixed effects model.

Table 5: Hausman Specification test

Type of test	Chi2	P-Chi2
Hausman Test	0.58	1.7495

Source: Researchers' Computation (2025).

Heteroscedasticity Test

Table 6 reports the results of the heteroscedasticity test. The Chi-square value of 1.05 with a corresponding p-value of 0.1032, which is greater than the 0.05 significance level, indicates that the null hypothesis of homoscedasticity cannot be rejected.

Table 6: Heteroscedasticity test

Type of test	Chi2	P-Value
Heteroscedasticity Test	1.05	0. 1032

Source: Researchers' Computation (2025).

Random Effect Test

Firm size coefficient (F_SIZE) is also negative (-0.06) and on the borderline of significance (p = 0.10), which means that large firms may not necessarily have higher sustainability disclosure. This is a clue that implies that large firms care about compliance with rules and not necessarily about doing voluntary things towards sustainability. Although the adjusted R-squared value (0.07) suggests weak explanatory fit, F-statistic (1.64) and related probability value (0.01) suggest that the model is significant at 5% level, and hence together the independent variables have a significant influence on sustainability reporting practices.

Firm age (F_AGE) also has a negative but insignificant coefficient (-0.00, p = 0.48), meaning that firm age in terms of years of operation does not have any significant impact on the behavior of the firm towards sustainability reporting. The aged and mature nature of operation does not necessarily imply more commitment towards sustainability reporting. CORP_EP is statistically significant but positive (0.00, p = 0.75). The Durbin-Watson statistic (1.52) is in a very good range, and no serious problem of autocorrelation of the residuals. Overall, the results indicate that while firm-specific variables and environmental performance exert some influence, neither does so in its individual role to the level of sustainability reporting by the sampled listed firms. The significance of the entire model signifies the significance of taking into account several interacting factors i.e., institutional pressures, stakeholder expectations, and regulatory environments while studying sustainability disclosure behavior in developing economies such as Nigeria.

Table 7: Model 1: Random Effect Test

Dependent Variable: (SUST_REP) CORP_EP

Variable	**Coeff.**	**t-statistic**	**Prob.**
F_SIZE	-0.06	-1.67	0.10
F_AGE	-0.00	-0.71	0.48
CORP_EP	0.00	0.32	0.75
C	1.46	1.94	0.06

R-squared	0.20
Adjusted R-squared	0.07
F-statistic	1.64
Prob (F-statistic)	0.01
Durbin-Watson stat	1.52

Source: Researchers' Computation (2025).

Discussion of Findings

The regression analysis indicates that firm size plays a crucial role in driving the adoption of sustainability reporting, suggesting that larger firms are more likely to disclose sustainability practices. However, firm age does not appear to significantly influence reporting behavior, implying that the number of years in operation is not a strong determinant of disclosure. Similarly, corporate earnings performance shows no significant effect, suggesting that financial performance alone does not motivate sustainability reporting among the sampled firms. The results further highlight that in the absence of firm-specific characteristics, the likelihood of disclosure is low. The model demonstrates a good fit, confirming that the included variables jointly provide meaningful insights into the determinants of sustainability reporting.

Implications

Policymakers need to strengthen reporting guidelines and monitoring mechanisms, particularly for smaller firms, to ensure broader adoption of sustainability practices. Meanwhile, managers that prioritizing sustainability reporting enhance legitimacy and stakeholder trust, regardless of profitability and years in operation.

Conclusion

The study concludes that firm size is a major determinant of sustainability reporting, as larger firms are more inclined to disclose sustainability practices due to heightened visibility and stakeholder pressure. Firm age does not significantly influence reporting behavior, which suggests that longevity in the industry is not a strong driver of disclosure practices. Corporate earnings performance also shows no significant effect, indicating that profitability alone does not motivate firms to adopt sustainability reporting. The findings further reveal that in the absence of firm-specific characteristics, the likelihood of disclosure remains very low. The model demonstrates a good fit, thereby confirming that the explanatory variables jointly provide robust insights into the determinants of sustainability reporting.

Recommendations

The study recommends that regulatory authorities strengthen sustainability reporting frameworks to encourage disclosure across all firm sizes, particularly smaller firms that are less inclined to report. Corporate managers should integrate sustainability reporting as a strategic tool for enhancing transparency, legitimacy, and stakeholder trust, regardless of firm age or profitability. Policymakers should design incentives, such as tax benefits or recognition schemes, to motivate wider adoption of sustainability reporting practices. Industry stakeholders are encouraged to establish sector-specific guidelines and monitoring mechanisms to ensure consistency and comparability in disclosures. Finally, future research should expand the scope by incorporating additional governance variables and environmental performance indicators to deepen understanding of sustainability reporting determinants in Nigeria's consumer goods sector.

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