

Corporate Social Responsibility Disclosure And Financial Performance Of Listed Manufacturing Firms In Nigeria (2015-2024)

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Abstract: *::The investigated the relationship between Corporate Social Responsibility (CSR) disclosure and financial performance of manufacturing firms in Nigeria from 2015-2024. To achieve the intended purpose, the study use of both accounting measurement Return on Assets (ROA) and Return on Equity (ROE) as well as the market measurement Tobin Q. The study anchored on the theory of the stakeholder and legitimacy theory. Fixed effects regression models were used to analyze a panel dataset of 50 listed manufacturing firms, and cluster-robust standard errors were used to that effect to measure heteroskedasticity and within-firm correlation. The appropriateness of the fixed effects specification was established by the use of diagnostic tests such as the Hausman test. The findings reveal that the disclosure of CSR has a huge and positive impact on the three measures of financial performance. In particular, firms with more detailed CSR communication are more profitable and highly valued in the Nigerian Exchange Group (NGX). The control variables, firm size has a positive effect on performance, whereas leverage has a negative effect on profitability and market-based value. The study concluded that the effect of corporate social responsibility (CSR) disclosure on the financial performance from 2015-2024 period of listed manufacturing firms in Nigeria exhibited a considerable and positive impact. The study recommended that Firms that engage in manufacturing must intensify the practice of disclosure of CSR in order to improve investor confidence and financial outcomes. Thus, policymakers and managers in firms are advised to focus on CSR disclosure in order to enhance trust among the stakeholders and thereby enhance the performance of the firm.*

Keywords: Corporate Social Responsibility, Disclosure, Financial Performance, Manufacturing Firms, Nigeria.

1. Introduction

Corporate Social Responsibility (CSR) reporting has become an issue of concern in corporate reporting and governance, especially in an emerging economy where enforcement of regulations is in the transition phase (Abubakar et al., 2024). Investors, regulators, and stakeholders all over the world are increasingly pressurising firms to exercise accountability in their financial performance as well as their social and environmental performance. CSR disclosure is the act of reporting corporate activities in an annual report and standalone report concerning environmental protection, employee welfare, community development, ethical practices and sustainability initiatives (Zhang & Yang, 2021).

In Nigeria, the manufacturing industry is critical to the economy, the creation of jobs in the economy and industrial growth. Transparency is necessary since the listed manufacturing firms are tapping into the capital markets of people in order to maintain investor confidence. The CSR reporting practices of the firms in Nigeria have grown from 2015-2024 because of globalisation, stakeholder activism, and the spread of international sustainability standards.

The question of whether CSR should be disclosed or not, and its impact on financial performance, is still open to debate. Though other researchers believe that CSR promotes reputation and profitability (Waddock & Graves, 1997), others believe that CSR not only result in higher costs of operation, but also decreases short-term financial gains (Salman & Sujata, 2024). This paper thus analyzes the association that exists between CSR disclosure and the financial performance of listed manufacturing companies in Nigeria during the period 2015-2024.

2. Statement of the Problem

Although the use of CSR reporting practices in the manufacturing industries has been on the rise in Nigeria, it is still unclear whether CSR disclosure leads to enhanced financial performance. Although regulatory agencies promote transparency, in Nigeria, CSR reporting is voluntary hence the quality of disclosure varies between firms.

The available studies in Nigeria have concentrated on CSR expenditure or the broad ESG indicators or not isolating the disclosure quality as an independent explanatory variable. Additionally, most previous research had short time horizons or cross sectional design, preventing them to measure long term performance effects. It is also limited in the sector-specific evidence that solely focuses on manufacturing companies that have a major environmental and social footprint.

Thus, the focal issue that should be covered in the indicated research paper is whether CSR reporting has a powerful effect on the financial performance of listed manufacturing companies in Nigeria between 2015 and 2024.

3. Objectives of the Study

The main objective of the study is to analyse how CSR disclosure influences financial performance of Nigerian listed manufacturing companies. The specific objectives are to:

1. Examine the role of CSR disclosure on return on assets (ROA).
2. Find out how the CSR disclosure impacts return on equity (ROE).
3. Determine the effect of CSR disclosure on the value of firms (Tobin Q).
4. Test the control variables of firm size and leverage in the relationship between CSR and performance.

4. Research Hypotheses

The null hypotheses that drive the study are as follows:

H01: There is no significant effect of CSR disclosure on return on assets of listed manufacturing companies in Nigeria.

H02: CSR disclosure does not significantly impact the return on equity of listed manufacturing companies in Nigeria.

H03: There is no relationship between CSR disclosure and the TobinQ of listed manufacturing companies in Nigeria.

5. Literature Review

5.1 CSR Disclosure in the Nigerian setting

CSR disclosure has been developed as a voluntary philanthropic reporting to become a strategic governance mechanism aimed at creating better transparency, accountability, and stakeholders' trust. CSR reporting among emerging economies, including Nigeria, is mainly voluntary, and hence, there is a disparity in the quality of disclosure based on the firms.

According to Riyadh et al., (2019), the disclosure of CSR plays the role of communication between corporations and their stakeholders in order to minimise information asymmetry. According to Wolowiec et al., (2019), the idea of CSR includes economic, legal, ethical, and philanthropic responsibilities that firms report through sustainability reporting.

According to emerging evidence in Nigeria in recent years, CSR disclosure is not a symbolic exercise but a more strategic one. Uwhejevwe-Togbolo et al., (2023) discovered that the participation of listed Nigerian companies in CSR affects the wider financial behavioural aspects, especially tax aggressiveness. Their results suggest that the disclosure of CSR can serve as a legitimacy instrument and a signalling mechanism used in finance.

Moreover, Uwhejevwe-Togbolo et al. (2025a) show that CSR communication practices are taking up the digital and innovative engagement platforms, such as metaverse-based stakeholder interactions. It implies that CSR disclosure is shifting towards the old system of annual reports narratives to the multidimensional systems of stakeholder engagement.

Also, according to Uwhejevwe-Togbolo et al. (2025b), managerial psychological characteristics are also crucial factors that define the patterns of CSR disclosure. Their metadata review indicates that the nature and the level of CSR reporting are dependent on the nature of CEO characteristics. This observation confirms the hypothesis that internal governance structure and executive orientation partially determine the quality of CSR disclosure.

Together, these papers add to an emerging literature on the topic of CSR disclosure that can make CSR disclosure a strategic corporate action instead of a form of compliance.

5.2 CSR Disclosure and Financial Performance

The correlation between CSR disclosure and financial performance has been a subject of much debate. Waddock and Graves (1997) made a positive connection between corporate social performance and financial performance, stating that socially responsible firms develop a stronger reputation capital. In a similar report, Margolis and Walsh (2003) add that the majority of the empirical studies show that CSR is positively related to profitability.

Conversely, Kaptein (2025) asserts that beyond a certain amount of spending on CSR, the shareholder value can be diluted when the money is not used to attain power profitability goals. This narrow perspective is, however, being progressively questioned in modern studies of corporate governance.

At the national level, Uwhejevwe-Togbolo et al. (2023) present evidence that CSR-related strategic actions co-exist with firm financial choices, which suggests that it has performance consequences. There is also the possibility that disclosure can boost stakeholder confidence, based on the increasing complexity of CSR communication (Uwhejevwe-Togbolo et al., 2025a), and this will improve firm value.

The impact of the management on the disclosure practices (Uwhejevwe-Togbolo et al., 2025b) also becomes an explanatory channel to the differences in the financial performance of firms. Firms with transparent executives can have better investor confidence and market value.

Therefore, the current research is a continuation of this literature, given the fact that it empirically investigates whether CSR disclosure plays a significant role in accounting-based and market-based financial performance in Nigerian listed manufacturing companies.

5.3 Financial Performance

Financial performance is the way in which a firm uses its resources efficiently to make a profit and maximise shareholder wealth. It indicates the financial status, efficiency and sustainability of an organisation in the long term. The accounting-based and marketing-based measures are the two broad classifications of financial performance in the books of corporate finance.

Internal efficiency and profitability are measured by accounting-based indicators like Return on Assets (ROA) and Return on Equity (ROE). ROA ratios evaluate how efficiently a company transforms its total assets into net income, whereas ROE ratios evaluate how efficient the funds of shareholders are used to make profit. These actions are based on historic financial information that is obtained through audited financial reports and are typically applied in empirical research in corporate governance and CSR (Brigham and Ehrhardt, 2017). The accounting measures have been especially effective in an emerging market like Nigeria where financial statement information is more easily available than complex market indicators.

Nevertheless, the accounting measures might not wholly reflect the expectation of investors regarding the future growth, survival, and risk. The market-related measures like the Q of Tobin are, therefore, being used more in CSR-performance research. Tobin Q has the reflection of the ratio between the market value and the replacement cost or asset base of a firm hence captures the forward looking perception of the investors. The higher the Q of Tobin, the better the future is likely to perform by the investors and might be because of the intangibles like reputation, brand equity, quality of governance and sustainability programs.

According to the recent research by the Nigerian context, it is important to note that the financial performance cannot be studied outside of the strategic corporate behavior. Uwhejevwe-Togbolo et al., (2023) confirm that involvement of CSR is accompanied by the financial policies of a firm, especially with regard to tax conduct of listed firms. According to their results, CSR practices have effects on the overall financial results and decision-making by the corporations which supports the idea that the financial performance is also not only a result of operational efficiency but also governance and disclosure behavior.

Moreover, Uwhejevwe-Togbolo et al. (2025b) also note executive characteristics as defining CSR disclosure patterns. Managerial orientation can indirectly impact the valuation of a firm and its profitability since it influences the degree of transparency and stakeholder engagement. Companies with executives that place greater importance on disclosure and ethical participation can enjoy a higher level of stakeholder trust which can translate to higher financial performance.

On the same note, Uwhejevwe-Togbolo et al. (2025a) hold the view that the change as the CSR communication systems, such as digital and stakeholder engagement platforms, can improve the corporate reputation and relational capital. Such reputational advantages can have a positive impact on market-based performance metrics, especially Tobin Q performance, since investors will react well to transparent and socially responsible companies.

In such a way, as far as the external market valuation (Tobin's Q) and internal profitability (ROA and ROE) are considered, the concept of financial performance in the present study is based on the multidimensional construct. The article offers a broad assessment of the impact of CSR disclosure on performance of listed manufacturing companies in Nigeria by integrating accounting and market-based measures that are used to assess the effects of CSR disclosure.

6. Theoretical Framework

6.1 Stakeholder Theory

The stakeholder theory, which was developed by Freeman (1984), assumes that companies need to produce value to a wide group of stakeholders, such as shareholders, employees, customers, suppliers, regulators, and host communities. The theory dismisses the narrow-minded shareholders-primacy approach and focuses on the creation of relational wealth instead. Companies that have the capacity to strike a balance between interests of the various stakeholders have a higher chance of attaining sustainable competitive advantage.

Within the provisions of this research, CSR disclosure is a tactical process by which listed manufacturing companies in Nigeria can express their concern with the welfare of stakeholders. The manufacturing companies will usually deal with various groups of stakeholders because of the environmental impact, labour intensity, chain of supply, and the presence of communities. Information asymmetry reduction and stakeholder trust improvement, therefore, emerge as the functions of CSR disclosure.

As a stakeholder, CSR reporting can improve:

- i. Investor confidence (relates to Tobin Q)
- ii. Operational efficiency by way of employee morale (controlling ROA)
- iii. Creation of value to shareholders (influencing ROE)

By publishing environmental programs, employee welfare initiatives and community investments, firms signal that they have responsible governance. This decreases reputational risk and creates collaboration between stakeholders, which can be converted to enhanced profitability and market value.

This is based on empirical evidence in Nigeria. Okoli et al., (2025) demonstrate that CSR engagement influences corporate financial behavior, suggesting that stakeholder-oriented firms adopt broader strategic approaches to value creation. Furthermore, Kargbo et al. (2025) show that enhanced CSR communication mechanisms strengthen stakeholder engagement, implying that disclosure quality may shape financial outcomes through relational capital.

Within the framework of this study's model:

$$\text{Performance}_{it} = f(\text{CSRDI}_{it}, \text{Controls})$$

CSR disclosure (CSRDI) is interpreted as a stakeholder management strategy. A positive coefficient on CSRDI in the ROA, ROE, and Tobin's Q regressions would therefore provide empirical support for stakeholder theory in the Nigerian manufacturing sector.

Thus, stakeholder theory provides the primary explanatory mechanism for the hypothesized positive relationship between CSR disclosure and firm performance in this study.

6.2 Legitimacy Theory

According to the legitimacy theory, an organization exists on a social contract and should be able to conduct its operations in accordance with the norms and expectations of society to be able to survive (Suchman, 1995). Firms attempt to gain legitimacy to acquire resources, decrease regulatory force, and be stable in their operations.

In the selected emerging economies like Nigeria, the issue of legitimacy is more than urgent to manufacturing companies because of:

- i. Environmental impact
- ii. Community relations
- iii. Regulatory scrutiny
- iv. Corporate behaviour as seen by the people

CSR disclosure is a form of legitimization tool since it shows adherence to the social expectations on environmental sustainability, ethical behaviour, and development of the community. By releasing elaborate CSR information, the firms strive to match their corporate image with the socially approved norms.

In this paper, legitimacy theory clarifies the reasons why manufacturing companies can raise CSR disclosure in the coming years of 2015-2024. The increasing standards of sustainability around the globe and local regulatory demands pressure on improved transparency. Companies which do not disclose can lose their positions, stakes are lost or lost respect.

Okoli et al. (2025) also support the legitimacy approach by showing the way in which managerial orientation affects disclosure patterns. Transparency and leaders who value transparency might take the initiative to utilise CSR reports to gain social acceptance and investment permission. Likewise, Uwhejevwe-Togbolo et al. (2025c) indicate a change in CSR communication channels to show the attempts of firms to remain legitimate in the digitalized world.

On a performance basis, legitimacy may have an influence on both accounting and market performance, through:

- i. Improved legitimacy means lower litigation and regulatory expenses and a better ROA.
- ii. Social approval, which increases the brand value, has a positive impact on ROE.
- iii. Market confidence increases the valuation of firms, and hence the Tobin Q.

Thus, in case the regression outcomes reveal that the relationship between CSR disclosure and financial performance is positive and significant, it will mean that the legitimacy-seeking behaviour can be beneficial to the economic performance of Nigerian manufacturing companies.

To conclude, the legitimacy theory is a complement to the stakeholder theory because it fulfils the roles of understanding why institutional pressures drive CSR disclosure, and the stakeholder theory provides an understanding of how such disclosure can lead

to better financial results. Combined, the two theories present a sound theoretical basis for the study in analysing the CSR disclosure-financial performance nexus.

7. Methodology

7.1 Research Design

The research design is ex-post facto, which suits the analysis of the influence of CSR disclosure on the financial performance based on historical information without controlling the variables (Creswell & Creswell, 2018). The research uses panel data of 50 listed manufacturing firms in Nigeria between 2015-2024, which is a mix of cross-sectional and time-series. Panel data enable one to control unmeasured firm-specific effects and enhance the reliability of estimations (Baltagi, 2021).

7.2 Population and Sample

The sample comprises all manufacturing companies that are listed in the Nigerian Exchange Group (NGX) as at December 2024. The study used a purposive sampling method whereby 50 companies that had full financial and CSR report data during the study period were chosen.

7.3 Data Source

Annual reports and financial statements of sampled firms were used to obtain secondary data.

7.4 Measurement of Variables

Variable	Measurement
CSR Disclosure (CSRDI)	Disclosure index based on content analysis (score 1 if disclosed, 0 if not)
ROA	Net Income / Total Assets
ROE	Net Income / Shareholders' Equity
Tobin's Q	Market Value / Book Value
Firm Size	Natural log of total assets
Leverage	Total Debt / Total Assets

7.5 Model Specification

$$ROA_{it} = \beta_0 + \beta_1 CSRDI_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \epsilon_{it}$$

$$ROE_{it} = \beta_0 + \beta_1 CSRDI_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \epsilon_{it}$$

$$TQ_{it} = \beta_0 + \beta_1 CSRDI_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \epsilon_{it}$$

The methods used were panel regression (Fixed Effects and Random Effects). Model appropriateness was established by the Hausman test.

8. Findings and Interpretation

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev	Min	Max
CSRDI	0.62	0.18	0.21	0.89
ROA	0.084	0.052	-0.12	0.21
ROE	0.152	0.074	-0.25	0.38
Tobin's Q	1.43	0.62	0.54	3.10

Source: Authors Computation (2026)

Table 1 shows descriptive statistics of the variables of the study. The average CSRDI results are represented by a mean value of 0.62 and a standard deviation of 0.18, which means that in general, the listed manufacturing companies in Nigeria have 62.0 percent of the CSR items measured disclosed on average. Its range of 0.21 to 0.89 indicates that there is a significant difference in the disclosure practice of firms and hence, transparency level.

In the case of financial performance, the mean of ROA is 0.084 (8.4) and its standard deviation is 0.052, and its value is between -0.12 and 0.21. It means that some companies have made losses, and some have made gains with returns up to 21, which is an indicator of variability of performance in the industry.

On the same note, ROE stands at 0.152 (15.2) with a standard deviation of 0.074 with a minimum value of -0.25 and a maximum of 0.38, indicating more oscillations of shareholders returns.

Lastly, the mean of Tobin Q is 1.43, standard deviation is 0.62 and the range of the Tobin Q is between 0.54 and 3.10, thus indicating that most firms are overpriced compared to their book value although the market valuation of firms varies significantly.

Table 2: Correlation Matrix

Variable	CSRDI	ROA	ROE	TQ
CSRDI	1.00	0.41	0.38	0.45
ROA	0.41	1.00	0.72	0.51
ROE	0.38	0.72	1.00	0.47
TQ	0.45	0.51	0.47	1.00

Source: Authors Computation (2026)

Table 2 shows the Pearson correlation coefficients of the study variables. The findings reveal that CSRDI has a positive relationship with all financial performance measures. In particular, the correlation of CSRDI with ROA, ROE, and Tobin's Q (TQ) is 0.41, 0.38, and 0.45, respectively. These positive coefficients indicate that the increase in the disclosure of CSR correlates with the increase in profitability and the increase in market value. CSRDI is found to have the best relationship with Tobin.

8.1 Diagnostic Tests and Model Robustness

Various diagnostic tests were performed with the aim of ensuring the reliability and validity of the regression results, and they included the Hausman specification test, Variance Inflation Factor (VIF) test of multicollinearity, Breuschpagan test of heteroskedasticity, and the Wooldridge test of autocorrelation.

8.1.1 Hausman Specification Test

The Hausman test provides an answer to the question of whether the Fixed Effects (FE) or Random Effects (RE) model is preferable in modeling panel data.

Table 3: Hausman Test Result

Test	Chi-Square Statistic	p-value	Decision
Hausman Test	18.47	0.001	Fixed Effects preferred

Source: Authors Computation (2026)

Table 3 result of the Hausman test is Chi-square=18.47, p=0.001. The null hypothesis that the random effects model is suitable is rejected because the p-value is less than the standard level of significance of 0.05.

It shows that there exists a systematic difference between the fixed effects and random effects estimates, and this indicates that the individual firm-specific effects are correlated with the explanatory variables in the model. Thus, the regression analysis should be carried out with the use of the fixed effects model.

The implication of this finding for this study is that there are unobserved firm attributes (managerial style, corporate culture, operational structure, or internal governance practices) that are likely to affect the disclosure of CSR as well as financial performance. Using the fixed effects model, the analysis will eliminate these time-invariant, firm-specific effects, hence giving more consistent and reliable estimates of the effect of CSR disclosure on ROA, ROE, and the Q of Tobin.

8.1.2 Multicollinearity Test: Variance Inflation Factor (VIF)

Multicollinearity refers to a situation in which two or more regressors are significantly interrelated, causing the correlation coefficients to become large and inflated (Noora, 2020). Multicollinearity is similar to keeping two or more regressors, which are highly correlated with each other, hence making correlation coefficients large and inflated (Noora, 2020).

Multicollinearity is the situation in which the correlation among independent variables is high, and it may bias the regression estimates.

Table 4: Results of the Variance Inflation Factor (VIF).

Variable	VIF	Tolerance (1/VIF)
CSRDI	1.84	0.543
SIZE	2.11	0.474
LEV	1.67	0.598
Mean VIF	1.87	

Source: Authors' Computation (2026)

Table 4 reveal the Mean value of VIF of 1.87 is lower than the level of 10 (Gujarati & Porter, 2009), and this demonstrates that the independent variables are not multicollinear. As such, the regression coefficients are sound and consistent.

8.1.3 Heteroskedasticity Test (Breusch-Pagan Test)

The test was conducted on heteroskedasticity (Breusch-Pagan test). When the variance of the residuals is not homogeneous, this occurs and is referred to as heteroskedasticity.

Table 5: Breusch-Pagan Test Result

Test	Chi-Square	p-value	Decision
Breusch-Pagan	24.36	0.000	Heteroskedasticity present

Source: Authors' Computation (2026)

Table 5 showed that the p-value is below 0.05, and this means that heteroskedasticity is exhibited in the model. In order to eliminate this problem, effective standard errors were added to the fixed effects regression to provide stable and objective inference.

8.1.4 Autocorrelation Test (Wooldridge Test for Panel Data)

The autocorrelation test (Wooldridge test of panel data) is used to determine the correlation between two or more consecutive observations (Wooldridge, 2002). The autocorrelation test (Wooldridge test of panel data) can be employed to ascertain the relationship between two or more successive observations (Wooldridge, 2002). Autocorrelation is when the residuals have a correlation between time periods.

Table 6: Wooldridge Test for Autocorrelation

Test	F-Statistic	p-value	Decision
Wooldridge Test	6.82	0.014	Autocorrelation present

Source: Authors' Computation (2026)

Table 6 showed that the p-value (0.014) is less than 0.05; hence, the null hypothesis of no first-order autocorrelation is rejected. It means that the panel data are serially correlated.

In order to overcome this problem, the paper utilized cluster-robust standard errors at the firm level, which corrects heteroskedasticity as well as autocorrelation.

Table 7: Fixed Effects Regression (ROA as Dependent Variable)

Variable	Coefficient	t-Statistic	p-value
CSRDI	0.032	2.84	0.005
SIZE	0.011	2.10	0.037
LEV	-0.024	-2.67	0.008
R ²	0.41		

Source: Authors' Computation (2026)

Table 7 revealed that the regression results of fixed effects indicate that CSRDI has a positive and significant effect on Return on Assets (ROA). The coefficient of 0.032 shows that an increase in CSR disclosure by one unit is correlated with an increase in ROA by a percentage of 3.2, all other things held constant. The t-statistic of 2.84 and the p-value of 0.005 verify that the effect is significant at the level of 1%. This indicates that better CSR transparency increases the profitability of operations.

The size of the firm (SIZE) also has a positive and significant coefficient of 0.011, a t-statistic of 2.10, and a p-value of 0.037, showing that larger firms are more likely to have a higher ROA. This can be an expression of economies of scale and greater resource strength.

The coefficient of leverage (LEV) is negative and statistically significant (t = -2.67, p = 0.008); thus, the higher the debt levels, the lower the profitability.

The R² of 0.41 of the model indicates that the independent variables explain 41% of the variation in ROA, which is moderate.

Table 8: Fixed Effects Regression (ROE)

Variable	Coefficient	t-Statistic	p-value
CSRDI	0.057	3.11	0.002

SIZE	0.018	2.44	0.016
LEV	-0.031	-2.90	0.004
R ²	0.46		

Source: Authors' Computation (2026)

Table 8 represents the fixed effects regression findings, CSRDI positively and significantly affects Return on Equity (ROE). The coefficient of 0.057 suggests that an increase of one unit in CSR disclosure leads to a 5.7% point higher ROE, other things being unchanged. The t-statistic of 3.11 and p-value of 0.002 indicate that this relationship is significant under the 1 percentage point. It indicates that increased CSR transparency adds value to returns in the hands of the shareholders.

It is also true that firm size (SIZE) has a positive and significant coefficient of 0.018 ($t = 2.44$, $p = 0.016$) and that larger firms are more likely to produce higher returns on equity, perhaps because they are better positioned in the market and enjoy resource advantages.

The coefficient of leverage (LEV) is a negative and statistically significant -0.031 ($t = -2.90$, $p = 0.004$), meaning that the higher the debt, the lower the profitability of shareholders.

The R² of the model is 0.46, which means that CSR disclosure, firm size, and leverage explain the variation of ROE with 46 percent fairly good explanatory power.

Table 9: Fixed Effects Regression (Tobin's Q)

Variable	Coefficient	t-Statistic	p-value
CSRDI	0.421	3.52	0.001
SIZE	0.143	2.77	0.006
LEV	-0.182	-3.01	0.003
R ²	0.49		

Source: Authors' Computation (2026)

Table 9 presents the fixed effects regression findings which show that the effect of CSRDI on the Q of Tobin is positive, and it is statistically significant. The coefficient value of 0.421 implies that a unit change in CSR disclosure increases Tobin's Q by 0.421, indicating the other things remain constant. A t-statistic of 3.52 and a p-value of 0.001 indicate that this relationship is significantly high at the 1 percent level. This means improved market valuation of firms when there is increased CSR transparency.

The size of a firm (SIZE) is also positively and significantly correlated with a coefficient of 0.143, a t-statistic of 2.77, and a p-value of 0.006, which means that larger firms are more likely to be better valued in the market, as there is more investor confidence and market share.

The coefficient of leverage (LEV) is negative and statistically significant (-0.182) ($t = -3.01$, $p = 0.003$), which suggests that the greater the level of debt, the lower the market value of a firm.

The R² (0.49) of the model shows that 49% of the variation in the Tobin Q is explained by the CSR disclosure, firm size, and leverage, and this is very strong in explaining the variation.

Table 10: Cluster-Robust Fixed Effects (Tobin's Q)

Variable	Coefficient	Robust Std. Error	t-Statistic	p-value
CSRDI	0.398	0.121	3.29	0.001
SIZE	0.131	0.047	2.79	0.006
LEV	-0.170	0.056	-3.04	0.003
R ²	0.47			

Source: Authors' Computation (2026)

Table 10 reveals the fixed effects results of the clusters are robust to support the findings of the previous robust results. CSRDI has a positive and significant impact on the Tobin Q. The coefficient of 0.398 shows that an increase of one unit in CSR disclosure results in an increase of 0.398 in the value of Tobin's Q, other variables being held constant. The standard error of 0.121 is robust; the t-test value of 3.29 and p-value of 0.001 demonstrate that the association is still significant at the 1 percent level after adjusting the factor of heteroskedasticity and within-firm correlation. This reinforces the fact that market valuation is boosted by CSR disclosure.

Firm size (SIZE) is also positive and significant with a coefficient of 0.131, having a robust standard error of 0.047, a t-statistic of 2.79, and a p-value of 0.006, which indicates that the larger firms are the better positioned to enjoy higher market value.

The leverage (LEV) remains negative and significant with a coefficient of -0.170, a strong standard error of -0.056, a t-test of -3.04, and a p-value of 0.003, which means that an increase in debt will cause a valuation decline in firms.

The model explains a significant percentage of 47 of the variation in the Tobin Q, which is indicated as R², meaning that the results are robust and the explanatory power of the results is great.

9. Discussion of Findings

The results of this paper find that the CSR disclosure positively and statistically significantly impacts the financial performance of listed manufacturing companies in Nigeria, in terms of ROA, ROE, and the Q of Tobin. In particular, CSRDI had a desirable influential value in all the fixed effects and cluster-robust models, implying that companies with greater comprehensive CSR disclosure are more profitable, and their market value is high. This justifies the stakeholder theory that open interaction with the stakeholders improves the performance of the firm (Freeman, 1984). It is also consistent with the legitimacy theory that states that companies reporting about socially responsible activities gain acceptance and trust among society and their shareholders (Suchman, 1995).

The positive correlation between CSR disclosure and ROA and ROE goes in line with the previous empirical research indicating that socially responsible companies have high accounting performance (Waddock & Graves, 1997; Margolis & Walsh, 2003). These studies present the argument that CSR investment generates better operational efficiency, employee morale, and corporate image that, in turn, translate into better profitability. In the same vein, the large positive effect of CSRDI on the Q of Tobin confirms the results of Orlitzky et al.(2003), who note that CSR leads to improved market valuation.

The study findings are in support of the Uwhejevwe-Togbolo et al. (2025d), as they acknowledge that CSR-related approaches regulate corporate financial outcomes. This also supports another study conducted by Ughulu et al. (2025), which accentuates that CSR is an important communication strategy that enhances stakeholder interaction. Results are, however, contrary to the studies that document the insignificance of CSR and performance relationships or negative ones in developing economies, but in most cases, their results are explained by inefficiency in institutional implementation or the high cost of CSR implementation.

The findings are also supported by control variables. The size of the firm was positively and significantly related to performance and thus showed that larger firms enjoy economies of scale and resource power. Leverage, on the other hand, had a negative and significant impact, which suggests that increasing debt might limit the profitability and market valuation.

On the whole, the research is well-supported empirically by the value-adding importance of the CSR disclosure in the manufacturing sector in Nigeria, which supports the theoretical assumptions around the stakeholder and legitimacy concept.

10. Conclusion

The research is able to draw a conclusion that the effect of Corporate Social Responsibility (CSR) disclosure on the financial performance of the 2015-2024 period of listed manufacturing firms in Nigeria exhibited a considerable and positive impact. The empirical results of the panel regression analysis bear out the fact that the firms that have elevated levels of disclosure of CSR reports are characterised by better accounting-based performance, in terms of Return on Assets (ROA) and Return on Equity (ROE), and better market-based performance, in terms of Q of Tobin. These results indicate that the transparent disclosure of the social, environmental, and governance practices is not just a symbolic act but has economic implications.

Its findings are consistent with both the stakeholder and legitimacy theories, and they indicate that the ability to communicate effectively about social responsibilities to the stakeholders enhances strong trust of the stakeholders in the firms and helps the firms to stay popular in society, which ultimately leads to increased profitability and higher market valuation. CSR disclosure can thus be said to be a compliance or reputational tool as well as a strategic resource that can help build competitive advantage and sustainability over the long run. Generally, the research confirms that responsible corporate transparency is a significant value addition to the firm in the Nigerian manufacturing industry.

11. Recommendations

The following recommendations were made from the study:

1. Firms that engage in manufacturing must intensify the practice of disclosure of CSR in order to improve investor confidence and financial outcomes.
2. To achieve uniformity and comparability, the regulatory authorities ought to come up with guidelines that compel companies to disclose their CSR.
3. Firms need to incorporate the strategies of CSR in the main business work and not as an ancillary activity.
4. The level of CSR disclosure should be taken into account by investors when making investment decisions.

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