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VOLUNTARY DISCLOSURE AND FINANCIAL PERFORMANCE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

[1]Ezejofor, Raymond A, [2]Ozuomba Chidinma Nwamaka, [3]Udochukwu Chikaodili N and [4]Alamene Inimotimi Thursday

[1]Department of Accountancy, Nnamdi Azikiwe University, Awka, [2]Department of Accounting, University of Agriculture and Environmental Sciences, Umuagwo, [3]Department of Accountancy, Alex Ekwueme Federal University, Ndufu Alike Ikwo and [4]Department of Accountancy, Ebonyi State University, Abakiliki

Email: *thaddray4life@yahoo.com; chidinma.ozuomba@uaes.edu.ng; chikankemo@gmail.com; inimotimialamene44@gmail.com*

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Abstract: This study determined the effect of voluntary disclosure on financial performance of listed consumer goods firms in Nigeria, using environmental protection disclosure and employee welfare as the independent variables, while earnings per share was used as a proxy for financial performance. *Ex post facto* research design was adopted for the study. A sample of 18 consumer goods firms was used and data extracted from the companies audited annual reports and accounts of the firms from 2013 to 2022. Based on the data tested, the result shows that environmental protection disclosure; corporate donation and employee welfare will firm size as the control variable was significant. it was recommended among others, that there should be constant environmental disclosure by the firms for mitigating its environmental impact and promoting sustainable practices, this will enable them share with their stakeholders to demonstrate their commitment toward environmental responsibility.

Keywords: Environmental protection disclosure, Employee welfare and financial performance

Introduction

The disclosure of information by companies to their stakeholders is a critical aspect of corporate reporting and transparency. This information are annual reports, which is the end product of the accounting process, aimed at producing qualitative and quantitative information on the performance of an organization to enable users make informed decision (Elikanah, 2019). It provides information on the incomes and expenses of a company in a fiscal year captured in the statement of comprehensive income and details of assets and liabilities owned shown in the statement of financial position. Published annual reports are required to provide various user such as; shareholders, employees, suppliers, creditors, stock brokers, financial analysts, government agencies and management with timely and reliable information used for making effective and efficient decisions (Hassan, 2015). The extent and quality of disclosure within these published reports vary from company to company and also from country to country.

Disclosure of accounting information through the annual reports provides useful and reliable financial and non-financial information to various users such as management, shareholders, employees, government, competitors, lenders, creditors, trade unions, financial analysts and potential investors. The voluntary disclosure which is a strategic tool for winning more customers and investors goodwill primarily improves the outlook or perception of the firm (Modugu & Eboigbe, 2017). In fact, firms that engage in an appreciable voluntary disclosure are perceived to be more accountable than firms that do not. This accountability is mostly with respect to the firm's environmental responsibility, staff development and welfare which are becoming the bedrock of corporate sustainability in today's business environment (Adegbie, Iranola & Isiaka, 2019).

Financial reporting alone is insufficient and cannot fully serve as the basis for investors and other stakeholders to use in assessing the performance of a firm. That is to say, other indices of corporate policies and results must be disclosed so that end users of the annual reports of the firms can wholly appreciate the behavior of the firm towards its employees, the environment, host communities and also to its shareholders (Adeyemi, Fagboro & Udofia, 2020). The financial reporting frame work is designed to cater for the information needs of the shareholders and also other classes of capital providers. In recent times, customers, social activities and environmentalists are beginning to ask questions as regards to how companies' carryout their activities in the environment while considering the environmental and social impacts of such economic activities. Thus, this justifies the growing call for more disclosure of corporate practices and policies, in addition to the disclosure of financial indices of firm's financial performance (Elikanah, 2019).

Financial performance denotes to the extent to which a firm used available resources to generate earnings. It is a measure of the firm's ability to generate profits, manage resources and create value for its shareholders. It is an aspect of corporate performance that concentrates on profitability that is the ability to generate more revenue in excess of the costs incurred by the firm (Nworie & Mba, 2022). It is often cited that a firm that engages in good voluntary disclosure practices have better chances of improving its financial performance for three major reasons. Nworie, Obi, Anaike and Uchechukwu-Obi (2022) argue that such a disclosure will make investors see the firm in good light. Also, voluntary disclosure convinces creditors that the firm is accountable, and so reduces the cost of borrowing. Finally, voluntary disclosure while increasing the legitimacy position of the firm makes customers more attracted to patronize the firm, and thereby improving turnover. It is upon these bases that a positive effect is expected to exist between voluntary disclosure and financial performance of consumer goods firm.

In the specific context of listed consumer goods firms in Nigeria, the importance of voluntary disclosure cannot be overstated. These firms operate in a dynamic and competitive environment, where stakeholders such as investors, customers, employees, and regulators have an increasing need for reliable information. The extent to which consumer goods firms disclose information voluntarily, particularly regarding environmental protection, corporate donations, and employee welfare, can significantly influence stakeholders' perceptions and decisions. The impact of corporate disclosure on the value of the firm has received diverse attention in existent studies as a result of the numerous economic values of such corporate disclosure on the firm.

Given the significance of both voluntary disclosure and financial performance, it is imperative to explore the relationship between these two factors within the specific context of listed consumer goods firms in Nigeria. This study therefore aims to determine the effect of voluntary disclosure on the financial performance of listed consumer goods firms in Nigeria.

Voluntary disclosure is designed to be a tool that communicates how the firm has been responsible to the natural environment, social environment and its workforce. Such disclosure of financial information is relevant to business stakeholders, as a result of the growing concern that firms should show some level of responsibility in terms of community development, environmental responsibility and staff welfare (Nworie, Obi, Anaike & Uchechukwu-Obi, 2022). This makes voluntary disclosure of financial information a veritable strategy for upgrading the firm image, increasing trust and confidence of the investors and other stakeholders on the firm (Elfaky, 2017). However, the involuntary nature of this type of disclosure have paved way for quite a number of companies to avoid engaging in voluntary disclosure of financial information since there is no rule mandating them to do so.

Listed consumer goods firms in Nigeria face a myriad of challenges in today's competitive business landscape. As key players in the country's economy, these firms are expected to navigate market fluctuations, regulatory complexities and changing consumer preferences while maintaining sustainable and profitable operations. In this study, the extent and quality of voluntary disclosure practices become a critical aspect of corporate governance and stakeholder management. The lack of a comprehensive understanding of the impact of voluntary disclosure on financial performance poses a significant problem for consumer goods firm, investors, regulators and policymakers in Nigeria.

Prior studies such as Dada and Adeniji (2021) which studied the effect of voluntary disclosure on the financial performance of listed oil and gas firms in Nigeria using ordinary least square regression as statistical tool, showed that voluntary disclosure and financial performance has a positive and significant effect. Because this study covered for the oil and gas firm, there's a need to cover for consumer goods firms in Nigeria so as to strike the right balance between transparency and confidentiality, potentially leading to suboptimal strategic decisions. Also, investors and stakeholders on the other hand, may find it challenging to assess the true value and sustainability of consumer goods firms in the absence of standardized voluntary disclosure practices. Addressing this problem is crucial for fostering informed decision making, improving corporate reporting standards and promoting sustainable growth in the consumer goods sector in Nigeria.

This study also aim to fill this gap by studying the relationship between voluntary disclosure (using corporate donation disclosure, environmental protection disclosure, employee welfare disclosure as proxies) and financial performance of listed consumer goods firms in Nigeria.

The main objective of this is to ascertain the effect of voluntary disclosure on financial performance of listed consumer goods firms in Nigeria. The research is guided by other specific objectives which include:

1. To determine the effect of environmental protection disclosure on earnings per share of listed consumer goods firms in Nigeria.
2. To examine the effect of employee welfare disclosure on earnings per share of listed consumer goods firms in Nigeria.

Review of Related Literature

Voluntary Disclosure

Disclosure is defined as the fair presentation of an entity's financial or non-financial, mandatory or voluntary information that is useful for stakeholders' decision making (Modugu & Eboigbe, 2017). Disclosure refers to an accurate and timely release of information about the business strategy, financial performance and corporate governance to the general public by a company (Lee, 2012). Disclosure is defined in accounting literature as

"informing the public by financial statements of the firm" (Agca & Onder, 2007), or as the communication of economic information, whether financial or nonfinancial, qualitative or otherwise concerning a firm's financial position and performance" (Owusu Ansah,1998). Gibbins, Richardson and Waterhouse (1990) defined financial disclosure as "any deliberate release of financial information, whether numerical or qualitative, mandatory or voluntary, via formal or informal channels". Thus, it is the publication of any type of information through the corporate annual reports that are necessary, relevant and material to the various user groups in making their judgements and decisions about a company. For the information to be useful, it must be relevant and faithfully represent that which it purports to represent. In addition, the information is enhanced by the qualities of comparability, verifiability and understandability (Modugu & Eboigbe, 2017).

Voluntary disclosure plays a pivotal role in contemporary corporate reporting, enabling companies to share information beyond the legally mandated requirements. Voluntary disclosure has its sources in the past from business development when, as a result of the fact that owners have delegated to the managers the leading function of the enterprises, the need for voluntary disclosure appears as a consequence of information asymmetry between the two parties; managers are better informed about the business than its owners.

Environmental Protection Disclosure

In relation to environmental protection disclosure there is no standard definition and it is left mostly to the discretion of the companies to decide which expenditure or cost should be included under the environmental expenses or costs. For a general understanding of environmental protection disclosure, it can be referred to the voluntary disclosure of a company's initiatives, policies and actions aimed at mitigating its environmental impact and promoting sustainable practices. It encompasses a range of information that consumer goods firms voluntarily share with their stakeholders to demonstrate their commitment to environmental responsibility.

When environmental cost is not adequately allocated, cross-funding occurs between products. In many cases, different products are made by different processes and each process tends to have a different environmental cost (Chris & Burrit, 2013). Protection of environment and the potential involvement of accountant is becoming a common subject of discussion among the accountant all over the world (Pramanik, Shil & Das, 2007). Accountants are expected to take a proactive role in environmental protection process with the advent of liberalization. The cost of environmental degradation due to industrial activities should be internalized in corporate account to the extent possible. That is why environmental accounting and reporting is of paramount importance today.

According to Clarkson, Richardson and Vasvari (2008), disclosure and transparency are critical elements of a robust corporate governance framework as they provide the basis for informed decision making by shareholders, stockholders and potential investors with respect to capital allocation, corporate transactions and financial performance monitoring. High quality disclosure through its influence on investors and lenders who must assess risks and returns to decide where best to place their money, strengthen the efficiency of capital allocation as well as offer the benefit of reducing the cost of capital.

Employee Welfare disclosure

Employee welfare can be seen in a comprehensive term the various benefits and facilities offered to employees and the employer. Those generous fringe benefits make life worth living for employees. According to Armstrong (2008), it refers to items or total packages offered to employees over and above salary, which increase their wealth and wellbeing at some cost to the employer. Employee welfare disclosure refers to the

disclosure made by companies regarding the measures and programs they have in place to ensure the wellbeing and welfare of their employees. This benefit encompasses a wide range of employee-centric initiatives including, health and safety measures, employee benefits, work life balance programs and support systems. The very logic behind providing welfare schemes is to create efficient, healthy, loyal and satisfied labor for the organization. Any additional compensation or value given to employees apart from regular payment of salaries and wages is a reward for organizational membership.

One of the basic functions of management is to determine how employees can be motivated to high productivity by satisfying their needs. This assumption presupposes that every worker has some internal urges which propel him in specific directions towards the realization of his entire life ambition (Armstrong, 2008). The direction of those urges or needs differs from one employee to another. However, certain uniform clusters of needs have been very easy to determine and when the needs are being provided, it will help to enhance productivity. Satisfied employees are more likely to be productive, creative and committed to achieving the company's goal. The assumption that Nigeria workers are motivated to perform better by increased wages and other salary such as pay leave, fees for health care bonus, pension and gratuity plans and insurance have received some support (Armstrong, 2008). Consequently, both labor unions and Nigeria government, fringe and welfare benefits have become a common supplement to Nigeria wages in Nigeria establishment. It would be unreasonable to support that people would continue to find satisfaction in cooperation of company affairs, if no reciprocal interest is shown in their individual needs and interest. A content and motivated workforce can positively influence operational efficiency, customer satisfaction and overall business performance which in turn can be reflected in financial indicators such as EPS. When there is a favorable and supportive work environment which causes the employee to be friendly to the public while providing a service or selling a product to customers, it can boost customer retention and turnover. When the employee is happy, he provides topnotch services thereby boosting the company image.

Financial Performance

Financial performance is the evaluation of a company's ability to generate profits, manage its resources efficiently and achieve its financial objectives. It is an essential aspect of corporate performance evaluation and provides stakeholders with insights into the overall financial strength and stability. According to Eshna (2016), financial performance refers to the degree which financial objectives are met, that is assessing a firm's policies and operations in monetary terms. Financial performance is concerned with the financial health of a company and is normally used to compare firms from one industry to the other (Musoyaka, 2017). Financial performance is measured using financial ratios. According to Yegon (2015), the three most important decisions in a firm are: investment, financing and dividend decisions, and they are all related to firm performance. He further explained thus, investment in asset should offer a return; a good principle on financing should balance the equity and debt finances and a firm ought to provide some returns to shareholders as dividend.

In evaluating the company's financial performance, it can be assisted with certain measurement tools, one of which is by using profitability ratio. Profitability ratios are ratios used to determine a company's ability to manage assets and generate revenue. An assessment of company's profitability can be measured through return on assets (ROA). ROA are used to measure the effectiveness of a company to generate earnings by utilizing its assets (Nworie & Mba, 2022). The company's ability to utilize assets effectively and productively can generate profit which is the result of the capital that has been invested in an asset. Hence, financial performance can be

said to be the operating efficiency and performance of the company during a certain period of operation. The level of enterprise operating efficiency is mainly reflected in profitability, asset operation level, debt repayment ability and subsequent development ability. In this study, financial performance is measured using earnings per share which is the portion of a company's profit that is attributed to each outstanding share of common stock.

Earnings per Share

The term earning per share (EPS) is generally considered to be most significant variable in defining share price. It also plays very important role to measure the price to earning valuation ratio. EPS is a popular financial ratio which is widely used by investors worldwide. It measures potential profit on investment in company's shares (Sierpinska & Jachna, 2004). It is a solid indicator of a firm's profitability. EPS is a part of a company's income that is allocated to each outstanding share of common stock, serving as an indicator of the firm's profitability.

The payment of dividend to shareholders depends on the profitability of a firm/company. The more profitability any firm earns, the more chances of healthy dividends are high. But high profitability is not the guarantee to pay a dividend to the shareholders. It totally depends on the policy of the firm and decision of the board, (Balaputhiran, 2014).

There is the basic and diluted EPS. Basic EPS consists of the company's net income divided by its outstanding shares. It is the figure most commonly reported in the financial media and is also the simplest definition of EPS. Diluted EPS, on the other hand, will always be equal to or lower than basic EPS because it includes a more expansive definition of the company's shares outstanding. Specifically, it incorporates shares that are not currently outstanding but could become outstanding if stock options and other convertible securities were to be exercised.

Empirical Review

The study conducted by Obiano examined the extent to which environmental protection disclosure, corporate donation disclosure, employee training disclosure and employee welfare disclosure affect the earnings per share of listed consumer goods firm in Nigeria. The study employed ex-post facto as the research design. Secondary data were extracted from the annual reports and statement of account of the sixteen sampled firms over a ten-year period from 2012 to 2022. The study revealed that voluntary disclosure especially via environmental protection disclosure and employee training disclosure improves the financial statements of listed consumer goods firm in Nigeria.

The study conducted by Aris, Yusof, Idris, Zaidi and Anuar (2021), examined the effect of firm characteristics indexed by firms' size, firms' type, profitability and achievements towards social responsibility reporting disclosure. This study included total observations of 180 companies which comprises of 60 annual reports for three years starting from year 2014 to 2016. Of the data collected from 60 companies annual report in Bursa Malaysia for three years, the regression results revealed that company's size, profitability and achievements have significant relationship with sustainability reporting disclosure. Overall, the results from this study indicate that firms' profitability influence the degree of voluntary sustainability reporting disclosure. Dada and Adeniji (2021) ascertained the effect of voluntary disclosure on the financial performance of listed oil and gas firms in Nigeria. The ex-post facto research design was adopted for the study, 12 listed oil and gas firms were used for the research for the period of 2009 to 2018. Secondary data was obtained from the annual report of the companies and the ordinary least square was used to test the hypothesis. The dependent variable was proxied by earnings per share and asset turnover. The findings from the study provided relevant empirical evidence by

showing that voluntary disclosure and financial performance have significant positive and negative effects on earnings per share. Voluntary disclosure and financial performance have an insignificant positive and negative effect and a significant negative effect on asset turnover. Adegboyegun, et al (2020) determined the extent to which voluntary sustainability disclosure affects the performance of corporate organizations in Nigeria between 2009 and 2018. Ex-post facto research design guided the conduct of the study. The study which considered thirteen banks due to unavailability of data for the intended periods of the remaining five, used profit after tax as the dependent variable and also used integral reporting index as a blend of financial and sustainability reporting, debt to equity ratio and total asset as independent variables. The study employed the classical ordinary least square and panel co-integration techniques for analysis. the findings of the study revealed that while integrated reporting has no significant impact on corporate performance in the short run, it has a significant relationship with firm performance in the long run. With the use of Generalized Least Square (GLS) to the test the hypotheses, Moruff, Ado, Salisu and Yunusa (2021), examined the nexus between voluntary environmental disclosure and firm attributes in Nigeria. Secondary data were collected from the published annual reports of 9 listed oil and gas firms quoted on the floor of the Nigerian Exchange Group (NSE) as at 2018, for a period of seven years (2012-2018). The result established a positive and significant relationship between financial leverage and voluntary environmental disclosure. Adeyemi, Fagboro and Udofia (2020) investigated the readiness of Nigeria to adopt voluntary disclosure (integrated reporting) by evaluating the level of compliance of the annual reports of quoted companies in Nigeria to IR framework as developed by the International Integrated Reporting Council (IIRC). A total of 90 companies from 170 quoted companies on Nigeria Stock Exchange were selected based on the criteria that the companies had available annual reports for the period 2013 to 2017. The annual reports of the selected 90 quoted companies were content-analyzed using the disclosure index developed by Kilic and Kuzey (2018) to measure the sustainability disclosure score of each of the sampled companies. T-statistic and ANOVA were used to test the hypotheses of the study. It was found that Nigerian listed companies report complies with about 75% of the IR framework requirements. The most compliant companies were in the financial sector followed by the manufacturing, extractive and other sectors. The least disclosed IR content element in all the sectors was performance. Companies were not able to articulate the extent which the objectives of the organization were achieved using Key Performance Indicators (KPIs) especially the connectivity between financial and non-financial performance disclosures.

Ofoegbu and Asogwa (2020) examined the effect of voluntary social, environmental disclosures, and economic disclosures on the profitability of listed consumer goods manufacturing companies in Nigeria. The sample of this study comprised 15 out of 23 consumer goods manufacturing companies in Nigeria based on secondary data from 2009 to 2018. The hypotheses were tested with t-test statistics. The results suggested that economic and social performance disclosures have an insignificant positive impact on both earnings per share and return on equity, whereas, environmental disclosures have a strong positive and significant effects only on earnings per share. Furthermore, sustainability reporting had a positive and significant impact on the profitability of selected companies.

Shaibu (2020) studied the nexus between voluntary environmental disclosure and firm attributes of listed cement companies in Nigeria was examined. Secondary data were extracted from the annual report and accounts of the listed cement companies for the period of 2013-2017. Firm age, firm size and leverage were used as a proxy for firm characteristics. In order to measure the extent of environmental disclosure quality, the

annual reports of the firms were analyzed through content analysis using GRI as index of disclosure. The sample size of this study comprised of all the cement companies quoted on the Nigerian Exchange Group (NSE) as at 31st December, 2017 there are three (3) listed cement companies in Nigeria and these companies are; Ashaka Cement PLC, Dangote Cement PLC. The study analyzed the data using descriptive statistics, correlation and multiple regression technique via STATA 12.0. Findings from the study revealed that firm age, firm size and leverage has significant impact on quality of environmental sustainability.
Iliemena, Amedu and Umaigba (2019) determined the value relevance of voluntary sustainability disclosure among manufacturing firms in Nigeria. The study adopted a longitudinal research design. The sample comprised of thirty companies randomly selected from the floor of the Nigerian Exchange Group. The study relied on secondary data retrieved from annual reports for the period 2010-2018. The hypotheses were validated using panel data regression technique. The results revealed that economic-sustainability and social sustainability reporting of quoted manufacturing companies were value relevant. Based on these, the study recommends among others that companies devote more attention to sustainability reporting. In addition, the regulatory bodies such as the Securities and Exchange Commission (SEC) and the Nigerian Exchange Group (NSE) should look into making sustainability reporting a necessary requirement to be listed on the Stock Exchange.
Duarte-Atoche and Moreno (2019) determined the effect of voluntary social responsibility disclosure on Sustainable Performance (SP) in Spain. The questionnaire was sent to a sample size of 440 sustainability directors of firms located in Spain. A total of 195 usable questionnaires were received, which represents a response rate of 44.32%. The study also submitted the measurement scale to a “reliability analysis”. This showed a Cronbach Alpha of 0.963 which, being over 0.7, indicates an excellent general reliability. The research model was tested using the technique of Partial Least Squares (PLS). The study applied Partial Least Squares, introducing EP, size and membership in sensitive sectors and subjecting them to a multiplicity of external pressures (social, environmental and legislative) as determinants of the SD–SP link. The study found that sustainable disclosure (SD) has a significant relationship with Sustainable Performance (SP) in Spain. Elikanah (2019) examined the value relevance of non-financial disclosures in annual reports, with a focus on listed banks in Kenya over the entire period from year 2010 to year 2015. The study adopted a descriptive research design. Secondary data obtained from the Nairobi Securities Exchange records comprising of corporate action register and handbook, and daily market statistics, and from annual reports released by the studied banks from year 2010 to year 2015 was mainly used in this study. Data analysis was carried out using SPSS version 20 and Stata 13. Descriptive statistics and inferential statistics were used for analysis. Statistical t-test was used to test the significance of independent variables on dependent variable. The results revealed that risk disclosure, corporate social responsibility disclosure, the chairman’s statement and related party disclosure in annual reports had a positive and significant relationship with the market value of the firms which was measured by the annual average market price per share. Regression analysis result also revealed that there is a significant positive relationship between corporate governance disclosure and average market price per share for listed banks in Kenya. Kemei (2019) determined the nexus between voluntary social-environmental responsibilities disclosures and firm attributes of Kenyan listed firms. Descriptive research design was used and secondary data was collected from 2009 to 2018 annual reports of 45 out of 48 targeted companies listed prior to 2009. The dependent variable is extent of disclosure which was measured on total score from 39 disclosure items each with a rating between ‘0’ to ‘3’ based on absence and the degree of specificity or detail. The disclosure items

were developed and guided by Global Reporting Initiative index. Regression model computed with STATA version 12 software was used to analyze the significance of the factors on level of Social environmental responsibilities disclosures. Exploratory, descriptive, diagnostic analysis were performed and the results showed that factors of firm's size, leverage were positively significant and profitability is negatively significant in influencing the voluntary disclosure of social environmental responsibilities information on financial reports of Kenyan listed firms. Udeh and Ezejiofor (2018) determined the effect of voluntary sustainability cost disclosure on financial performance of Nigerian telecommunication firms. Ex post fact research design and time series data were adopted. Formulated hypotheses were tested using regression analysis with the aid of SPSS version 20.0. Based on this, the study found that sustainability cost accounting has significantly affected return on asset of Nigerian telecommunication firms. Another finding is that sustainability cost accounting has significantly affected return on equity of Nigeria telecommunication firms. Consoni and Colauto (2016) examined the nexus between voluntary disclosure and IFRS adoption in Brazil. The sample comprised 66 companies listed on the BM&F Bovespa from 2005 to 2012. They employed panel data regression with random effects to test the hypotheses. The results revealed that IFRS convergence as an exogenous factor, affected positively and significantly voluntary disclosure. Edogiawerie and David (2016) investigated the relationship between voluntary disclosure and corporate performance in Nigeria. The sample comprised fifty companies listed on the Nigeria stock exchange. They employed ordinary least square (OLS) regression analysis to test the data. The results showed that there is a significant effect of return on capital employed, profit after tax, earnings per share and dividend per share and the level of voluntary disclosure.

Achoki, Kule, and Shukla (2016) investigated the effect of voluntary disclosure on financial performance in Rwanda. The study adopted a descriptive research design. The sample comprised 14 commercial banks. They used secondary data from annual reports from 2011 to 2015. They used secondary data from annual reports from 2011 to 2015. They used multiple linear regressions to analyze the data. The result revealed a strong relationship between voluntary disclosure and ROE. They specifically found a positive relationship between financial, forward looking and board and social disclosure and ROE. Odia and Imagbe (2015) examined the relations among corporate social and environmental disclosure, social and environmental performance and financial performance in Nigeria based on the simultaneous equation approach. The study was based on the survey of management, shareholders and auditors to examine the relationship among the constructs. Using the simultaneous equation model regression analysis, the results indicate that "good" social and environmental performance is significantly and positive associated with "good" economic performance, and also with more extensive social and environmental disclosures. However, the negative and significant association between financial performance and social and environmental disclosures indicates that financial performance is not a driver of corporate social and environmental disclosures.

Studies have also been conducted in Nigeria; such as, Oluwagbemiga (2014) on voluntary disclosure and financial statement quality; Avwokeni (2016) on corporate social disclosure requirement of the United Nations; and Edogiawerie and David (2016) on the relationship between voluntary disclosure and corporate performance in Nigeria. These studies however present mixed findings on the subject or inconclusive results (Musyoka, 2017; Crawford, Lont & Scott, 2014; Boesso & Kumar, 2007). Another critique leveled against these studies has been the methodological approaches used. According to Musyoka (2017), the studies failed to recognize the data as panel, thereby methods of panel analysis were not undertaken therefore the present study seeks to tackle

this issue employing an appropriate approach of IFRS, which is a preferred phenomenon, as it is less subject to the endogeneity criticism, as adoption is performed at the country level and is beyond the choice of individual firms.

Methodology

Ex-Post Facto research design was employ in this study, since the study sought to establish cause-effect relationship and the researcher has no control over the variables under study.

The population for this study consists of the twenty (20) consumer goods manufacturing companies quoted on the floor of Nigeria Exchange Group as at 31st December, 2022.

Purposive sampling technique was adopted to select the sample size of this study. The sample size of this study consist of eighteen (18) quoted consumer goods manufacturing companies that were continuously listed by Nigerian Exchange Group during the period 1st January 2013 to 2022 and whose financial statements and reports are available and have been consistently submitted to Nigerian Exchange Group for the period of study.

Source of Data

This study employed the use of secondary data. Information was sourced from Nigerian Exchange Group (NGX) fact books, annual reports and accounts of the sampled companies. These variables include; earnings per share as dependent variable, while environmental protection disclosure, and employee welfare is independent variables.

Model Specification

The econometric model of the study was adapted from the studies by Ohidoa, Omekhodu, and Oserogho (2016) as shown below:

$ED_{it} = \alpha + \beta_1 FAGE_{it} + \beta_2 FSIZEit + \beta_3 LEV_{it} + \varepsilon i$

Where;

ED = Environmental Disclosure

FAGE = Firm Age

FSIZE = Firm Size

LEV= Leverage

α = Constant Term

β = Coefficient Term

i = No of firms

t = Time Period

e = Error term

The model was functionally expressed as:

Thus, the researcher modified the model as follows:

$EPS_{it} = \beta_0 + \beta_I EVP_{it} + \mu_{it}$ - - - i

$EPS_{it} = \beta_0 + \beta_I EMW_{it} + \mu_{it}$ - - - ii

Where:

$EPS_{i,t}$ = Earnings per share of firm *i* at time *t*

EVP_{it} = environmental protection disclosure *i* at time *t*

CPD_{it} = corporate donation *i* at time *t*

EMW_{it} = employee welfare *i* at time *t*
β_0 = Intercept coefficient
$\beta_1 - \beta_2$ = Coefficients of independent variables
μ_{it} = The error term which account for other possible factors that could influence
i stands for the *i*th firm (18 companies)
t stands for year *t* (2013-2022) (Ten years)

Method of Data Analysis

The analysis of data for this research based on the data collected from publications of the Nigerian exchange Group and the annual reports of the quoted companies. Both the dependent and independent variables were computed from the data gotten from the Nigerian Exchange Group from 2013 to 2022.

Descriptive statistics employed to summarily describe the mean, median, standard deviation, kurtosis and skewness of the study variables. Inferential statistics will also be utilized with the aid of E-Views 9 using:

- ❖ Coefficient of correlation: which is a good measure of relationship between two variables that tell us about the strength of relationship and the direction of the relationship as well?
- ❖ Multiple regressions analysis: Regression analysis predicts the value the dependent variable based on the value of the independent variable and explains the impact or effect of changes in the values of the variables.

Decision Rule

Accept the alternative hypothesis, if the Probability value (P-value) of the test is less than 0.05 (5%). Otherwise reject.

Data Analysis and Results

Table 1: Descriptive Statistics

	EPS	EVP	EMW
Mean	2.015057	0.600000	10682619
Median	1.986716	1.000000	5457886.
Maximum	3.179300	1.000000	59037721
Minimum	1.512564	0.000000	3752354.
Std. Dev.	0.509256	0.516398	17000553
Skewness	1.109363	-0.408248	2.660528
Kurtosis	3.740297	1.166667	8.092394
Jarque-Bera	2.279493	1.678241	22.60255
Probability	0.319900	0.432090	0.000012
Sum	20.15057	6.000000	1.07E+08
Sum Sq. Dev.	2.334078	2.400000	2.60E+15
Observations	10	10	10

Source: E-view output, 2024

Table.1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table.1 provided some insight into the nature of the Nigerian banks that were used in this study.

It was observed that on the average over the ten (10) years periods (2013-2022), the sampled firms in Nigeria were characterized by positive earnings per share (EPS) (2.015). Also, the large difference between the maximum and minimum value of the environmental protection disclosure (EVP) and employee welfare (EMW) show that the sampled firms in this study are not dominated by firms with more earnings per share (EPS).

In this table, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variable with outlier are not likely to distort our conclusion and are therefore reliable for drawing

generalization. This also implies that the least square estimate can be used to estimate the pooled regression model.

Correlation Analysis

In examining the association among the variables, we employed the Pearson correlation coefficient (correlation matrix) and the results are presented in table 2

	EPS	EVP	EMW
EPS	1		
EVP	0.62624	1	
EMW	-0.00064	-0.41304	1

Source: researcher's computation (2024)

The use of correlation matrix in most regression analysis is to check for multi-colinearity and to explore the association between each explanatory variables (EVP, EMW and FSZ) and the dependent variable (EPS). Table 2 focused on the correlation between EPS and the independent variables EVP and EMW. Finding from the correlation matrix table shows that all our independent variables, (EVP= 0.626, and FSZ =0.904) were observed to be positively associated with earnings per share (EPS) except EMW = -0.001) which is negatively associated with dependent variable. In checking for multi-colinearity, we notice that no two explanatory variables were perfectly correlated. This means that there is no problem of multi-colinearity between the explanatory variables. Multi-colinearity may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

Test of Hypotheses

Hypothesis One

Ho_1: There is no significant effect of environmental protection disclosure on earnings per share of listed consumer goods firms in Nigeria.

Table 3: Regression analysis between EPS, EVP and FSZ

Dependent Variable: EPS
Method: Least Squares
Date: 01/10/24 Time: 22:59
Sample: 2013 2022
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.560941	0.261824	2.142432	0.0694
EVP	0.205760	0.170817	1.204568	0.2675
FSZ	3.80E-08	8.29E-09	4.583468	0.0025

R-squared	0.848089	Mean dependent var	2.015057
Adjusted R-squared	0.804686	S.D. dependent var	0.509256
S.E. of regression	0.225063	Akaike info criterion	0.098449
Sum squared resid	0.354572	Schwarz criterion	0.189225
Log likelihood	2.507753	Hannan-Quinn criter.	-0.001131
F-statistic	19.53979	Durbin-Watson stat	1.680116
Prob(F-statistic)	0.001366		

Interpretation of Regression Result

In Table 3, R-squared and adjusted Squared values were (0.85) and (0.80) respectively. The indicates that all the independent variables jointly explain about 80% of the systematic variations in earnings per share (EPS) of our samples firms over the ten years periods (2013-2022). Table 3 reveals an adjusted R-squared value of 0.80,which represents the coefficient of multiple determinations imply that 80% of the total variation in the dependent variable (EPS) of quoted consumer goods firms in Nigeria is jointly explained by the explanatory variables (EVP and FSZ). The R-squared of 80% did not constitute a problem to the study because the F-statistics value of 19.53979 with an associated Prob.>F = 0.001366 indicates that the model is fit to explain the relationship expressed in the study model. The value of adjusted of 80% also shows that 20% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from EVP and FSZ, there are other factors that mitigate EPS of quoted consumer goods firms in Nigeria.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 3, it is observed that DW statistics is 1.680116 and an Akika Info Criterion and Schwarz Criterion which are 1.434969 and 1.501143 respectively also further confirms that our model is well specified. In addition to the above, the specific findings from each explanatory variable are provided as follows:

The results in table 3 illustrated that environmental protection disclosure has a positive but insignificant effect with earnings per share measured with a beta coefficient (β_1) and t- value of 0.205760 and 1.204568 respectively and p- value of 0.268, while firm size has a positive and significant effect with earnings per share measured with a beta coefficient (β_1) and t- value of 3.800 and 4.583 respectively and p- value of 0.003.

Decision

Since the Prob(F-statistic) = 0.001366 of the test and is less than 0.05 (5%), this study upholds that there is a significant effect between environmental protection disclosure and earnings per share of listed consumer goods firms in Nigeria at 5% level of significance. Thus, null hypothesis is rejected and alternative hypothesis accepted.

Hypothesis Two

Ho_2: There is no significant effect of employee welfare disclosure on earnings per share of listed consumer goods firms in Nigeria.

Table 3: Regression analysis between EPS, EVP and FSZ

Dependent Variable: EPS

Method: Least Squares

Date: 01/10/24 Time: 23:01

Sample: 2013 2022

Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.355766	0.267822	1.328367	0.2257
EMW	6.27E-09	4.37E-09	1.436021	0.1941
FSZ	4.55E-08	6.98E-09	6.512451	0.0003

R-squared	0.858334	Mean dependent var	2.015057
Adjusted R-squared	0.817858	S.D. dependent var	0.509256
S.E. of regression	0.217341	Akaike info criterion	0.028625
Sum squared resid	0.330659	Schwarz criterion	0.119401
Log likelihood	2.856875	Hannan-Quinn criter.	-0.070955
F-statistic	21.20602	Durbin-Watson stat	1.188281
Prob(F-statistic)	0.001070		

Interpretation of Regression Result

In Table 4, R-squared and adjusted Squared values were (0.86) and (0.82) respectively. The indicates that all the independent variables jointly explain about 82% of the systematic variations in earnings per share (EPS) of our samples firms over the ten years periods (2013-2022). Table 4 reveals an adjusted R-squared value of 0.82,which represents the coefficient of multiple determinations imply that 82% of the total variation in the dependent variable (EPS) of quoted consumer goods firms in Nigeria is jointly explained by the explanatory variables (EMW and FSZ). The R-squared of 82% did not constitute a problem to the study because the F-statistics value of 21.20602 with an associated Prob.>F = 0.001070 indicates that the model is fit to explain the relationship expressed in the study model. The value of adjusted of 82% also shows that 18% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from EMW and FSZ, there are other factors that mitigate EPS of quoted consumer goods firms in Nigeria.

Test of Autocorrelation: using Durbin-Waston (DW) statistics which we obtained from our regression result in table 4, it is observed that DW statistics is 1.188281 and an Akika Info Criterion and Schwarz Criterion which are 0.028625 and 0.119401 respectively also further confirms that our model is well specified. In addition to the above, the specific findings from each explanatory variable are provided as follows:

The results in table 4, illustrated that corporate donation has a negative but insignificant effect with earnings per share measured with a beta coefficient (β_1) and t- value of 6.270 and 1.436 respectively and p- value of 0.194, while firm size has a positive and significant effect with earnings per share measured with a beta coefficient (β_1) and t- value of 4.550 and 6.512 respectively and p- value of 0.000.

Decision

Since the Prob(F-statistic) = 0.001070 of the test and is less than 0.05 (5%), this study upholds that there is a significant effect between employee welfare and earnings per share of listed consumer goods firms in Nigeria at 5% level of significance. Thus, null hypothesis is rejected and alternative hypothesis accepted.

Conclusion and Recommendations

This study ascertained the effect of voluntary disclosure on financial performance of listed consumer goods firms in Nigeria, using environmental protection disclosure and employee welfare as the independent variables, while earnings per share was used as a proxy for financial performance.. *Ex Post Facto* research design was adopted for the study. A sample of 18 consumer goods firms was used and data extracted from the companies audited annual reports and accounts.

From the result, it was established that environmental protection disclosure, corporate donation and employee welfare will firm size as the control variable were significant. This shows the extent to which consumer goods firms disclose information voluntarily, particularly regarding environmental protection, and employee welfare, can significantly influence stakeholders' perceptions and decisions. Therefore, the study concludes that voluntary disclosure has significant effect on financial performance of listed consumer goods firms in Nigeria.

Based on the findings of the study, it was recommended as followings;

1. There should be constant environmental disclosure by the firms for mitigating its environmental impact and promoting sustainable practices. This will enable them share with their stakeholders to demonstrate their commitment toward environmental responsibility.

2. Firms should be encouraged in disclosing their donations, as this will demonstrate a genuine concern for societal wellbeing and an alignment with broader ethical values, thereby leading to competitive advantage in the market.

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