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Corporate Governance, Financial Performance, and Social Sustainability Practices of Consumer Goods Companies Listed in Nigeria

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Abstract:
Social sustainability practice is a contemporary issue and is internationally embraced by organizations to exhibit the significance of its existence in the society. Published financial statements have not been communicating the social sustainability practices of firms. The study examined the effect of corporate governance and financial performance on social sustainability practice of listed consumer goods companies in Nigeria. Ex-post facto design was applied in the study using annual reports for a period of 10 years, 2010 - 2019 of listed consumer goods companies in Nigeria. The population is all the twenty listed consumer goods companies in Nigeria as at December 31, 2019 and purposive sampling technique was used to select sixteen companies as sample size. Content analysis was used to obtain data on social sustainability practices from annual reports of the selected listed consumer goods companies. The outcomes of the study showed that the collective effect of corporate governance and financial performance have a significant impact on social sustainability practices of listed consumer goods companies in Nigeria though the isolated effects were mixed. It was concluded that corporate governance and financial performance influenced social sustainability practices of quoted consumer goods firms in Nigeria. It was recommended that the regulators should enforce effective corporate governance by having adequate board size, independent board coupled with frequent and sufficient meetings to attend to the companies' issues and management of such companies should ensure adequate running of companies' resources to generate better financial performance. The social sustainability practices and its disclosure should be made mandatory and failure to comply should attract sanction with a huge penalty.

Keywords: *Corporate governance, financial performance, global reporting initiative, social sustainability, stakeholder theory*

1. Introduction

Social sustainability practice is a contemporary issue and is internationally embraced by organizations to exhibit the significance of its existence in the society. Social sustainability practices are not the company's responsibilities, they are carried out to boost the image of corporate entities in the community where such entities run their business activities (Marquis, Glynn, & Davis, 2007; Yekini, Adelopo, Andrikopoulos, & Yekini, 2015). Social sustainability practices are broader than corporate social responsibilities such as donations and comprise obliging substantial time and other organization's possessions such as fund, competence and proficiency to communal projects and expansions, comprising and not restricted to abolition of poverty, sculptures, house project, environment safety, health and safety, well-being and general enhancements in the standards of living or worth of the life of the members of the society (Global Reporting Initiative, 2020).

Previous research works reveal that the level of adherence to social sustainability practices and disclosure in developing nations, specifically Nigeria is on low lane; hence, annual financial statement fails to communicate the social sustainability practices of firms (Adegbie, Akintoye, & Taiwo, 2020; Emeka-Nwokeji & Osisioma, 2019; Sobhani, Zainuddin, & Amran, 2011). Most organizations have now redesigned their goal from meeting only the interest of shareholders to attaining the interests of all stakeholders due to development in the list of organizations that are now involving themselves in social sustainability practices and disclosing same in their periodic annual reports or a standalone sustainability report (Ceulemans, Molderez, & Van, 2015). Many countries have adopted Global Reporting Initiative (GRI) sustainability standards to guide their practices and disclosure of social sustainability practices (Adegbie, Akintoye, & Taiwo, 2020; Ceulemans, Molderez, & Van, 2015).

Sustainability practice is not a self-governing concept and to be successful, it needs to be incorporated with the global goal and the ensuing strategies of the company which is not limited to an effective inter-connectedness concerning corporate governance and sustainability practice program (Petra, 2010). Moreover, PainterMorland (2006) stresses the significance of corporate governance in building a successful sustainability program. He identifies that without an appropriate coordination of the corporate governance structure with sustainability practices, the inventiveness of sustainability practices cannot deliver a competitive edge. Consequently, this study expects that an effective and well-structured corporate governance will have a positive and significant effect on sustainability practices. Corporate governance became eminent in the 1990s due to financial crises in big corporations, such as WorldCom, Enron Corporation, HIH Insurance Ltd, and Polly Peck (Kuang-Hua, Sin-Jin, & Ming-Fu, 2018; Owolabi & Babarinde, 2020).

Corporate governance is seen as lay down rules which govern business activities of companies towards achieving its objectives (Mahmood, Kouser, Ali, Ahmad, & Salman, 2018). The elements and composition of corporate governance determine its effectiveness in realizing social sustainability practices, one of the sustainable development goals. Corporate governance and social sustainability practice are vital tactical procedures that an organization can imbibe to legitimize its existence in achieving and meeting the hopes of the society (Al Fadli, Sands, Jones, Beattie, & Pensiero, 2020; Rashid, 2018). The board of companies has a crucial duty towards growing and upholding a sound corporate governance and one of the compositions of a sound corporate governance is to control the extent of social sustainability practice (Al Fadli, Sands, Jones, Beattie, & Pensiero, 2020; Ibrahim & Hanefah, 2016; Rao & Tilt, 2016).

Nigerian Code of Corporate Governance (2018) encourages transparency and full disclosure of information to attain company's goals. It further declares that one of the lawful responsibilities of a company's board is to be transparent, accountable, and make full disclosure of both the non-voluntary and voluntary information in the company's annual financial statements for public consumption. However, the conventional accounting and reporting system do not recognize social sustainability practices being a voluntary disclosure and fails to consider its practices (Alhaj & Mansor, 2019). There are discrepancies in social sustainability practices because of lack of rules and mandatory enforcement of such practices by regulators (Lu, Abeysekera, & Cortese, 2015). Consequently, it leads to content variations in the periodic reports of those companies that report social sustainability practices.

Financial performance can be regarded as the principal yardstick to determine the general success of corporate entities, it is explained as the capacity of a particular funding to yield return from its investing, and highly relevant to the decision making of management of the company, investors, potential shareholders, creditors, bankers, employees, and government (Al-Slehat & Al-Sharif, 2019; Nishanthini & Nimalathasan, 2013). It has been discovered that corporate entities with enhanced financial performance will have a better capacity to finance the costs of social sustainability practices (Andrikopoulos & Kriklani, 2013; Brammer & Pavelin, 2006; Elshabasy, 2018; Freedman & Jaggi, 2005; Kalash, 2020). Hence, companies that have improved financial performance will always want to improve on its reputation, publicity, and attract prospective investors by involving more in social sustainability practices (Elshabasy, 2018).

Several studies on corporate governance, financial performance, and sustainability practices have been carried out both in the developed and developing nations. However, majority of the past research works concentrated on environmental sustainability disclosure and selected sector on the stock exchange of their nations. Therefore, there is an indication of a dearth of literature studies supplying a recognized effect of corporate governance as well as financial performance on social sustainability practice in consumer goods firms listed in Nigeria, thus, this research study will fill the referenced gap and will expand the frontier of existing knowledge by contributing to the extant literature on the effect of corporate governance together with financial performance on social sustainability practices of consumer goods companies listed on the Nigerian Stock Exchange.

Therefore, the purpose of this study was to assess the impact of corporate governance and financial performance on the social sustainability practices of consumer goods firms listed in Nigeria and the separated influence of board size, board meetings, board independence, earnings per share, and return on assets on social sustainability practices (local community practice, donations and gifts practice, employee trainings, health & safety practice, customer & complaints practice, and socioeconomic practice) of consumer goods companies listed on the Nigerian Stock Exchange.

2. Review of Extant Literature

Sustainable development was introduced in 1987 by the World Commission on Environment and Development and was then defined as accomplishing the contemporary human being needs without jeopardizing the ability of generations in the future to attain their needs (Okegbe & Egbunike, 2016). The contention of sustainable development is that an organization's goals should not be limited to expansion of wealth for only investors, but to put the society where it operates in consideration and benefit the environment in their operational decision making (Okegbe & Egbunike, 2016). Social sustainability practices are non-mandatory disclosure to capture a company's involvements in social performance in the society in its periodic reports and such reports can be improved by accounting for both qualitative and quantitative social performance (Adegbie et al., 2020; Gnanaweera & Kunori, 2018).

Social sustainability practice is the performance of corporate entities in social projects in the societies where their business activities are conducted (Yekini, Adelopo, Andrikopoulos, & Yekini, 2015). Social sustainability practice is further defined as company social action, depicting it as performances and procedures that are out of the company's usual goal of maximization of shareholders' wealth (Gómez-Bezares, Przychodzen, & Przychodzen, 2016). Hence, it is a premeditated strategy to improve the company's social advantages or alleviate social challenges for communities outward to the organization. The Nigerian Stock Exchange's Sustainability Disclosure guideline (SDG, 2016) opines that the impacts of an organization's activities on the social structure such as human rights, indigenous rights, labour laws, and practices in the society is the focus of social sustainability practice.

According to Global Reporting Initiatives (2020), social sustainability practice is defined as performances of an organization on social structure of its operating society. It is the involvements of companies in social activities in its entity as well as its community environment other than donations. Global Reporting Initiatives categorizes social sustainability practices into four major categories, practices in labour and decent work; rights of human; society – local communities; and product safety and responsibility. The firm's practices on employment, management of labour, policies on employees training as well as education, equitable treatment of genders, policies on a child and compulsory labour, handling of violations of the rights of indigenes of the community where business situates, the safety of customers as well as social assessment of suppliers, and all that concerns social environment are practices and its disclosure expected of a legitimate corporate entity (GRI, 2020).

Corporate governance has been redefined as a set of rules that has the capacity to coordinate all the discrepancies in the interests of stakeholders, unite it, control it, coordinate it, and accomplish the heterogeneity interests of the investors and all other stakeholders to the utmost of their expected benefits (El-Kassar, ElGammal, & Fahed-Sreih, 2018; Kuang-Hua, Sin-Jin, & Ming-Fu, 2018; Siminica, Cristea, Sichigea, Noja, & Anghel, 2019). The vital role of corporate governance system was promptly identified, and its coverage was quickly developed to comprise accomplishment of every individual that have interests and expected benefits in an organization. Therefore, the mechanisms of corporate governance are significant to be considered while making decision on social sustainability practices and its disclosure.

The figure of the directors, executive, non-executive, and independent non-executive represents the size of a board (Brammer & Pavelin, 2006; Giannarakis, Sariannidis, & Konteos, 2020). Stakeholder theory opines that the larger the board, the more benefits in facilitating the firm's fairness and development; and it determines the efficacy of company in meeting the stakeholders' requirements of voluntary disclosure of sustainability practices (Ntim, Soobaroyen, & Broad, 2017). The number of meetings that were organized by the board is relied upon to evaluate the competence of the board (Ntim, Soobaroyen, & Broad, 2017). The periodicity of meetings of the board suggests the meticulousness of board, its involvements in the company's operational activities as well as formulation of policies and strategies towards accomplishing the company, shareholders, and stakeholders' objectives. Hence, the board is required to dedicate its time to resolve firm's issues and more importantly to develop plans for an organization's social performance; thereby, a good board must be consistently meeting to solve an organization's challenges (Fahad & Rahman, 2020).

Independence of a board is seen as the proportion of non-executive directors that are independent to the entire directors on the firm's board (Fahad & Rahman, 2020). Independent board improves corporate governance efficiency, facilitates stakeholders' interests, and fosters the firm's involvements in social activities (Habbash, 2016; Muttakin & Subramaniam, 2015). An independent board gives assurance that agency issues will not arise in management of the firm and the firm will be well governed towards achieving its corporate goals. Nigerian Code of Corporate Governance (2018) recommends that a company should maintain an adequate mix of board of directors with a higher percentage of non-executive directors that are independent.

Didin, Jusni, and Mochamad (2018) state that the company's economy performance is arrived at by quantitative attainment of the company using its capital, materials, people, and other resources over a period. Financial ratios are employed to calculate the quantitative performance of a firm based on the quantitative results published in the financial statements. The part of firm's earnings that is apportioned to shareholder based on the number of shareholdings is the term referred to as earnings per share and is arrived at by using the whole outstanding number of shares for a given period to divide the net profit after tax in the same period of report (Islam, Khan, Choudhury, & Adnan, 2014; Oloidi & Adeyeye, 2014). Return on assets is established in line with the accounting data and it is used to delve into the link of corporate governance and economic performance. Several authors have discovered that association between return on assets and social performances is significantly positive associated because of the importance extended by firms to activities that are socially oriented (Siminica, Cristea, Sichigea, Noja, & Anghel, 2019).

Adib and Xianzhi (2019) carried out a research work to determine the nexus between size of the board, board independence, average age of directors, frequency of board meeting, composition of audit committee, managing director's duality and social performance of firms in South Africa. It was found out that size of the board, independence of board, average age of directors, and composition of audit committee have substantial effect on company social practices. Nevertheless, the frequency of board meeting and duality of managing director do not have substantial effect on company social practices. Also, the study of Chikwendu, Okafor, and Jesuwunmi (2019) found that the more the company improves its social sustainability practices the more the increment in the company's Return on Assets. The study recommended that companies should develop good relationship with stakeholders and always publishes its sustainability practices in annual reports.

Likewise, the firm's size was found to be favorable and significant to social sustainability practices (Drempetic, Klein, & Zwergel, 2019). In addition, Cincalová and Hedija (2020) discovered that firm size and quantitative performance are significant and positively connected with social responsibility practices of organization. Additionally, Omoike et al. (2020) found that the performance of stock price and company size are significant and positively related with social sustainability disclosure in Nigeria. Similarly, Umobong and Agburuga (2018)'s study discovered that return on assets is related positively with company social disclosure, and the growth of a firm, size of an organization, and its leverage are associated positively with return on assets as well as return on capital employed.

Additionally, Phan et al. (2020) conducted a study to establish the connection between sustainable practices and profitability. It was found that profitability and growth that proxied performance was positive and significantly related to sustainable practices, social and environmental performances. Furthermore, the study of Adegbie, Akintoye, and Taiwo (2020) to check the impact of sustainability disclosure on turnover growth found that sustainability disclosure is significantly related to turnover growth. Again, Gungor and Dincel (2018) concluded that significant association exists between company sustainability practices and corporate governance index, current ratio, and gross profit margin. Also, Okegbe and Egbunike (2016)'s study revealed that company social involvement is positively related to return on assets in Nigerian listed firms.

Contrary to the findings of the research works discussed above, Emeka-Nwokeji and Osisioma (2019) discovered that there is no significant nexus connecting sustainability disclosure to market value of firms in Nigeria economy between 2006 and 2015. Also, Siminica, Cristea, Sichigea, Noja, and Anghel (2019)'s study revealed that return on assets negatively influence social sustainability practices. In addition, Agu and Amedu (2018) conducted a study to find the impact of sustainability disclosure on return on assets (ROA) and found that ROA is insignificant to social sustainability disclosure of pharmaceutical companies in Nigeria.

Moreover, Jha and Rangarajan (2020) discovered in their study that sustainability practices in companies is negatively related to companies' financial performance, thereby investment on sustainability has no returns to companies in Indian. Also, the study of Gómez-Bezares, Przychodzen, and Przychodzen (2016) on sustainability and stockholder capital focusing on firms in Britain and understandings from the issues revealed that sustainability practices was negatively connected with stock return volatility.

2.1. Theoretical Consideration

Stakeholder theory was developed by Edward Freeman in 1984. It was considered suitable for this research work and consequently adopted for the study. Stakeholder is ethically seen as any individual with capacity to influence or can be influenced by the operations and decision making of a company while promoting and chasing its business goals (Bassey, Effiok, & Eton, 2013). Therefore, all individuals such as investors, staff, community, government, suppliers, creditors, and customers are regarded as the stakeholders of each company. Organisation must fulfill the interests of all the stakeholders to substantiate the reason for its existence while the stakeholders also extend the hands of cooperation to the company to accomplish the company's goals as well as towards sustainable development (Bassey, Effiok, & Eton, 2013; Nwachukwu, Ogundiwin, & Nwaobia, 2015; Odewole, Akintoye, Salawu, & Adegbie, 2020; Sar, 2018; Ucheagwu, Akintoye, & Adegbie, 2019).

Stakeholder theory recommends that organizations should create value for all, shareholders and other group of stakeholders that have benefits at stake rather than satisfying only the needs of investors. Also, managers owe the society, investors, and others, the moral and legal duty of accountability and transparency (Nwachukwu et al., 2015; Oyedokun, Egberioyinemi, & Tonademukaila, 2019). This was postulated a long time ago by Freeman (1994) that company can easily accomplish its goals if management devoted attention to every stakeholder interests.

Therefore, stakeholder theory was adopted for this research work because it covers and describes the relationship among all the variables of this work. Consequently, the stakeholder theory supports corporate governance as an essential weapon to enhance social sustainability practice because it creates and promotes relationships between companies and stakeholders.

2.1.1. Hypothesis

On this basis, the hypothesis of the study was formulated as follows:

- $H_0$1: Corporate governance and financial performance have no significant impact on social sustainability practices of listed consumer goods companies in Nigeria.

3. Methodology

This study made use of *ex-post facto* research design. The population entails the whole twenty consumer goods companies listed as at December 31, 2019 on the Nigerian Stock Exchange. Sixteen consumer goods companies that have their annual reports available in the public were chosen as a sample size for the study based on purposive sampling technique. Secondary data were extracted from the published audited financial statements of the sampled consumer goods companies for a period of 10 years, 2010 – 2019.

A checklist of social sustainability practice was developed, to separate the areas of activity to which each practice relates. The checklist was made up of six (6) indicators of social sustainability practice (local community practice, donations and gifts practice, employee trainings, health & safety practice, customer & complaints practice, and socioeconomic practice). If an indicator was disclosed in the firm's annual report, a mark of '1' was awarded, and if not reported, a mark of '0' was recorded. Content analysis was used to establish if an indicator was disclosed or not in the periodic annual report (Adegbie, Akintoye, & Taiwo, 2020; Gómez-Bezares, Przychodzen, & Przychodzen, 2016; Gungor & Dincel, 2018). Hence, a firm was anticipated to get a maximum mark of '6' and a minimum mark of '0' for social sustainability practices in a year. The social sustainability index would be a proportion of total marks of social sustainability indicators found in a firm's published audited financial statements to the total anticipated marks of 6.

Information on Board size, Board meetings, and Board independence were obtained from the respective chosen firm's published audited financial statements for a period of ten years. Board size is the entire number of directors on the Board (Adegbie, Akintoye, & Ashaolu, 2019; Muntaha & Haryono, 2021; Nour, Sharabati, & Hammad, 2020); Board meetings are the number of Board meetings per annum (Fahad & Rahman, 2020; Gulzar, Haque, & Khan, 2020; Muntaha & Haryono, 2021; Subramanyam & Dasaraju, 2014) and Board independence is the proportion of independent directors to entire directors (Fahad & Rahman, 2020; Mahmood, Kouser, Ali, Ahmad, & Salman, 2018; Ntim, Soobaroyen, & Broad, 2017; Owolabi & Babarinde, 2020).

Company's financial performance was represented by earnings per share (EPS) and return on assets (ROA). EPS is net profit after tax minus preference dividend and divided by the average quantity of ordinary shares (Ahmed, 2018;

Islam, Khan, Choudhury, & Adnan, 2014; Oloidi & Adeyeye, 2014; Yuliza, 2018) while ROA is net profit divided by total assets (Chikwendu, Okafor, & Jesuwunmi, 2019; Kuang-Hua, Sin-Jin, & Ming-Fu, 2018).

The influence of corporate governance as well as financial performance on social sustainability practices of quoted consumer goods companies in Nigeria was evaluated by means of multiple regression analysis using E-Views, and the significance as well as influence was calculated at 5% level of significance. It was expected that corporate governance, Board Size (BS), Board Meetings (BM), and Board Independence (BI) as well as financial performance surrogates of Earnings per Share (EPS) and Return on Assets (ROA) would positively influence each measure or dimension of social sustainability practices. This implies that a sound corporate governance and enhanced financial performance would have a favorable influence on social sustainability practices of quoted consumer goods companies in Nigeria. Consequently, coefficient, $\beta1 - \beta5 > 0$ and are anticipated to be positive.

The outcomes of the data were analysed using descriptive and inferential statistics. Adjusted R^2 was applied to determine the level of influence the corporate governance mechanisms and financial performance have on variations in social sustainability practices of quoted consumer goods companies in Nigeria.

The model used is as follows:

$SOSP_{it} = \beta_0 + \beta_1 BOS_{it} + \beta_2 BOM_{it} + \beta_3 BOI_{it} + \beta_4 EPS_{it} + \beta_5 ROA_{it} + \mu_{it}$

Where:

$SOSP_{it}$ = Social Sustainability Practice
BOS_{it} = Board Size
BOM_{it} = Board Meetings
BOI_{it} = Board Independence
EPS_{it} = Earnings Per Share
ROA_{it} = Return on Assets
β_0 = Intercept
$\beta_{1-}\beta_5$ = Coefficient of Slope parameters
μ_{it} = Error term

4. Analysis, Results, and Discussion

4.1. Descriptive Analysis

Variables	N	Mean	Standard dev	Mini	Max
BOS	160	10.450	2.946	4.00	18.00
BOM	160	4.569	1.079	1.00	9.00
BOI	160	68.767	14.952	25.00	93.33
EPS	160	3.254	8.505	-3.23	57.63
ROA	160	6.553	8.992	-44.16	26.52
SOSP	160	0.7112	0.246	0.00	1.000

Table 1: Descriptive Statistics
Source: E-Views Output, 2021

Table 1 illustrates the mean, standard deviation, minimum, and maximum of all variables of corporate governance proxied by board size (BOS), board meetings (BOM), and board independence (BOI); financial performance measured by earnings per share (EPS) as well as return on assets (ROA); and social sustainability practice (SOSP). Independent variables, BOS, BOM, BOI, EPS, and ROA have mean values of 10.45, 4.569, 68.767, 3.254 and 6.553 respectively while the dependent variable, SOSP's mean value is 0.7112.

Variation exists in the minimum and maximum values of corporate governance, financial performance, and social sustainability practices. The maximum values of BOS, BOM, BOI, EPS, and ROA were 18, 9, 93.333, 57.63, and 26.517 respectively, while their minimum values revealed 4, 1, 25, -3.23, and -44.161 revealing that the frequency of board meetings in one or more of the sampled firms is low. Also, the size of a board of some of the firms is low while a board independence is also not encouraging for few firms. The variation in the corporate governance variables is high as revealed between the maximum and minimum value of each of them though few of the selected firms have small board size, many of the selected firms have a low frequency of board meeting, and board independence is on average for the selected firms.

The financial performance (EPS and ROA) varied among the consumer goods companies during the years under study. Some of the companies posted loss while some recorded an averagely good performance. SOSP has a minimum and maximum value of 0.0000 and 1.0000 respectively, it means that the consumer goods companies failed to disclose their social practices in some of the years reviewed. The results strengthen the discrepancies in social sustainability practices among the consumer goods companies listed in Nigeria.

4.2. Regression Analysis

From the regression analysis, the results of the impact of corporate governance and financial performance on social sustainability practices of the consumer goods companies listed in Nigeria are detailed in Table 2.

Variables	Coefficient	Standard Error	t-Statistic	Prob.
C	0.295143	0.087197	3.384766	0.0009
BOS	0.011103	0.006823	1.627341	0.1059
BOM	0.018686	0.009769	1.912753	0.0578
BOI	0.003110	0.000743	4.187550	0.0000
EPS	0.006489	0.002347	2.765173	0.0065
ROA	-0.003097	0.001518	-2.040460	0.0432
R-squared	0.831711	Mean dep. Variable		0.711250
Adj'd R-sq'd	0.807496	S.D. dep variable		0.245459
S. E. of regres.	0.107696	Akaike inform cri.t		-1.497216
Sum sq'd residual	1.612170	Schwarz crit.		-1.093599
Logarithm likelihood	140.7773	Hannan-Quinn criterion		-1.333321
F-stat.	34.34793	Durbin-Watson statistic		0.710544
Prob (F-stat.)	0.000000			

Table 2: Regression Analysis Results for the Model
Source: E-Views Output, 2021

Model

$SOSP_{it} = \beta_0 + \beta_1 BOS_{it} + \beta_2 BOM_{it} + \beta_3 BOI_{it} + \beta_4 EPS_{it} + \beta_5 ROA_{it} + \mu_{it}$

4.3. Interpretation

SOSP = 0.2951 + 0.0111*BOS + 0.0187*BOM + 0.0031*BOI + 0.0065*EPS - 0.0031*ROA

The outcome of the regression analysis reveals that the explanatory variables, board size (BOS), board meetings (BOM), board independence (BOI), and earnings per share (EPS) have positive impacts on social sustainability practices (SOSP). This agrees with the study of Gungor and Dincel (2018); Phan et al. (2020). Return on assets (ROA) negatively affects social sustainability practices (SOSP), and this agrees with the study of Gómez-Bezares, Przychodzen, and Przychodzen (2016), Jha and Rangarajan (2020), Siminica, Cristea, Sichigea, Noja, and Anghel (2019). The negative impact of return on assets on social sustainability practices is contrary to the findings of Agu and Amedu (2018), Chikwendu, Okafor, and Jesuwunmi (2019). The interpretation is as shown by $\beta1 = +0.0111<0$; $\beta2 = +0.0187>0$; $\beta3 = +0.0031>0$; $\beta4 = +0.0065>0$; $\beta5 = -0.0031<0$. The result is at variance with the *a priori* expectation that all proxies of corporate governance and financial performance would have positive effects on social sustainability practices (SOSP).

The impact of each explanatory variable reveals that the effects of Board size (BOS) and board meetings (BOM) are positive and not significant (BOS = +0.0111, t-test = +1.6273, $p>0.05$; BOM = +0.0187, t-test =+1.19128, $p>0.05$) on social sustainability practices (SOSP); the influence of board independence (BOI) and earnings per share (EPS) are positively significant (BOI = +0.0031, t-test = +4.1876, $p<0.05$; EPS = +0.0065, t-test = +2.7652, $p<0.05$) on social sustainability practices (SOSP), while the impact of return on assets (ROA) is negative and significant (ROA = -0.0031, t-test = -2.0405, $p<0.05$) on social sustainability practices (SOSP).

Considering the effect of explanatory variables separately, the t-statistics probability of board independence (BOI), earnings per share (EPS), as well as return on assets (ROA) are less than 5% level of significance applied for the research work, i.e., $p<0.05$. The interpretation of this statistical output is that board independence (BOI), earnings per share (EPS), as well as return on assets (ROA) have a significant effect on social sustainability practices of consumer goods companies listed in Nigeria. However, the t-statistics probability of board size (BOS) and board meetings (BOM) are greater than 5% level of significance used for this study, i.e., $p>0.05$, which means that the effect of board size (BOS) and board meetings (BOM) is not significant. This agrees alongside the work of Adib and Xianzhi (2019), Emeka-Nwokeji and Osisioma (2019).

Nevertheless, Section 2 of the Nigerian code of corporate governance (2018) clearly advises firms to have a concrete plan about the size and composition of the board after consideration of the complexity and nature of their business operations though the Code does not recommend the precise size and constituents of a board of directors. Also, the code suggests a quorum to be formed at every meeting of the board of directors. Also, Sustainability Disclosure Guideline (SDG, 2016) of the Nigerian Stock Exchange supports sound corporate governance as it makes use of the new initiative, Corporate Governance Rating System with effect from 2013 to encourage sustainability practices in the Nigerian business.

The Adjusted R Square of 0.8075, suggesting that the independent variables of the set model are explaining about 80.75% variation on the dependent variable. Consequently, the model represents a good fit to the data on a practical understanding and analysis.

Table 2 shows F-stat of 34.3479 and p-value of 0.0000 (p-value<1), on this basis of p-value, F-stat (34.3479) is significant at $p < 0.05$. It implies that the explanatory variables, corporate governance (board size, board meetings, and board independence) and financial performance (earnings per share and return on assets) have a significant effect on dependent variable, social sustainability practices. This technically means that the model used for the study is useful to justify the possibility of variation on the dependent variable, social sustainability practices. Subsequently, synchronized effects from the independent variables are significant (prob. F – Stat. = 0.000000 < 0.05).

Consequently, the results of the study compel not to accept the null hypothesis (H0). The alternate hypothesis (H1) which states that corporate governance and financial performance have significant effect on social sustainability practices of listed consumer goods firms in Nigeria is accepted. This implies that the impact of corporate governance along with financial performance is favorable and significant to social sustainability practices of listed consumer good firms in Nigeria. The finding agrees with the prior studies of Adib and Xianzhi (2019), Chikwendu, Okafor, and Jesuwunmi (2019), Gungor and Dincel (2018), Okegbe and Egbunike (2016), Omoike et al. (2020).

The findings also support the perception of stakeholder theory that an organization has the ethical responsibility of meeting the interests of all the stakeholders as well as being accountable and transparent to its stakeholders. The board of directors coordinates and directs the affairs of organizations; hence, the components and features of board are expected to be sound, efficient, and be of superior quality to accomplish the objectives of the organizations, fulfilling the interests of the investors as well as that of other stakeholders. This suggests that sound corporate governance as well as good financial performance are important in controlling the social sustainability practices of listed consumer good firms in Nigeria. This means that it is not just corporate governance components that are crucial element in deciding issues that affect social sustainability practices. Rather, financial performance like earnings per share and return on assets of listed consumer goods companies are vital elements to be considered while making decisions on social sustainability practices.

5. Conclusion and Recommendations

The empirical work studied the influence of corporate governance and financial performance on social sustainability practices of consumer goods companies listed in Nigeria. On the premise of the findings, it was concluded for the purpose of this study that board size, board meetings, board independence, earnings per share and return on assets influenced social sustainability practices of quoted consumer goods firms in Nigeria.

Therefore, the study suggests that regulators should instruct the management of consumer goods companies in Nigeria to ensure that they operate effective corporate governance system by having adequate board size, independent board coupled with frequent and sufficient meetings to attend to the companies' issues especially those that relate to social sustainability practices. Also, management of consumer goods companies in Nigeria should ensure adequate running of companies' resources to generate better earnings per share and return on assets that will financially encourage management to engage more in social sustainability practices.

In addition, regulators should declare social sustainability practices and its disclosure mandatory for all companies listed on the Nigerian Stock Exchange while Financial Reporting Council of Nigeria should also make it a mandatory disclosure in published audited financial statements as a form of financial reporting standards for all organizations, either listed or not listed in Nigeria and any default company should be sanctioned with a huge penalty.

The study's limitation is availability of published audited financial statements which constrained the study to sixteen out of the twenty consumer goods companies listed in Nigeria as at December 31, 2019 though the sample size is sufficient to mirror on the outcomes of the empirical study and generalize it on the whole population. Hence, the limitation did not have any negative effect on the quality of the study.

For further study, effect of other mechanisms of corporate governance including other measures of financial performance should be considered on other forms of social sustainability practices of another sector in Nigeria. It can as well be extended and conducted on all the sectors in Nigeria.

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