

Effect of Social Sustainability Donation on Financial Performance of Industrial Goods Firms

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Abstract

This study examined the effect of social sustainability donation on the financial performance of listed industrial goods firms in Nigeria. The study focused on community development, while financial performance was measured using profitability indicators. The population comprised 13 listed industrial goods firms in Nigeria, from which 9 firms were purposively selected. Secondary data were obtained from the annual reports and sustainability disclosures of the sampled firms for the period 2012 to 2024. Data were analysed using Panel-Corrected Standard Error (PCSE) regression techniques. The findings revealed that social sustainability practice exerted a positive and statistically significant effect on the financial performance of listed industrial goods firms in Nigeria. The results suggest that investments in community development enhance organisational efficiency, strengthen stakeholder relationships, and contribute to improved profitability. Consequently, the study recommends that the management of industrial goods firms should integrate social sustainability initiatives into their core business strategies to achieve long-term financial performance and sustainable competitive advantage.

Keywords: *Social Sustainability, Financial Performance, Community Development, Industrial Goods Firms.*

1.0 Introduction

Social sustainability has become an important aspect of corporate sustainability as organizations increasingly recognize that long-term business success depends not only on economic performance but also on their ability to create value for employees, communities, and other stakeholders (Li et al., 2024). The concept refers to the extent to which firms promote social well-being through responsible labour practices, employee welfare initiatives, workplace health and safety programs, community development efforts, and other stakeholder-oriented activities while pursuing

organizational objectives (Ukoh et al., 2024). In recent years, social sustainability has attracted considerable attention from regulators, investors, consumers, and scholars because of its potential to influence business performance and corporate competitiveness. For industrial goods firms, whose activities have substantial impacts on employees, host communities, and the wider society, social sustainability has become a strategic imperative rather than a voluntary corporate activity (Usman, 2024; Musa et al., 2024; Nzereogu & Onyali, 2023). Consequently, organizations are increasingly integrating social sustainability initiatives into their business operations to strengthen stakeholder relationships and enhance financial outcomes.

The growing relevance of social sustainability is supported by evidence that socially responsible organizations often enjoy improved stakeholder confidence, stronger corporate reputation, and enhanced operational efficiency (Fabian & Emeka, 2022). Across the globe, firms are dedicating increasing resources to social sustainability initiatives, including employee development, occupational safety, community engagement, and inclusive workplace practices. According to the World Economic Forum (2024), corporate investments in sustainability-related initiatives have continued to increase as organizations seek to align business objectives with societal expectations. In Nigeria, leading industrial goods firms such as Dangote Cement, BUA Cement, and Lafarge Africa have strengthened their commitment to social sustainability through investments in employee welfare, community infrastructure, educational programmes, health initiatives, and workplace safety systems. These developments suggest that social sustainability is becoming an important component of corporate strategy within the industrial goods sector.

The increasing attention given to social sustainability is closely connected to changing stakeholder expectations and the expanding role of corporations in societal development (Ukoh et al., 2024). Modern stakeholders evaluate companies not only on the basis of profitability but also on how effectively they manage social and environmental responsibilities (Akinsola, 2025). This perspective has been reinforced by the growing adoption of Environmental, Social, and Governance (ESG) frameworks, which assess firms based on their contribution to sustainable development. Within the social dimension of ESG, organizations are expected to provide safe working environments, invest in employee development, support community growth, and maintain ethical relationships with stakeholders (Liao et al., 2023). Consequently, businesses that demonstrate strong social sustainability performance are often perceived more favorably by investors, customers, employees, and regulators. Such perceptions can influence organizational performance through improved customer loyalty, reduced employee turnover, enhanced productivity, and increased stakeholder support.

The relationship between social sustainability and financial performance has generated considerable debate within academic and professional circles (Ramadani et al., 2025; Hermawan & Mulyawan, 2014). Proponents argue that firms that invest in employee welfare, workplace safety, staff training, and community development create value that ultimately translates into superior financial performance. Investments in employee well-being can increase motivation and productivity, while effective health and safety systems can reduce workplace accidents and associated costs. Similarly, community development initiatives can strengthen corporate reputation and social legitimacy, thereby enhancing customer loyalty and facilitating business growth (Nzereogu & Onyali, 2023). From this perspective, social sustainability represents a strategic investment capable of generating both tangible and intangible benefits that contribute to organizational profitability.

Conversely, some scholars contend that social sustainability initiatives may impose additional costs on firms and potentially reduce short-term financial returns (Ibikunle, 2024). Expenditures

on employee benefits, health and safety programmes, training activities, and community projects require substantial financial commitments that could otherwise be directed toward operational expansion or profit maximization. As a result, some managers perceive social sustainability investments as discretionary expenditures rather than strategic assets. Furthermore, differences in organizational culture, leadership philosophy, governance structures, and stakeholder pressures may influence the degree to which firms prioritize social sustainability initiatives (Usman, 2024). These variations suggest that the financial implications of social sustainability may differ across organizations and sectors.

Despite the growing emphasis on socially responsible business practices, empirical findings regarding the effect of social sustainability on financial performance remain inconclusive. While several studies have reported positive associations between social sustainability activities and indicators of financial performance, others have found weak, insignificant, or mixed relationships. Within the Nigerian industrial goods sector, some firms have consistently invested in employee welfare, workplace safety, and community development while maintaining strong financial results. However, other firms have recorded substantial profits despite relatively limited social sustainability disclosures and investments. This inconsistency creates uncertainty regarding whether social sustainability genuinely contributes to financial performance or merely represents a compliance and reputational strategy.

Unfortunately, inadequate commitment to social sustainability can expose organizations to numerous risks, including reputational damage, employee dissatisfaction, community conflicts, regulatory scrutiny, and reduced stakeholder confidence (Douye & Gospel, 2023). In an environment where investors and consumers increasingly prioritize responsible business conduct, firms that neglect social sustainability may struggle to maintain long-term competitiveness (Robinson, 2022). Poor employee welfare and weak workplace safety practices can reduce productivity and increase labour turnover, while insufficient community engagement may generate resistance from host communities. Consequently, organizations that fail to integrate social sustainability into their strategic priorities risk forfeiting opportunities for sustainable growth and improved financial performance.

Against this background, this study examined the effect of social sustainability on the financial performance of industrial goods firms in Nigeria. Specifically, the study investigated whether dimensions of social sustainability, including employee welfare, workplace health and safety, community development, and employee training and development, significantly influence the financial performance of listed industrial goods firms. The study contributes to existing literature by providing empirical evidence on the social sustainability-financial performance nexus within the Nigerian industrial goods sector, thereby offering insights for policymakers, corporate managers, investors, and other stakeholders seeking to promote sustainable business practices and long-term organizational success.

2.0 Literature Review

2.1 Conceptual Issues

Social Sustainability

Social sustainability refers to the extent to which an organization promotes the well-being of employees, communities, and other stakeholders through responsible business practices and socially conscious initiatives (Douye & Gospel, 2023). It encompasses organizational efforts aimed at creating positive social outcomes while maintaining economic viability and operational efficiency. Social sustainability is a multidimensional concept that includes employee welfare,

workplace health and safety, community development, human rights protection, diversity and inclusion, training and development, and stakeholder engagement. These activities enable firms to build stronger relationships with stakeholders, enhance corporate reputation, and secure long-term organizational legitimacy (Nworie & Aniefuna, 2024; Nworie & Orji-Okafor, 2024).

Within the corporate environment, employee welfare represents a critical component of social sustainability because it focuses on improving the quality of employees' work and personal lives through fair compensation, welfare packages, healthcare benefits, and conducive working conditions. Organizations that prioritize employee welfare are often associated with improved productivity, higher employee commitment, and lower turnover rates. Similarly, workplace health and safety initiatives seek to provide employees with secure working environments, reduce occupational hazards, and minimize workplace accidents. Effective health and safety practices contribute to operational efficiency by reducing absenteeism, compensation claims, and production disruptions. Community development is another important dimension of social sustainability. It refers to organizational efforts directed toward improving the socioeconomic conditions of host communities through investments in education, healthcare, infrastructure, entrepreneurship development, and poverty alleviation programmes. Through community development initiatives, firms strengthen their social license to operate and foster goodwill among stakeholders. Likewise, employee training and development focuses on enhancing employees' knowledge, skills, and competencies through continuous learning opportunities, professional development programmes, and capacity-building initiatives. Such investments improve workforce effectiveness and support organizational innovation and competitiveness. Collectively, these dimensions provide measurable indicators of a firm's commitment to social sustainability and can be used to evaluate its overall social performance (Onyali et al., 2024; Nzereogu & Onyali, 2023).

Financial Performance

Financial performance refers to the ability of a firm to efficiently utilize its resources to generate profits, create shareholder value, and sustain long-term growth (Ellinger et al., 2012). It reflects the overall economic health of an organization and is typically assessed through indicators such as Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin, Earnings per Share, and Return on Capital Employed (Rashid, 2021). These indicators provide insights into managerial effectiveness, operational efficiency, and organizational sustainability. Among the various measures of financial performance, profitability remains one of the most widely utilized indicators because it reflects a firm's capacity to convert revenues into earnings (Youssef et al., 2022). A financially successful organization is better positioned to invest in innovation, business expansion, employee development, and sustainability initiatives. Strong financial performance also enhances investor confidence, improves access to capital, and strengthens corporate competitiveness. Furthermore, profitable firms may benefit from enhanced stakeholder relationships, stronger brand equity, and improved market positioning, all of which contribute to sustainable organizational growth (Nzereogu & Onyali, 2023).

2.2 Theoretical Underpinning and Hypothesis Development

This study is anchored on the **Stakeholder Theory**, which was developed by Freeman in 1984 to explain the relationship between organizations and the various groups that can affect or are affected by corporate activities (Freeman, 1984). The theory argues that organizations should pursue objectives that satisfy not only shareholders but also employees, customers, suppliers, governments, host communities, and other stakeholders. According to the theory, long-term

organizational success depends on effectively managing stakeholder relationships and responding to stakeholder expectations. Organizations that prioritize stakeholder interests are more likely to earn trust, secure social legitimacy, and achieve sustainable performance outcomes.

The central proposition of Stakeholder Theory is that organizations create value when they balance the interests of diverse stakeholder groups rather than focusing exclusively on profit maximization. The theory suggests that firms should invest in activities that promote employee wellbeing, community development, workplace safety, and ethical business conduct because these initiatives strengthen stakeholder support and contribute to organizational success (Douye & Gospel, 2023). Stakeholder-oriented practices improve employee commitment, customer loyalty, community acceptance, and investor confidence, thereby enhancing corporate performance. Consequently, organizations are encouraged to integrate social sustainability into their strategic decision-making processes. Stakeholder Theory is particularly relevant to understanding the relationship between social sustainability and financial performance. The implication of the theory is that firms that invest in social sustainability initiatives are likely to experience superior financial outcomes because such investments strengthen relationships with key stakeholders. For instance, organizations that provide attractive welfare packages and continuous training opportunities often benefit from higher employee productivity and retention. Similarly, firms that invest in workplace health and safety may reduce accident-related costs and improve operational efficiency. Community development initiatives can enhance corporate reputation and foster goodwill among host communities, thereby minimizing conflicts and facilitating smoother business operations (Hermawan & Mulyawan, 2014). Consequently, social sustainability can be viewed as a strategic resource capable of generating both tangible and intangible benefits that support improved financial performance (Zheng et al., 2015; Chen et al., 2008).

Based on the foregoing arguments, this study posits that social sustainability dimensions contribute positively to financial performance among industrial goods firms. Therefore, it is hypothesized that:

Ha: Social sustainability positively influences the financial performance of listed industrial goods firms in Nigeria.

2.3 Synthesis of Existing Empirical Findings

A critical review of empirical studies on the relationship between social sustainability and financial performance reveals mixed but largely supportive evidence. Numerous studies have reported that organizations that invest in employee welfare, community development, workplace safety, and other socially sustainable practices tend to record superior financial outcomes. Okafor and Anetoh (2024), Owoeye et al. (2024), and Musa et al. (2024) found that socially responsible firms generally experience improved stakeholder confidence, stronger corporate reputation, and enhanced financial performance. These findings support the argument that social sustainability generates value that extends beyond ethical considerations and contributes directly to profitability. Similarly, studies by Danrimi and Aliyu (2023) and Nzereogu and Onyali (2023) established significant positive relationships between social sustainability initiatives and organizational performance within Nigerian manufacturing and industrial sectors. Their findings suggest that firms that allocate greater resources to employee welfare, community investment, and stakeholder engagement tend to enjoy better financial results. Ramadani et al. (2025) further reinforced this position through a comprehensive review of sustainability literature, concluding that social sustainability practices frequently contribute to improved financial performance through enhanced corporate reputation, customer loyalty, and employee productivity.

However, not all empirical findings support a positive relationship. Ibikunle (2024) reported that social responsibility initiatives did not significantly improve organizational performance among selected firms in the Nigerian oil and gas sector. Similarly, Usman (2024) found evidence suggesting that some industrial goods firms prioritize economic objectives over social sustainability investments, resulting in weak links between sustainability practices and financial outcomes. These findings imply that the effectiveness of social sustainability initiatives may vary based on industry characteristics, organizational culture, stakeholder pressures, and corporate governance structures. Despite these inconsistencies, the majority of empirical evidence supports the proposition that social sustainability contributes positively to financial performance. Studies such as Udu et al. (2024) and Onyali et al. (2020) provide further support by demonstrating that organizations with stronger social sustainability commitments tend to achieve higher profitability and improved stakeholder relations. The consistency of this evidence across different sectors, periods, and analytical methods enhances confidence in the argument that social sustainability can serve as a strategic driver of financial success. Nevertheless, varying findings across industries highlight the importance of examining the social sustainability-financial performance relationship within specific organizational and sectoral contexts.

2.4 Gap in Literature and Contribution to Knowledge

Existing studies have largely focused on establishing whether a relationship exists between social sustainability and financial performance. Most have examined social sustainability as a broad construct or relied on aggregate sustainability disclosures without paying sufficient attention to specific dimensions of social sustainability. Furthermore, evidence regarding the social sustainability-financial performance nexus within Nigeria's industrial goods sector remains limited and inconclusive. Unlike previous studies, this study decomposes social sustainability into specific dimensions, namely employee welfare, workplace health and safety, community development, and employee training and development. By examining the individual effects of these dimensions on financial performance, the study provides deeper insights into the specific aspects of social sustainability that drive organizational success. The study therefore contributes to literature by offering a more comprehensive understanding of how social sustainability influences financial performance among listed industrial goods firms in Nigeria.

2.5 Trend Analysis of Social Sustainability and Financial Performance

An examination of sustainability practices among industrial goods firms indicates substantial variation in the level of commitment to social sustainability activities. While some firms consistently invest in employee welfare, workplace safety programmes, community development projects, and staff training initiatives, others exhibit relatively low levels of social sustainability engagement despite recording strong financial performance.

Leading firms such as Dangote Cement and Lafarge Africa have demonstrated sustained commitment to social sustainability through continuous investments in employee development, workplace safety, educational programmes, healthcare support, and community infrastructure. These organizations have generally maintained strong financial performance while simultaneously enhancing stakeholder relationships through social sustainability initiatives. Such patterns suggest that sustained commitment to social sustainability may contribute positively to organizational success by strengthening legitimacy, operational efficiency, and stakeholder trust.

Conversely, some firms have recorded satisfactory financial performance despite making relatively limited investments in social sustainability initiatives. This divergence suggests that financial

performance may be influenced by several internal and external factors beyond social sustainability. Nevertheless, firms with well-established social sustainability programmes often appear better positioned to build strong stakeholder relationships, enhance reputation, and sustain long-term competitiveness.

In all, the observed trends indicate that social sustainability has increasingly become an important strategic consideration within the industrial goods sector. However, variations in organizational commitment and reporting practices underscore the need for empirical investigation into the extent to which specific dimensions of social sustainability influence financial performance among listed industrial goods firms in Nigeria.

3.0 Methodology

This study adopted an ex-post facto research design, which is appropriate for examining relationships among variables using historical data that have already occurred and cannot be manipulated by the researcher. The design is suitable for investigating cause-and-effect relationships from existing corporate records and published financial information (Nworie et al., 2022; Aggreh et al., 2022; Nwafor & Nworie, 2025). Given that this study examined the effect of social sustainability on the financial performance of listed industrial goods firms in Nigeria using historical data obtained from annual reports and sustainability disclosures, the ex-post facto design provided a suitable framework for analysing the relationship between the variables without influencing their occurrence.

The population of the study comprised all thirteen (13) industrial goods firms listed on the Nigerian Exchange Group (NGX) as at 31 December 2024. These firms operate within various segments of the industrial goods sector, including cement manufacturing, paint production, glass manufacturing, and related industrial activities. The population of the study is presented in Table 3.1.

Table 3.1: Population of the Study

S/N	Firms
1	Austin Laz & Company Plc.
2	Berger Paints Plc.
3	Beta Glass Plc.
4	BUA Cement Plc.
5	CAP Plc.
6	Cutix Plc.
7	Dangote Cement Plc.
8	Greif Nigeria Plc.
9	Lafarge Africa Plc.
10	Meyer Plc.
11	Notore Chemical Industries Plc.
12	Premier Paints Plc.
13	Tripple Gee and Company Plc.

Source: Nigerian Exchange Group (2024)

Purposive sampling technique was employed to select firms that met specific inclusion requirements. To qualify for inclusion, firms must have been listed throughout the study period and must have published complete annual reports and sustainability-related disclosures between

2012 and 2024. Based on these criteria, nine (9) firms were selected. The sampled firms are presented in Table 3.2.

Table 3.2: Sample Size of the Study

S/N	Firms
1	Austin Laz & Company Plc.
2	Berger Paints Plc.
3	Beta Glass Plc.
4	CAP Plc.
5	Cutix Plc.
6	Dangote Cement Plc.
7	Lafarge Africa Plc.
8	Meyer Plc.
9	Tripple Gee and Company Plc.

Source: Researcher's Compilation (2026)

The study relied on secondary data obtained from the audited annual reports and sustainability reports of the sampled firms covering the period from 2012 to 2024. The annual reports provided information relating to profitability and community development expenditures disclosed by the firms. Secondary data were considered appropriate because they are objective, reliable, verifiable, and publicly accessible. The period covered a total of thirteen years, providing adequate observations for robust panel data analysis.

The variables used in the study comprise social sustainability and financial performance. Social sustainability was proxied by Community Development (CD), while financial performance was measured using Profitability (NPF).

Table 3.3: Operational Measurement of Variables

Variable	Proxy	Measurement
Social Sustainability	Community Development (CD)	Amount expended on community development activities (₦'000)
Financial Performance	Profitability (NPF)	Net Profit after Tax (₦'000)

Source: Researcher's Compilation (2026)

Community development was adopted as a measure of social sustainability because it reflects the extent to which firms contribute to the welfare and development of their host communities through investments in infrastructure, education, healthcare, empowerment programmes, and other social initiatives. Profitability, measured by net profit after tax, was used as an indicator of financial performance because it reflects the firm's ability to generate earnings from its operations.

To examine the effect of social sustainability on financial performance, the study specified the following econometric model:

$$NPF_{it} = \beta_0 + \beta_1 CD_{it} + \mu_{it}$$

Where:

NPF_{it} = Profitability of firm i at time t

CD_{it} = Community Development expenditure of firm i at time t

β_0 = Constant term

β_1 = Coefficient of Community Development

μ_{it} = Error term

The study employed both descriptive and inferential statistical techniques. Descriptive statistics, including mean, minimum value, maximum value, and standard deviation, were used to summarize the characteristics of the study variables. Inferential analysis was conducted using the Panel-Corrected Standard Error (PCSE) regression technique. The PCSE estimator was adopted because it effectively addresses panel data issues such as heteroskedasticity, contemporaneous correlation, and cross-sectional dependence, thereby providing more reliable and efficient parameter estimates. The decision rule for hypothesis testing was based on the probability value (p-value). The null hypothesis was rejected where the p-value was less than 0.05, indicating that community development exerted a statistically significant effect on profitability. Conversely, the null hypothesis was accepted where the p-value exceeded 0.05, indicating that community development did not significantly affect the profitability of listed industrial goods firms in Nigeria.

4.0 Findings

4.1 Descriptive Analysis and Model Validation

The data for the study were collected from the annual reports and sustainability disclosures of the sampled firms over a thirteen-year period spanning 2012 to 2024. Table 4.1 presents the descriptive statistics of the variables.

Table 4.1: Descriptive Statistics

	Community Development (₦'000)	Profitability (₦'000)
Mean	315653.6	45267622
Median	1181.000	468797.0
Maximum	9600000.	1027217000
Minimum	0.000000	-13223626
Std. Dev.	1022559.	136426823
Skewness	6.817408	4.393949
Kurtosis	59.79448	26.62013
Jarque-Bera	16631.16	3096.295
Probability	0.000000	0.000000
Sum	36931466	5.30E+09
Sum Sq. Dev.	1.21E+14	2.16E+18
Observations	117	117

Source: Output from EViews 10 (2025)

The **Community Development** variable in Table 4.1 recorded a mean value of ₦315.65 million, indicating that the sampled firms invested an average of ₦315.65 million annually in community development activities during the study period. The median value of ₦1.18 million suggests that most firms spent amounts significantly below the average, indicating that a few firms made exceptionally high community development expenditures. The maximum value of ₦9.6 billion reflects the highest investment made by a firm in a particular year, whereas the minimum value of zero indicates that some firms did not incur any community development expenditure during certain periods. The standard deviation of ₦1.02 billion reveals substantial variation in community development spending among the sampled firms. The skewness value of 6.82 indicates a highly positively skewed distribution, implying that a small number of firms accounted for extraordinarily

large community development expenditures. Furthermore, the kurtosis value of 59.79 indicates the presence of extreme values and a highly peaked distribution. The Jarque-Bera probability value of 0.0000 suggests that the community development data are not normally distributed.

The **Profitability** variable recorded an average value of ₦45.27 billion, suggesting that the sampled industrial goods firms generated considerable profits during the study period. However, the median profitability of ₦468.80 million is substantially lower than the mean, indicating that a few highly profitable firms significantly influenced the average profitability level. The maximum profitability was ₦1.03 trillion, while the minimum value of -₦13.22 billion indicates that some firms experienced losses during the period under review. The standard deviation of ₦136.43 billion demonstrates significant variation in profitability across firms and years. The skewness statistic of 4.39 reveals a positively skewed distribution, suggesting that a few firms recorded exceptionally high profits relative to the rest. Similarly, the kurtosis value of 26.62 indicates the presence of outliers and a peaked distribution. The Jarque-Bera probability value of 0.0000 confirms that profitability is not normally distributed.

4.1.1 Cross-Sectional Dependence Test

Table 4.2: Cross-Sectional Dependence Test

Test	Statistic	Probability
Pesaran CD	-0.630119	0.5286

Source: Output from EViews 10 (2025)

The cross-sectional dependence test was conducted to determine whether the residuals of the model are correlated across firms. The null hypothesis states that there is no cross-sectional dependence among the residuals. The Pesaran CD statistic is -0.630119 with a probability value of 0.5286. Since the probability value exceeds the 5% significance level, the study failed to reject the null hypothesis. This implies that there is no significant cross-sectional dependence among the sampled firms, indicating that the residuals are independently distributed across cross-sectional units.

4.1.2 Heteroskedasticity Test

Table 4.3: Heteroskedasticity Test

Test Statistic	Value	df	Probability
Likelihood Ratio	2027.587	9	0.0000

Source: Output from EViews 10 (2025)

The heteroskedasticity test was conducted to determine whether the variance of the residuals remained constant across observations. The null hypothesis states that the residuals are homoskedastic. The result shows a likelihood ratio statistic of 2027.587 with a probability value of 0.0000. Since the probability value is less than 0.05, the null hypothesis is rejected, indicating the presence of heteroskedasticity in the model. This suggests that the variance of the residuals differs across firms and periods. Consequently, the Panel-Corrected Standard Error (PCSE) estimator was adopted to address the heteroskedasticity problem and ensure robust parameter estimates.

4.2 Test of Hypothesis

Hypothesis

Ha: Social sustainability (proxy by community development) positively influences the financial performance of listed industrial goods firms in Nigeria.

Table 4.4: Test of Hypothesis

Dependent Variable: DONATIONS

Method: Panel Least Squares

Date: 05/15/25 Time: 06:12

Sample: 2012 2024

Periods included: 13

Cross-sections included: 9

Total panel (balanced) observations: 117

Cross-section weights (PCSE) standard errors & covariance (d.f. corrected)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
NET_PROFIT	0.006643	0.000849	7.821673	0.0000
C	14946.61	29484.12	0.506938	0.6132
R-squared	0.785478	Mean dependent var		315653.6
Adjusted R-squared	0.783612	S.D. dependent var		1022559.
S.E. of regression	475668.8	Akaike info criterion		28.99978
Sum squared resid	2.60E+13	Schwarz criterion		29.04699
Log likelihood	-1694.487	Hannan-Quinn criter.		29.01895
F-statistic	421.0752	Durbin-Watson stat		1.474503
Prob(F-statistic)	0.000000			

Source: Output from EViews 10 (2025)

The model validity statistics indicate that the model is statistically robust. The R^2 value of 0.785478 implies that approximately 78.55% of the variations in profitability are explained by community development. This demonstrates a strong explanatory power of the model.

The F-statistical probability value of 0.000000 is less than 0.05, indicating that the model is statistically significant and suitable for explaining the relationship between social sustainability and financial performance.

The coefficient of **Community Development** is 0.006643 and is positive. This implies that increases in community development expenditure lead to corresponding increases in profitability among the sampled industrial goods firms. Specifically, a one-unit increase in community development expenditure is associated with a 0.006643-unit increase in profitability.

The probability value of 0.0000 is less than the 5% significance level, indicating that community development exerts a positive and statistically significant effect on profitability. Consequently, the null hypothesis is rejected and the alternative hypothesis accepted. Therefore, social sustainability, measured through community development, significantly improves the financial performance of listed industrial goods firms in Nigeria.

4.3 Discussion of Findings

The findings revealed that social sustainability, proxied by community development, exerts a positive and statistically significant effect on the financial performance of listed industrial goods firms in Nigeria. This finding suggests that firms that invest more in community development initiatives tend to achieve better profitability outcomes. Community development activities help strengthen relationships between firms and host communities, improve corporate reputation, enhance stakeholder trust, and create a more favourable business environment.

This finding is consistent with Stakeholder Theory, which argues that organizations achieve superior performance when they effectively address the interests of stakeholders. Through investments in community development projects such as education, healthcare, infrastructure, and social welfare programmes, firms are able to secure stakeholder support and enhance their social legitimacy, which ultimately contributes to improved financial performance.

The finding also aligns with previous empirical studies. Ramadani et al. (2025) reported that sustainability initiatives positively influence corporate performance through enhanced stakeholder confidence and reputation. Similarly, Okafor and Anetoh (2024), Owoeye et al. (2024), Musa et al. (2024), Danrimi and Aliyu (2023), and Nzereogu and Onyali (2023) documented evidence that socially responsible corporate behaviour contributes positively to organizational performance. The result therefore reinforces the argument that community development should be regarded as a strategic investment capable of generating both social and economic benefits for firms.

5.0 Conclusion and Recommendations

Ideally, industrial goods firms are expected to pursue profitability while simultaneously contributing to the social and economic development of their host communities. In a sustainable business environment, organizations integrate social sustainability into their corporate strategies by investing in initiatives that improve community welfare, support local development, and strengthen stakeholder relationships. Such investments are expected to generate mutual benefits by promoting societal wellbeing while enhancing organizational performance. Consequently, community development should not be viewed merely as a philanthropic activity but as a strategic investment capable of creating long-term value for both firms and society.

The study found that social sustainability, proxied by community development, exerts a positive and statistically significant effect on the financial performance of listed industrial goods firms in Nigeria. Specifically, increased investment in community development initiatives was associated with improved profitability among the sampled firms. This finding suggests that firms that actively engage in community development are better positioned to strengthen stakeholder trust, enhance corporate reputation, secure community support, and create a favourable business environment that promotes financial success. The result therefore confirms that social sustainability contributes not only to societal development but also to organizational profitability and long-term competitiveness. Based on these findings, the study recommends that the management of industrial goods firms should increase their commitment to community development projects as part of their overall sustainability strategy. Investments in education, healthcare, infrastructure, youth empowerment, and other community-based programmes should be expanded because they have the potential to strengthen stakeholder relationships and enhance corporate performance. Furthermore, policymakers should encourage greater corporate participation in community development through appropriate incentives, recognition programmes, and sustainability reporting guidelines. Such measures would motivate firms to integrate social sustainability into their strategic objectives and thereby promote sustainable economic development.

5.1 Limitations and Suggestions for Further Studies

This study was limited to nine listed industrial goods firms in Nigeria selected from a population of thirteen firms. Consequently, the findings may not fully represent all industrial goods firms or other sectors of the Nigerian economy. In addition, the study relied exclusively on secondary data obtained from annual reports and sustainability disclosures. As a result, the analysis was restricted to information reported by the firms, which may not fully capture all aspects of their community

development activities. The study also focused solely on community development as a proxy for social sustainability. While community development represents an important dimension of social sustainability, other dimensions such as employee welfare, workplace health and safety, employee training and development, diversity and inclusion, and stakeholder engagement were not examined. Therefore, the findings should be interpreted within the context of the selected measure of social sustainability. Future studies should consider incorporating additional dimensions of social sustainability to provide a more comprehensive understanding of the relationship between social sustainability and financial performance. Researchers may also expand the scope of investigation to include firms from other sectors of the Nigerian economy and increase the sample size to improve the generalizability of findings. Furthermore, future studies could combine secondary data with primary data collected through surveys or interviews to obtain deeper insights into the implementation and effectiveness of corporate social sustainability initiatives. Such efforts would enrich existing literature and provide more robust evidence regarding the contribution of social sustainability to organizational performance.

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