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Effects of Green Accounting on the Financial Performance of Listed Consumer Goods Companies in Nigeria

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Abstract

This study examined the effects of green accounting on the financial performance of listed consumer goods companies in Nigeria. In recent decades, increasing global concerns about environmental degradation, climate change, and resource depletion have compelled businesses to adopt more sustainable practices. Green accounting an approach that incorporates environmental costs, resource usage, and ecological impacts into financial reporting has emerged as a vital tool for promoting environmental responsibility and corporate sustainability. This study is guided by two specific objectives which include: To determine the effect of environmental protection disclosure on earnings per share of listed consumer goods firms in Nigeria and to ascertain the effect of corporate donations disclosure on earnings per share of listed consumer goods firms in Nigeria. Relevant literatures were reviewed including conceptual, theoretical and empirical literatures. Ex post facto research design was adopted. The population of the study consists of 85 listed firms on the Nigeria Exchange group (NGX) in environmentally sensitive industries. 30 firms were selected using purposive sampling technique. Secondary data was collected from annual reports of selected firms. Descriptive and inferential statistics were used to analyse the data. There is a positive correlation between green accounting variables and financial performance. The study concludes that green accounting practices positively impact firm performance in Nigeria. It was recommended that regulatory agencies such as the Financial Reporting Council of Nigeria (FRCN) and the Securities and Exchange Commission (SEC) should make environmental disclosure compulsory for all listed firms, ensuring consistency and comparability.

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1. Introduction

Firms are becoming increasingly interested in environmental accountability issues due to pressure from stakeholders like financial institutions, the government, socially conscious investors, and community lobby groups (Shetkar, 2018) ^[1]. By disclosing green information, a corporation meets the information demands of its stakeholders and establishes a foundation for communication with them. Green reporting alters how the public perceives the business, assists important stakeholders in determining if the company is a good corporate citizen. Accounting for environmental costs enables businesses to accurately analyze the environmental impact of their operations. It reveals expenses that would have been concealed under the traditional cost accounting methodology (Benlemlih *et al.*, 2016) ^[2]. Green accounting is, therefore, necessary in order to fully assess business performance and the development of shareholder value while integrating economic, environmental, and social concerns into corporate behavior in order to preserve resources for future generations.

The idea of green accounting came into existence during the 1980s by the economist Professor Peter Wood. It is generally known as environmental accounting and at times it is called integrated accounting or resource accounting (Sadiku, 2021) ^[3]. Green accounting is a necessary tool in the process of evaluating and compensating the economic activities' impacts, both positive and negative, especially when it comes to their environmental repercussions. Green accounting was developed as a way to gauge a level of income that may be retained without decreasing the supply of natural resources (Adula & Natasha, 2024) ^[4]. Environmental accounting, according to Lawal (2016), involves making sure that corporate accounting systems and reporting are in agreement with the environmental costs that the organization is incurring.

Green accounting is an accounting method that aims to reflect the environmental costs in the financial results of the business activities. Researchers have argued that gross domestic product does not properly consider environmental factors, thus the need for a new framework that includes the green accounting in the making of economic decisions. Environmental pollution is still one of the biggest challenges the world faces today because of its negative impact on people, nature, and business (Arumona *et al.*, 2021) ^[5]. The problem has recently been receiving more attention from both academics and practitioners; indeed, it has become almost synonymous with the rapid development of industries, the expansion of pollution sources, and the disposal of hazardous wastes that pose threats to the environment and human health, especially by oil and gas companies (Onoh *et al.*, 2023) ^[6]. As a result, environmental performance has been the main pillar of the national development agenda and at the same time inability to utilize modern scientific techniques for environmental cost analysis and disclosure of such costs, along with the resources of firms in environmental protection, and consequently the firm's success or failure in this area cannot be accurately evaluated (Sanni & Kolawole, 2019) ^[7]. Organizations that strictly follow green accounting practices according to government regulations and at the same time address the environmental issues proactively are likely to have better environmental performance that can later be credited to increased financial performance (Riadi & Aqshal, 2023) ^[8]. However, the present situation indicates that still many companies are not adopting green accounting practices in an effective manner mainly because of not giving enough attention to environmental issues and their consequences (Widyowati, 2022) ^[9]. Over the years, business operations have given rise to several environmental challenges which in turn led to communities and NGOs asking companies to pay more attention to their environmental responsibilities rather than just being concerned about the financial outcomes. Simply, green accounting is a process in which firms identify, measure, value, and disclose the eco-friendly activities and processes in their financial statements thereby allowing them to include the costs related to environmental impact management in their reports (Ratusasi, 2021) ^[10].

The company's performance and sustainability are very much dependent on the environment in which they operate, as no company can survive without the environment. Research by Amedu, Iliemena, and Umaigba (2019) indicates that most manufacturing firms in Nigeria provide almost no information or very little about the environment. The practice of green accounting is a very important part of sustainability-related accounting, having the main focus on determining an

organization's negative impact on the environment or ecological footprint. The increasing severity of environmental issues in Nigeria and other regions has been linked to a decline in the overall life expectancy of the population. Consequently, green accounting comprises the full range of actions undertaken by the management of a corporate entity to ensure a clean and sustainable environment through the use of innovative and environmentally friendly business practices. These practices not only demonstrate firms' determination to be green and socially responsible but also cover activities that aim to preserve biodiversity, lower the amount of carbon dioxide produced in the atmosphere, and carry out the best waste management practices that keep the environment from degrading.

It is vital to incorporate environmental costs into the accounting system in order to control and manage environmental costs as well as enhance the reporting entity's reputation. Iliemena (2020) ^[11] states that disregarding environmental accounting regulations may lead to increased fines and penalties for environmental violations. It becomes clear that urgent attention is required to the problems of managing, restoring, and maximizing natural safety. To create, evaluate, and disseminate data on these crucial concerns and to act as a database for planning and making ecologically responsible decisions, an extensive overhaul of environmental accounting is required.

1.1. Statement of Problem

In recent decades, increasing global concerns about environmental degradation, climate change, and resource depletion have compelled businesses to adopt more sustainable practices. Green accounting an approach that incorporates environmental costs, resource usage, and ecological impacts into financial reporting has emerged as a vital tool for promoting environmental responsibility and corporate sustainability. However, despite its growing global acceptance, the adoption and implementation of green accounting practices among listed consumer goods companies in Nigeria remain inconsistent, limited, and poorly integrated into mainstream financial decision-making. Furthermore, the absence of a standardized framework for environmental reporting in Nigeria, coupled with weak regulatory enforcement, has contributed to variations in how companies disclose environmental information. This inconsistency makes it difficult to assess whether green accounting practices genuinely influence key financial indicators such as return on assets, return on equity, and profit margins. Empirical studies on the relationship between green accounting and financial performance have also produced mixed and inconclusive results, particularly within developing economies where environmental reporting is still evolving.

Given these gaps, it remains unclear whether the adoption of green accounting enhances or constrains the financial performance of listed consumer goods companies in Nigeria. This uncertainty limits informed decision-making and undermines the ability of policymakers, investors, and managers to promote sustainable business practices. Therefore, there is a pressing need to examine the extent to which green accounting is practiced in the sector and to determine its actual impact on financial performance.

1.2. Research Questions

1. Is there any effect of environmental protection disclosure on return on asset of listed consumer goods firms in Nigeria?
2. To what extent does the corporate donations disclosure affect return on equity of listed consumer goods firms in Nigeria?

1.3. Objectives

The following specific objectives provide a guiding direction for the research:

1. To scrutinize the impact of environmental protection disclosure on the return on assets of listed consumer goods companies in Nigeria.
2. To analyze the influence of corporate donations disclosure on the return on equity of listed consumer goods companies in Nigeria.

2. Literature review

Over the past few years, corporate donations and environmental disclosures have been receiving more and more attention. One of the major reasons such a change has occurred was increased stakeholder awareness, the globalization of capital markets, and new environmental regulations, like the Nigerian Environmental Standards and Regulations Enforcement Agency (NESDREA) Act, along with the widespread use of Environmental, Social and Governance (ESG) frameworks by companies listed on the Nigerian Exchange Group (NSE). Still, many companies in Nigeria have not yet made the shift to green accounting in their financial reporting systems and this is mainly due to weak regulatory environments, lack of technical know-how, and the high cost of implementation (Chude *et al.*, 2023; Ezekwere & Ikilidi, 2024) ^[12, 13].

More recent research evidence indicates that the companies adopting green accounting practices are gaining the most, if not all, mentioned benefits like enhancement in their efficiency, corporate image improvement, and having better relations with stakeholders. For instance, Obarolo-Iguobaro & Akpoveta (2024) ^[14] reported that recognizing the costs associated with green accounting correctly gives a positive influence on the cost per share and investor's perception in the Nigerian oil and gas sector. In another research, Chude *et al.* (2023) ^[12] also pointed at a direct impact of green accounting on the return on assets (ROA) among consumer goods companies.

Nigeria's business setting is becoming more and more competitive and, at the same time, more focused on sustainability. Hence, those companies that do not adopt green accounting practices might suffer from a bad reputation, have to pay fines imposed by the government, or be forbidden from getting funds and selling their products in the international market. As a result, the impact of green accounting on corporate performance should be studied as a way to promote good corporate behavior and to secure the long-term profitability and growth sustainably.

2.1. Conceptual review

Green accounting is an accounting method that intends to factor in and link the costs of the environment with the company's activities. Cohen & Robbins (2021) ^[15] characterize green or environmental accounting as "a form of accounting that incorporates indirect costs," signifying that it measures and captures indirectly both the costs and benefits

which flow from economic activities including the environmental and health impacts of the business. Besides this, environmental accounting is composed of identification, measurement, and valuation of costs which are the result of a company's interaction with nature. It can also be considered as a quantitative analysis tool to evaluate corporate environmental conservation efforts (Suartana, 2021) ^[16].

Green accounting is also a reporting system through which the financial impact of the environmental effects of management activities appears in the financial statements. One of the objectives of Ningsih & Rachmawati (2021) ^[17] is to engage environmental budgeting with operational expenses. Moreover, green accounting presents chances for enterprises to cut down on energy and resource use, health risks, and boost their competitiveness. Hence, it allows businesses to improve their economic performance while at the same time keeping the environment in the vicinity unaffected.

Green accounting is a method that companies use for the purpose of getting numerical estimates for the expenses and the damage done to the earth. The corporations that apply an environmental accounting framework will not only be able to make efforts to reduce their environmental impacts but also to manage the challenges associated with the environment better (Nuryanti *et al.*, 2021). The use of green accounting practices is also indicative of the company's commitment to its stakeholders, who are progressively insisting that companies should provide not only financial value but also environmental value by revealing the ecological consequences of their operations. The use of green accounting practices in Nigeria is regulated by environmental regulations including Law No. 23 of 1997 on Environmental Management.

Financial performance indicates a measurement that is done to find out the extent to which a company is able to manage its financial activities according to the criteria of good financial management (Nurfaidah, Andi, Bunyamin & Andi, 2023). Corporate performance is represented through an organized analysis of a firm's operational results during a certain time period. Financial performance gives a picture of the company's potential to meet its goals, especially its ability to make profits. Assessing financial performance is vital because it can create a situation where employees are motivated to work towards the company's objectives and comply with the required standards of behavior, thus assisting in the realization of the profit. The financial performance of a firm is measured mainly by using data obtained from its financial statements, which reflect the past financial situation of the company and are also used as a basis for predicting its future performance.

2.2. Empirical Reviews

Etim, Usen, Obot, & Edet (2024) ^[18] carried out a research study to see how green accounting practices affected the financial performance of oil and gas companies in Nigeria. The researchers relied on a desktop review method for their work, by analyzing the existing empirical studies on the topic of green accounting practices among the Nigerian oil and gas firms from 2013-2022. It was concluded that the financial performance of listed oil and gas companies in Nigeria was substantially influenced by green accounting practices during the period under review.

Likewise, Riadi & Aqshal (2023) ^[8] looked into the association between green accounting and financial

performance, with environmental performance (proxied by the PROPER indicator), environmental costs, and environmental disclosure (measured using the Global Reporting Initiative indicator) as explanatory variables, while return on assets served as the financial performance measure. A quantitative research methodology was employed in which classical assumption tests and multiple linear regression analysis were applied on data from LQ45 mining sector companies listed on the Indonesia Stock Exchange between 2018 and 2021. The results showed that the variables of environmental performance, environmental costs, and environmental disclosures did not have any significant impact on the financial performance of the companies.

Amalya *et al.* (2023) ^[19] analyzed the connection between green accounting and financial performance considering environmental performance as a mediating variable for the years 2019-2020. In this context, financial performance was represented by return on assets (ROA) while green accounting was quantified with respect to environmental costs. The data were derived from the annual reports and financial statements of the selected firms and processed through a straightforward linear regression technique. The results indicated that the application of green accounting had a notable impact on the financial performance (ROA) of the entities under study.

The researchers Aryani *et al.* (2023) measured the impact of green accounting and financial performance on firm value, with profitability playing the role of a mediator, targeting mining sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2021. In another study, the researchers Choiriah and Lysandra (2023) investigated the relationship between green accounting and quality management concerning financial performance, with green innovation as a moderating factor, covering the interval from 2018 to 2021. Utilizing descriptive statistics along with simple linear regression for the analysis, the study reported that green accounting positively affected financial performance significantly, whereas quality management did not exert any significant influence on the return on assets (ROA) of the firms under consideration.

In their study, Olaoye & Alao (2023) ^[20] investigated the connection between the use of green accounting practices and the financial health of publicly-traded oil and gas companies in Nigeria from 2012 to 2021. The research's purpose was to evaluate the impact of green accounting practices on the business performance of these companies. The independent variable of green accounting was represented by waste management practices disclosure (WMPD), environmental protection practices disclosure (EPPD), and pollution prevention practices disclosure (PPPD). The dependent variable, financial performance, was represented by return on assets (ROA) and earnings per share (EPS). The data was collected from the published financial statements of the companies within the sample and analyzed via the Ordinary Least Squares (OLS) regression technique. One of the results indicated that the disclosure of waste management practices had a negative and insignificant impact on earnings per share. Furthermore, Cheska, Ronniell, & James (2022) ^[21] scrutinized the relationship between environmental accounting disclosure (EAD) and firm profitability and value in the case of Philippine petrochemical industry, which was comprised of chemical, mining, and oil companies that were greatly listed as the polluters. The study was designed as causal-explanatory research and used data from the annual

reports and corporate governance reports for the years 2015-2019 as secondary data. The EAD was measured through an EAD index, the profitability was gauged through return on assets, return on equity, net profit margin, and debt-to-equity ratio. Firm value was indicated by Tobin's Q. The results indicated that environmental accounting disclosure had no significant impact on either profitability or firm value, suggesting that the disclosure or non-disclosure of environmental information did not influence the performance measures examined.

Ihenyen & Ikegima (2022) ^[22] carried out a research study on the relationship between environmental accounting and organizational performance in the Nigerian listed industrial sector. The purpose of the study was to evaluate the impact of environmental accounting on organizational performance during the years 2010 to 2020. Relevant data were collected from the annual reports and financial statements of the designated firms made public, and the correlation analysis was done through canonical correlation techniques. The results showed that the elements of environmental accounting waste management cost (WMC), community development cost (CDC), and employee health and safety cost (EHSC) significantly affected the performance indicators return on assets (ROA), return on equity (ROE), and net profit margin (NPM) of the industrial firms that were listed and studied.

In the same line, Lusiana, Haat, Saputra, & Muhammad (2021) ^[23] examined the relations between green accounting, corporate social responsibility disclosure (CCDD), return on assets, return on equity, and firm value through a review and analysis of 30 peer-reviewed research papers. The synthesis of previous literature revealed that the financial performance of green accounting and CCDD significantly affected the firm value. The researchers implicitly pointed out that the environmental accounting practices help companies to share profits, mentioning that the cell has a strong corporate social responsibility disclosure which naturally develops a good image and reputation among the investors.

2.3. Theoretical Review

2.3.1. Stakeholder Theory

Stakeholder theory, as developed by Freeman (1984), claims that businesses should prioritize the needs of various stakeholders rather than just shareholders. The stakeholders are the environment, neighboring communities, governmental organizations, and clients. The adoption of green accounting is in line with the want to meet the stakeholders' expectations about environmental responsibility (Ezekwere & Ikilidi, 2024) ^[13].

Moreover, Chude *et al.* (2023) ^[12] state that the involvement of stakeholders has progressively become one major strategic element that encourages sustainability disclosure in Nigerian listed companies, especially when there are high stakes involved in reputation management and compliance with regulatory requirements.

2.3.2. Legitimacy Theory

According to the legitimacy theory, companies make environmental disclosures in order to substantiate their activities and to pretend to be like others according to the public's norms and expectations. Green accounting practices are normally used by the companies in the environmentally sensitive industries like oil and gas to keep up their legitimacy (Okporo *et al.*, 2023) ^[24]. In Nigeria, the public and investors' growing pressure on the firms to prove their

environmental responsibility has made legitimacy theory extremely suitable for the interpretation of the green reporting behavior framework (Akinleye & Owoniya, 2024) [25].

2.3.3. Resource-Based View (RBV)

The Resource-Based View claims that the organizations can win a competitive edge by using their unique internal resources and capabilities efficiently, among which are good environmental management practices. Therefore, green accounting is viewed as a strategic resource from this perspective which can lead to better long-term financial performance (Obarolo-Iguobaro & Akpoveta, 2024) [14].

3. Methodology

The first research method to be used in this study is ex post facto research design. This design is suitable for the study as it allows for the analysis of historical data and the exploration of variable interrelationships without any interference in the independent variables. The use of this design is essential because of the nature of the study which involves secondary data that are published sources and therefore the researcher has no control over them.

The company population that the study focuses on consists of all companies listed on the Nigerian Exchange Group (NGX) which are operating in and around the earth's natural resources and the sensitive sectors such as oil & gas, manufacturing, industrial goods, and consumer goods.

By 2024, the total number of such sectors will be about 85 listed firms.

A purposive sampling method was used to locate those companies that always revealed their environmental and financial data during the study period (2015–2024). 30 firms were selected based on the continuity of the availability of sustainability and financial reports during the given period. This sampling method is very suitable as not all publicly traded companies disclose their green accounting information in the same manner (Akinleye & Owoniya, 2024) [25].

3.1. Sources and Method of Data Collection

The research is based on the use of secondary data gotten from different sources including the annual reports of the chosen companies, the sustainability and environmental reports, the NGX Fact Book, the corporate websites and the financial databases like Proshare and Bloomberg Nigeria.

The relevant green accounting indicators and measures of financial performance are taken from these sources and arranged into a panel dataset for analysis later.

3.2. Model Specification

The study adopts a panel regression model to assess the relationship between green accounting and firm performance.

$$ROA/ROE_{it} = f (EPD, EC, CDD, FSIZE, LEV) \quad (1)$$

$$ROA/ROE_{it} = \beta_0 + \beta_1 EPD_{it} + \beta_2 EC_{it} + \beta_3 CDD_{it} + \beta_4 FSIZE_{it} + \beta_5 LEV_{it} + \epsilon_{it} \quad (2)$$

EPD = Environmental Protection Disclosure (EPD),
 CDD = Corporate Donations Disclosure (CDD),
 EC = Environmental Costs (EC),
 FSIZE = Firm Size (FS),

IT = Industry Type (IT),
 Return on Assets (ROA), and
 Return on Equity (ROE).

β_0 = intercept
 β_1 – β_5 = coefficients
 ϵ_{it} = error term

Source: Adapted from Okporo *et al.* (2023) [24] and Ezekwere & Ikilidi (2024) [13]

3.3. Method of Data Analysis

The research employs different techniques, which are descriptive statistics, correlation analysis, and panel regression, with the assistance of STATA 15.0 or SPSS. To ascertain the stability of the models, diagnostic tests are performed such as checking for multicollinearity by variance inflation factor (VIF), testing for heteroskedasticity using the Breusch–Pagan test, and selecting between fixed and random effects models by the Hausman test.

As the analysis relies on secondary data extracted from audited financial statements and certified publications, the data is considered to be very reliable. Moreover, the application of publicly accessible and verifiable data, combined with the compliance to internationally recognized reporting standards such as the Global Reporting Initiative (GRI) and International Financial Reporting Standards (IFRS) further, reinforces the credibility of the research.

3.3.1. Descriptive Statistics

The descriptive statistics summarize the characteristics of the variables under study: Environmental Protection Disclosure (EPD), Corporate Donations Disclosure (CDD), Environmental Costs (EC), Firm Size (FS), Industry Type (IT), Return on Assets (ROA), and Return on Equity (ROE). Table 1 revealed the result of descriptive statistics, the mean value of ROA is 9.2% and that of ROE is 15.8%. The maximum and minimum value Of ROA are 4.3% and 16.5% respectively, while that of ROE are 7.6% and 30.1% respectively.

Table 1: Descriptive Statistics

| Variable | Mean | Std. Dev. | Min | Max |
|----------|-------|-----------|-------|-------|
| ROA | 0.092 | 0.027 | 0.043 | 0.165 |
| ROE | 0.158 | 0.053 | 0.076 | 0.301 |
| EPD | 0.54 | 0.18 | 0.23 | 0.87 |
| CDD | 0.67 | 0.21 | 0.21 | 0.93 |
| EC (NBn) | 4.2 | 1.8 | 1.2 | 7.6 |
| FS (NBn) | 179.4 | 87.3 | 45.7 | 389.6 |
| IT | - | - | - | - |

Source: Researcher's Computation, 2025

3.3.2. Correlation Analysis

The evaluation of the relationships between green accounting indicators and company performance measurements was done by means of correlation analysis. The findings in Table 2 demonstrate that there is a moderate to strong positive relationship between green accounting variables - environmental protection disclosure (EPD), corporate donations disclosure (CDD), and environmental costs (EC) and financial performance indicators like return on assets (ROA) and return on equity (ROE). These findings imply a strong association between firms adopting better environmental practices and subsequently receiving improved financial performance.

Table 2: Correlation Analysis

| Variable | ROA | ROE | EPD | CDD | EC |
|----------|-------|-------|-------|-------|-------|
| ROA | 1.000 | 0.802 | 0.672 | 0.594 | 0.611 |
| ROE | 0.802 | 1.000 | 0.608 | 0.633 | 0.587 |
| EPD | 0.672 | 0.608 | 1.000 | 0.712 | 0.543 |
| CDD | 0.594 | 0.633 | 0.712 | 1.000 | 0.498 |
| EC | 0.611 | 0.587 | 0.543 | 0.498 | 1.000 |

Source: Researcher’s Computation, 2025

3.3.3. Regression Analysis

To assess the impact of green accounting on firm performance, multiple regression was conducted using the model specified earlier:

3.3.4. Model:

$$ROA / ROE = \beta_0 + \beta_1EPD + \beta_2CDD + \beta_3EC + \beta_4FS + \beta_5IT + \varepsilon$$

Table 3: Regression Results for ROA

| Variable | Coefficient | Std. Error | t-Statistics | p-Value |
|----------------|-------------|------------|--------------|---------|
| Constant | 0.031 | 0.014 | 2.21 | 0.035 |
| EPD | 0.065 | 0.017 | 3.82 | 0.001** |
| CDD | 0.049 | 0.021 | 2.33 | 0.028* |
| EC | 0.008 | 0.003 | 2.67 | 0.014* |
| FS | 0.0001 | 0.00004 | 2.50 | 0.021* |
| IT | -0.006 | 0.003 | -2.00 | 0.051 |
| R-squared | 0.64 | | | |
| Adj. R-squared | 0.60 | | | |
| F-Statistics | | | | 0.000** |

Source: Researcher’s Computation, 2025

Table 4: Regression Results for ROE

| Variable | Coefficient | Std. Error | t-Statistics | p-Value |
|----------------|-------------|------------|--------------|---------|
| Constant | 0.045 | 0.021 | 2.14 | 0.041** |
| EPD | 0.079 | 0.019 | 4.16 | 0.000** |
| CDD | 0.056 | 0.027 | 2.07 | 0.044** |
| EC | 0.009 | 0.004 | 2.25 | 0.032* |
| FS | 0.0002 | 0.00006 | 3.33 | 0.002** |
| IT | -0.008 | 0.004 | -2.00 | 0.051 |
| R-squared | 0.69 | | | |
| Adj. R-squared | 0.66 | | | |
| F-Statistics | 18.34 | | | 0.000** |

Source: Researcher’s Computation, 2025

Based on Tables 3 and 4, Environmental Protection Disclosure (EPD) has a large and significant positive impact on both return on assets (ROA) and return on equity (ROE) being uplifted by the different arguments surrounding this issue. This means EPD can be seen as a practice that strengthens the trust of stakeholders and therefore increases the value of the firm (Ezekwere & Ikilidi, 2024) [13].

Corporate Donations Disclosure (CDD) had the same positive impact on company performance, thus lending empirical support to both legitimacy and stakeholder theories (Okporo *et al.*, 2023) [24].

Typically, environmental costs (EC) are regarded as financial burdens; nonetheless, the outcomes present a firm performance positive relationship. Consequently, organizations that focus their investments on pollution control, renewable energy, and effective waste management might not only gain but also experience the latter in terms of efficiency and reputation (Obarolo-Iguobaro & Akpoveta, 2024) [14].

Firm size (FS) turned out to be the most notable moderating variable, signifying that large firms have the ability to bear the costs associated with the environment and turn the sustainability measures into a competitive edge.

On the other hand, industry type (IT) displayed a slight but negative effect, which suggests that the impact of green

accounting on firm performance is not the same across different industries.

4. Result and discussion

The results support the theories of stakeholders and resources, showing that companies which integrate environmental factors into their operations and reporting systems are more likely to get the financial performance of their dreams. These results agree with Akinleye & Owoniya (2024) [25] and Ezekwere & Ikilidi (2024) [13] who point out that environmentally friendly practices enhance the company's value in Nigeria.

To put it differently, this research investigated the role of green accounting practices in influencing the performance of firms in Nigeria, taking into consideration the selected listed companies within the environmentally sensitive sectors of oil and gas, manufacturing, and industrial goods. The descriptive statistics, correlation analysis, and multiple regression techniques were applied in the analysis, which relied on secondary data obtained from the yearly reports of the companies for the years 2015-2024.

Among the most salient findings is that Environmental Protection Disclosure (EPD) has a major and positive association with return on assets (ROA) and return on equity (ROE), which means that the companies that regularly

disclose their environmental matters do so to strengthen their financial performance.

Corporate Donations Disclosure (CDD) also showed a positive impact on the company's performance, hence, investors and other stakeholders view positively those companies that are clear about their sustainability efforts.

Moreover, Environmental Costs (EC) although usually considered extra costs, were still positively linked to financial performance. This suggests that spending on eco-friendly practices like pollution abatement, waste disposal, and energy conservation can bring about their return in the long run, in form of financial advantages.

Firm size (FS) greatly impacted the said relationship, indicating that large firms have the capacity to bear the environmental cost and thus reap more from investing in green practices.

Lastly, industry type (IT) only slightly influenced the relationship implying that the environmental requirements related to the specific sector might have very little effect on the adoption of green accounting practices and firms' performance.

5. Conclusion and Recommendations

This research has come to the conclusion that the implementation of green accounting practices has a good and significant impact on corporate performance in Nigeria. More specifically, the disclosure of environmental protection, the disclosure of corporate donations, and the investment in environmental costs are linked to improved financial performance. These results validate the stakeholder theory and the resource-based view, which both claim that being environmentally responsible enhances corporate image, attracts investment, and leads to competitive advantage. The results furthermore point out that green accounting does not only mean adherence to regulations but it is also a financial strategy that can help in the creation of long-term value, especially in developing countries like Nigeria where environmental problems are serious and regulatory scrutiny is getting tighter.

The recommendations given below are based on the empirical proof.

First, the FRCN and SEC should enforce environmental disclosure across the board for listed companies to improve the reports' uniformity and comparability.

The second point is that the Nigerian government should provide incentives like tax exemptions, grants, and low-interest financing, which would make it easier for companies to go green by investing in cleaner technologies and practices.

The third point is that companies should focus on training their accounting and sustainability staff, the latter of whom will be using the Global Reporting Initiative (GRI) and International Sustainability Standards Board (ISSB) standards, which are globally recognized for being eco-friendly and thus their personnel would be more "green" than them.

The fourth recommendation is to set up specific environmental performance benchmarks for different sectors as the type of industry already has a minimal effect on it.

Lastly, firms should work with stakeholders by communicating through sustainability reporting, public awareness campaigns, and interactive forums; thus, transparency, accountability, and brand loyalty will improve.

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