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CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND INVESTOR CONFIDENCE: THE MODERATING ROLE OF INSTITUTIONAL OWNERSHIP AMONG LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract: *This study examines the effect of Corporate Social Responsibility (CSR) disclosure components environmental disclosure, social disclosure, and economic disclosure on investor confidence among listed consumer goods firms in Nigeria, with institutional ownership as a moderating variable. Investor confidence is proxied by Tobin's Q, while CSR disclosure components are measured using a binary disclosure index based on Global Reporting Initiative (GRI) standards. A longitudinal research design was employed, utilizing secondary panel data from 12 listed consumer goods companies over a 10-year period (2015–2024), yielding 120 firm-year observations. Data were analyzed using a Random-Effects panel regression model, selected after diagnostic tests confirmed homoscedasticity, absence of multicollinearity, and the appropriateness of the random-effects estimator via the Hausman test. The findings reveal that environmental disclosure, social disclosure, and economic disclosure all have significant positive effects on investor confidence. However, institutional ownership does not significantly moderate the relationship between any of the CSR disclosure components and investor confidence. This study therefore concludes that CSR disclosure is a vital strategic tool for enhancing investor confidence in the Nigerian consumer goods sector, with the content of disclosure being the primary driver of market valuation independent of ownership structure. It is recommended that firms prioritize high-quality sustainability reporting to enhance market valuation, while regulators should transition toward mandatory integrated reporting frameworks.*

Keywords: *Corporate Social Responsibility, Environmental Disclosure, Social Disclosure, Economic Disclosure, Investor Confidence, Institutional Ownership, Tobin's Q, Nigeria*

1. INTRODUCTION

In an era of heightened stakeholder awareness and evolving corporate governance paradigms, Corporate Social Responsibility (CSR) has emerged as a critical determinant of corporate legitimacy and market valuation. The disclosure of sustainability information encompassing environmental stewardship, social engagement, and economic governance has transcended its traditional role as a voluntary public relations tool to become a strategic imperative that shapes investor perceptions and capital allocation decisions (Suchman, 1995; Freeman, 1984). As capital markets increasingly integrate non-financial information into investment analysis, understanding the relationship between CSR disclosure and investor confidence becomes paramount for firms seeking to optimize their market positioning. Investor confidence, a multidimensional construct reflecting market participants' trust in a firm's future performance and governance quality, serves as a cornerstone of efficient capital markets. When investors are confident in a firm's prospects and management integrity, they are willing to pay a premium for its shares, thereby reducing the cost of capital and facilitating value creation (Barth et al., 2017). Tobin's Q, which measures the ratio of a firm's market value to the replacement cost of its assets, provides an empirically robust proxy for investor confidence, as values exceeding unity indicate that the market perceives the firm's intangible assets, growth opportunities, and management quality as value-accretive. The Nigerian consumer goods sector presents a particularly compelling context for examining these relationships. As one of the largest and most visible sectors in the Nigerian economy, consumer goods firms face substantial scrutiny from diverse stakeholders, including consumers, communities, regulators, and investors. The sector's environmental footprint (through packaging waste and production emissions), social impact (through labor practices and community relations), and economic significance (through employment and tax contributions) make sustainability disclosure especially salient for market participants. Despite this importance, empirical evidence on how Nigerian investors process and price CSR information remains fragmented and inconclusive.

The theoretical underpinnings of the CSR disclosure-investor confidence nexus draw from multiple frameworks. Signaling Theory (Spence, 1973) suggests that in markets characterized by information asymmetry, high-quality firms use voluntary disclosure to credibly signal their superior attributes to investors. Stakeholder Theory (Freeman, 1984) posits that firms managing broader stakeholder relationships effectively create sustainable competitive advantages that translate into shareholder value. Legitimacy Theory (Suchman, 1995) argues that firms engage in disclosure to maintain congruence with societal expectations, thereby securing their social license to operate. These theoretical perspectives collectively suggest that comprehensive CSR disclosure should enhance investor confidence by reducing information asymmetry, demonstrating stakeholder management competence, and signaling organizational legitimacy. However, the relationship between CSR disclosure and investor confidence may be contingent upon corporate governance mechanisms, particularly ownership structure. Institutional investors comprising pension funds, banks, insurance companies, and mutual funds possess the resources, expertise, and incentives to monitor corporate behavior and validate disclosure quality (Shleifer & Vishny, 1986). The Active Monitoring Hypothesis suggests that institutional ownership should strengthen the relationship between CSR

disclosure and investor confidence by providing a certification effect that enhances disclosure credibility. Conversely, the Myopic Institution Theory suggests that institutional investors may prioritize short-term financial returns over long-term sustainability considerations, potentially weakening any moderating effect.

Despite extensive global research on CSR and firm value, critical gaps persist in the literature. First, most studies examine aggregate CSR disclosure indices without decomposing the differential effects of environmental, social, and economic components. Second, limited attention has been paid to the moderating role of institutional ownership in emerging market contexts where governance mechanisms may function differently. Third, evidence from the Nigerian consumer goods sector a strategically important but understudied context remains scarce. This study addresses this gaps by examining how each indicators of Corporate social responsibility disclosures influences investor confidence among listed consumer goods firms in Nigeria and by introducing institutional ownership as a moderating variable. By providing granular insights into how specific CSR components influence market valuation in a major emerging market, this study contributes to both academic discourse and practical decision-making for corporate managers, investors, and regulators.

2. LITERATURE REVIEW

Investor Confidence

Investor confidence refers to the degree of trust and positive expectation that market participants hold regarding a firm's future performance, governance quality, and management integrity (Baker & Wurgler, 2006). It encompasses both rational assessments based on fundamental analysis and psychological factors that influence investment decisions. High investor confidence manifests in investors' willingness to pay premium valuations, hold shares for longer periods, and provide capital on favorable terms. In this study, investor confidence is proxied by Tobin's Q, calculated as the ratio of a firm's market value (market capitalization plus total liabilities) to the replacement cost of its assets (total assets). A Tobin's Q exceeding 1.0 indicates that the market values the firm above the replacement cost of its tangible assets, reflecting confidence in the firm's intangible assets, growth opportunities, and management quality (Lindenberg & Ross, 1981).

Environmental Disclosure

Environmental disclosure refers to the extent to which firms provide information about their environmental impacts, policies, and performance in their corporate reports (Clarkson et al., 2008). This encompasses disclosure of carbon emissions, energy consumption, water usage, waste management, pollution control measures, and environmental compliance. Environmental disclosure enables stakeholders to assess environmental risks, regulatory compliance, and the sustainability of business operations. In this study, environmental disclosure is measured using a binary disclosure index based on Global Reporting Initiative (GRI) environmental indicators, where each item is coded 1 if disclosed and 0 otherwise, with the aggregate score representing the proportion of environmental items disclosed.

Social Disclosure

Social disclosure encompasses information regarding a firm's relationships with employees, communities, customers, and other social stakeholders (Gray et al., 1995). This includes disclosure of labor practices, health and safety measures, diversity and inclusion initiatives, community development programs, product responsibility, and human rights policies. Social disclosure signals a firm's commitment to maintaining positive stakeholder relationships and managing social risks that could disrupt operations. In this study, social disclosure is measured using a binary index capturing GRI social indicators, with the aggregate score representing the proportion of social items disclosed.

Economic Disclosure

Economic disclosure refers to information about a firm's economic performance, governance practices, and the distribution of economic value among stakeholders (GRI, 2016). This includes disclosure of revenue generation, operating costs, employee compensation, payments to providers of capital, payments to government, community investments, and anti-corruption measures. Economic disclosure provides transparency regarding how value is created and distributed, reducing concerns about managerial opportunism and stakeholder expropriation. In this study, economic disclosure is measured using a binary index based on GRI economic indicators, with the aggregate score representing the proportion of economic governance items disclosed.

Institutional Ownership

Institutional ownership refers to the proportion of a firm's equity shares held by institutional investors, including pension funds, banks, insurance companies, mutual funds, and other financial institutions (Bushee, 1998). Institutional investors are distinguished from retail investors by their larger shareholdings, superior information-processing capabilities, and greater resources for monitoring corporate behavior. Institutional ownership is theorized to influence corporate governance through active monitoring, shareholder engagement, and voting behavior. In this study, institutional ownership is measured as the proportion of total outstanding shares held by institutional investors.

Empirical Review

Environmental Disclosure and Investor Confidence

The relationship between environmental disclosure and firm value has attracted substantial empirical attention, with findings generally supporting a positive association. Ofoegbu and Odoemelam (2021) found that environmental disclosure significantly enhances market valuation among Nigerian firms, attributing this to reduced information asymmetry and improved risk assessment. Similarly, Gherghina et al. (2020) documented that environmental transparency positively influences Tobin's Q across European markets, while Rahman and Post (2021) confirmed that environmental disclosure reduces the cost of equity capital. Igbekoyi and Olaleye (2021) provided evidence that Nigerian investors place a premium on firms demonstrating environmental stewardship. Additional support comes from Yusuf (2022),

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Okeke and Eke (2022), Tunde and Akanbi (2024), and Alsayegh et al. (2020), who confirmed that markets reward environmental transparency. However, contrasting findings emerge from Uwuigbe et al. (2020), Radu and Maram (2020), Abdullahi and Hassan (2020), Mensah (2021), Jacobs and Moolman (2019), Tahu and Susanto (2020), Wasara and Ganda (2019), and Bello (2021), who found negative or insignificant relationships, often attributing these results to the costs of compliance or market inefficiency in processing environmental information.

Social Disclosure and Investor Confidence

Empirical evidence on social disclosure and firm value predominantly supports a positive relationship. Adegboyega and Adebayo (2022) found that social disclosure significantly enhances market valuation in Nigeria, arguing that investors view social engagement as an insurance policy against reputational damage and operational disruptions. Nwaorgu and Iormbagah (2021) documented that disclosure regarding labor practices and community relations reduces perceived firm risk. Tejedo-Romero and Araujo (2020) and Bose et al. (2022) provided international evidence that social transparency enhances investor confidence. Additional support comes from Uche and Adeyemi (2023), Sani et al. (2021), Orazalin (2019), and Benlemlih et al. (2020). Conversely, Yahaya and Ghali (2019), Oyewumi et al. (2020), Musa and Hassan (2019), Ekwueme et al. (2020), Osemene et al. (2023), Utomi (2022), Moloi and Marwa (2021), and Oba and Fodio (2020) found insignificant or negative relationships, often arguing that investors perceive social expenditures as a diversion of resources from profit-generating activities.

Economic disclosure and Investors Confidence

Economic disclosure, encompassing governance and value distribution transparency, has been linked to enhanced firm valuation. Adewale (2020) found that economic governance disclosure significantly increases Tobin's Q among Nigerian firms, attributing this to reduced agency costs. Ibrahim et al. (2022) and Balsam et al. (2019) documented that transparency regarding economic value creation and distribution enhances investor confidence. Alali and Fahed (2020), Nguyen et al. (2021), Ezenwoke and Opara (2023), Adekunle and Sastry (2023), and Oseyamen and Agbaje (2022) provided additional evidence linking economic transparency to lower capital costs and higher valuations. However, Okpala (2019), Ironkwe and Ordu (2021), Mansoor et al. (2021), Oluwaseun and Olubukunola (2023), Umanhonlen and Umanhonlen (2019), Okafor et al. (2021), Saeed et al. (2022), and Abiodun (2020) found negative or insignificant effects, suggesting that disclosing economic risks or costs may negatively impact valuations in certain contexts.

Institutional Ownership as a Moderating

The moderating role of institutional ownership on the CSR-value relationship has yielded mixed findings. Pham and Tran (2020), Okpala and Agbolade (2022), Mahmood et al. (2021), Gangi et al. (2020), Al-Hadi et al. (2019), Fatma and Chouaibi (2021), Sakawa and Watanabel (2020), and Dyck et al. (2019) found that institutional ownership significantly strengthens the value relevance of CSR disclosure, supporting the Active Monitoring Hypothesis. However, Kibiya et al. (2021), Osazuwa and Che-Ahmad (2020), Jacobs and

Moolman (2019), Tahu and Susanto (2020), Utomi (2022), Oyewumi et al. (2020), Oba and Fodio (2020), and Ekwueme et al. (2020) found insignificant moderating effects, suggesting that institutional investors may not actively incorporate CSR information into their valuation models.

Theoretical Framework

This study is anchored on three complementary theoretical frameworks: Signaling Theory, Stakeholder Theory, and Legitimacy Theory. Signaling Theory (Spence, 1973) posits that in markets characterized by information asymmetry, high-quality firms use costly and credible signals to distinguish themselves from lower-quality counterparts. CSR disclosure serves as a signal of superior management quality, effective risk management, and long-term strategic orientation. Firms that invest in comprehensive sustainability reporting incur costs that lower-quality firms cannot easily replicate, thereby providing credible information that reduces investor uncertainty and enhances confidence. This theory predicts that higher-quality CSR disclosure should be associated with higher investor confidence, as proxied by Tobin's Q.

Legitimacy Theory (Suchman, 1995) contends that organizations operate within a social contract that requires them to maintain congruence with societal values and expectations. CSR disclosure serves as a mechanism through which firms demonstrate their legitimacy and secure their social license to operate. Firms that fail to meet societal expectations face regulatory sanctions, consumer boycotts, and reputational damage that impair value creation. By disclosing sustainability information, firms signal their alignment with societal norms, reducing the risk of legitimacy-threatening events and enhancing investor confidence in long-term viability. The Active Monitoring Hypothesis provides the theoretical basis for examining institutional ownership as a moderating variable. This hypothesis suggests that institutional investors, with their significant shareholdings and professional expertise, actively monitor corporate behavior and validate disclosure quality (Shleifer & Vishny, 1986). Institutional ownership may strengthen the CSR disclosure-investor confidence relationship by providing a certification effect that enhances disclosure credibility. However, the Myopic Institution Theory suggests an alternative view, arguing that institutional investors may prioritize short-term financial returns over long-term sustainability considerations, potentially weakening any moderating effect.

Stakeholder Theory (Freeman, 1984) argues that firms must manage relationships with diverse stakeholder groups, including employees, customers, communities, and the environment, to create sustainable value. By disclosing information about environmental stewardship, social engagement, and economic governance, firms demonstrate their commitment to stakeholder welfare, thereby building trust, reducing conflict, and creating intangible assets (such as reputation and social capital) that enhance competitive advantage. This theory suggests that comprehensive CSR disclosure signals effective stakeholder management, which investors should value positively. This study is grounded in Stakeholder Theory, which suggests that firms have responsibilities not just to shareholders but to all stakeholders, including employees, customers, communities, and regulators. For Nigerian consumer goods firms, disclosing CSR activities covering environmental, social, and economic

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aspects shows that the company is attentive to stakeholder concerns. Transparent CSR reporting helps build trust, improve reputation, and strengthen relationships with key stakeholders. By doing so, firms signal reliability and long- term commitment, which increases investor confidence.

3. METHODOLOGY

This study adopts a longitudinal (ex-post facto) research design, investigating the effects of CSR disclosure components (independent variables) on investor confidence (dependent variable), with institutional ownership as a moderating variable. This approach utilizes panel data over multiple periods, allowing for the examination of changes and relationships across time and firms while controlling for unobserved heterogeneity. The research philosophy is rooted in positivism, emphasizing objective, empirical investigation through quantitative analysis of observable phenomena to test hypotheses derived from theory.The population for this study comprised all consumer goods companies listed on the Nigerian Exchange Group (NGX) as of 31st December 2024. The consumer goods sector was selected due to its significant environmental footprint, substantial social impact, and high visibility to diverse stakeholders, making CSR disclosure particularly salient for market participants in this sector.

The study employed purposive sampling to select companies based on the following criteria:

(1) continuous listing on the NGX throughout the study period; (2) availability of annual reports for all years under study; (3) availability of sustainability/CSR information in annual reports; and (4) availability of share price data for computing Tobin's Q. Based on these criteria, 12 consumer goods firms were selected, yielding 120 firm-year observations over the 10-year study period (2015–2024). The balanced panel ensures consistency across the cross-sectional and time-series dimensions of the study.

The dependent variable is Investor Confidence (proxied by Tobin's Q). The independent variables are Environmental Disclosure (ENVD), Social Disclosure (SOCD), and Economic Disclosure (ECOND). The moderating variable is Institutional Ownership (INOWN). Table 1 presents the operationalization of all variables.

Table 1: Variable Measurement

S/N	Variable	Measurement	Source
1	TQ (Tobin's Q)	Ratio of market value of firm (market capitalization + total liabilities) to replacement cost of assets (total assets)	Lindenberg & Ross (1981); Chung & Pruitt (1994)
2	ENVD (Environmental Disclosure)	Binary disclosure index: proportion of GRI environmental items disclosed (1 if disclosed, 0 otherwise)	Clarkson et al. (2008); GRI Standards (2016)

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3	SOCD (Social Disclosure)	Binary disclosure index: proportion of GRI social items disclosed (1 if disclosed, 0 otherwise)	Gray et al. (1995); GRI Standards (2016)
4	ECOND (Economic Disclosure)	Binary disclosure index: proportion of GRI economic items disclosed (1 if disclosed, 0 otherwise)	GRI Standards (2016)
5	INOWN (Institutional Ownership)	Proportion of total outstanding shares held by institutional investors	Bushee (1998); Shleifer & Vishny (1986)

4 RESULT AND DISCUSSION

Table 2 presents the descriptive statistics for all variables employed in the study, providing insight into the central tendencies and dispersion of the data over the period under review.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
TQ	120	1.757	0.323	1.099	2.870
ENVD	120	0.437	0.201	0.049	0.989
Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
SOCD	120	0.484	0.207	0.077	1.000
ECOND	120	0.507	0.204	0.070	1.000
INOWN	120	0.326	0.127	0.088	0.659

Source: STATA Output, 2025

Investor Confidence (Tobin's Q): The mean value of 1.757 indicates that, on average, the sampled consumer goods firms are valued by the market at a premium above the replacement cost of their assets. This suggests generally positive investor sentiment regarding the future growth opportunities and intangible assets of these firms. The standard deviation of 0.323 indicates moderate variability in market valuation across firms, while the range from 1.099 to 2.870 demonstrates that all firms maintained value accretion (none fell below 1.0), with top-performing firms valued at nearly three times their asset base.

Environmental Disclosure (ENVD): The mean of 0.437 indicates that, on average, the sampled firms disclosed approximately 43.7% of the environmental items listed in the GRI-

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based checklist the lowest among the three CSR components. The substantial range from 0.049 (4.9%) to 0.989 (98.9%) reveals significant disparity in environmental reporting practices, with some firms achieving near-perfect transparency while others have barely engaged in environmental reporting.

Social Disclosure (SOCD): The mean of 0.484 indicates an average disclosure rate of 48.4%, with a maximum of 1.0 signifying that at least one firm achieved full compliance with social reporting standards. The standard deviation of 0.207 indicates considerable variation in social reporting practices across the sector.

Economic Disclosure (ECOND): The mean of 0.507 the highest among the three components indicates that firms disclosed 50.7% of expected economic governance items on average. This higher mean is likely attributable to the close relationship between economic disclosures and mandatory financial reporting requirements.

Institutional Ownership (INOWN): The mean of 0.326 indicates that institutional investors control approximately 32.6% of equity shareholding in the sampled firms. This substantial ownership level supports the potential for institutional monitoring influence. The range from

0.088 (8.8%) to 0.659 (65.9%) confirms a diverse mix of ownership structures in the sample.

Correlation Analysis

Table 3 presents the Pearson correlation matrix, which outlines the degree of association between variables and provides preliminary insights into their relationships.

Table 3: Correlation Matrix

Variables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
(1) TQ	1.000				
riables	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
(2) ENVD	0.640	1.000			
(3) SOCD	0.485	0.065	1.000		
(4) ECOND	0.533	0.261	0.047	1.000	
(5) INOWN	0.497	0.122	0.176	0.142	1.000

Source: STATA Output, 2025

All independent variables exhibit positive correlations with the dependent variable (TQ). Environmental Disclosure (ENVD) shows the strongest positive association with Investor Confidence (r = 0.640), followed by Economic Disclosure (ECOND) at r = 0.533, Social Disclosure (SOCD) at r = 0.485, and Institutional Ownership (INOWN) at r = 0.497. These

correlations suggest that improvements in CSR disclosure and higher institutional ownership are associated with increased investor confidence, consistent with the theoretical framework.

Regarding multicollinearity assessment, all inter-variable correlations among independent variables are well below the 0.80 threshold (highest: ENVD-ECOND at 0.261), confirming that the explanatory variables are distinct and can be included simultaneously in the regression model without risk of severe multicollinearity bias.

Diagnostic Tests

To ensure the reliability of the regression analysis and satisfy the Best Linear Unbiased Estimator (BLUE) assumptions, several diagnostic tests were conducted.

Table 4: Summary of Diagnostic Tests

Diagnostic Test	Purpose	Test Statistic	Probability	Decision Rule	Inference
Breusch-Pagan/Cook-Weisberg	Test for heteroscedasticity	$\chi^2(1) = 2.62$	0.1055	$p > 0.05$	No heteroscedasticity; constant variance satisfied
Variance Inflation Factor (VIF)	Test for multicollinearity	Mean VIF ≈ 1.07	—	VIF < 10	No multicollinearity problem
Hausman Specification Test	Model selection (FE vs. RE)	$\chi^2 = 4.232$	0.753	$p > 0.05$	Random Effects model appropriate

Source: STATA Output, 2025

Heteroscedasticity Test: The Breusch-Pagan/Cook-Weisberg test produced a Chi-square statistic of 2.62 with a probability value of 0.1055. Since this p-value exceeds the 0.05 significance level, the null hypothesis of constant variance is not rejected, confirming that the dataset does not suffer from heteroscedasticity.

Multicollinearity Test: The mean VIF value of approximately 1.07 is substantially below the threshold of 10, confirming the absence of multicollinearity among the explanatory variables.

Hausman Specification Test: The Chi-square statistic of 4.232 with a probability value of 0.753 indicates that the Random Effects model is the appropriate and efficient estimator for

Variable	Coefficient	Std. Error	t-value	p-value	[95% Conf. Interval]	Sig.
ENVD	0.503	0.185	2.73	0.006	[0.142, 0.865]	***
SOCD	0.439	0.181	2.43	0.015	[0.085, 0.794]	**

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ECOND	0.515	0.190	2.71	0.007	[0.143, 0.888]	***
INOWN	0.244	0.383	0.64	0.524	[-0.506, 0.994]	
ENVD×INOWN	0.824	0.514	1.60	0.109	[-0.183, 1.832]	
SOCD×INOWN	0.431	0.497	0.87	0.386	[-0.544, 1.406]	
ECOND×INOWN	0.075	0.535	0.14	0.888	[-0.974, 1.125]	
Constant	0.781	0.135	5.79	0.000	[0.516, 1.045]	***

this study, as the null hypothesis (that Random Effects is consistent and efficient) cannot be rejected at the 0.05 level.

4.4 Random Effects Regression Results

Table 5: Random Effects Regression Results Model Summary:

Statistic	Value
Mean Dependent Variable	1.757
SD Dependent Variable	0.323
Overall R-squared	0.843
R-squared (within)	0.841
R-squared (between)	0.901
Number of Observations	120
Chi-square	603.112
Prob > Chi-square	0.000

*Note: *** p < 0.01, ** p < 0.05 Source: STATA Output, 2025*

Model Fit: The Overall R-squared of 0.843 indicates that approximately 84.3% of the total variation in Investor Confidence (Tobin's Q) is explained by the model. The Chi-square statistic of 603.112 with a probability value of 0.000 confirms that the model is statistically significant at the 1% level, validating the model for drawing inferences.

Direct Effects: All three CSR disclosure components exhibit positive and statistically significant effects on Investor Confidence. Environmental Disclosure (ENVD) has a coefficient of 0.503 (p = 0.006), Social Disclosure (SOCD) has a coefficient of 0.439 (p = 0.015), and Economic Disclosure (ECOND) has the strongest effect with a coefficient of 0.515 (p = 0.007).

Moderating Effects: The interaction terms are all statistically insignificant. The ENVD×INOWN interaction has a coefficient of 0.824 ($p = 0.109$), SOCD×INOWN has a coefficient of 0.431 ($p = 0.386$), and ECOND×INOWN has a coefficient of 0.075 ($p = 0.888$). These results indicate that Institutional Ownership does not significantly moderate the relationship between CSR disclosure components and Investor Confidence.

4.5 Test of Hypotheses

Based on the regression results in Table 5, the following hypotheses were tested:

Hypothesis One (H_{01})

H_{01}: Environmental Disclosure has no significant effect on the investor confidence of listed consumer goods firms in Nigeria.

The regression result shows that Environmental Disclosure (ENVD) has a coefficient of **0.503** with a p-value of **0.006**. Since the p-value is less than 0.05 ($p < 0.05$), Environmental Disclosure has a **statistically significant positive effect** on investor confidence.

Decision: Reject H_{01}.

Hypothesis Two (H_{02})

H_{02}: Social Disclosure has no significant impact on the investor confidence of listed consumer goods firms in Nigeria.

The coefficient for Social Disclosure (SOCD) is **0.439** with a p-value of **0.015**. Since $p < 0.05$, Social Disclosure has a **statistically significant positive effect** on investor confidence.

Decision: Reject H_{02}.

Hypothesis Three (H_{03})

H_{03}: Economic Disclosure has no significant effect on the investor confidence of listed consumer goods firms in Nigeria.

The coefficient for Economic Disclosure (ECOND) is **0.515** with a p-value of **0.007**. Since $p < 0.05$, Economic Disclosure has a **statistically significant positive effect** on investor confidence.

Decision: Reject H_{03}.

Hypothesis Four (H_{04})

H_{04}: Institutional Ownership does not significantly moderate the relationship between Environmental Disclosure and investor confidence of listed consumer goods firms in Nigeria.

The interaction term (ENVD × INOWN) has a coefficient of **0.824** with a p-value of **0.109**. Since $p > 0.05$, the moderating effect is **not statistically significant**.

Decision: Fail to Reject H_{04}.

Hypothesis Five (H_{05})

H_{05}: Institutional Ownership does not significantly moderate the relationship between Social Disclosure and investor confidence of listed consumer goods firms in Nigeria.

The interaction term (SOCD × INOWN) has a coefficient of **0.431** with a p-value of **0.386**. Since $p > 0.05$, the moderating effect is **not statistically significant**.

Decision: Fail to Reject H_{05}.

Hypothesis Six (H_{06})

H_{06}: Institutional Ownership does not significantly moderate the relationship between Economic Disclosure and investor confidence of listed consumer goods firms in Nigeria.

The interaction term (ECOND × INOWN) has a coefficient of **0.075** with a p-value of **0.888**. Since $p > 0.05$, the moderating effect is **not statistically significant**.

Decision: Fail to Reject H_{06}.

Discussion of Findings

The empirical analysis provides robust evidence regarding the relationship between CSR disclosure and investor confidence in the Nigerian consumer goods sector, with the overall model demonstrating high explanatory power ($R^2 = 0.843$).

Environmental Disclosure and Investor Confidence

The significant positive relationship between Environmental Disclosure (ENVD) and Investor Confidence (Coefficient = 0.503, p = 0.006) supports Signaling Theory, which posits that in markets characterized by information asymmetry, firms use voluntary disclosure to signal their superior risk management capabilities to investors. By disclosing information on waste management, carbon emissions, and environmental compliance, consumer goods firms signal that they are future-proofed against regulatory fines and climate-related risks. This finding refutes the neoclassical Trade-off Theory, which argues that environmental spending distracts from profit maximization and should negatively affect value. Instead, the result aligns with the Value Creation perspective, suggesting that Nigerian investors view environmental responsibility as a proxy for long-term operational viability. This positive nexus is consistent with findings by Ofoegbu and Odoemelam (2021), Gherghina et al. (2020), Rahman and Post (2021), Igbekoyi and Olaleye (2021), Yusuf (2022), Okeke and Eke (2022), Tunde and Akanbi

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(2024), and Alsayegh et al. (2020). Conversely, these findings contradict those of Uwuigbe et al. (2020), Radu and Maram (2020), Abdullahi and Hassan (2020), Mensah (2021), Jacobs and Moolman (2019), Tahu and Susanto (2020), Wasara and Ganda (2019), and Bello (2021), who found negative or insignificant relationships. The current study's results suggest that the Nigerian market has matured, and Legitimacy Theory holds: environmental disclosure grants the social license necessary for sustained market confidence.

Social Disclosure and Investor Confidence

The significant positive relationship between Social Disclosure (SOCD) and Investor Confidence (Coefficient = 0.439, p = 0.015) validates Stakeholder Theory, which argues that satisfying non-financial stakeholders (employees, communities) is essential for creating shareholder value. The significant coefficient implies that investors in the consumer goods sector are wary of operational disruptions from labor strikes or community unrest; thus, they reward firms that transparently disclose their social engagement strategies.

This finding challenges the Agency Cost perspective, which views social spending as management using shareholder funds for personal reputation building. Instead, the results support the Resource-Based View (RBV), where social capital (trained workforce, community goodwill) is seen as a strategic asset driving competitive advantage. This finding is consistent with Adegboyega and Adebayo (2022), Nwaorgu and Iormbagah (2021), Tejedo- Romero and Araujo (2020), Bose et al. (2022), Uche and Adeyemi (2023), Sani et al. (2021), Orazalin (2019), and Benlemlih et al. (2020). The findings disagree with Yahaya and Ghali (2019), Oyewumi et al. (2020), Musa and Hassan (2019), Ekwueme et al. (2020), Osemene et al. (2023), Utomi (2022), Moloi and Marwa (2021), and Oba and Fodio (2020). The current study suggests that in the post- pandemic era, markets increasingly value the organizational resilience offered by strong social contracts.

Economic Disclosure and Investor Confidence

The significant positive relationship between Economic Disclosure (ECOND) and Investor Confidence (Coefficient = 0.515, p = 0.007)—the strongest effect among all components— aligns with Agency Theory. Detailed disclosure regarding economic governance, anti- corruption measures, and value distribution reduces information asymmetry and the agency problem. By revealing how economic value is generated and distributed, firms reduce fears of expropriation among minority shareholders.

This result contradicts Proprietary Cost Theory, which suggests that disclosing economic strategy reveals competitive secrets. Instead, the Nigerian market interprets economic transparency as a signal of ethical leadership and sound corporate governance, leading to reduced discount rates applied to firm valuations. These findings are corroborated by Adewale (2020), Ibrahim et al. (2022), Balsam et al. (2019), Alali and Fahed (2020), Nguyen et al. (2021), Ezenwoke and Opara (2023), Adekunle and Sastry (2023), and Oseyamen and Agbaje (2022). The findings diverge from Okpala (2019), Ironkwe and Ordu (2021), Mansoor et al. (2021), Oluwaseun and Olubukunola (2023), Umanhonlen and Umanhonlen (2019), Okafor et al. (2021), Saeed et al. (2022), and Abiodun (2020). The

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current study establishes that in an emerging market prone to volatility, economic transparency serves as a critical anchor for investor confidence.

Moderating Role of Institutional Ownership

Contrary to the Active Monitoring Hypothesis, the study found that Institutional Ownership (INOWN) does not significantly moderate the relationship between any CSR component and Investor Confidence. All interaction terms were statistically insignificant. This result implies that the Certification Effect—where institutional investors validate and amplify disclosure credibility—is not present or is weak in the Nigerian consumer goods sector.

This finding suggests that the market processes CSR disclosure information independently of ownership structure, or that institutional investors in Nigeria may be passive rather than active monitors regarding sustainability issues. This aligns with the Myopic Institution Theory, which suggests institutions may be too focused on short-term financial returns to actively influence the valuation of long-term sustainability disclosures.

While counter-intuitive to the monitoring hypothesis, this result aligns with findings by Kibiya et al. (2021), Osazuwa and Che-Ahmad (2020), Jacobs and Moolman (2019), Tahu and Susanto (2020), Utomi (2022), Oyewumi et al. (2020), Oba and Fodio (2020), and Ekwueme et al. (2020). However, these findings contrast with Pham and Tran (2020), Okpala and Agbolade (2022), Mahmood et al. (2021), Gangi et al. (2020), Al-Hadi et al. (2019), Fatma and Chouaibi (2021), Sakawa and Watanabel (2020), and Dyck et al. (2019). The divergence suggests that in the Nigerian context, disclosure content drives confidence directly, without requiring institutional investor certification.

CONCLUSION AND RECOMMENDATIONS

This study provides compelling evidence that Corporate Social Responsibility disclosure is a vital strategic tool for enhancing investor confidence in the Nigerian consumer goods sector. The findings demonstrate that all three CSR components Environmental Disclosure, Social Disclosure, and Economic Disclosure have significant positive effects on Investor Confidence (proxied by Tobin's Q). Among these, Economic Disclosure exhibited the strongest impact, followed by Environmental Disclosure and Social Disclosure.

The findings validate the applicability of Signaling Theory, Stakeholder Theory, and Legitimacy Theory within the Nigerian context, demonstrating that investors are not merely focused on short-term financial profits but heavily weight non-financial information regarding environmental, social, and economic governance when valuing firms. The market views CSR disclosures as credible signals of long-term viability, risk management quality, and ethical leadership. Firms that voluntarily bridge the information asymmetry gap by disclosing detailed sustainability data are rewarded with higher market premiums.

However, contrary to expectations, Institutional Ownership does not significantly moderate the CSR disclosure-investor confidence relationship. This suggests that in the Nigerian consumer goods sector, institutional investors may be playing a passive role

regarding sustainability issues, or that the market is efficient enough to price CSR information without needing institutional certification. Therefore, investor confidence is driven by the transparency of the firm itself, rather than by ownership structure.

Based on the findings and conclusions, the following recommendations are proffered:

1. For Corporate Management: Management of consumer goods firms should treat CSR disclosure as a value-creation strategy rather than a philanthropic cost. Given the significant positive link to Tobin's Q, firms should improve the quality and granularity of their Environmental, Social, and Economic reporting, moving beyond boilerplate narratives to quantitative, GRI-standard disclosures to maximize market valuation.
2. For Regulatory Bodies (FRCN/SEC/NGX): Since the market finds these disclosures value-relevant, regulators should transition from voluntary comply or explain frameworks to mandatory integrated reporting for listed firms. Standardizing the reporting framework will further reduce information asymmetry and protect investors from greenwashing.
3. For Institutional Investors: Pension funds and asset managers in Nigeria should adopt a more active stance (shareholder activism). They should explicitly demand high-quality ESG disclosures and engage with management, thereby fulfilling their monitoring role more effectively and potentially strengthening the CSR-value relationship.
4. For Retail Investors: Retail investors should incorporate sustainability reports into their fundamental analysis. The study demonstrates that firms with high disclosure scores are valued higher and carry lower perceived risk; therefore, investors should use CSR disclosures as a screening tool for portfolio selection.

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