



Corporate Financial Attributes and Sustainability Disclosure: The Moderating Effect of Foreign Ownership

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Abstract. This paper investigates the effect of corporate financial attributes (leverage and profitability) on sustainability disclosure, with the moderating role of foreign ownership among listed companies in Nigeria. The study addresses the gap in voluntary sustainability disclosure settings, where foreign investors may influence reporting incentives differently from mandatory disclosure regimes. The study is anchored on legitimacy theory and adopts a positivist research philosophy and ex post facto research design, respectively. Secondary data were sourced from the annual reports of thirty-six (36) companies purposively selected from companies listed on the Nigerian Exchange Group as at 31st December 2023, producing 424 firm-year observations. Sustainability disclosure was operationalised using disclosed economic, environmental, and social indicators of the Global Reporting Initiative (GRI). The Panel Generalized Method of Moments (Panel GMM) regression technique was employed for data analysis, with foreign ownership used as a moderating variable. The findings showed that leverage has a negative and significant relationship with sustainability disclosure, while profitability has a positive but insignificant effect on sustainability disclosure. When moderated by foreign ownership, leverage shows a negative and insignificant relationship, while profitability exhibits a significant and positive relationship. The findings highlight the importance of foreign ownership in enhancing the sustainability impact of profitable firms. The study concludes that foreign ownership is important in enhancing the sustainability impact of profitable companies in emerging economies.

Keywords: Leverage; Profitability; Foreign Ownership; Sustainability Disclosure; Nigeria.

1. Introduction

Most organisations embark on economic activities for profit motive, but there could be other factors that may sustain the profit (economic) motive, which may be social and environmental sustainability. Firms are increasingly expected to show how their operations affect employees, host communities, customers, investors, regulators, and the natural environment. Organisations, while carrying out their activities, are expected to consider the social and environmental objectives vis-à-vis the economic objectives, such as fair treatment of employees, adequate concern about the environment, improving the quality of products, and adhering to ethical practices, among others. In this sense, sustainability disclosure has become an important mechanism through which firms report the economic, environmental, and social consequences of their activities. It provides stakeholders with detailed information on issues such as fair labour practices, resource use, waste management, community development, ethical conduct, environmental conservatism, and product responsibility. Also, companies that incorporate sustainability into their business model may reap the benefits of waste reduction, risk reduction, an increase in material and energy efficiency, and innovation to develop products that may result in the accomplishment of long-term goals for the companies (Panda, 2020). Sustainability disclosure, therefore, goes beyond public relations; it is a reporting practice through which organisations communicate how they balance business objectives with social and environmental responsibilities.

The issues outlined are issues sustainability disclosure seems to address through proper metrics and adequate reporting disclosure of the information in the organisation's annual report. The idea is to make sure that the needs of the present generation

are met without jeopardising the possibility of the future generation to meet their own needs.

Moreover, sustainability performance presents an avenue for the organisation's stakeholders to have a report that is transparent and accountable in terms of economic, environmental, social, and governance (Musa et al., 2021). In a similar vein, sustainability disclosure explains the degree to which a company reports and conveys the effects of its economic, social, environmental, and governance activities to its stakeholders and how the effects are managed. Sustainability disclosure could be evaluated, and its progress tracked using recognised indicators such as social and environmental indicators, which could be weighted or unweighted metrics of the content analysis of the Global Reporting Initiative (GRI) framework (Panda, 2020).

Several factors, such as global financial crises, unethical corporate practices, and detrimental waste substances, which have an adverse effect on people and the planet, have led stakeholders to call for extensive reporting requirements known as sustainability disclosure (Bernardi & Stark, 2016). These factors may convey information regarding economic, social, environmental, and governance performance that could affect corporate responsibility and efficiency. Sustainability disclosure has an association with corporate financial attributes, which in turn influence the extent of disclosure by the organisations (Ducassy & Montandrou, 2015).

Hinging on legitimacy theory, Corporate financial attributes such as profitability and leverage are specific characteristics that influence the organisation's financial performance, organisational investment potentials, and market value, which may serve as a pointer to the overall health of the organisation to its stakeholders. It is documented that profitable companies could be involved in reporting sustainability-related information to make their operations legitimate (Eccles et al., 2014).

The study is anchored on legitimacy theory. The theory was propounded by Dowling and Pfeffer in 1975 and explains that organisations tend to portray a good image regarding their operations through extensive disclosure to favourably influence public perception towards them (Dowling & Pfeffer, 1975). This describes the efforts of the companies to consistently ensure they operate in line with global best practice by operating within the bounds and norms of the societies they are in (Suchman, 1995). The legitimacy theory demonstrates the tenets of the social contract between the company and the environment in which the company operates. This is because, when a company's activities are perceived as legitimate, it may result in high patronage, which in turn may result in long-term survival of the

company. For instance, customers may evaluate the reputation and legitimacy of an organisation through how well a company complies with the requirements of producing eco-friendly products, among others.

This theory is germane in this study because companies must legitimise their operations through sustainability disclosure to enjoy wider acceptance by the public. According to Deegan (2002), companies facing legitimacy threat as a result of poor environmental performance and scandals may increase the level of sustainability disclosure to restore their corporate image.

The argument for foreign ownership emanated from the fact that developing countries are seen to be less advanced in terms of technological skills, good management practices, and sufficient financial resources (Chang, 2015). This may signify that foreign investors can press for extensive disclosure of sustainability-related information to improve transparency in developing countries such as Nigeria, since the level of disclosure is still voluntary. Hence, prior studies (Bose et al., 2024; Chang, 2015; Mahdi et al., 2023; Roedder & Schmid, 2025) that have examined the influence of foreign ownership on corporate sustainability were conducted in countries where sustainability disclosure is mandatory. Replicating such a study in Nigeria, where sustainability disclosure is still voluntary will add to the body of knowledge. Foreign direct ownership also provides an additional governance dimension, as it may result in stronger expectations for transparency, exposure to international reporting norms, and pressure for improved environmental, social, and governance accountability. In developing climes, foreign ownership may influence how financial attributes translate into sustainability disclosure. Hence, this study examined the moderating role of foreign ownership on how financial attributes affect sustainability disclosure in Nigeria. The study contributes to the existing literature in various ways. First, it distinguishes between the impact of leverage and profitability on sustainability reporting in an environment of voluntary reporting. Secondly, it incorporates foreign ownership as a moderating governance factor, rather than considering it merely as an ownership attribute. Lastly, it employs a dynamic panel regression to allow for any potential endogeneity between corporate performance and reporting decisions.

The study is guided by four research objectives: to examine the impact of leverage on sustainability disclosure; investigate the impact of profitability on sustainability disclosure; determine if foreign ownership moderates the leverage-disclosure, and examine whether foreign ownership acts as a moderator in the effect of profitability on

sustainability disclosure. These objectives are important because leverage and profitability indicate distinct financial circumstances. Profitability is a reflection of internal resource capability, whereas leverage is a reflection of external finance pressure and potential financial constraints. It is anticipated that foreign ownership will function as a governance mechanism that can either strengthen or lessen the impact of these financial characteristics on disclosure behavior.

2. Literature Review and Hypotheses Development

2.1 Sustainability Disclosure

Sustainability disclosure is referred to as the reporting of the development or value realised through the balancing of the triple bottom-line dimension (Elkington, 1997). It emphasises the need to properly assess organisational performance in line with sustainable development, which reiterates the act of considering all the dimensions (economic, social, and environmental) of sustainability in evaluating the value of a firm. It emphasises the measurement and the evaluation of the impact of the organisation's activities on the planet, people, and the economy through the consideration of factors such as greenhouse gas emission, resource consumption, labour practice, human rights, as well as community engagement.

Therefore, sustainability disclosure simply refers to the reporting of the entire aspect of an organisation's activities, which reflects the level of social and governance responsibility, environmental conservation, and economic viability in the organisation's annual reports.

According to Islam et al. (2020), the disclosure of information regarding sustainability helps to meet the expectations of stakeholders and, as such, fosters the long-term relationship between companies and their stakeholders, which in turn culminates in the sustainability performance of organisations. This implies that the extent of sustainability reporting or disclosure can also be used to assess the sustainability performance of an organisation. According to Schadeewitch and Niskala (2010), sustainability disclosure serves as a medium that helps to reduce information asymmetry by reducing agency cost, and which in turn enhances the value of the organisation. In a similar development, Burhan and Rahmanti (2012) adduced that sustainability disclosure serves as a means of enhancing sustainability practices and environmental innovations. Also, Nana et al. (2019) added that a firm's social performance in terms of social responsibility can influence sustainability disclosure because the knowledge of the extent to which the

public knows about the social responsibility of the company can enhance the effectiveness of such activity.

For this study, sustainability disclosures refer to the extent to which economic, environmental, and social disclosures are treated by the sampled companies in their annual reports. This is justified due to the fact that using the GRI-based indicators is a logical approach to measure the completeness of sustainability information.

2.2 Corporate Financial Attributes

Corporate financial attributes refer to the financial characteristics of a firm that may affect its choice of reporting, investors' confidence, and the firm's legitimacy. Although several attributes are applicable to a firm, this study, focuses on leverage and profitability. The former refers to the reliance of the firm on debt financing, while the latter is an indicator of profitability. The financial attributes used in this study are discussed in turn.

2.3 Company Leverage

Leverage describes the extent to which a firm uses debt in its capital structure. According to Okoba and Chukwu (2023), leverage is the term that describes the long-term liability of a business in the capital structure. It indicates that the higher the leverage, the higher the proportion of liability in the company's capital structure. According to Obiora et al. (2021), leverage explains the position of the company in the use of debt to finance its operations. In a similar development, Febriana and Suaryana (2011) posited that leverage is the proportion of debt finance from external parties that a company uses to finance its assets. A company that is highly levered will have no choice but to maintain a cordial relationship with its stakeholders (Okoba & Chukwu, 2023). It signifies that the company would not want to violate corporate reporting requirements existing in its environment, and as such, is portrayed as being socially responsible. Leverage is therefore seen in this study as the ratio of debt to equity in a company's capital structure, which is used to finance the operation of the company.

There are arguments that highly levered companies tend to disclose sustainability-related information to be seen as being socially responsible because debt holders (payables) and other investors will be interested in the companies' annual reports to monitor performance (Olusegun, 2012). Portraying that a highly levered firm may encounter pressure from its payables to provide information relating to its sustainability performance as an avenue to assess the organisation's risk management practice. Manos (2002) argued that highly leveraged companies tend to report sustainability-related information to attract

more investors who will become equity holders, thereby reducing the proportion of debt in the companies' capital structure. The argument is that companies that are levered are keen to disclose information regarding sustainability to reduce financial risks and reassure their commitment towards long-term viability to their stakeholders. On the one hand, Kirkulak and Kurt (2010) argued that the use of leverage by companies is not significant for sustainability reporting, and by extension, not significant for sustainability performance. Leverage can be measured through the ratio or proportion of debt to equity (Swati & Amit, 2014).

Abdul et al. (2017) examined the influence of leverage on sustainability reporting in Indonesia. Secondary data were used in the study for a period of four years (2012 - 2015). The data were analysed using a structural equation model. The results of the analysis showed that leverage exerted positive but insignificant influence on sustainability reporting. These findings signify that though there is a direct relationship between leverage and sustainability disclosure, the relationship is not statistically significant.

Chowdhury et al. (2020) examined firm attributes and environmental disclosure in Bangladesh. The objective of the study was to find out the quality of the company that has a higher impact on environmental disclosure. Secondary data were used, and a cross-sectional study was conducted with the use of Ordinary Least Squares (OLS). The findings revealed that leverage exerted positive but insignificant association with environmental disclosure. These findings also showed that though there is a direct relationship between leverage and environmental disclosure, there is an insignificant association between them.

The relationship between leverage and sustainability disclosure can therefore be viewed from two dimensions. These are the monitoring views, under which creditors and other external sources encourage increased disclosure as a way of reducing uncertainty and improving their perception of risk and sustainability of the business. On the other hand, there is the constraining view, where higher levels of debt would negatively influence the level of sustainability disclosure, since highly geared firms will not be able to afford investments in detailed sustainability reporting. We therefore hypothesize that:

H1: Company leverage has a significant effect on sustainability disclosure among listed companies in Nigeria.

2.4 Company Profitability

Profitability reflects the ability of a company to generate earnings from its assets and operations.

According to Tulsian (2014), profitability is a blend of two words - profit and ability. They noted that profit signifies the overall revenue earned by the company in a particular period, while ability refers to the operational efficiency of the company over time. According to Musa et al. (2021), profitability is one of the main aspects of the firm that attracts the attention of the stakeholders in the assessment of the firm's performance. According to Tulsian (2014), profit involves the report regarding the company's financial aid operational performance, whereas profitability involves the attribute that can influence revenue to aid decision making. According to Obiora et al. (2021), a company that records high profitability could be encouraged to report corporate social and environmental information (i.e., sustainability information). This means that profitable companies may have enough resources to report sustainability information as part of the ways to improve their reputational image and competitive advantage. In a similar vein, Roberts (1992) stressed that a less profitable company may not be fascinated to spend on social and environmental report. Corroborating this is the report of Widiyanto (2011), which noted that companies with high profits are easily attracted to disclose sustainability-related information to increase the reputation of their shareholders and win the confidence of other stakeholders for their image growth. The exercise of reporting sustainability information by profitable companies may also be seen as a way of signaling their financial capability and readiness to corporate responsibility. This study sees profitability as the positive result of a company's involvement in economic activities at a given period, both in the short run and in the long run. Profitability is prevalently measured by ratios such as return on assets (ROA), return on equity (ROE), return on capital employed (ROCE) return on investment (ROI) (Obiora et al., 2021).

Solima (2013) examined the relationship between firm attributes and the level of sustainability disclosure in Egypt. The study period covered four years (2007 - 2010). The quantitative method of analysis was used to analyse the data for the study. The findings showed a positive and significant relationship between profitability and sustainability disclosure.

Onyali and Okafor (2018) investigated the effect of firm characteristics on environmental sustainability reporting of industrial goods companies listed in the Nigerian Exchange Group. The period for the study covered 10 years (2008 - 2017). The Pearson Correlation coefficient and Multivariate regression analysis were used to analyse the data. The result revealed a positive and a significant impact on environmental sustainability reporting. It could be understood from the findings of the study that the

more profitable a company is, the more it can disclose sustainability related information.

The relationship between profitability and sustainability disclosure may be established through resource provision and reputation management considerations. In terms of resource considerations, profits allow companies to afford the cost of collecting information, creating sustainability reporting teams, conducting assurance, engaging stakeholders, and implementing sustainable practices. On the other hand, profitability, from the standpoint of reputation management, could mean that the firm's profit-making activities are accompanied by good corporate behavior. However, profitability is not necessarily going to yield better disclosure unless management feels pressured by stakeholders or sustainability reporting is considered strategically important. From the foregoing, the second hypothesis is stated as follows:

H2: Company profitability has a significant effect on sustainability disclosure among listed companies in Nigeria.

2.5 Foreign Ownership

Foreign direct ownership refers to the proportion of a company's equity held by foreign investors. Apart from the influence of the attributes on sustainability performance, the direction in the literature (Bose et al., 2024; Chang, 2015; Mahdi et al., 2023; Roedder & Schmid, 2025) also reveals that foreign ownership may influence the relationship between corporate financial attributes and sustainability disclosure. Ownership structure indicates the extent of interest a shareholder has in the organisation and which influences its exercise of control over the organisation. Ownership structure considers the interests of the owners of the business organisation (Mahdi et al., 2023). It is observed from the literature that the type of ownership could influence the decisions the organisation can make. For instance, foreign ownership could serve as the determinant for influencing the decision regarding both the financial and non-financial reporting (Mahdi et al., 2023).

It can be deduced that highly leveraged firms may face financial constraints, while profitable firms may possess resources for sustainability investment. It is therefore anticipated that foreign ownership may moderate these effects through governance mechanisms. Based on the foregoing, the following hypotheses were formulated:

H3: Foreign ownership significantly moderates the relationship between company leverage and sustainability disclosure among listed companies in Nigeria.

H4: Foreign ownership significantly moderates the relationship between company profitability and

sustainability disclosure among listed companies in Nigeria.

3. Research Methodology

This study is based on a positivist research philosophy because it relies on observable and measurable variables and uses quantitative analysis. An ex post facto research design was employed because the variables were measured after certain events. This is appropriate for the study because it employs historical data of various companies gotten from their annual reports.

The population includes firms listed in the Nigerian Exchange Group as of December 31st, 2023. From this population, 36 firms were selected purposively based on the availability of data on sustainability disclosure, leverage, profitability, and foreign ownership. The study involves 12 reporting periods. This should have resulted in 432 firm-year observation but only 424 firm-year observations were selected after excluding firms with incomplete disclosure and foreign ownership information.

The sustainability disclosures (SSDC) measure was measured using a disclosure index based on the economic, environmental, and social dimensions of the Global Reporting Initiative guidelines. An indicator that had been disclosed was assigned a value of one, while an undisclosed indicator was assigned a value of zero. The disclosure index for a particular company was calculated as the ratio of disclosed indicators over the total number of relevant indicators. The company leverage (CLEV) measure was calculated using the debt-to-equity ratio. The company's profitability (CPRT) measure was calculated using the return on assets measure. Foreign ownership (FONS) was calculated using the percentage of ordinary shares owned by foreigners against the total ordinary shares.

To apply the content-analysis approach, it was necessary to find items related to sustainability in the annual reports of selected firms. Items were evaluated in terms of economic, environmental, and social disclosure, and the score for each item was computed consistently across firms and years. To prevent inconsistencies during coding, the same rule was applied to all firms; an item can be scored only when the annual report contains an explicit disclosure related to the appropriate GRI indicator. General statements without a clearly identifiable sustainability item were not treated as full disclosure; this was done to improve comparability across firm-year observations.

Panel Generalized Method Moments was used for the study due to the presence of lagged variables in the model, and because the corporate financial

attributes could also be endogenously related to disclosure decisions. The firm's decision to provide more sustainability disclosures could make it attractive to investors and affect the firm's financing structure, while at the same time, the financing structure itself can influence the firm's decision regarding the extent of disclosure.

The model is specified as follows:

$$SSDC_{it} = \beta_0 + \beta_1 CLEV_{it} + \beta_2 CPRT_{it} + \beta_3 FONS_{it} + \varepsilon_{it} \quad (1)$$

To reflect effect of moderation:

$$SSDC_{it} = \beta_0 + \beta_1 CLEV_{it} + \beta_1 CLEV_{it} * FONS_{it} + \beta_2 CPRT_{it} + \beta_2 CPRT_{it} * FONS_{it} + \beta_3 FONS_{it} + \varepsilon_{it} \quad (2)$$

Where: SSDC = Sustainability disclosure, CLEV = Company leverage, CPRT = Company profitability, FONS = Foreign ownership, CLEV*FONS = Interaction between company leverage and foreign ownership, CPRT*FONS = Interaction between company profitability and foreign ownership, i = Number of companies 1, ..., 36, t = Period covered 1, ..., 12, β_0 = Intercept.

4. Results and Discussion

Descriptive Statistics

Table 1: Descriptive Statistics

Statistics	SSDC	CLEV	CPRT	FONS
Mean	0.278708	0.694632	0.039119	0.393360
Maximum	0.888979	2.547496	0.088969	0.860000
Minimum	0.000000	0.041003	-1.799173	0.000000
Std. Dev.	0.167327	0.293378	0.178526	0.531968
Skewness	1.864176	2.230540	-1.412826	9.539803
Kurtosis	5.734453	12.47320	35.21287	152.2656
Jarque-Bera	377.6753	1937.022	18473.21	400048.7
Probability	0.000000	0.000000	0.000000	0.000000
Observations	424	424	424	424

Source: Researcher's Compilation (2025)

Table 1 describes the profiles of variables examined, which include sustainability disclosure, company leverage, company profitability, and foreign ownership. It is observed that sustainability disclosure (SSDC) measured using the GRI disclosure index indicated a maximum value of 0.8890 (89%), which shows that at least one firm-year disclosed a high proportion of applicable sustainability items, and a minimum value of 0.0000 (0%) indicates that some firm-year had no observable disclosure under the measurement approach, a mean value of 0.2787, indicates that the sampled firms disclosed about 28% of the applicable sustainability indicators on average, and a standard deviation value of 0.1673. These signified that on average, the sustainability performance of the sampled companies within the given periods was high since the mean value is higher than its standard deviation. The positive skewness value of 1.8642 indicated the spread of the curve across a larger variety of values towards the right-hand side (RHS) direction. The kurtosis value of 5.7345 showed the

point at which the curve peaked at about 6 units (leptokurtic position). Sustainability performance, which indicated a high Jarque-Bera test value of 377.68 at a probability value of 0.0000 (0%), which is less than the critical value of 0.05 (5% significance level) (statistically significant), indicated that sustainability performance is not normally distributed as a variable.

Company leverage (CLEV) showed a maximum value of 2.5475 and a minimum value of 0.0410 (4%), a mean value of 0.6946 (70%), and a lower standard deviation of 0.2934, showing that, on average, most of the companies employed debt financing. The positive skewness value of 2.2305 indicates that the curve shifts to the right-hand side (RHS), while it has a kurtosis value of 12.4732, showing that the curve is peaked at 12 (leptokurtic). Likewise, there is a very high Jarque-Bera test value of 1937.0 at a probability of 0.0000 (0%), which is less than the critical value at 0.05 (5%) significance level (statistically significant), suggesting that the variable result is not normally distributed.

Company profitability (CPRT) was measured using return on assets (ROA), which stood at maximum and minimum values of 0.0889 and -1.7992, respectively, and a mean value of 0.0391 (4%), compared with the standard deviation value of 0.1785, showing that, on average, most of the sampled companies achieved low profitability and some losses within the given periods. The skewness value of -1.4128 showed that the graph curve moves towards the left-hand side (LHS), while its high kurtosis value of 35.2129 showed that the curve peaked at 35 (leptokurtic). Also, the high Jarque-Bera value of 18473.2 at a probability of 0.0000 (0%), which is less than 0.05 (5%) critical significance level (statistically significant), suggested that the variable is not normally distributed.

Foreign ownership (FONS) used as a moderating variable on corporate financial attributes and sustainability disclosure, measured using the proportion of company shares owned by foreign investors, indicated maximum and minimum values of 0.8600 and 0.0000, respectively, implying the proportion of shareholding by foreigners. The mean value of 0.3934 (40%) foreigners' shareholding, compared with its high standard deviation of 0.5320, showed that, on average, the foreign shareholding in most of the sampled companies is small. The skewness value of 9.5398 indicated curve movement towards the right-hand side (RHS), whereas the kurtosis value of 152.27 indicated that the curve is peaked at over 152 (leptokurtic). Similarly, Jarque-Bera value of 400048.7 and probability value of 0.0000 (0%), which is less than the critical

probability at 0.05 (5%) (Statistically significant, suggesting that it is not normally distributed.

Correlation Analysis

Table 2: Correlation Matrix

Variables	SSDC	CLEV	CPRT	FONS
SSDC	1.000000			
CLEV	-0.129516	1.000000		
CPRT	0.250503	-0.277659	1.000000	
FONS	0.050234	-0.047839	0.143869	1.000000

Source: Researcher's Compilation (2025)

Table 2 presents the correlation matrix, which highlights the associations among the variables examined with diverse correlation coefficients, either positive or negative values. It comprises the dependent variable (sustainability disclosure) and the independent variables (corporate financial attributes proxied by company leverage (CLEV), company profitability (CPRT). There is a positive correlation between profitability and sustainability reporting (0.2505), which shows that more profitable firms tend to disclose more sustainability information. On the other hand, the correlation between sustainability reporting and foreign ownership is also positive but weak (0.0502).

The correlation among the independent variables is low to moderate. For instance, the correlation between leverage and profitability is -0.2777, while that of profitability and foreign ownership is 0.1439. These results do not indicate a very high presence of bivariate multicollinearity. However, because of the inclusion of the interaction term, the coefficients should be interpreted in relation to the full model rather than from bivariate correlation alone.

Panel GMM Results

Table 3: Panel Generalized Method of Moments Regression Results

Variables	Coefficient	t-stat	PV
SSDC(-1)	0.0804	6.6614	0.0000***
CLEV	-0.0240	-3.6298	0.0003***
CPRT	0.0250	0.9599	0.3378
FONS	0.0843	0.4028	0.6874
CLEV*FONS	-0.0037	-0.1573	0.8751
CPRT*FONS	1.1081	22.6925	0.0000***
Std error	0.0622		
J-Statistics	25.6696		0.321
No of instruments	8		
AR (1) test p-value			0.002
AR (2) test p-value			0.473

Researcher's compilation output (2025) E-Views

Table 3 highlights the Panel Generalized Method of Moments regression output presented in order of coefficient, the t-statistics, and probability values against the variables, respectively.

From the output in Table 3, it is observed that all the corporate financial attributes and their interactions are either significant at the 1% or 5% significance level except for company profitability (CPRT),

foreign ownership (FONS), and foreign ownership (CLEV*FONS).

The lagged value of the sustainability disclosure, SSDC (-1), is positive and significant at the 1% level. The positive value suggests that there is persistence in sustainability disclosure, such that if firms disclosed more sustainability information in the previous period, they tend to do so in the present period.

Company leverage (CLEV), which indicated a negative coefficient value of -0.0240 with a p-value of 0.0003. This implies that a unit increase in leverage could bring about a decrease in sustainability performance by over -2%, this could be because debt serving obligations constrain voluntary sustainability reporting, because highly geared firms may prioritize financial survival over sustainability disclosure activities.

Company profitability (CPRT) shows a positive coefficient of 0.0250, but the relationship is statistically insignificant since the p-value is 0.3378. Consequently, profitability cannot be used to significantly predict the level of sustainability disclosure. Foreign ownership (FONS) also has a positive and insignificant coefficient, meaning that foreign ownership on its own does not enhance disclosure.

The interaction between the leverage and the foreign ownership (CLEV*FONS) indicated a negative coefficient of -0.0037, which is also statistically insignificant. The finding implies that foreign ownership does not significantly influence or strengthen the relationship between leverage and sustainability disclosure. On the other hand, the interaction between the profitability and the foreign ownership (CPRT*FONS) has a positive coefficient of 1.1081, which is statistically significant at the 1% level. This is the strongest moderating result in the model. It suggests that foreign ownership influences the effect of profitability on the sustainability disclosure. The implication is that profitable firms with foreign owners have higher resource endowments and transparency pressures.

The overall goodness-of-fit measure at J-statistics value of 25.6696, which is higher than standard error of regression value of 0.0622, suggested that there exists a direct relationship between company financial attributes and sustainability disclosure.

Findings reveal insignificant direct effects of leverage and profitability. However, foreign ownership strengthens the positive effect of profitability on sustainability, indicating governance efficiency.

5. Conclusion and Recommendations

This study explores the impact of corporate financial attributes on sustainability disclosures while investigating the moderating effect of foreign ownership among publicly listed firms in Nigeria. This research is necessitated by the desire to determine the sustainability reporting behavior that may emerge in a voluntary reporting regime due to governance pressure, financial resources, and the presence of foreign investment.

The results indicate that leverage exhibits a significant negative direct impact on sustainability disclosure while profitability shows a non-significant positive direct relationship. Foreign ownership does not play a significant moderating role in the relationship between leverage and sustainability reporting but exerts a significant positive moderation in the relationship between profitability and sustainability reporting.

The study recommends that the management of publicly listed firms should avoid regarding sustainability reporting merely as an issue that must be addressed after legal requirement. It is important for firms to put up internal mechanisms for compiling data concerning sustainability issues especially where there is a presence of foreign ownership. Moreover, profitable firms can use financial capability to bolster sustainability reporting.

Given the adverse impact that leverage has on sustainability, firms should properly plan their sustainability-related initiatives and disclosure. There is a need to control the use of debt in financing such activities and reporting on them. This is not to imply that debt should be used; what is important is that firms should avoid having too much debt to the extent that such debts would crowd out the necessary investments in sustainability issues and related reporting initiatives.

On the part of the regulators and professional bodies in Nigeria, there is a need for more guidelines regarding sustainability reporting. Given the risks associated with voluntary disclosure, it will be helpful to have more guidelines based on some internationally accepted reporting frameworks like GRI.

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