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Effect Of Corporate Social Responsibility and Corporate Governance on Performance of Manufacturing Firms in Nigeria

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Abstract
This paper seeks to ascertain the intervening role of corporate social responsibility CSR on the relationship between corporate governance CG and performance of manufacturing companies in Nigeria. This investigation also assesses the influence of corporate governance CG on both financial and nonfinancial performance of Nigerian manufacturing companies. In order to substantiate the hypothesised relationships, we employ agency theory (AT) and shareholder theory (ST). The research design is a cross-sectional and the random sampling approach was adopted. The 280 usable responses from questionnaires obtained were quantitatively analysed. The partial least squares structural equation modelling (PLS-ESM) by means of Smart-PLS 3.3.9 was used to analysed the data. The key findings indicate that CG not only influences CSR but also significantly associated with both financial and nonfinancial performance. In addition, CSR mediates the relationship between CG and financial performance and non-financial performance. The results of the study suggest that the role of CSR in the tested model is justified by the connection between AT and ST. This theoretical contribution is provided by the study. Some recommendations with practical implications for managerial practice were suggested. The study is restricted by its contextual perspective on Nigeria. Future study can espouse longitudinal approach to expand the fronter of knowledge.

Keywords: corporate governance, corporate social responsibility, financial performance, nonfinancial performance, Nigeria.

Introduction

The present investigation surveys corporate social responsibility (CSR) practices alongside corporate governance and their respective impacts on corporate performance, which are defined as financial outcomes and non-financial indicators. CSR has had increased academic attention in most parts of the world and has assumed a focal point in most large corporations as well as small businesses due to the significant implications in numerous aspects of business performance. Under the contemporary complexities of the global economy, firms are compelled to incorporate CSR into their strategic repertoires (Gharbi & Jarboui, 2024). Empirical findings demonstrate that CSR not only aligns economic, social, and environmental considerations within the survival and operational structures of firms but also affords a competitive advantage by enhancing profitability and elevating the return on resources invested (Barauskaite & Streimikiene, 2020). While CSR is not generally mandated by law, it is progressively embedded in the routines of many global corporations (Singh et al., 2023). In recent decades, heightened global recognition of social and environmental obligations has markedly increased, particularly in advanced economies such as the United States of America and the United Kingdom (Kemper & Martin, 2010; Saeed et al., 2022). Parallel progress has been observed in emerging markets, notably China, where studies by Carroll & Buchholtz (2017), Chen et al. (2019), Desender & Epure (2021), Nguyen et al. (2020), and Parsa et al. (2021) emphasize the growing prominence of CSR. From a normative standpoint, CSR constitutes a guiding principle obliging organizations to pursue their activities in a sustainable and socially accountable mode, cognizant of the implications of their actions for diverse stakeholders (Madanaguli et al., 2022). Furthermore, available evidence indicates that CSR has attracted considerable scholarly attention across emerging nations (Jamali et al., 2017; Khan et al., 2020).

Competition in the global arena continues to intensify, with no observable decline, thus compelling firms to adopt novel mechanisms that enable effective contestation, endurance, and the fulfilment of their mandates (Alastal et al., 2023). According to Blasco and King (2017), a recent KPMG report shows 79 per cent of 4,900 firms worldwide are engaged in corporate social responsibility practices. Such engagement is not unrelated to recent financial and managerial scandals—Enron, WorldCom, Parmalat, Tyco, Petrobras, and Satyam in India (Agrawal and Cooper, 2017; Bhasin and Utara, 2016)—and Nigeria's Cadbury Plc scandal, as well as to mounting concern over climatic change that is attracting global attention. Nigeria's aspirations toward industrialization and its position as a major global economy player are consistent with the United Nations Agenda, 2030, which projects that "Africa is projected to host about 20 % of the world's population by 2050". This demographic shift is expected to elevate consumer expenditure to 2.2 trillion US Dollars by

2030 (United Nations Agenda, 2030). Nigeria also aspires to be in the club of the greatest economies in the world as suggested in the African Union Agenda 2063. According to the 2020 projection by the United States of America Department of Agriculture, Nigeria will join the one trillion dollars club of GDP contribution in the yesteryear 2030. These estimations show the immense non-oil potential that is inherent in Nigeria.

Statement of the problem

One of the key indicators of a country's economic health is its manufacturing sector. Industrialization and population growth have increased human activities with disastrous impacts on the environment, which has become a global issue. Thus, the manufacturing industry has a detrimental influence on sustainability in general and the environment (Wang et al., 2018; Xu & Lin, 2017). Industrial companies produce a significant amount of trash, causing environmental pollution and hugely depleting natural resources (Shahzad et al., 2019). Manufacturing companies face various issues including restricted resources, human health, more environmental consumer awareness, stakeholder expectations and social responsibility (Li et al., 2018). For example, the problem would be identifying long-term sustainability and competitive advantage without damaging the natural environment or society and sustaining production volume. Also, the catastrophic repercussions of company failure, whose gigantic cost implication is indicated by job loss, a reduction in gross domestic product, a decline in the overall level of life, and a general decline in the quality of living. Corporate organizations' inability to perform corporate social responsibility (CSR) have significant challenges when they encounter strong opposition from the community, resulting in increased operational expenses. These expenses include lost productivity, expenditures associated with replacing damaged property, theft, disruption of operations, acts of vandalism, targeted attacks on individuals, kidnappings, hostage situations, and demands for payment (Awa et al, 2024). This is believed that poor corporate governance compliance is not only but also a significant factor in the demise of many companies across many African economic sectors including Nigeria (Ofoegbu et al., 2018).

Literature review

Corporate governance

Corporate governance is essential in organizations for providing oversight, minimizing scandals, boosting the organization's access to external equity, judicious use of resources and promoting improved relationships with stakeholders (Claessens and Yurtoglu, 2013). Corporate governance deals with how corporate entities are administered and how accountable directors are responsible to the organizations' stakeholders (Dienes *et al.,* 2016). Theoretically, it is unclear whether corporate governance methods affect a company's performance in general. If organizations have corporate governance tools to reduce agency conflict, the organizational performance will be improved and guaranteed from the agency's perspective. To govern corporate entities correctly and responsibly and achieve optimum performance for the benefit of all stakeholders, corporate governance is essential for best practices. Nigerian manufacturing companies are loosely and largely governed hence, insights are needed to address how CG relates with stakeholders in promoting of corporate social responsibility initiative and enterprise outcomes. Although theoretical consensus remains elusive regarding the general performance effects of governance practices, there is a growing body of empirical evidence suggesting that institutions that mitigate agency conflict are more likely to achieve superior organizational performance and a prerequisite for business survival. (Bhatt and Bhatt, 2017; Usman and Yakubu, 2019; Rehman and Hashim, 2021). Consistent analyses show that strong CG enhances corporate performance and increases corporate valuation (Yu et al. 2020; Ho 2020). In turn, the literature available indicates that corporate governance is the basis of successful operation of modern enterprises.

Corporate Social Responsibility

The definition of CSR proposed by Carroll remains the most widely recognised in scholarly research, even though debates and uncertainties surrounding the concept persist (Barauskaite & Streimikiene, 2021; Han et al., 2019). This means Corporate Social Responsibility (CSR) is increasingly prioritized by corporate organizations since it has the potential to improve the competitiveness of an organization (Maqbool & Zameer, 2018). Though organizations strive to optimize their earnings, it is also important for them to make intentional contributions to the overall welfare of society, as outlined by Corporate Social Responsibility (Barauskaite & Streimikiene, 2020). As businesses see CSR as a collection of sustainable practices within a framework of many stakeholders, it is vital to understand its impact on the overall organisational performance. Different viewpoints on corporate social responsibility (CSR) highlight the notion that the understanding and execution of CSR initiatives are significantly shaped by specific context-dependent phenomenon worldwide (Jamali and Karam, 2018; Mohy-ud-Din & Raza, 2023). Hence, context-specific research can provide insightful information for corporate survival (Aguinis & Glavas, 2019). Therefore, it is vital to investigate the contextual reliance of CSR practices, particularly concerning corporate practices in developing climes (Sethi et al., 2018). Research evidence from Nigeria may help corporate managers, intellectuals, foreign organisations and policymakers to advance CSR practices in the country since CSR practices are contextually specific.

Corporate Performance

Corporate performance has been characterized based on whether they are objective or subjective (Bedford, 2015). In a review, Chenhall (2003) asserts that many studies show a substantial correlation between objective and subjective performance metrics, but Venkatraman & Ramanujam (1987) maintain that objective or subjective approach of measuring organizational performance does not provide any significant difference as both give valid and reliable measurement. Both theoretical and empirical research within the topic of organisation studies centres on the corporate performance variable. In this study, corporate performance is measured through a subjective instrument. The scale measurement is adapted from literature based on a reflective measurement model. There are several limitations with the use of only financial measures of performance. First, financial indicators of an organization's success are susceptible to the variance technique and may be deceptive due to the influence of industry-related factors. Second, because financial measures are susceptible to manipulation, they do not accurately reflect the performance of the organisation. Thirdly, financial measures can only affect past performance and might lead to confusion when used to predict future organisational performance. Fourthly, it appears that financial measures of business performance are stable and do not replicate new goals, as they are unable to recognize the current challenges linked to enterprise performance. Finally, the lack of strategic consideration in financial measures of corporate performance and their emphasis on short-term financial indicators cause a significant gap between formulated strategies and their implementation. From the forgoing perspective, this current study aligns with measurement of organizational performance along several dimensions. This current study will utilize financial and non-financial perception to measure organizational performance.

Agency theory AT

According to the perspective of the agency theory, good CG is defined within the confines of the narrow fiduciary duty of the managers who should seek to maximize shareholder wealth. Jensen and Meckling (1976) contend that managers are “opportunists” who may advance their private interests. Under this perspective, the role of the board of directors is to limit the managerial activities in a way that they are geared towards the goals of the shareholders. In agency theory, the boundaries of the fiduciary duty are considered to promote repression of the corporate social and environmental activity.

Stakeholder theory

Freeman’s (1984) stakeholder theory posits that corporate success and long-term viability depend on the simultaneous creation of shared value for shareholders and stakeholders. Freeman’s (1994) stakeholder theory posits that sustained performance demands an emphasis on stakeholder satisfaction. In the context of the stakeholder theory, it is implied that each organization that would like to optimize its financial and non-financial performance should, concurrently, address the expectations of its stakeholders, i.e. customers, employees, suppliers, and the community in general. Empirical findings indicate that stakeholder satisfaction with a firm’s corporate social responsibility (CSR) initiatives is a prerequisite for subsequent gains in corporate performance; this relationship is supported by recent studies by Flynn and Walker (2020; Shurrab et al. 2019; Wagner 2018). This paper examines how corporate governance (CG) frameworks are deployed to implement best practices in environmental stewardship, social responsibility, and governance (Arif et al. 2021). In this regard, the idea behind promoting corporate involvement in social and ecological duties consists of the act to gratify stakeholder favour by balancing the economic, social and ecological sides. Also, stakeholder theory insight holds that a CG is a crucial factor promoting firms on the path of social and environmental responsibility. When the enterprises act sincerely in reacting to the concerns of the stakeholders, stakeholders also react with a positive behaviour, which consequently promotes corporate performance in various ways. In addition, the theory contends that “managers may need to consider different values simultaneously in decision-making,” acknowledging both financial and non-financial indicators (van der Linden & Freeman, 2017).

The link between corporate governance and corporate performance

According to worldwide perspective and study, CG is one of the most significant institutional elements for determining a company's strengths and roles (Crifo, Escrig-Olmedo, & Mottis, 2019). CG refers to the systems of rules, legislation, and initiatives that provide the necessary support for an enterprise, ensure accountability, and enhance performance. CG is used to evaluate the performance of companies (Dony, Joseph, & James, 2019). A number of studies have attempted to elucidate the ways in which CG can lead to better financial performance and mitigate risk (Shahwan & Habib 2020). Through CG, stakeholders have more access to the data required to achieve the organization's goals and enhance its performance. This makes their decision-making easier. Naciti (2019) also demonstrated that board diversity and the separation of the roles of chief executive officer (CEO) and chairman are positively associated with organizational sustainability. Assankutty et al. (2019) acknowledged varying outcomes from previous inquiries, noting that the association between CG and FP is, at times, inconsistently documented. Arora & Sharma (2016) and Black et al. (2006)

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reported that the CG mechanism has a beneficial influence on FP. Board composition board achieves its goals for effectiveness and efficiency of CG, which involve deliberate planning and monitoring, an appropriately constituted board of directors is essential (Al-Matari et al., 2012; Alabdullah, 2018). The beneficial effect of board size is a consequence of the fact that larger boards benefit more from the diversity of their directors. Larger boards of directors benefit from the talents, knowledge, and experience of their members. Larger boards can have a broader perspective on the current economy and more quickly recognise business prospects, which contributes to a better strategic decision advisory service (Pearce & Zahara, 1991). Shittu et al. (2018) examine the impact of audit committee on enterprise performance and discovers that the audit committee has a significant favourable effect on firm performance. Poor corporate governance has been linked to low organizational performance and stakeholder discontent (Baydoun et al., 2013). Example, Nasr and Ntim, (2018) aver that CG is essential in promoting foreign direct investment. These results indicate that corporations based in underdeveloped nations would do better if they adopted sound corporate governance policies. Director qualification according to Hilmer (1998), board composition is important, so are the qualifications and skills of each board member. Additionally, he claims that active board involvement necessitates a high level of knowledge, experience, great judgement, and honesty. As a result, the board can act responsibly as a whole because of the board's members' diverse backgrounds, experiences, and personalities. Thus, corporate governance in this study reflected on the perceptions about the board composition, board size, director’s qualifications, and audit committee concerning the enhancement of financial performance by Nigerian manufacturing companies. Past stakeholder research has established a robust association between corporate governance (CG) and corporate financial performance (CFP) (Goergen, 1998; Singh & Rastogi, 2023). The results of the existing literature indicate that different elements of corporate governance have substantial, and positive relationships with the firm performance regardless of the corporate governance regime under consideration. To that end, this research paper aims at evaluating the perceived usefulness of the board composition, board size, director qualification, and audit committee practices in improving financial performance by their manifestation on the part of Nigerian manufacturing firms. Based on the foregoing, it is hypothesized thus that:
H1a: Corporate governance will be positively related to financial performance in the Nigerian manufacturing enterprises.

The link between corporate governance and non-financial performance
The agency theory posits that the board composition of firms should enhance their reliability and mitigate conflicts (Jensen and Meckling, 1976; Bahoo, Ahmed, Shoukat & Ahmad, 2019). The available body of literature analysing the linkage of the corporate governance and entity performance is ambiguous regarding the nexus of board size but, in any case, throws light on the relationships behind these findings. While several studies stipulate minimum board sizes of two (Kajola, 2008; Ning, Davidson, & Wang 2015), others recommend approximately 7–10 (Jensen, 1993; Lipton and Lorsch, 1992). Dalton et al. (1999) nonetheless contend that a healthy and positive association exists between board size and firm performance. All these findings hint to the fact that the boards of manageable sizes are able to work towards positive corporate image and improved employee satisfaction. Equally, investors demonstrate a marked preference for firms possessing a higher proportion of independent directors versus internal directors (Uzun, Szewczyk, & Varma 2004). According to Afzali and Kettunen (2019), directors with superior managerial, technical, and interpersonal skills can facilitate improved stakeholder relations and employee morale, thereby amplifying firm morale standing. This kind of mindset can boost not only corporate image but also staff trust and hence surging productivity. Dalton et al. (1999) posits a significant, positive association between the size of a corporate board and organisational performance. The associated decrease in the possibility of conflict enhances the general apprehension of corporate responsibility which enables the corporations to attract institutional interest, qualified labour and societal endorsement. Regulatory actions with regard to the composition of an audit committee also represent another major step on this front. The audit committee membership and quantity regulation are a positive and appropriate step in the correct direction that can enhance productivity of the enterprise. Such regulatory regulation of audit committee, which has conventionally been issued into effect under the governance system of things, qualifies as a healthy intrusion in this regard. Collectively, the factual findings substantiate the following applicable hypothesis: in those cases where the agency costs of managers are limited especially when the board is appropriately structured, firms enjoy a more favourable reputation, three results are observed: employee satisfaction has improved, investor credibility is maximized, ability to attract the requisite talent is greater, community support is enhanced and other extra cache benefits are experienced. According to Adedeji et al.; Zhou et al., 2018; Susanti et al., (2019) there is a positive and significant correlations. From the foregoing, studies indicate that non-financial factors exhibit essential functions in the production and operations endeavours, particularly in enhancing the performance of the firms. Thus, we hypothesised that:
H1b: There is a positive link between CG and the non-financial performance of Nigerian manufacturing enterprises.

Corporate governance positively affect CSR practices
Corporate governance forms a pattern of guiding the operations of an enterprise. It prescribes what the board of directors should do and how the board should oversee the top management and inculcate realisation of corporate value. To this end, directors may align the interests of managers and shareholders through mechanisms such as equity ownership, stock-

option schemes, and remuneration linked to performance indicators (Hermalin & Weisbach, 1991). However, recent instances of corporate failure have led to question marks being put on the ability of boards to perform as a checkpoint. While the evidence is mixed, Fama and Jensen (1983) contend that boards are better motivated to perform their core duties because of reputational threats and competitive forces. Hermalin and Weisbach (1991) further indicate that the scope and efficacy of board monitoring is contingent upon composition, yet empirical investigations are required to ascertain whether performance improvements can be achieved by systematically altering board membership. In general, the main control institution of the company is the board of directors. governing body of a firm and serves as shareholders' principal representative, supervising executive staff, rendering strategic guidance, and establishing the organisation's long-term direction (Adewuyi & Olowookere, 2013).
H2: CG positively influences CSR practices of manufacturing companies in Nigeria.

The link between CSR practices and Corporate Performance
In accordance with stakeholder theory, certain stakeholders are significant and primary with the power to influence business strategies (Freeman 1984). The theory purports to encourage business sustainability and create wealth (Crane & Glozer, 2016). The concept, diverse stakeholders' rights, interests, and needs are investigated to direct the organization's generally conscious behaviour (Gadenne *et al.,* 2012). Asiaei et al., (2021) posits that the relationship between business executives and other stakeholders is crucial in the attainment of success and value-add to both the organizations and their stakeholder (Mu et al. (2024) posit that stakeholder theory offers a novel framework for enterprises to evaluate their organisational obligations. Numerous scholars have favoured a stakeholder perspective when examining CSR and have delineated various categories of stakeholders (Mu et al., 2024). Firms derive both financial and non-financial advantages by discharging their economic, social, legal, and environmental responsibilities in line with stakeholder expectations (Farooq et al., 2017). It is thus of essence that companies are aware of their stakeholders and familiar with the needs of such stakeholders in such a way that all stakeholders are accommodated. In the CSR literature, there is a lot of literature and it addresses different issues. One strand of literature deals with the relationship between corporate social responsibility performance (CSRP) and Financial Performance (FP). This strand has been scrutinised across various sectors since the 1970s and has produced mixed results, lacking definitive agreement regarding the influence of CSRP on FP (Giannopoulos et al., 2024). Using this context in this discussion, it can be indicated that CSRP and FP relationship is a grey area. thereby creating opportunities for further theoretical and empirical investigations of this association (Esposito et al., 2024). So, this relationship is debatable. Research concerning the connection between CSRP and FP has increased. The major reason that leads to this increment is heightened awareness of the necessity of protecting the environment from the harmful impacts of corporate activities (Rahi et al., 2024). This implies that the enigma of a question of whether it pays to be a socially responsible organisation has not been completely sorted out and this raises the need to have additional channels that can illuminate on the issue. the association of CSRP with FP. Comprehending the influence of CSRP on FP is of paramount significance for decision makers, policymakers, stakeholders, and investors (Giannopoulos et al., 2024). Some authors have identified a robust positive relationship between CSRP and FP (Arian et al., 2023; Lin, 2024; Li & Xu, 2024). It implies that not only do CSR activities of companies help to improve their ethical reputation but also help them to be more economically viable. Some authors have found a negative relationship between CSRP and FP (Madugba & Okafor, 2016; Sameer, 2021). This perspective of results was emphasised by Friedman (1970), who noted that organisational managers often allocate company resources to non-profit social initiatives, potentially to the detriment of shareholders. This view is also supported by Jensen and Meckling (1976), who discuss the 'agency cost problem', asserting that the costs associated with CSR may exceed the advantages it provides to the organisation. Conversely, several research emphasise the possible adverse consequences of an excessive emphasis on family planning. The authors contend that a narrow focus on immediate financial profits may result in the disregard of other crucial elements of Corporate Social Responsibility and Performance (CSRP), such as long-term strategic choices, innovation, employee contentment, and customer allegiance (Ramzan et al., 2021; Su et al., 2020; Waddock and Graves, 1997). These studies indicate that focusing just on FP may not fully encompass the other aspects of organisational achievement and long-term viability. In addition, several research adopt a neutral position, indicating that the correlation between FP and CSRP is intricate and contingent on the specific circumstances (Barauskaite and Streimikiene, 2021; Gupta and Das, 2022). These studies highlight the need of taking into account industry dynamics, economic conditions, and firm-specific factors when analysing the connection between financial performance and corporate social responsibility practices. Our analysis proposes that CSR practices have a notable influence on overall corporate performance. Thus, we propose the following hypothesis:
H3a: CSR practices (environment, employee and consumer, community) will be positively related to financial performance of manufacturing enterprises in Nigeria.
H3b: CSR practices (environment, employee and consumer, community) will be positively related to organizational performance.
Figure 1, is the depiction of the conceptual framework showing corporate governance, corporate social responsibility (CSR) practices and corporate performance. See appendix 1

Methodology

This empirical investigation aims to clarify the effect of corporate governance and corporate social responsibility on corporate performance. In this regard, a well-formatted survey form was distributed to the manufacturing establishments in Nigeria. The CG scale included a total of twenty-four items, adapted from scales developed by Basyith, (2016), Ameer and Othman (2012) Adedeji, et al., 2019). Board composition six items, board size six items, board of audit committee six items and Director's qualification six items. CSR was operationalised through a sixteen-item scale, with four items addressing CSR to environmental, six scrutinising employee relations, three evaluating community engagement, and three gauging consumer interactions borrowed from the instruments of Farooq et al. (2014) and Turker (2009). Two analytical dimensions were adopted for corporate performance: four items tapped into financial performance metrics, while nine items pertained to non-financial performance, which incorporated metrics developed by Henri (2006), Asiaei and Jusoh (2017), Mia and Clarke (1999), and Kallunki et al. (2011). The framework that was used assumed CG and CSR practices to to be the independent variables and the dependent variable corporate performance. We applied random sampling; to be specific, using questionnaire that was self-administered where questionnaire was distributed by email. The sampling frame originated from the Manufacturers Association of Nigeria Directory (2020), which contained the 3,000 large companies form the population of interest. A total of 1,050 questionnaires were therefore distributed, exceeding both the 350-respondent minimum recommended by Krejcie and Morgan (1970) and Nulty's (2008) suggestion for readily accessible populations. A total of 311 questionnaires were collected after the field work and 280 were found to be complete and usable. Manufacturing entities were the only population to be targeted. The design of the questionnaire, Part A was used to obtain the demographic data, Part B to reveal the perceptions regarding CG, Part C revealed the CSR practices, and Part D captured corporate performance perception. We used a five-point Likert scale where strong agree and strongly disagree scores were used. Empirical analysis was conducted through structural equation modelling (SEM) implemented via partial least squares (PLS) estimation. SMART-PLS was used on the path analysis alongside the bootstrapping processes. Table 1 summarizes the demographic features of the respondents. Among the informants include the Chief Executive Officer or General Manager (CEO/GM) position (1.79 %), followed by Chief Financial Officer (CFO) (10.36 %), Internal Auditor or Finance Manager (IA/FM) (48.21 %), and Controller or Operation Manager (CM/OM) (39.64 %). Regarding ownership, respondents were classified as local enterprises (69.28 %), foreign-owned (11.43 %), foreign-local (15.00 %), or listed on the Nigerian Stock Exchange (4.29 %). The respondents is focused on ten major industrial sectors, namely, agriculture, food, beverage, and tobacco; chemicals; cement; Machinery and equipment; metals; pharmaceuticals; plastics; printing, and packaging; textiles; and wood and paper. The education level varied between 1.79 % of the respondents who have a PhD, 10.36 % with a Master degree, 60.35 % with university degree, 33.93 % with a professional level of education and 3.93 % having an education level other than the afore mentioned. All the hypotheses were tested by use of PLS-SEM.

Common Method Variance (CMV)

The current analysis uses the One-Factor Test by Harman to access the factor of common method bias as it might affect the outcomes (Podsakoff et al., 2003).. A variance explained by a single component exceeding 50%—the "Harman 50 percent criterion" —indicates a serious problem of common method variance (CMV). The graph of the current study shows that the highest unrotated factor contributed to the overall variance of 21.311 %, which is lower than the 50 % mark and it implies that the CMV contamination is negligible (Podsakoff et al., 2003).

Data analysis and findings

The values that were received in the course of the current examination were analysed using Smart-PLS 3.2.9 combined with SPSS v23. The analytic strategy involved a two-step process: 1. Measurement model: construct validity, reliability, convergent validity, and discriminant validity were determined and 2. Structural model: empirical tests of hypotheses were carried out. (Hair, Hult, Ringle, & Sarstedt, 2017)

Measurement model assessment

To evaluate the internal consistency of the measures used, Cronbach's Alpha (CA) and composite reliability (CR) was employed, which ranged from (0.753 to 0.953), (0.843 to 0.956) respectively, thus surpassing the 0.70 cut off in all the cases (Hair et al., 2017). For convergent validity, the factor loadings (FL) of all the items and the average variance extracted (AVE) was conducted. Convergent validity was confirmed because all the items' loading was more than 0.6 (Hulland, 1996) and the AVE for all the constructs were more than 0.5 thresholds (Hair et al., 2017)). See Figure 2: Measurement model with outer loadings and AVE values from PLS-Algorithm

Heterotrait-Monotrait Ratio (HTMT) is another criterion for evaluating the discriminant validity. Henseler et al. (2015) proposed the HTMT method which confirms discriminant validity between each pair of variables if the correlation values are less than 0.90. Table 2 below showed that the HTMT values are below the threshold of 0.90.

Table 2: Discriminant validity- HTMT

Constructs	B_A._Com	B._Com	B._Size	CSR_Com	CSR_Con	CSR_Emp	CSR_En	D._Qua	Fin._P	Non-F._P
B_A._Com										
Board_Com	0.201									
Board_Size	0.218	0.198								
CSR_Com	0.087	0.226	0.262							
CSR_Con	0.044	0.319	0.109	0.097						
CSR_Emp	0.054	0.218	0.102	0.198	0.789					
CSR_En	0.163	0.282	0.242	0.617	0.246	0.357				
Directors_Qua	0.102	0.155	0.342	0.149	0.086	0.302	0.157			
Financial_P	0.124	0.276	0.251	0.589	0.106	0.285	0.515	0.176		
Non-Finan_P	0.154	0.293	0.092	0.202	0.553	0.481	0.322	0.234	0.519	

Criteria: HTMT (HTMT <1)

Note: **A**- Board of Audit Committee; **B-**Belief Control; **C-** Board Composition; **D-** Board Size; **E-** Boundary Control; **F-** Corporate Social Responsibility to Community; **G-** Corporate Social Responsibility to Consumer; **H-** Corporate Social Responsibility to Employee; **I -** Corporate Social Responsibility to Environment; **J-** Diagnostic Control; **K-** Directors Qualifications; **L-** Financial Performance; **M-** Interactive Control; **N-** Non-Financial Performance.

Results and Assessment of structural model

From the results of the analysis, CG and FP was positively and significantly correlated as captured in Table 5 in (ß= 0.234, t-value = 4.144 p-value 0.000). This confirms a positive correlation between corporate governance and financial performance. The t-value =4.144 is higher than 1.96 and the ß= 0.234 is a positive direction This result is consistent with (Adedeji et al.,2019; Zhou et al., 2018; Singh & Rastogi, 2023)
CG and NFP was positively and significantly correlated as captured in Table 5 in (ß= 0.215, t-value =3.356 p-value 0.001). This confirms a positive correlation between corporate governance and financial performance. The t-value =3.356 is higher than 1.96 and the ß= 0.215 is a positive direction. This outcome was consistent with the past findings, confirming that a positive relationship exists between corporate governance and non-financial performance (Ahmad and Zabri, 2016; Burke, Hoitash & Hoitash, 2019; Adedeji et al.; Zhou et al., 2018 Susanti, Andhani et al., (2019) report significant positive associations.

CG is positively related to CSR practices (community, environment, employee, and consumer). The result is positive statistically and it is significant as presented in Table 5 (ß = 0.272, t-value =4.208 p-values 0.000.). The t-value =4.208 is higher than 1.96 and the ß= 0.272 is a positive direction This result is consistent with that of H2 is therefore supported empirically with the significant results, confirming the positive relationship between corporate governance and corporate social responsibility CSR practices. corporate governance strengthens the promotion of CSR practices in the areas of community sponsorship of projects that have direct bearing on the people, like health centres, community bridges, tap borne water and assistance in education and training in entrepreneurship ventures.

In the relationship between CSR practices and financial performance of manufacturing companies in Nigeria. H3a: CSR practices (environment, employee, community and customer) are positively related financial performance as captured in Table 2 (ß= 0.364, t-value =5.354 p-value 0.000). The t-value =5.354 is higher than 1.96 and the ß= 0.364 is a positive direction This result is consistent with that of Comprehending the influence of CSRP on FP is of paramount significance for decision makers, policymakers, stakeholders, and investors (Giannopoulos et al., 2024). Some authors have identified a robust positive relationship between CSRP and FP (Arian et al., 2023; Lin, 2024; Li & Xu, 2024). Some authors have found a negative relationship between CSRP and FP (Madugba & Okafor, 2016; Sameer, 2021). Empirical results reported in Table 2 indicate that CSR practices across the environment, employee, community, and customer dimensions are positively associated with financial performance, as captured by the coefficient ß = 0.389 and the corresponding t-value's significance (6.137; p-value 0.000).

In the relationship between CSR practices and non-financial performance of manufacturing companies in Nigeria. H3b: CSR practices (environment, employee, community and customer) are positively related financial performance as captured in Table 5 (ß= 0.389, t-value =6.137 p-value 0.000). The t-value =6.137 is higher than 1.96 and the ß= 0.389 is a positive direction This result is consistent with (Arian et al., 2023; Lin, 2024; Li & Xu, 2024). The essence of CSR practices in the manufacturing companies cannot be overemphasized, CSR practice promotes the attainment of corporation's goals of meeting both financial and non-financial objectives thereby meeting customer satisfaction, employee satisfaction, gaining market share plus competitive edge and other strategic goal achievements and better productivity. The result is also revealed. The sale volume, profitability, return on investment and cost reduction are achieved. This corroborates Arian et al. (2023), Lin (2024), and Li & Xu (2024). Therefore, operations of CSR in manufacturing firms can help in accomplishment of financial and non-financial objective by facilitating the following ways; fulfilling customer expectations, promoting employee satisfaction, increasing the market share and competitive edge, satisfying the strategic objectives as well as increasing the productivity in the operations. The relationship also comes out in terms of the higher level of sales volume according to the statistics, as well as profitability, return on investment and cutting down the costs.

Table 3: Path coefficient (Direct effect) result

Hypotheses	Beta/OS	LL	UL	T	P	Decision
H1a: Cor. Gov. -> Fin Performance	0.234	0.008	0.275	4.144	0.000	Supported
H1b: Cor. Gov. -> Non-Fin Performance	0.215	0.216	0.458	3.356	0.001	Supported
H2: Cor Gov -> CSR Practice	0.272	0.271	0.543	4.208	0.000	Supported
H3a: CSR -> financial Performance	0.364	0.245	0.543	5.354	0.000	Supported
H3b: CSR -> Non-Fin Performance	0.389	0.079	0.216	6.137	0.000	Supported

OS: Original Sample; LL: Lower Limit; UL: Upper Limit; Significant; *p < 0.05

Hair et al. (2017) proposed six criteria for assessing the Structural Model using PLS-SEM. In the initial stage of assessing the structural model, it is important to address the latent collinearity issues. Also, it is important to assess the significance and relevance of the structural model relationship, by assessing the level of variance explained of the dependent variable (R^2), the level of effect size (f^2), and the predictive relevance (Q^2). Moreover, it is also important to assess the corresponding t-values of the path a coefficient via bootstrapping with 5,000 resamples. The results of R-square, effect size (f-square), collinearity (inner VIF), and predictive relevance (Q-square) has been presented in below Table 5. The result of R^2 value revealed substantial for organizational performance as the value (0.335) which is higher than 0.26, however R^2 value revealed weak for CSR practice (0.119) as the value in between 0.02 to 0.13. The effect size (f^2) of CSR practice on willingness to use green products shows medium as the value (0.238), similarly, the effect of corporate governance on CSR practices is also medium as the value (0.136) which is in between 0.13 to 0.26. The collinearity was less than 5 for all the exogenous variables, and the predictive relevance (Q^2) for endogenous variables were higher than 0 indicating adequate predictive relevance.

Table 4: Assessment of the structural model

R-Square	**Endogenous Variables**	**R Square**	**R Square Adjusted**	0.26: Substantial, 0.13: Moderate, 0.02: Weak (Hair et al., 2017)
	CSR Practice	0.119	0.116	
	Org. Performance	0.335	0.325	
Effect Size (F-Square)	**Exogenous Variables**			0.26: Substantial, 0.13: Medium effect, 0.02: Weak effect (Hair et al., 2017)
	CSR Practice		0.238	
	Corporate Governance	0.136	0.026	
Collinearity (Inner VIF)	**Exogenous Variables**			VIF <= 5.0 (Hair et al., 2017)
	CSR Practice		1.220	
	Corporate Governance	1.000	1.140	
Predictive Relevance (Q-Square)	**Endogenous Variables**	**CCR**	**CCC**	Value larger than o indicates Predictive Relevance (Hair et al., 2017)
	CSR Practice	0.036	0.256	
	Org. Performance	0.141	0.372	

CCC=Construct Cross-validated Communality, CCR=Construct Cross-validated Redundancy

Discussion and Recommendation

Our analysis indicate that CG and FP was positively and significantly correlated as captured in Table 5 in (ß= 0.234, t-value = 4.144 p-value 0.000). This confirms a positive correlation between corporate governance and financial performance. The t-value =4.144 is higher than 1.96 and the ß= 0.234 is a positive direction This result is consistent with (Adedeji et al.,2019; Zhou et al., 2018; Singh & Rastogi, 2023) The implication is that sound CG can fosters FP. In like manner, CG and NFP was positively and significantly correlated as captured in Table 5 in (ß= 0.215, t-value =3.356 p-value 0.001). This confirms a positive correlation between corporate governance and financial performance. The t-value =3.356 is higher than 1.96 and the ß= 0.215 is a positive direction. This outcome was consistent with the past findings, confirming that a positive relationship exists between corporate governance and non-financial performance (Ahmad and Zabri, 2016; Burke, Hoitash & Hoitash, 2019; Adedeji et al.; Zhou et al., 2018 Susanti, Andhani et al., (2019) report significant positive associations. The implication is that effective CG promotes NFP of manufacturing companies in Nigeria. Also, CG is positively related to CSR practices (community, environment, employee, and consumer). The result is positive statistically and it is significant as presented in Table 5 (ß = 0.272, t-value =4.208 p-values 0.000.). The t-value =4.208 is higher than 1.96 and the ß= 0.272 is a positive direction This result is supported empirically confirming the positive relationship between CG and CSR practices. The implication is that CG strengthens the promotion of CSR practices in the areas of community sponsorship of projects that have direct bearing on the people, like health centres, community bridges, tap borne water and assistance in education and training in entrepreneurship ventures.The essence of CSR practices in the manufacturing companies cannot be overemphasized. CSR practice promotes the attainment of corporation's goals of meeting both financial and non-financial objectives thereby meeting customer satisfaction, employee satisfaction, gaining market share plus competitive edge, better productivity and other strategic goal achievement. The result also revealed that the sale volume, profitability, return on investment and cost reduction are achieved. The analysis demonstrates that the path coefficients linking CSR practices to both financial and non-financial performance are positive and significant. On the coefficient for CSR practices and financial performance is $\beta = 0.395$ (39.5%) with a t-value of 5.617, while the corresponding coefficient for CSR practices and non-financial performance is $\beta = 0.411$ (41%) and a t-value of 5.332. These results are consistent with earlier research by Barauskaite and Streimikiene (2021), Reisinger (2023), Chen et al. (2023), Franco et al. (2020), and Huang et al. (2020). Manufacturing companies are thus positioned to enhance profitability, return on investment, cost control, and sales growth alongside metrics of customer and employee satisfaction, market share, and overall productivity. Since the direct paths remain significant, the study therefore recommends as follow:

i. Managers should comprehend and evaluate CSR revenues and realign CSR with a strategic viewpoint. Cost–benefit analysis may be appropriate for valuation and decision-making support in this scenario. This approach assesses the economic value of the CSR initiative.

ii. Manger should study can how corporate social responsibility fosters creativity (CSR-driven innovation). Consequently, firms must ascertain the value of their Corporate Social Responsibility (CSR) initiatives.

iii. These aspects should be considered as the limitations: the current economic cycle, the changing regulatory frameworks, industry specificities, and external factors.

iv. Policymakers and regulators should constantly monitor the industrial activities that are harmful to the environment and the general wellbeing of the populace thereby promoting measures to minimise them.

Contribution to theories and practice

The current analysis exemplifies that the research paper is capable of contributing to the current scholarly debate because it clarifies the subtle interrelations among CG, CSR practices, and CP, thus promoting further investigations to test the contextual variables of industry-specific features and regional peculiarities. The paper elucidates the different stakeholder groupings by bringing the CSR within the stakeholder paradigm. By so doing, it leads to creating an awareness to the players as well as triggering more research to find out how various corporate governance systems can be used to promote CSR practices and thereby, improve the overall performance of companies. The interaction of the agency and stakeholder theories to these dimensions of the issue deals with how stakeholder expectation determines corporate behaviour in both. The paper, thus, proposes a comprehensive framework that advises each party of a mutually beneficial relation; that is, researchers and policymakers, in developing an environment where corporate integrity is celebrated with real-life results of corporate influence; i.e., financial business value.

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Appendages

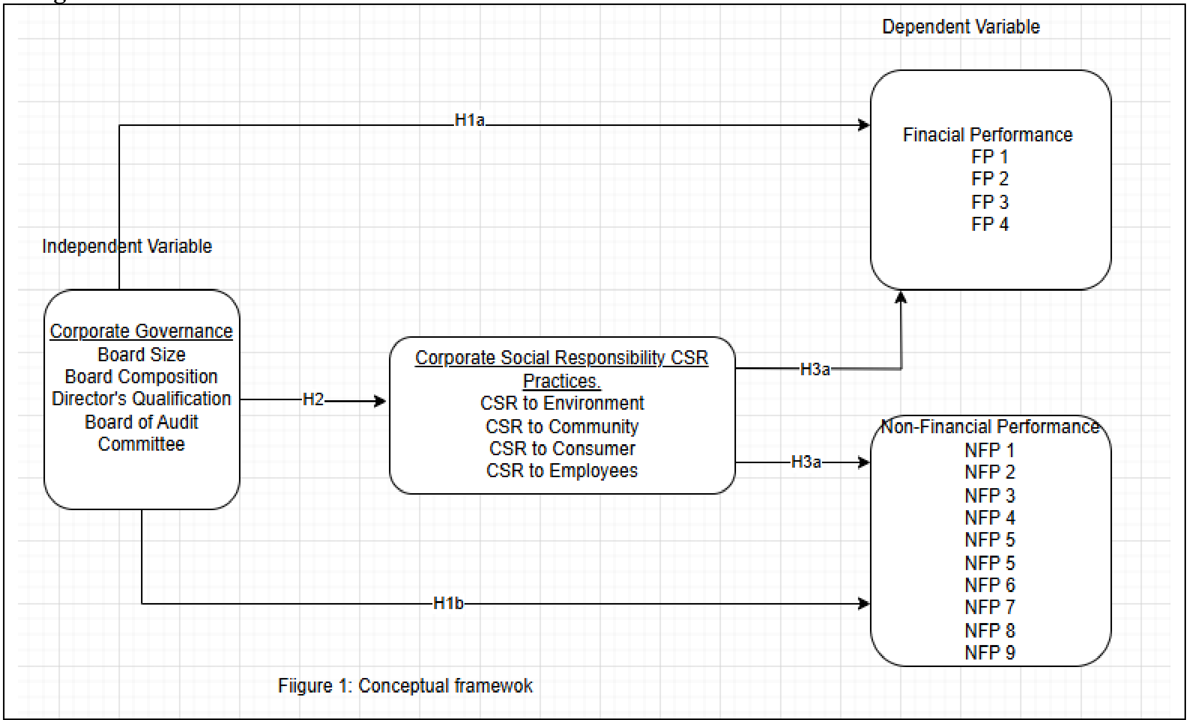

Figure 1: Conceptual framework

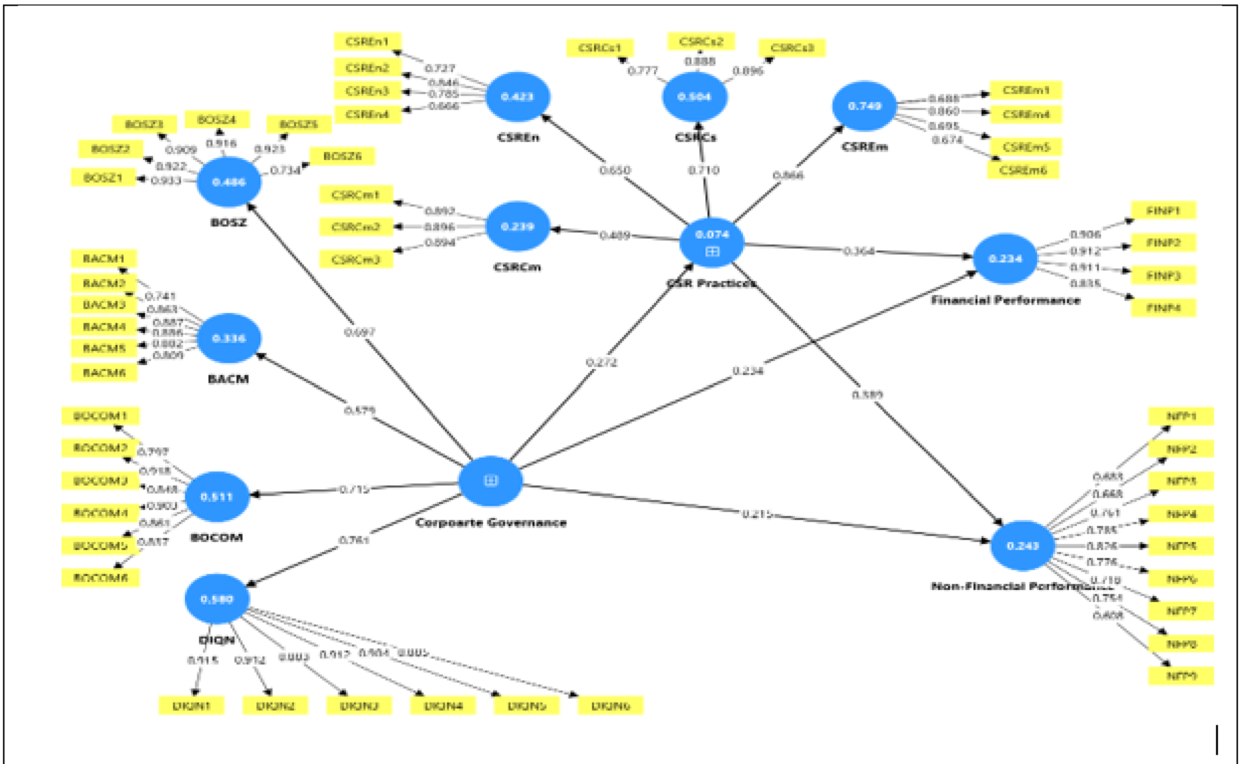

Figure 2: Structural model results with β-value

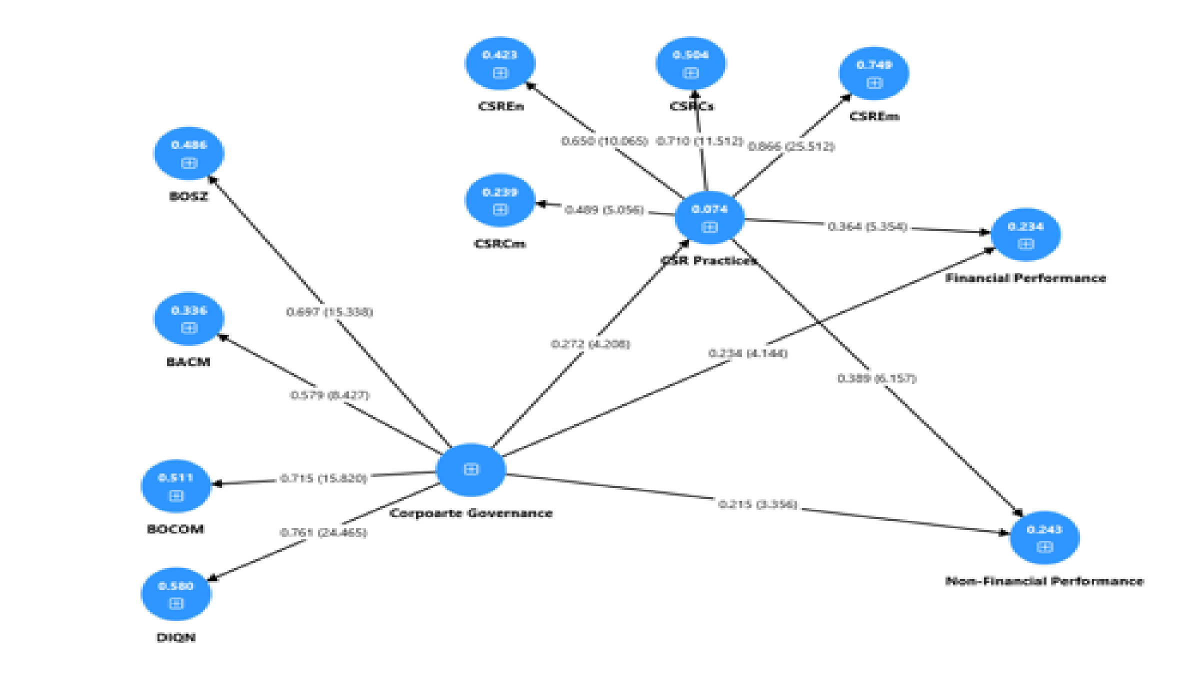

Figure 3: Structural model with inner model t-values

All the mentioned results are presented in Table1.

Table 1: Constructs validity and reliability

Constructs	Items	F.L.	CA	CR	AVE
B_Audit_Com	BACM1	0.739	0.915	0.934	0.703
	BACM2	0.841			
	BACM3	0.890			
	BACM4	0.848			
	BACM5	0.861			
	BACM6	0.842			
Board_Com	BOCOM1	0.795	0.925	0.941	0.728
	BOCOM2	0.905			
	BOCOM3	0.873			
	BOCOM4	0.888			
	BOCOM5	0.819			
	BOCOM6	0.834			
Board_Size	BOSZ1	0.932	0.945	0.956	0.786
	BOSZ2	0.910			
	BOSZ3	0.902			
	BOSZ4	0.901			
	BOSZ5	0.890			
	BOSZ6	0.775			
CSR_Com	CSRCm1	0.894	0.875	0.923	0.799
	CSRCm2	0.895			
	CSRCm3	0.894			
CSR_Con	CSRCs1	0.792	0.814	0.890	0.731
	CSRCs2	0.880			
	CSRCs3	0.888			
CSR_Emp	CSREm1	0.692	0.858	0.895	0.591
	CSREm2	0.779			
	CSREm3	0.886			
	CSREm4	0.858			
	CSREm5	0.696			

	CSREm6	0.674			
CSR_En	CSREn1	0.735	0.753	0.843	0.576
	CSREn2	0.847			
	CSREn3	0.779			
	CSREn4	0.661			
Directors_Qua	DIQN1	0.937	0.953	0.962	0.810
	DIQN2	0.906			
	DIQN3	0.884			
	DIQN4	0.871			
	DIQN5	0.896			
	DIQN6	0.906			
Financial_P	FINP1	0.911	0.913	0.939	0.795
	FINP2	0.914			
	FINP3	0.909			
	FINP4	0.829			
Non-Finan_P	NFP1	0.644	0.877	0.902	0.507
	NFP2	0.637			
	NFP3	0.767			
	NFP4	0.786			
	NFP5	0.805			
	NFP6	0.746			
	NFP7	0.712			
	NFP8	0.727			
	NFP9	0.548			

Notes: CR: Composite Reliability; AVE: Average Variance Extracted; CA: Cronbach’s Alpha