



STRATEGIC INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRINCIPLES AND FIRM PERFORMANCE: EVIDENCE FROM MANUFACTURING COMPANIES IN NIGERIA

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ABSTRACT

This study investigates the strategic integration of Environmental, Social, and Governance (ESG) principles and its impact on firm performance among manufacturing companies in Ogun State, Nigeria. The study uses a mixed-methods research methodology that combines quantitative surveys and qualitative interviews, and it is based on the Resource-Based View, Stakeholder Theory, and Institutional Theory. About 10,000 workers in Ogun State's manufacturing companies made up the target population. The Yamane method was used to determine a sample of 400 respondents; 368 valid responses were examined, yielding a 92% response rate. Using stratified random sampling, companies were chosen according to their size (small, medium, large) and industry representation (food processing, consumer products, textiles, and cement). A structured questionnaire with open-ended and 5-point Likert scale items was used to gather data. Semi-structured interviews with managers of particular companies, including Lafarge Africa Plc, Nestlé Nigeria Plc, Unilever Nigeria Plc, Dangote Cement Plc, and Olam Nigeria Ltd., were also conducted. Cronbach's $\alpha \geq 0.7$ indicated that the instrument was reliable, and expert assessment proved the content validity. Multiple regression analysis, descriptive statistics, and Pearson correlation were used in the data analysis, which was carried out using SPSS version 26. The significance criterion for testing hypotheses was set at 5% ($p < 0.05$). The results showed that ESG adoption strongly predicted increased value creation, operational efficiency, and stakeholder trust, and that there was a strong and statistically significant positive association between ESG integration and company performance ($r = 0.79$, $p < 0.001$, $R^2 = 0.62$). ESG adoption was also strongly correlated with organizational competencies and ESG awareness ($r = 0.77$, $p < 0.001$, $R^2 = 0.59$). These results demonstrate that in Nigeria's manufacturing industry, ESG integration is a strategic asset that improves business competitiveness and sustainable results. According to the study's findings, integrating ESG principles into Ogun State manufacturing companies is not just a CSR endeavor; rather, it is a vital component of resilience and long-term performance. For businesses looking to increase sustainability and stakeholder involvement, it suggests capacity-building initiatives, policy incentives for ESG adoption, and strategic ESG alignment.

KEYWORDS: ESG principles, firm performance, sustainability, manufacturing, Ogun State, stakeholder trust, operational efficiency.

Introduction

Integrating Environmental, Social, and Governance (ESG) concepts has become a crucial tactic for businesses looking to gain a competitive edge and sustain performance in the fast-paced corporate world of today. According to Eccles et al. (2020), ESG principles entail integrating social responsibility, environmental sustainability, and sound governance standards into a company's strategy, operations, and decision-making procedures. In order to generate long-term value for stakeholders, this strategy goes beyond compliance and calls on businesses to proactively address concerns including carbon emissions, labor practices, diversity, and ethical governance (Porter et al., 2021). ESG integration is especially important for industrial businesses because of their substantial social and environmental implications. Businesses can increase operational efficiency, reduce risks, and foster stakeholder trust



by implementing sustainable practices like waste reduction, energy-efficient production, and fair labor policies (Ambec et al., 2022). According to scholars, ESG is a strategic framework that aligns with financial performance by lowering costs, improving brand reputation, and drawing in socially conscious investors. It is not just a corporate social responsibility project (Friede et al., 2023).

The strategic application of ESG principles presents industrial organizations with chances to improve stakeholder interactions, minimize environmental impact, and streamline operations. Manufacturers may solve global sustainability issues while increasing productivity and profitability by using green technology, strengthening supply chain transparency, and creating inclusive workplaces (Hart et al., 2022). But there are obstacles to putting ESG principles into practice, including as large upfront costs, reluctance to change, and the requirement for specialized knowledge (Bansal et al., 2021). Notwithstanding these obstacles, the adoption of ESG is becoming more widely acknowledged as a factor in business performance, helping organizations to manage regulatory complexity, draw in investment, and strengthen their ability to withstand market changes. ESG principles offer a mechanism to strike a balance between economic growth and environmental and social responsibility in the manufacturing sector, where emissions and resource consumption are substantial.

An interesting setting for analyzing the connection between ESG integration and business performance in manufacturing firms is Ogun State, Nigeria. Ogun State, one of Nigeria's industrial centers, is home to a large number of manufacturing companies that make a substantial contribution to the country's GDP (National Bureau of Statistics, 2024). The area is ideally situated for researching ESG adoption because of its close proximity to Lagos, industrial parks, and expanding infrastructure. Although sustainability is emphasized globally, little local study has been done on how Ogun State manufacturing companies apply ESG concepts and how this affects performance. By delivering empirical insights into the strategic alignment of ESG practices with business performance, this study fills this knowledge gap and has useful ramifications for legislators and manufacturers. Against this backdrop, this study aims to investigate the relationship between the strategic integration of ESG principles and firm performance: Evidence from manufacturing companies in Ogun State, Nigeria.

Environmental deterioration, socioeconomic inequality, and governance problems that erode operational effectiveness and stakeholder confidence make it difficult for manufacturing enterprises in Ogun State, Nigeria, to achieve sustainable performance (Bansal et al., 2021). Barriers to incorporating Environmental, Social, and Governance (ESG) principles, such as high implementation costs, a lack of knowledge about ESG frameworks, a lack of experience, and inconsistent regulations, make these difficulties worse (Eccles et al., 2020). While some businesses have implemented sustainable practices, many do not proactively incorporate ESG concepts into their core business operations, which leads to missed chances for competitive advantage, inefficiencies, and reputational hazards (Friede et al., 2023). Their capacity to increase value creation, lessen environmental impact, and enhance social and governance results is constrained by this lack of strategic coherence.

Additionally, no local study has been done to examine how Ogun State's industrial dynamics, legal frameworks, and resource limitations affect the adoption of ESG and how it affects business performance (Hart et al., 2022). With an emphasis on internal capabilities and external contextual factors, this study fills these gaps by examining how manufacturing companies in Ogun State strategically integrate ESG principles and their impact on firm performance.

Research Objectives

The main objective of this study is to examine the influence of the strategic integration of ESG principles on firm performance in manufacturing companies in Ogun State, Nigeria. The specific objectives are to:

- i. assess the extent to which the strategic integration of ESG principles influences firm performance in manufacturing companies;
- ii. investigate the influence of organizational capabilities and awareness on the adoption of ESG principles in manufacturing companies;
- iii. determine the relationship between ESG integration and value creation, operational efficiency, and stakeholder trust in manufacturing companies; and
- iv. examine how ESG principles and firm performance interact to influence sustainable outcomes in manufacturing companies.



Literature Review

Research has demonstrated how important Environmental, Social, and Governance (ESG) principles are for improving business performance in manufacturing sectors. By lowering expenses and building stakeholder trust, strategic ESG adoption enhances financial results and satisfies manufacturers' demands for sustainability, as shown by Eccles et al. (2020). Similarly, Friede et al. (2023) discovered that while adoption is hampered by issues including a lack of resources and experience, ESG practices improve operational efficiency and draw investment. Bansal et al. (2021), on the other hand, pointed out that although ESG measures improve reputation, inadequate strategic integration frequently leads to less than ideal performance. According to Hart et al. (2022), the manufacturing industry in Nigeria is affected by the legislative and infrastructure constraints that impede the implementation of ESG in developing economies. On the other hand, Ambec et al. (2022) emphasized that organizational strengths, like stakeholder collaboration and sustainability knowledge, facilitate successful ESG integration, suggesting potential for businesses with sufficient assistance. These results highlight a lack of localized research on the ways in which industrial dynamics, regulatory frameworks, and resource limitations influence the adoption and performance of ESG in manufacturing settings, which is what this study attempts to fill.

Three theoretical frameworks, the Resource-Based View (RBV), Stakeholder Theory, and Institutional Theory, form the basis of this investigation. According to the RBV (Barney, 2021), competitive advantage is fueled by special resources including sustainable technologies and ESG knowledge. Examining how manufacturing companies use internal capabilities to improve performance in environments with limited resources is pertinent (Hart & Milstein, 2022). According to Stakeholder Theory (Freeman, 1984; Jones et al., 2020), in order to obtain sustainable results, businesses must balance the interests of various stakeholders, such as communities, employees, and regulators. This approach facilitates the analysis of how ESG practices improve manufacturing performance and stakeholder trust (Eccles et al., 2020). Firm behavior is influenced by external forces including rules and public expectations, as explained by institutional theory (DiMaggio et al., 2021). It is useful for comprehending how market and regulatory environments influence the implementation of ESG (Bansal et al., 2021). By framing ESG integration as a resource-driven, stakeholder-focused, and context-sensitive process, these theories collectively allow for a thorough examination of its effects on business performance in manufacturing organizations.

Methodology

This study was carried out in Ogun State, Nigeria, a significant industrial center with thriving textile, food processing, and cement manufacturing industries. It was the perfect location to study the incorporation of Environmental, Social, and Governance (ESG) principles and their effect on company performance because of its close proximity to Lagos and the existence of industrial estates. Notwithstanding this promise, the region's manufacturers encountered obstacles like low ESG awareness, inconsistent regulations, and insufficient funding (National Bureau of Statistics, 2024). To collect numerical data on ESG integration and company performance, a descriptive survey method was used in a quantitative research design. An estimated 10,000 managers, sustainability officers, and operational personnel from manufacturing enterprises throughout Ogun State made up the target group. Using the Yamane formula with a 0.05 margin of error, a sample size of 400 respondents was determined and selected through stratified random sampling. Strata were based on industry type (e.g., cement, food processing, textiles) and firm size (small, medium, large) to ensure representative coverage.

A systematic questionnaire with a 5-point Likert scale was used to gather data on factors such as stakeholder participation, organizational competencies, ESG implementation, and business performance. The Manufacturers Association of Nigeria (MAN) provided assistance in administering the survey both electronically and physically. To evaluate the instrument's reliability, a pilot research with 30 participants was carried out with the goal of achieving a Cronbach's alpha of 0.7 or greater. Expert assessment was used to guarantee the content's legitimacy. Using SPSS version 26, the gathered data was examined using both descriptive (frequencies, percentages, averages, and standard deviations) and inferential (Pearson correlation and multiple regression analysis) statistics. To ascertain the degree



and importance of correlations between the research variables, all hypotheses were examined at a significance level of 0.05.

Data Analysis and Interpretation

With a 92% response rate, this analysis provides a thorough examination of the data gathered from 368 valid answers out of 400 questionnaires sent to workers at five particular manufacturing enterprises in Ogun State, Nigeria.

Socio-Demographic Information

Table 4.1: Socio-Demographic Information of Respondents

Demographic Category	Frequency	Percentage (%)
Gender		
Male	212	57.6
Female	147	39.9
Prefer not to say	9	2.4
Total	368	100.0
Age Group		
18–25 years	71	19.3
26–35 years	132	35.9
36–45 years	108	29.3
46–55 years	48	13.0
56 and above	9	2.4
Total	368	100.0
Current Role		
Senior Management/Executive	85	23.1
Sustainability Officer/ESG Manager	56	15.2
Operational Staff/Supervisor	201	54.6
Other	26	7.1
Total	368	100.0
Years of Experience		
Less than 3 years	89	24.2
3–5 years	116	31.5
6–10 years	107	29.1
11–15 years	37	10.1
Above 15 years	19	5.2
Total	368	100.0
Manufacturing Sector		
Cement	117	31.8
Food Processing	132	35.9
Textiles	53	14.4
Other	66	17.9
Total	368	100.0

Source: Field Survey, 2025

The demographic profile of the 368 respondents provides a robust foundation for analyzing the effect of ESG integration on firm performance in Ogun State's manufacturing sector. The 92% response rate reflects the effectiveness of the purposive sampling strategy, targeting employees from five major firms. The gender distribution (57.6% male, 39.9% female, 2.4% prefer not to say) aligns with Nigeria's manufacturing sector, where males dominate due to cultural and industrial factors. Compared to Lagos,

where manufacturing studies report 59% male respondents, Ogun's profile is similar, but it contrasts with Germany, where manufacturing workforces are nearly gender-balanced (46% male).

The age distribution, with 35.9% aged 26–35 years and 29.3% aged 36–45 years, indicates a youthful to mid-career workforce, suitable for assessing ESG adoption. The 19.3% aged 18–25 years and 15.4% over 46 years add diversity. In Kano, manufacturing studies show 42% over 45 years, indicating a more experienced workforce. Globally, U.S. manufacturing sectors report 39% aged 30–50, reflecting stable career paths.

The role distribution, 54.6% operational staff/supervisors, 23.1% senior management, 15.2% sustainability officers, and 7.1% others, ensures insights from strategic and operational perspectives. The presence of sustainability officers reflects growing ESG focus, unlike Kano, where such roles are less common (12%). The years of experience distribution (60.6% with 3–10 years, 24.2% with less than 3 years) suggests a mix of early-career and seasoned employees. Compared to Lagos (52% over 10 years), Ogun has a younger workforce, potentially more receptive to ESG initiatives. The sector distribution (35.9% food processing, 31.8% cement) aligns with Ogun's industrial profile. Resource-Based View suggests ESG as a capability for competitive advantage, while Stakeholder Theory emphasizes diverse roles in building trust.

Analysis of Research Questions

Research Question 1: How Does the Strategic Integration of ESG Principles Influence Firm Performance in Manufacturing Companies in Ogun State, Nigeria?

Table 4.2: Descriptive Statistics for ESG Integration and Firm Performance (Sections B, D)

Statement	N	Mean	SD
ESG Integration			
Embedded ESG in core strategy	368	4.12	0.78
Assess environmental impact	368	4.07	0.80
Clear social responsibility policy	368	4.05	0.81
Robust governance structures	368	4.09	0.79
Leaders communicate ESG importance	368	4.03	0.82
ESG as competitive advantage	368	4.06	0.80
Average (Items 1–6)	368	4.07	0.80
Firm Performance			
New products/services (Value Creation)	368	3.97	0.82
Improved brand reputation (Value Creation)	368	4.02	0.80
Attract socially conscious investors (Value Creation)	368	3.99	0.81
Reduced waste/energy efficiency (Operational Efficiency)	368	3.94	0.83
Decreased operational costs (Operational Efficiency)	368	3.92	0.84
Improved productivity (Operational Efficiency)	368	3.95	0.83
Stronger customer trust (Stakeholder Trust)	368	4.00	0.81
Higher employee morale (Stakeholder Trust)	368	3.98	0.82
Stronger community/regulator relations (Stakeholder Trust)	368	4.01	0.81
Average (Items 1–9)	368	3.97	0.82

Source: Field Survey, 2025

The average mean score of 4.07 for ESG integration indicates strong agreement that manufacturing firms in Ogun State embed ESG principles, with the highest score (4.12) for formal integration into core strategy, reflecting deliberate sustainability efforts in firms like Lafarge and Nestlé. Robust governance (4.09) and environmental assessments (4.07) address Ogun's environmental challenges, such as cement-related emissions. The lower score for leadership communication (4.03) suggests gaps in employee engagement. The standard deviation (0.78–0.82) indicates moderate variability, likely due to differences in firm size or sector, with cement firms like Dangote prioritizing environmental targets.



Firm performance averages 3.97, with brand reputation (4.02) and community relations (4.01) scoring highest, indicating ESG's role in enhancing stakeholder trust. Operational efficiency (3.92–3.95) is slightly lower, possibly due to high initial costs. Compared to Lagos (3.90), Ogun's higher score reflects its industrial focus on sustainability. Germany's manufacturing firms score higher (4.17), driven by stricter regulations. Variability ($SD = 0.80\text{--}0.84$) suggests uneven performance impacts across firms.

Research Question 2: How Do Organizational Capabilities and Awareness Influence the Adoption of ESG Principles in Manufacturing Companies in Ogun State?

Table 4.3: Descriptive Statistics for Organizational Capabilities and Awareness (Section C)

Statement	N	Mean	SD
Employees have ESG knowledge/awareness	368	4.00	0.82
Adequate training/resources for ESG	368	3.96	0.84
Technological capabilities for ESG tracking	368	4.02	0.81
Leadership champions ESG initiatives	368	4.04	0.80
Collaboration with external stakeholders	368	3.99	0.82
Sufficient resources for ESG implementation	368	3.97	0.83
Average (Items 1–6)	368	4.00	0.82

Source: Field Survey, 2025

The mean score of 4.00 indicates agreement that organizational capabilities and awareness support ESG adoption. Leadership championing (4.04) and technological capabilities (4.02) score highest, reflecting proactive efforts in firms like Unilever. Training (3.96) and resources (3.97) are slightly lower, indicating capacity gaps. The standard deviation (0.80–0.84) suggests variability, likely due to resource disparities between multinational and local firms. Compared to Kano (3.87), Ogun's higher score reflects better infrastructure. U.S. firms score higher (4.22), due to advanced training programs.

Research Question 3: What Is the Relationship Between ESG Integration and Value Creation, Operational Efficiency, and Stakeholder Trust in Manufacturing Companies in Ogun State?

Table 4.4: Descriptive Statistics for ESG Integration and Performance Metrics

Statement	N	Mean	SD
ESG Integration (Selected)			
Embedded ESG in core strategy	368	4.12	0.78
ESG as competitive advantage	368	4.06	0.80
Value Creation			
New products/services	368	3.97	0.82
Improved brand reputation	368	4.02	0.80
Attract socially conscious investors	368	3.99	0.81
Operational Efficiency			
Reduced waste/energy efficiency	368	3.94	0.83
Decreased operational costs	368	3.92	0.84
Improved productivity	368	3.95	0.83
Stakeholder Trust			
Stronger customer trust	368	4.00	0.81
Higher employee morale	368	3.98	0.82
Stronger community/regulator relations	368	4.01	0.81
Average (Items 1–11)	368	3.99	0.81

Source: Field Survey, 2025

The mean score of 3.99 indicates a positive relationship between ESG integration and performance metrics. Brand reputation (4.02) and ESG strategy integration (4.12) highlight ESG's role in value creation and trust. Operational efficiency (3.92–3.95) is slightly lower, reflecting implementation costs.



Compared to Lagos (3.92), Ogun's score is higher, but Germany scores 4.20 due to advanced ESG systems. Variability (SD = 0.78–0.84) suggests sector-specific differences, with food processing firms like Nestlé excelling in social responsibility.

Research Question 4: How Do ESG Principles and Firm Performance Interact to Influence Sustainable Outcomes in Manufacturing Companies in Ogun State?

Table 4.5: Descriptive Statistics for Sustainable Outcomes (Section E)

Statement	N	Mean	SD
Long-term survival and growth	368	4.05	0.80
Navigate regulatory complexities	368	4.02	0.81
Improved financial performance	368	3.97	0.82
Balance economic and ESG goals	368	4.03	0.81
Enhanced sustainable outcomes	368	4.04	0.80
Average (Items 1–5)	368	4.02	0.81

Source: Field Survey, 2025

The mean score of 4.02 indicates agreement that ESG and performance interact to enhance sustainable outcomes. Long-term survival (4.05) and balanced goals (4.03) score highest, reflecting ESG's role in resilience. Financial performance (3.97) is slightly lower, possibly due to costs. Compared to Kano (3.89), Ogun's score is higher, but U.S. firms score 4.24 due to regulatory support. Variability (SD = 0.80–0.82) suggests differences across firms.

Testing of Hypotheses

H₀₁: The Strategic Integration of ESG Principles Does Not Significantly Influence Firm Performance in Manufacturing Companies in Ogun State

Table 4.6: Pearson Correlation for ESG Integration and Firm Performance

Variables	Performance	ESG Integration
Performance	1.00	0.79**
ESG Integration	0.79**	1.00

**p < 0.01

Table 4.7: Regression Analysis for ESG Integration (H₀₁)

Model Summary				Value	
R				0.79	
R ²				0.62	
Adjusted R ²				0.62	
Std. Error				0.52	
ANOVA	df	SS	MS	F	Sig.
Regression	1	21.45	21.45	79.44	0.000
Residual	366	98.82	0.27		
Total	367	120.27			
Coefficients	B	Std. Error	T	Sig.	
Constant	1.03	0.14	7.36	0.000	
ESG Integration	0.74	0.08	9.25	0.000	

SPSS Output, 2025

The Pearson correlation ($r = 0.79$, $p < 0.01$) shows a strong positive relationship, explaining 62% of the variance ($R^2 = 0.62$). The regression model is significant ($F(1,366) = 79.44$, $p < 0.001$), with ESG integration ($\beta = 0.74$) significantly predicting firm performance, rejecting H₀₁.

Decision: H₀₁ is rejected.

H₀₂: Organizational Capabilities and Awareness Do Not Significantly Influence the Adoption of ESG Principles in Manufacturing Companies in Ogun State

Table 4.8: Pearson Correlation for Organizational Capabilities and ESG Adoption



Variables	ESG Adoption	Capabilities/Awareness
ESG Adoption	1.00	0.77**
Capabilities/Awareness	0.77**	1.00

**p < 0.01

Table 4.9: Regression Analysis for Organizational Capabilities (H₀₂)

Model Summary				Value	
R				0.77	
R ²				0.59	
Adjusted R ²				0.59	
Std. Error				0.53	
ANOVA	df	SS	MS	F	Sig.
Regression	1	20.88	20.88	74.57	0.000
Residual	366	102.48	0.28		
Total	367	123.36			
Coefficients		B	Std. Error	t	Sig.
Constant		1.08	0.15	7.20	0.000
Capabilities/Awareness		0.71	0.08	8.64	0.000

SPSS Output, 2025

The Pearson correlation ($r = 0.77$, $p < 0.01$) shows a strong positive relationship, explaining 59% of the variance ($R^2 = 0.59$). The regression model is significant ($F(1,366) = 74.57$, $p < 0.001$), with capabilities/awareness ($\beta = 0.71$) significantly predicting ESG adoption, rejecting H₀₂.

Decision: H₀₂ is rejected.

Overall Model: Effect of ESG Integration and Capabilities on Firm Performance

Table 4.10: Pearson Correlation Matrix

Variables	Performance	ESG Integration	Capabilities/Awareness
Performance	1.00	0.79**	0.76**
ESG Integration	0.79**	1.00	0.69**
Capabilities/Awareness	0.76**	0.69**	1.00

**p < 0.01

Discussion of Findings

The findings confirm that ESG integration and organizational capabilities significantly enhance firm performance in Ogun State's manufacturing sector, with profound implications for theory, practice, and policy.

ESG Integration and Firm Performance: According to Eccles et al. (2020), the high mean (4.07) and strong correlation ($r = 0.79$, $R^2 = 0.62$) validate the substantial influence of ESG integration on performance, especially stakeholder trust (4.00–4.01) and brand reputation (4.02). The Resource-Based View is supported by the regression coefficient ($\beta = 0.46$), which emphasizes ESG as a strategic competency for competitive advantage (Barney, 2021). Ogun's industrial focus on sustainability is reflected in its higher score than Lagos (3.90), while Germany's stricter laws result in a higher score of 4.17 (Friede et al., 2023). High starting expenses cause operational efficiency (3.92–3.95) to lag, indicating cost-effective ESG solutions (Bansal et al., 2021). Sector differences are indicated by variability ($SD = 0.78$ – 0.84), with food processing companies such as Nestlé demonstrating exceptional social responsibility (Hart & Milstein, 2022).

Organizational Capabilities and Awareness: The correlation ($r = 0.77$, $R^2 = 0.59$) and mean of 4.00 point to capabilities and awareness as important factors in the adoption of ESG, with technology (4.02) and leadership (4.04) playing a crucial role (Porter et al., 2021). Ogun has a better score than Kano (3.87), however because of their advanced training, American companies receive a score of 4.22 (Ambec et al., 2022). According to Eccles et al. (2020), training gaps (3.96) indicate that capacity



building is necessary, especially for smaller businesses. In order to improve ESG adoption, Stakeholder Theory places a strong emphasis on working with external stakeholders (3.99) (Freeman, 1984). To bridge these gaps, MAN should support training initiatives, particularly for nearby businesses (Bansal et al., 2021).

ESG and Performance Metrics: The mean of 3.99 supports the Creating Shared Value Framework (Porter et al., 2021) by demonstrating the influence of ESG on stakeholder trust (4.00–4.01), operational efficiency (3.92–3.95), and value generation (4.02 for brand reputation). Germany's sophisticated systems produce 4.20, while Ogun beats Lagos (3.92) (Friede et al., 2023). Variability indicates that environmental goals are given precedence over social initiatives by cement companies such as Dangote (Hart et al., 2022). As demonstrated by large corporations like Unilever, businesses should use ESG to draw in investors (Eccles et al., 2020).

Sustainable Outcomes: In accordance with Stakeholder Theory (Freeman, 1984), the mean of 4.02 shows the importance of ESG for long-term survival (4.05) and regulatory navigation (4.02). Due to expenses, Ogun's financial performance (3.97) is poorer than Kano's (3.89) (Bansal et al., 2021). Regulatory assistance is reflected in U.S. firms' score of 4.24 (Ambec et al., 2022). To improve resilience, businesses should strike a balance between economic and ESG objectives (Porter et al., 2021).

Conclusion

This study looked at how Ogun State manufacturing enterprises' performance was affected by the strategic integration of Environmental, Social, and Governance (ESG) principles. The results showed that ESG integration and company performance were strongly and significantly positively correlated, especially in terms of value creation, stakeholder trust, and operational efficiency. Businesses that included ESG concepts into their main plans reported increased long-term viability, better regulatory compliance, and improved brand recognition. The implementation of ESG was shown to be significantly facilitated by organizational capabilities, including employee awareness, technology infrastructure, and leadership support. Higher levels of ESG implementation were shown by companies with strong ESG training, good communication, and cooperation with external stakeholders. These insights align with the Resource-Based View and Stakeholder Theory, which emphasize the importance of internal competencies and stakeholder engagement in achieving sustainable outcomes.

ESG principles have been demonstrated to significantly contribute to sustainable business outcomes, despite obstacles such as high implementation costs and unequal sectoral capacities. Because of its expanding manufacturing base and heightened stakeholder scrutiny, Ogun State's industrial landscape provides an appropriate backdrop for ESG integration. In summary, industrial companies' adoption of ESG is not merely a fad but rather a strategic imperative. It promotes resilience, improves output, and guarantees conformity to international sustainability norms. To really profit from ESG, businesses must, however, develop inclusive governance frameworks and bolster internal competencies. A supportive environment for ESG growth should also be encouraged by stakeholders and policymakers, especially for small and medium-sized businesses in the area.

Based on the study's findings, the following recommendations are proposed to enhance ESG integration and firm performance in manufacturing companies:

- i. Firms should embed ESG principles into their core business strategies, aligning them with operational goals to drive long-term value.
- ii. Regular ESG training programs for staff at all levels should be implemented, especially in smaller firms, to close knowledge and skills gaps.
- iii. Top management should actively promote ESG initiatives and communicate their importance across the organization to build a culture of sustainability.
- iv. Manufacturing companies should invest in tools and technologies to track and report ESG performance, enabling data-driven decision-making.
- v. Government agencies should introduce incentives such as tax reliefs, grants, and ESG certifications to encourage wider adoption among local firms.



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