

Corporate Governance Attributes and Financial Performance of Quoted Non-Financial Institutions in Nigeria: The Moderating Role of Firm Size

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| Received: 13.08.2026 | Accepted: 05.10.2026 | Published: 22.10.2026 |

Abstract: Corporate governance is central to effective corporate control, accountability and protection of stakeholders' interests. This study examines the relationship between selected corporate governance characteristics and financial performance of quoted non-financial institutions in Nigeria, with particular attention to board size, board independence, gender diversity and the moderating role of firm size. The study adopts an ex-post facto design and uses secondary data obtained from the annual reports and financial statements of 37 quoted non-financial institutions over 2017–2023, producing 259 firm-year observations. Financial performance is measured using return on equity (ROE), while board size, board independence and gender diversity represent key governance variables. Firm size is measured using the natural logarithm of total assets. Directors' independence and audit committee size are included as additional governance variables in the regression model. Data are analysed using descriptive statistics, correlation analysis, variance inflation factor and ordinary least-squares regression. The results show that board size has a significant negative relationship with ROE, while board independence has a positive and statistically significant relationship with ROE. Gender diversity has no statistically significant direct relationship with ROE. Furthermore, interaction of gender diversity with firm size is statistically significant, indicating a moderating effect. The findings suggest that effective board structure and independence are important for improving financial performance, while the value of gender diversity may depend on firm size and organisational context.

Keywords: Corporate Governance, Financial Performance, Board Size, Board Independence, Gender Diversity, Firm Size, Return on Equity, Nigeria.

1. INTRODUCTION

Corporate governance refers to the structures, processes and mechanisms through which organisations are directed and controlled. It provides a framework for balancing managerial authority, shareholder interests and wider stakeholder expectations. Effective governance promotes accountability, transparency, responsible resource utilisation and sound decision-making. In listed companies, these mechanisms are particularly important because governance weaknesses can undermine investor confidence, weaken internal controls and adversely affect financial outcomes.

The separation of ownership and control creates the possibility of conflicts between managers and shareholders. Governance mechanisms such as independent boards can help reduce these conflicts by monitoring management and improving accountability. Board structure also matters because the number and

composition of directors may influence the quality and efficiency of corporate decisions. Gender diversity has become another important governance issue. A board that includes both men and women may benefit from a wider range of experiences and perspectives. However, empirical evidence on gender diversity and financial performance remains mixed. Firm size may help explain these differences because larger firms generally have greater resources and external scrutiny but may also face greater organisational complexity.

In Nigeria, governance is particularly important because weaknesses in board oversight, internal controls and disclosure can expose firms to financial and reputational risks. Strong governance can improve decision-making and create conditions that support sustainable performance (Oyerogba *et al.*, 2024; Bello *et al.*, 2024). Evidence from Nigeria is similarly mixed, and much of the existing research has focused on individual

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Citation: Bello, M. S., & Samuel, E. (2026). Corporate Governance Attributes and Financial Performance of Quoted Non-Financial Institutions in Nigeria: The Moderating Role of Firm Size. *Cross Current Int J Econ Manag Media Stud*, 8(5), 48-56. <https://doi.org/10.36344/ccijemms.2026.v08i05.001>

sectors, especially banking and insurance. There is therefore a need for evidence covering quoted non-financial institutions more broadly and for analysis that considers whether firm size changes the relationship between governance characteristics and performance.

Despite the growing body of literature on corporate governance and financial performance, the empirical evidence remains inconclusive and context-dependent. Results differ across countries, sectors and performance measures. Nigerian evidence is also concentrated in particular industries, with comparatively less attention to quoted non-financial institutions as a broad group (Ilo *et al.*, 2025; Dada *et al.*, 2025). Furthermore, the moderating role of firm size in the relationship between governance characteristics particularly gender diversity and financial performance has not been adequately explored in the Nigerian context. This study addresses these gaps by examining the relationships between board size, board independence, gender diversity and financial performance, while also investigating whether firm size moderates the gender diversity-performance relationship among quoted non-financial institutions in Nigeria.

The primary objective of this study is to examine the relationship between corporate governance characteristics and the financial performance of quoted non-financial institutions in Nigeria. Specifically, the study seeks to examine the relationship between board size and the financial performance of quoted non-financial institutions in Nigeria, and to determine the relationship between board independence and the financial performance of these institutions. Furthermore, the study aims to determine the relationship between gender diversity and the financial performance of quoted non-financial institutions in Nigeria. Finally, the study examines the moderating effect of firm size on the relationship between gender diversity and the financial performance of quoted non-financial institutions in Nigeria.

In line with the stated objectives, the following hypotheses were formulated and tested:

H01: Board size has no significant relationship with the financial performance of quoted non-financial institutions in Nigeria.

H02: Board independence has no significant relationship with the financial performance of quoted non-financial institutions in Nigeria.

H03: Gender diversity has no significant relationship with the financial performance of quoted non-financial institutions in Nigeria.

H04: Firm size does not significantly moderate the relationship between gender diversity and the financial performance of quoted non-financial institutions in Nigeria.

The findings of this study are expected to be of significance to various stakeholders. For policymakers

and regulatory bodies such as the Nigerian Securities and Exchange Commission, the study provides empirical evidence that can inform the development of corporate governance codes and guidelines. For corporate boards and management, the findings offer insights into optimal board composition and the potential benefits of board independence and diversity. For investors and analysts, the study contributes to understanding the governance-performance nexus, which is crucial for investment decisions. Finally, for academics and researchers, the study adds to the growing body of empirical literature on corporate governance in emerging markets and identifies avenues for future research.

The study focuses on quoted non-financial institutions in Nigeria, covering the period from 2017 to 2023. The choice of this period reflects data availability and provides sufficient observations for meaningful statistical analysis. The study examines board size, board independence and gender diversity as key governance variables, with firm size as a moderating variable. Financial performance is measured using return on equity (ROE). The study is limited to secondary data obtained from published annual reports and financial statements.

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Corporate Governance

Corporate governance concerns the system through which companies are directed, controlled and held accountable. It establishes relationships among shareholders, boards, management and other stakeholders and provides mechanisms for monitoring managerial conduct. Effective governance supports transparency, accountability and protection of stakeholder interests (Oyerogba *et al.*, 2024; Anaike *et al.*, 2024). The concept has evolved over time, encompassing not only financial accountability but also broader issues of social responsibility, ethical conduct and stakeholder engagement (Oyerogba *et al.*, 2024). In the Nigerian context, corporate governance has gained prominence following various regulatory reforms, including the Companies and Allied Matters Act (CAMA) and the codes of corporate governance issued by the Securities and Exchange Commission.

2.1.2 Financial Performance

Financial performance refers to the measure of a firm's overall financial health and its ability to generate value for shareholders. It is commonly measured using accounting-based metrics such as return on assets (ROA), return on equity (ROE) and earnings per share (EPS). ROE, which is used in this study, measures the profitability generated from shareholders' equity and reflects the efficiency with which a firm utilises its equity base to generate profits.

2.1.3 Board Size

Board size is the number of directors serving on a company's board. The optimal board size has been a subject of debate in corporate governance literature. Larger boards may provide broader expertise and access to resources, but excessive size can create coordination and communication problems, potentially leading to inefficiencies in decision-making (Ilo *et al.*, 2025; Lateef *et al.*, 2024). The Nigerian Code of Corporate Governance recommends a board size that balances the need for diverse expertise with the imperative for effective decision-making.

2.1.4 Board Independence

Board independence refers to the extent to which directors can exercise objective judgement without undue influence from executive management. Independent directors, typically non-executive directors, are expected to strengthen monitoring, challenge managerial decisions and reduce agency conflicts (Ilo *et al.*, 2025; Akpen *et al.*, 2026). The effectiveness of board independence, however, depends on directors' expertise, access to information and actual influence in board deliberations.

2.1.5 Gender Diversity

Gender diversity refers to the representation of women and men on the corporate board. The rationale for promoting gender diversity includes broadening perspectives, improving board deliberations and reflecting the diversity of stakeholders. However, representation alone does not guarantee improved financial performance, as the effectiveness of diverse boards depends on the active participation and influence of diverse directors (Dada *et al.*, 2025; Monye-Emina & Olodikero, 2024).

2.1.6 Firm Size

Firm size is a fundamental firm characteristic that can influence governance structures and performance outcomes. Larger firms generally have greater resources, more formal governance systems and higher levels of external scrutiny. However, they also face greater organisational complexity, which may create additional agency and coordination challenges. In this study, firm size is measured using the natural logarithm of total assets and is examined as a moderating variable in the gender diversity-financial performance relationship.

2.2 Theoretical Framework

2.2.1 Stakeholder Theory

This study is primarily anchored on stakeholder theory as articulated by Anaike *et al.*, (2024). Stakeholder theory argues that firms should recognise and coordinate the interests of all stakeholders, including shareholders, employees, customers, suppliers, creditors, government and the wider community. This perspective supports the relevance of board composition and diversity because directors bring different experiences

and perspectives to decisions affecting various stakeholders. Stakeholder theory provides a justification for board diversity, as diverse boards are better positioned to understand and address the interests of diverse stakeholder groups (Unogwu *et al.*, 2025). In the Nigerian context, stakeholder theory is particularly relevant given the complex socio-economic environment in which firms operate. Firms must balance the demands of various stakeholders, including regulatory bodies, local communities and employees, alongside shareholder expectations. Effective corporate governance, therefore, requires boards that can navigate these diverse stakeholder interests.

2.2.2 Agency Theory

The study is also informed by agency theory, which focuses on conflicts arising from the separation of ownership and managerial control. Agency theory posits that managers (agents) may pursue their own interests at the expense of shareholders (principals), leading to agency costs. Independent directors and other governance mechanisms can reduce agency problems through monitoring and accountability (Akpen *et al.*, 2026). The theoretical perspectives of stakeholder theory and agency theory provide a basis for examining board characteristics as determinants of corporate performance.

2.2.3 Theoretical Integration

The integration of stakeholder and agency theories provides a comprehensive framework for understanding corporate governance. While agency theory emphasises the monitoring role of boards in reducing managerial opportunism, stakeholder theory highlights the broader responsibilities of boards to various stakeholders. Together, these theories support the examination of board characteristics such as independence and diversity as mechanisms that can enhance corporate accountability and performance.

2.3 Empirical Review

2.3.1 Board Size and Financial Performance

Empirical evidence on the relationship between board size and financial performance remains mixed. Ilo *et al.*, (2025) found that board size has a significant negative effect on ROA among listed consumer goods firms in Nigeria, suggesting that larger boards may impede strategic decision-making. By contrast, Monye-Emina and Olodikero (2024) reported a positive but statistically insignificant effect of board size on performance among listed Nigerian banks. Lateef *et al.*, (2024) similarly reported a negative relationship between board size and the performance of listed food and beverage firms. These conflicting findings suggest that the relationship between board size and performance may be context-dependent, influenced by firm characteristics and the institutional environment.

2.3.2 Board Independence and Financial Performance

Evidence from Nigeria and other settings suggests that effective board independence can improve firm outcomes. Studies have shown that independent directors can strengthen monitoring, challenge managerial decisions and reduce agency conflicts (Ilo *et al.*, 2025; Akpen *et al.*, 2026). Ilo *et al.*, (2025) found that board independence demonstrates a positive and statistically significant impact on ROA among Nigerian consumer goods firms, underscoring the importance of non-executive oversight in enhancing firm value. However, the effectiveness of board independence depends on directors' expertise, access to information and actual influence. Some studies have reported negative or insignificant relationships. Monye-Emina and Olodikero (2024) found that board independence had a negative but statistically insignificant effect on financial performance of quoted non-financial firms in Nigeria. This suggests that the mere presence of independent directors may not guarantee improved performance unless they have the capacity and authority to exercise effective oversight.

2.3.3 Gender Diversity and Financial Performance

The empirical evidence on gender diversity and financial performance remains inconclusive. Ilo *et al.*, (2025) found that board gender diversity had a negative but statistically insignificant effect on ROA among listed Nigerian consumer goods firms. Monye-Emina and Olodikero (2024) also reported a negative and statistically insignificant effect of board gender diversity on performance among listed Nigerian banks. In contrast, Akpen *et al.*, (2026) found that board gender diversity significantly enhanced ROA among listed Nigerian insurance firms, while Dada *et al.*, (2025) found that female board representation had positive but insignificant effects on ROA and negative but insignificant effects on ROE. These mixed findings suggest that the performance implications of gender diversity may depend on firm characteristics, sectoral conditions and the broader institutional environment.

2.3.4 Moderating Role of Firm Size

Firm size may condition the relationship between governance characteristics and performance. Larger firms may have stronger formal governance systems and greater stakeholder scrutiny, potentially enhancing the effectiveness of governance mechanisms. However, their greater complexity may also create additional agency and coordination challenges. The effect of gender diversity may therefore vary according to organisational size.

Studies on the moderating role of firm size in the governance-performance relationship are still relatively limited in the Nigerian context. Recent evidence, however, indicates that firm size can significantly condition the relationship between board diversity and financial outcomes. Newstyle and

Nwdighoha (2025), using listed industrial goods companies in Nigeria, found a significant moderating effect of firm size on the relationship between board diversity and return on assets. Related evidence by Akoje *et al.*, (2025) also shows that firm size can moderate the relationship between board gender diversity and financial reporting quality. These findings support the need to consider organisational size when evaluating the performance implications of board diversity.

2.3.5 Corporate Governance and Corporate Social Responsibility

Recent studies have also explored the relationship between corporate governance and corporate social responsibility (CSR) as mechanisms for enhancing performance. A study by Unogwu *et al.*, (2025) found that corporate governance not only affects CSR but is also strongly linked to both financial and non-financial performance among Nigerian manufacturing enterprises. The study also found that CSR mediates the relationship between corporate governance and performance, suggesting that governance mechanisms can enhance performance through improved stakeholder engagement and social responsibility practices.

Similarly, Onwukwe, Okafor and Nwoye (2025) found that corporate governance reporting has a positive and significant effect on financial performance of listed non-financial firms in Nigeria. This suggests that transparent governance practices, including the disclosure of board practices and risk oversight mechanisms, contribute to enhanced financial performance.

2.4 Empirical Gap

The empirical literature does not establish a uniform relationship between corporate governance and financial performance. Recent Nigerian studies report differing results across sectors and performance measures. Ilo *et al.*, (2025), for example, found that board size negatively affected ROA and board independence positively affected ROA among listed consumer goods firms, while Monye-Emina and Olodikero (2024) reported that board size, board independence and board gender diversity were not statistically significant among listed banks. Dada *et al.*, (2025) likewise reported that board diversity effects on ROA and ROE were largely insignificant among selected listed Nigerian firms. In addition, recent evidence directly examining firm size as a moderator shows that organisational size can alter the effect of board diversity on financial performance (Newstyle & Nwdighoha, 2025). These differences justify further evidence on quoted non-financial institutions in Nigeria and on the moderating role of firm size.

3. METHODOLOGY

3.1 Research Design

The study adopts an ex-post facto research design. This design is appropriate because the study

relies on historical governance and financial information that already exists and cannot be manipulated by the researcher. The ex-post facto design is commonly used in corporate governance research where the researcher does not have control over the independent variables but seeks to establish relationships between variables based on observed data. This design allows for the examination of relationships between governance characteristics and financial performance using secondary data obtained from published corporate reports.

3.2 Population, Sample and Source of Data

The population comprises 67 quoted non-financial institutions listed on the Nigerian Exchange Group (NGX). From this population, 37 firms were

selected using purposive sampling, ensuring representation across various sectors and availability of complete data for the study period. The period 2017–2023 produces 259 firm-year observations.

Secondary data were obtained from the annual reports and financial statements of the selected quoted non-financial institutions. The information covers board characteristics and accounting measures required to operationalise the variables. Data collection involved reviewing published annual reports for the 2017–2023 period and extracting relevant information on board composition and financial performance measures.

3.4 Measurement of Variables

Variable	Symbol	Measurement
Financial performance	ROE	Net income ÷ shareholders' equity
Board size	BS	Total number of directors on the board
Board independence	BI	Number/proportion of independent non-executive directors
Gender diversity	GD	Ratio of female directors to total board members
Firm size	FS	Natural logarithm of total assets
Directors' independence	DI	Additional governance variable included in the regression
Audit committee size	AC	Additional governance variable included in the regression

3.5 Model Specification

The empirical model is specified as follows:

$$ROE_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 BI_{it} + \beta_3 GD_{it} + \beta_4 DI_{it} + \beta_5 AC_{it} + \beta_6 FS_{it} + \beta_7 (GD \times FS)_{it} + \varepsilon_{it}$$

Where:

- ROE_{it} = Return on equity for firm i at time t
- BS_{it} = Board size for firm i at time t
- BI_{it} = Board independence for firm i at time t
- GD_{it} = Gender diversity for firm i at time t
- DI_{it} = Directors' independence for firm i at time t
- AC_{it} = Audit committee size for firm i at time t
- FS_{it} = Firm size for firm i at time t
- $(GD \times FS)_{it}$ = Interaction term for gender diversity and firm size
- β_0 = Constant term
- β_1 to β_7 = Coefficients of the explanatory variables

– ε_{it} = Error term

3.6 Data Analysis Techniques

Descriptive statistics were used to summarise the data, providing information on the mean, standard deviation, minimum and maximum values of the variables. Pearson correlation analysis was employed to examine the pairwise relationships between variables and to assess the direction and strength of associations. The variance inflation factor (VIF) was used to assess multicollinearity among the explanatory variables. Ordinary least-squares (OLS) regression was used to estimate the relationships between governance variables and financial performance. Statistical analysis was conducted using Stata 16.

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Variable	N	Mean	Std. Dev.	Min	Max
ROE	259	-0.021	0.154	0.094	0.285
BS	259	9.483	2.893	3	16
BI	259	0.115	0.143	0.200	0.600
DI	259	5.131	3.261	0	14
AC	259	5.232	1.341	3	8
FS	259	3.254	2.255	4.782	8.350
GD	259	2.000	0.133	0	0.571

Source: Stata (2024)

The sample contains 259 firm-year observations from 37 quoted non-financial institutions. The descriptive statistics reveal that the average board size is approximately 9.48 directors, with boards ranging from a minimum of 3 to a maximum of 16 members. This

indicates that most sampled firms comply with the Nigerian Code of Corporate Governance recommendations regarding board size. Board independence has a mean of 0.115, suggesting that independent directors constitute about 11.5% of board

membership. Audit committee size averages 5.23 members, which is consistent with regulatory requirements.

The reported mean ROE is -0.021, indicating that the average financial performance of the sampled firms during the study period was negative. However, the range from 0.094 to 0.285 suggests considerable

variation in financial performance across firms and over time. Gender diversity has a mean of approximately 0.200, indicating that, on average, women constitute about 20% of board membership. This reflects the growing but still limited representation of women on corporate boards in Nigeria.

4.2 Correlation Analysis

	ROE	BS	BI	DI	AC	FS	GD
ROE	1						
BS	0.0144	1					
BI	0.1341	0.3208	1				
DI	0.0166	0.6380	0.2698	1			
AC	-0.0045	0.2238	0.2635	0.1348	1		
FS	0.0145	0.0374	-0.1142	0.0246	-0.3371	1	
GD	-0.0691	0.3072	0.2270	0.2638	0.2154	0.0750	1

Source: STATA (2024)

The correlation matrix shows generally weak correlations between the explanatory variables and ROE. The strongest correlation among explanatory variables is between board size and directors' independence (0.638), which does not indicate severe pairwise multicollinearity. The correlation between gender

diversity and ROE is -0.0691, suggesting a weak negative relationship. Board independence shows a positive correlation with ROE (0.1341), consistent with theoretical expectations.

4.3 Multicollinearity Test

Variable	VIF	1/VIF
BS	1.85	0.540
DI	1.71	0.583
AC	1.26	0.794
BI	1.19	0.838
GD	1.16	0.864
FS	1.15	0.868
Mean VIF	1.39	

Source: STATA (2024)

The variance inflation factor (VIF) values range from 1.15 to 1.85, with a mean of 1.39. These values are well below the conventional threshold of 10, indicating that multicollinearity is not a serious problem in the regression model. This suggests that the explanatory

variables are not highly correlated with each other and can be included together in the regression analysis.

4.4 Regression Results

Variable	Coefficient	Std. Error	t	p-value
Constant	0.019	0.125	0.15	0.881
Board Size (BS)	-0.025	—	—	0.023
Board Independence (BI)	0.762	0.182	4.20	0.000
Directors' Independence (DI)	-0.003	0.010	-0.30	0.765
Audit Committee Size (AC)	0.054	0.021	2.56	0.011
Firm Size (FS)	0.000	0.000	2.55	0.011
Gender Diversity (GD)	-0.256	0.208	-1.23	0.220
GD × FS	0.000	0.000	-2.50	0.013

Model Statistics: N = 259; Prob. > F = 0.0001; R² = 0.1202

The regression model is statistically significant overall (Prob. > F = 0.0001) and explains approximately 12.02% of the variation in ROE. The R-squared value of 0.1202 indicates that the governance variables included

in the model explain about 12% of the variation in financial performance, which is modest but consistent with previous studies in this field.

4.5 Hypothesis Testing

Hypothesis	Result	Decision
H01: Board size has no significant relationship with ROE.	$\beta = -0.025$; $p = .023$	Reject H01
H02: Board independence has no significant relationship with ROE.	$\beta = 0.762$; $p < .001$	Reject H02
H03: Gender diversity has no significant relationship with ROE.	$\beta = -0.256$; $p = .220$	Do not reject H03
H04: Firm size does not moderate gender diversity–ROE.	$p = .013$	Reject H04

Source: Researcher's Computation (2024)

4.6 DISCUSSION OF FINDINGS

4.6.1 Board Size and Financial Performance

The negative and significant relationship between board size and ROE suggests that excessively large boards may create coordination and communication difficulties that reduce decision-making efficiency. This interpretation is consistent with Ilo *et al.*, (2025), who found a significant negative effect of board size on ROA among listed Nigerian consumer goods firms. It also accords with Lateef *et al.*, (2024), who reported a negative relationship between board size and performance among listed Nigerian food and beverage firms. The result suggests that firms should determine board size according to the expertise required and the need for effective decision-making.

4.6.2 Board Independence and Financial Performance

Board independence has a positive and highly significant relationship with ROE. This supports the view that independent directors can strengthen monitoring and managerial accountability. Ilo *et al.*, (2025) similarly reported a positive and statistically significant effect of board independence on ROA among Nigerian consumer goods firms. However, the evidence is not uniform: Monye-Emina and Olodikero (2024) found a negative but statistically insignificant effect of board independence on performance among listed Nigerian banks, while Akpen *et al.*, (2026) found no statistically significant effect among listed insurance firms. The present finding therefore suggests that the effectiveness of board independence may depend on sector, board expertise, information access and the actual authority of independent directors.

4.6.3 Gender Diversity and Financial Performance

Gender diversity has no statistically significant direct relationship with ROE. This indicates that female representation alone does not provide sufficient evidence of a direct performance effect in the sampled firms. Dada *et al.*, (2025) reported similarly mixed evidence, finding that female board representation had a positive but insignificant effect on ROA and a negative but insignificant effect on ROE among selected listed Nigerian firms. Monye-Emina and Olodikero (2024) also found a negative and insignificant effect of board gender diversity on performance. By contrast, Akpen *et al.*, (2026) found a significant positive effect of board gender diversity on ROA among listed Nigerian insurance firms. These contrasting findings indicate that the performance

implications of gender diversity may depend on sectoral and organisational conditions.

4.6.4 Moderating Role of Firm Size

The significant interaction between gender diversity and firm size indicates that the relationship between gender diversity and financial performance varies with firm size. This suggests that the effect of board diversity should be considered within the organisational context of the firm. Larger firms may have stronger formal governance systems and greater stakeholder scrutiny, which could enhance the effectiveness of diverse boards. However, their greater complexity may also create additional challenges for board effectiveness. The moderating effect of firm size implies that the benefits of gender diversity may be more pronounced in larger firms where diverse perspectives can contribute to addressing complex organisational challenges.

4.6.5 Additional Governance Variables

Directors' independence (DI) shows a negative but insignificant relationship with ROE, suggesting that the effectiveness of directors' independence may depend on contextual factors. Audit committee size has a positive and significant relationship with ROE, indicating that larger audit committees may provide more effective oversight of financial reporting and internal controls. This finding is consistent with the role of audit committees in enhancing corporate governance and accountability.

5. CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The study examined corporate governance and financial performance among quoted non-financial institutions in Nigeria, focusing on board size, board independence, gender diversity and the moderating role of firm size. The evidence from 259 firm-year observations shows that board size is negatively related to ROE, while board independence is positively related to ROE. Gender diversity does not have a significant direct relationship with ROE, but firm size significantly moderates the gender-diversity/performance relationship. The findings indicate that the effectiveness of corporate governance depends on the structure and implementation of governance mechanisms and on the organisational context in which they operate.

5.2 Conclusion

This study concludes that corporate governance mechanisms significantly influence the financial performance of quoted non-financial institutions in Nigeria. Board size and board independence are important determinants of financial performance, with board independence positively associated with ROE and board size negatively associated with ROE. The lack of a direct relationship between gender diversity and financial performance suggests that representation alone may not be sufficient to achieve performance benefits; the active participation and influence of diverse directors are crucial. The significant moderating effect of firm size indicates that the relationship between governance characteristics and performance is context-dependent. Overall, the study underscores the importance of effective board structure, independence and contextual considerations in enhancing corporate performance.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made:

Board Independence: Quoted non-financial institutions should maintain sufficiently independent boards capable of providing objective oversight of management. The positive relationship between board independence and financial performance suggests that increasing the proportion of independent directors can enhance corporate accountability and performance.

Board Size: Firms should avoid unnecessarily large boards and should determine board size in relation to required expertise and efficient decision-making. The negative relationship between board size and performance indicates that excessively large boards may hinder decision-making efficiency.

Gender Diversity: Companies should promote meaningful gender diversity while ensuring that female directors have the authority, information and expertise required for effective participation. The absence of a direct relationship between gender diversity and performance suggests that the quality of participation is more important than mere representation.

Contextual Considerations: Board composition decisions should consider firm size and organisational complexity because governance mechanisms may operate differently across firms of different sizes. The moderating effect of firm size implies that firms should tailor their governance structures to their specific organisational context.

Director Training: Continuous training in corporate governance, ethics, financial oversight and board responsibilities should be provided to directors. This can enhance the effectiveness of governance mechanisms and contribute to improved financial performance.

Policy Implications:

Policymakers and regulatory bodies in Nigeria should consider revising corporate governance guidelines to encourage listed non-financial firms to maintain optimal board structures, including appropriate

board size and independence. The significant role of governance mechanisms in enhancing financial performance suggests that strong governance frameworks can contribute to capital market development and investor confidence.

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