Accounting, Finance, and Economics Review
ISSN 2778-444X
Volume 9, Issue 15, pp. 112-153, 2024
DOI: https://doi.org/10.27784/afer.v9i15

Original Research Paper

Determinants of Environmental, Social, and Governance Performance in Nigeria

Okechukwu Nnadi PhD[1], Onipe Adabenege Yahaya PhD[2]

[1]University of Nigeria, Nsukka, Nigeria
[2]Nigerian Defence Academy, Kaduna, Nigeria
Corresponding Author's Email: okechukwu.nnadi@unn.edu.ng

Received: 12 September 2023 **Revised**: 21 March 2024 **Accepted**: 15 September 2024

Abstract: This study investigates the determinants of Environmental, Social, and Governance (ESG) performance in Nigeria, focusing on factors influencing corporate sustainability practices in this emerging economy. Data were collected from 153 listed companies in Nigeria between 2014 and 2023 using a quantitative research approach. The methodology includes panel data analysis and a multiple regression model to examine the relationship between ESG performance and firm-specific factors such as firm size, profitability, board diversity, board size, board independence, audit quality, and foreign ownership. The findings reveal that audit quality, board gender diversity, board independence, board size, institutional ownership, and firm size positively and significantly impact ESG performance, while firm profitability and leverage show insignificant impacts. The conclusion highlights that ESG performance in Nigeria is largely driven by audit quality, board gender diversity, board independence, board size, institutional ownership, and firm size. The implications of this research are critical for policymakers and business leaders aiming to enhance corporate sustainability. The study suggests that creating policies to incentivize smaller and domestically-owned companies to adopt ESG practices could improve Nigeria's overall sustainability performance. Recommendations include increasing awareness of ESG importance at both the corporate and regulatory levels, promoting board diversity, and providing tax incentives for ESG-compliant firms. The study also encourages foreign investors to play a larger role in driving sustainable business practices. The limitations of the research include its focus on publicly listed firms, which may not represent the entire business landscape in Nigeria, and the exclusion of qualitative insights from corporate managers. Future studies could explore the role of institutional frameworks in ESG adoption. This study contributes original insights into the drivers of ESG performance in Nigeria, a region that has received limited attention in ESG literature, thus offering valuable perspectives for emerging markets.
Keywords: audit quality, board gender diversity, board independence, board size, ESG performance, firm profitability, firm leverage, firm size, institutional ownership, Nigeria
JEL Codes: C23, C58, C87, M21, M24, M48
Citation: Nnadi, O., & Yahaya, O. A. (2024). Determinants of environmental, social, and governance performance in Nigeria? *Accounting, Finance, and Economics Review, 9*(15), 112-153.
DOI: https://10.27784/afer.v9i15
Paper type: Research paper
© The Authors
This is an open-access article distributed under a CC BY license (Creative Commons Attribution 4.0 International License) https://creativecommons.org/licenses/by/4.0/

I. Introduction

ESG performance refers to how well an organization manages its Environmental, Social, and Governance responsibilities. It encompasses three key areas: Environmental (E): This component measures how a company impacts and manages its relationship with the natural environment. It includes factors such as carbon emissions, energy efficiency, waste management, water usage, pollution control, and initiatives to mitigate climate change or protect biodiversity. Social (S): This aspect assesses how a company manages relationships with its employees, suppliers, customers, and the broader community. It includes issues such as labour practices, employee health and safety, human rights, diversity and inclusion, community engagement, and consumer protection. Governance (G): Governance focuses on how a company is directed and controlled, particularly regarding leadership, board structure, transparency, ethical practices, and shareholder rights. It includes aspects like board diversity, executive compensation, anti-corruption measures, auditing practices, and compliance with regulations. In sum, ESG performance reflects a company's overall ability to responsibly manage its environmental impacts, social contributions, and governance structures, and how these factors contribute to long-term sustainability and ethical business practices.

The importance of ESG performance in Nigeria is increasingly recognized as businesses, investors, and regulators focus on sustainable development. Key reasons for its significance include: Attracting Foreign Investment: ESG performance has become a critical criterion for foreign investors who prioritize sustainability. Nigerian companies that perform well in ESG attract international investment, which can drive economic growth. Regulatory Compliance and Risk Management: With increasing environmental regulations and global pressures, companies in Nigeria must adopt responsible practices to avoid penalties and reduce legal risks. ESG performance helps businesses align with national and international standards. Enhancing Corporate Reputation: Companies that demonstrate strong ESG practices can improve their brand image and reputation, gaining the trust of consumers, stakeholders, and the general public. This can lead to competitive advantages in local and international markets. Addressing Environmental Challenges: Nigeria faces significant environmental issues, including pollution, deforestation, and oil spills. Strong ESG performance ensures companies play a proactive role in environmental protection, reducing their negative impacts and contributing to sustainable resource management. Promoting Social Equity and Inclusivity: In Nigeria, where income inequality and social challenges like poverty, unemployment, and inequality persist, companies with good ESG practices can make positive contributions to local communities. This includes improving labour conditions, supporting education and health initiatives, and promoting diversity and inclusion. Long-Term Financial Performance: Companies that integrate ESG considerations into their operations often see improved long-term financial performance. In Nigeria, firms focusing on sustainability are better positioned to adapt to global market shifts, reduce operational costs (e.g., energy efficiency), and manage long-term risks. Fostering Corporate Governance and Transparency: Strong governance frameworks are crucial for reducing corruption and enhancing accountability in Nigerian companies. Good ESG performance promotes ethical leadership, transparency, and adherence to corporate governance standards, which are critical for long-term business success. Contribution to Sustainable Development Goals (SDGs): ESG performance in Nigeria aligns with the global agenda for sustainable development. Companies committed to ESG principles help drive progress towards the United Nations' SDGs, such as combating climate change, promoting decent work, reducing inequalities, and ensuring responsible consumption. In summary, ESG performance is crucial for the long-term sustainability of businesses in Nigeria, offering financial, social, and environmental benefits, while also fostering national development and global competitiveness.

The objectives of this study, focusing on the determinants of ESG performance using audit quality, board gender diversity, board independence, institutional ownership, firm size, firm profitability, and firm leverage, include: To examine the relationship between audit quality and ESG performance in Nigerian companies, assessing how strong audit practices impact sustainability reporting and practices. To analyze the effect of board gender diversity on ESG performance, investigating whether firms with more diverse boards are more likely to adopt and implement ESG practices. To evaluate the influence of board independence on ESG performance, exploring the role of independent directors in promoting sustainable business practices. To assess the impact of institutional ownership on ESG performance, determining how ownership by institutional investors affects corporate sustainability efforts. To investigate the role of firm size in determining ESG performance, exploring whether larger firms are more likely to integrate ESG initiatives than smaller firms. To analyze the relationship between firm profitability and ESG performance, identifying whether more profitable firms are more inclined to engage in sustainable practices. To assess how firm leverage influences ESG performance, examining whether higher levels of debt affect a firm's ability or willingness to implement ESG practices.

Based on these objectives, the study will address the following research questions: What is the relationship between audit quality and ESG performance in Nigerian companies, and how does enhanced audit quality contribute to better ESG practices? How does board gender diversity affect ESG performance, and do firms with more gender-diverse boards exhibit stronger commitments to sustainability? What is the impact of board independence on ESG performance, and to what extent do independent board members drive or hinder ESG adoption? How does institutional ownership influence ESG performance in Nigerian companies, and do institutional investors encourage firms to pursue more sustainable practices? Is there a significant relationship between firm size and ESG performance, and are larger companies more likely to have robust ESG initiatives compared to smaller firms? How does firm profitability relate to ESG performance, and do more profitable firms allocate greater resources toward sustainability efforts? What is the impact of firm leverage on ESG performance, and does higher leverage constrain or facilitate the adoption of ESG practices?

These objectives and questions aim to provide a comprehensive analysis of how key corporate characteristics and governance structures influence ESG performance in Nigeria. The remaining part of this article consists of a literature review, theoretical framework, determinants of ESG performance, methodology, results, discussion, implications, conclusion, and recommendations.

II. Literature Review

In recent years, Environmental, Social, and Governance (ESG) performance has gained significant global attention as businesses, investors, and regulators increasingly prioritize sustainability and ethical practices. ESG has evolved from a niche concern into a mainstream component of corporate strategy, with both developed and emerging markets focusing on improving their ESG standards. The rise of responsible investing and regulatory frameworks has pushed companies to integrate ESG factors into their operations and decision-making processes. The following is a global overview of ESG performance: Global Growth and Integration of ESG - Corporate Adoption: Companies across the globe are embedding ESG principles into their operations, reporting, and strategy. In the energy, finance, and consumer goods sectors, leading corporations are setting ambitious sustainability goals, such as achieving net-zero emissions and enhancing diversity in leadership. Regulatory Frameworks: Many countries, particularly in Europe and North America, have developed regulations mandating ESG disclosures. The European Union's Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation are key examples of how governments are standardizing ESG practices. In contrast, ESG frameworks in Asia and Latin America are emerging, although these regions are rapidly catching up. ESG Reporting Standards: International standards such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) are helping to harmonize ESG reporting globally, improving transparency and comparability across regions.

Europe leads globally in ESG performance, driven by strong regulations, investor demand, and societal expectations. The EU's Green Deal and Carbon Neutrality goals have pushed European companies to adopt high standards in emissions reduction, circular economy practices, and social governance. North America: In the U.S. and Canada, there has been rapid growth in ESG investment, driven by institutional investors and asset managers who integrate ESG into their portfolios. ESG reporting is also gaining ground, with large companies increasingly required to disclose sustainability-related risks and opportunities. ESG performance in Asia is rising, with countries like Japan, South Korea, and China taking significant strides toward sustainability. China has emerged as a major player in ESG investment, driven by its commitment to decarbonization and corporate governance reforms. In regions such as Africa and Latin America, ESG performance is still developing. However, emerging markets are recognizing the importance of ESG as a tool for attracting foreign investment and addressing challenges like climate change, inequality, and governance issues.

Globally, investors are increasingly prioritizing ESG criteria when making investment decisions. Sustainable investing, including ESG funds, has seen exponential growth, with assets under management (AUM) in ESG funds reaching trillions of dollars. Investors now recognize that strong ESG performance is linked to long-term financial performance and risk management. Climate Change and Environmental Concerns: Climate change is one of the most pressing global issues, driving companies to improve their environmental performance. Businesses are focusing on reducing carbon emissions, energy efficiency, renewable energy adoption, and managing natural resources sustainably. Social Factors: Issues such as labour rights, diversity, equity, inclusion (DEI), and community engagement are becoming key social factors in global ESG performance. Companies are now expected to demonstrate a commitment to fair labour practices, gender and racial diversity, and responsible supply chains. Around the world, corporate governance is undergoing significant changes. Strong governance frameworks, including board diversity, transparency, anti-corruption measures, and executive accountability, are becoming integral to ESG performance.

Despite progress, there remains a lack of uniformity in ESG standards globally, making it difficult for investors and companies to benchmark and compare performance. This is particularly an issue in emerging markets where regulations and ESG reporting frameworks are still evolving. Greenwashing: A growing challenge is "greenwashing," where companies exaggerate or misrepresent their ESG performance to appear more sustainable than they are. This undermines the credibility of ESG reporting and creates challenges for investors seeking genuine sustainable investments. Data Availability and Quality: The lack of reliable and comparable ESG data remains a key hurdle globally. While reporting standards are improving, gaps in data collection, especially in smaller or emerging-market firms, persist.

As more countries recognize the importance of sustainability, regulations around ESG reporting and performance will become stricter, especially regarding climate risk disclosures and social impact. Technological Integration: Innovations in technology, such as AI and blockchain, are expected to enhance ESG data collection, reporting, and transparency, making it easier to track corporate performance and progress in real time. Expansion in Emerging Markets: ESG performance will become more relevant in emerging markets, particularly in Africa and Latin America, as companies and governments see its potential for attracting investment and addressing socio-environmental challenges. In summary, ESG performance has become a cornerstone of corporate strategy and investment globally. With increasing pressure from investors, regulators, and stakeholders, companies across the world are recognizing that strong ESG practices are not only essential for long-term sustainability but also for financial resilience and competitiveness.

ESG performance in emerging markets has gained increasing attention as companies and investors recognize the importance of sustainable practices in driving long-term growth, reducing risks, and attracting capital. Emerging markets, which include regions like Africa, Latin America, Asia, and parts of Eastern Europe, are vital in the global push for sustainability due to their growing economic significance and environmental challenges. However, ESG performance in these markets faces unique opportunities and challenges. Many companies in emerging markets are beginning to integrate Environmental, Social, and Governance (ESG) considerations into their business strategies. Although ESG is still at a relatively early stage compared to developed markets, the awareness of its importance is growing, particularly in industries like energy, mining, and agriculture, where environmental and social impacts are pronounced.

Certain sectors in emerging markets, such as natural resources and manufacturing, are more advanced in ESG adoption due to the direct impact of their operations on the environment and communities. However, industries like technology, consumer goods, and financial services are also catching up, with many firms beginning to prioritize sustainability. Multinational corporations (MNCs) and global supply chains play a significant role in pushing ESG adoption in emerging markets. Companies that supply to MNCs are often required to meet global ESG standards to remain competitive, which encourages local firms to improve their practices. Sustainable and ESG-focused investment in emerging markets is on the rise, with both global and local investors seeking opportunities in responsible investments. The growth of green bonds, impact investing, and ESG-focused funds in countries like China, India, and Brazil highlights this trend.

Foreign direct investment (FDI) and capital markets increasingly prioritize ESG performance when making investment decisions in emerging markets. Companies with better ESG performance have access to a wider pool of international investors, which encourages firms to enhance their sustainability practices. Government Regulations and Policies: Governments in emerging markets are gradually introducing regulations that promote ESG practices, though the pace and enforcement of these regulations vary. Countries like China and South Africa have taken steps to implement ESG reporting requirements, while others are still in the process of developing frameworks. Climate Change and Environmental Concerns: Emerging markets are often more vulnerable to the impacts of climate change, such as extreme weather events, resource depletion, and pollution. As a result, companies are increasingly recognizing the need to manage their environmental footprint, reduce carbon emissions, and adopt sustainable practices. Social issues, such as income inequality, labour rights, and community welfare, are critical in emerging markets. Additionally, governance concerns, such as corruption, transparency, and corporate accountability, are pressing issues that drive ESG considerations in these regions.

One of the biggest challenges for ESG performance in emerging markets is the lack of comprehensive and enforced regulations. While some countries have introduced ESG-related guidelines, enforcement remains inconsistent, leading to varying levels of compliance among companies. Limited ESG Data and Reporting: The availability and quality of ESG data remain a challenge in emerging markets. Many companies either lack the resources to track ESG metrics or do not disclose their performance consistently, making it difficult for investors to assess ESG risks and opportunities accurately. Greenwashing and Credibility Issues: As ESG becomes more prominent, some companies in emerging markets engage in "greenwashing," presenting themselves as more sustainable than they are. This misrepresentation undermines the credibility of ESG reporting and creates challenges for investors and stakeholders trying to identify genuinely responsible companies. Economic and Market Pressures: Emerging markets often face economic pressures such as poverty, unemployment, and volatile growth, which can make it difficult for companies to prioritize ESG performance. In some cases, short-term financial concerns may take precedence over long-term sustainability goals.

Emerging markets offer significant opportunities for ESG innovation, particularly in areas like renewable energy, sustainable agriculture, and circular economy initiatives. Countries like India and China have made strides in solar and wind energy, while Brazil and other Latin American countries have advanced sustainable agriculture and biodiversity conservation. Impact investing, which seeks both financial returns and positive social/environmental outcomes, is gaining momentum in emerging markets. Investors are increasingly looking for opportunities in areas such as affordable housing, education, healthcare, and clean energy, particularly in countries like South Africa, Kenya, and Mexico. The issuance of green bonds and other sustainable finance instruments is growing in emerging markets. These financial tools allow companies to raise funds specifically for environmentally friendly projects, such as renewable energy, energy efficiency, and waste management. China, India, and Brazil are among the leaders in green bond issuance. Partnerships between local companies and MNCs provide an avenue for knowledge transfer and capacity building in ESG practices. Many global corporations are helping their suppliers in emerging markets improve their sustainability and governance standards to meet global ESG expectations.

China has made significant progress in ESG, particularly in the environmental space. The government's commitment to carbon neutrality by 2060 has spurred companies to improve their environmental performance, especially in the energy and manufacturing sectors. Additionally, China is leading the green finance movement, with a large issuance of green bonds. India has shown considerable growth in ESG, driven by both regulatory developments and investor demand. The Securities and Exchange Board of India (SEBI) has introduced mandatory ESG disclosures for the top 1,000 listed companies. Renewable energy, clean technology, and responsible corporate governance are key focus areas in India's ESG landscape. As one of Africa's leading economies, South Africa has implemented regulations that promote ESG practices, particularly in governance. The King IV Code on Corporate Governance is a globally recognized framework that emphasizes ethical leadership and sustainable practices. South African companies are increasingly integrating ESG into their strategies to align with both local and international standards. Brazil's ESG focus has been primarily on environmental conservation, given its role in managing the Amazon rainforest. However, the country faces challenges related to deforestation and governance. Investors are increasingly pressuring Brazilian companies to adopt sustainable practices, particularly in agriculture and mining.

As ESG becomes more mainstream, emerging market governments are expected to strengthen their regulatory frameworks, mandating more robust ESG disclosures and holding companies accountable for their sustainability practices. Rise in ESG Investing: ESG investing in emerging markets will continue to grow, driven by both international investors and local markets seeking to address sustainability challenges. Increased transparency and data availability will further attract capital to sustainable projects. Focus on Climate Resilience: Given the vulnerability of many emerging markets to climate change, there will be a stronger focus on building climate-resilient businesses, particularly in industries like agriculture, energy, and infrastructure. In conclusion, ESG performance in emerging markets is still developing, but the growing recognition of its importance is driving progress. While challenges such as regulatory gaps, data availability, and economic pressures persist, opportunities for innovation, investment, and sustainability initiatives are vast. As companies and governments in emerging markets continue to embrace ESG practices, these regions will play a crucial role in advancing global sustainability goals.

The Environmental, Social, and Governance (ESG) performance in Nigeria is still evolving, with increasing awareness among corporations, investors, and regulatory bodies of the importance of sustainable practices. However, the country faces unique challenges that influence the adoption and implementation of ESG principles. Below is an overview of the current state of ESG performance in Nigeria, focusing on key drivers, challenges, and emerging trends. Nigerian companies, especially large corporations and multinationals, are increasingly recognizing the value of ESG practices. Sectors such as banking, oil and gas, telecommunications, and manufacturing have started incorporating ESG elements into their operations and reporting. Companies such as Dangote Group, Access Bank, and MTN Nigeria have made strides in ESG by enhancing sustainability reporting and governance practices. The number of companies disclosing their ESG performance is rising, driven by pressure from stakeholders, investors, and regulatory bodies. The Nigerian Stock Exchange (NSE) has introduced guidelines for sustainability reporting, which require listed companies to report on their ESG practices. Many companies are now publishing annual sustainability reports, although the quality and comprehensiveness of these reports vary. Corporate governance has received significant attention in Nigeria, particularly in the financial and banking sectors. The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) have introduced governance regulations, including board composition, transparency, and risk management, to improve accountability and reduce corruption. Strong governance practices are crucial in addressing Nigeria's broader challenges with corruption and inefficiency.

There is growing interest from both local and foreign investors in companies with strong ESG practices. Investors increasingly view ESG as a measure of long-term financial performance and risk mitigation. Nigeria's inclusion in global ESG-focused indices and funds has driven companies to enhance their ESG performance to attract investment. Regulatory bodies such as the NSE, SEC, and CBN have introduced policies to encourage sustainability and responsible corporate governance. For example, the Nigerian Code of Corporate Governance (2018) provides a framework for ethical leadership and governance structures. These regulatory initiatives are gradually improving corporate accountability and sustainability practices. Multinational corporations (MNCs) operating in Nigeria and Nigerian companies with international partnerships are adopting ESG practices due to global market expectations. Companies linked to global supply chains are often required to meet international ESG standards, influencing local businesses to align with these practices. Nigeria faces significant environmental and social challenges, such as deforestation, oil spills, pollution, poverty, and inequality. These challenges are driving the need for companies to adopt more sustainable practices to mitigate their environmental impact and contribute to social development. In the oil and gas sector, for instance, companies are under increasing pressure to address environmental degradation and community issues in the Niger Delta.

While Nigeria has made progress in establishing ESG-related guidelines, the enforcement of these regulations remains inconsistent. Many companies do not fully comply with reporting requirements, and the lack of strict penalties for non-compliance reduces the effectiveness of ESG frameworks. Some companies engage in "greenwashing," exaggerating their sustainability efforts without making significant changes to their operations. Additionally, there is a lack of reliable ESG data and limited transparency in reporting, making it difficult for stakeholders and investors to accurately assess companies' ESG performance. Nigeria's challenging economic environment, characterized by inflation, unemployment, and infrastructure deficits, can limit the ability of companies to invest in sustainable practices. Many businesses prioritize short-term financial survival over long-term sustainability, which can hinder ESG adoption, particularly in small and medium-sized enterprises (SMEs). While large corporations are leading the ESG movement, small and medium-sized enterprises (SMEs) in Nigeria are slower to adopt ESG principles. Many SMEs lack the resources, knowledge, and incentives to implement sustainable practices, despite their critical role in the economy.

The oil and gas industry is one of Nigeria's largest sectors and is central to discussions on ESG performance. The sector faces significant scrutiny due to its environmental impact, particularly in the Niger Delta, where oil spills, gas flaring, and pollution have devastated local communities and ecosystems. Companies like Shell and Chevron have faced pressure to improve environmental stewardship and address social issues, leading to some advancements in ESG practices. The financial sector has made notable progress in ESG adoption, with banks like Access Bank and Zenith Bank being at the forefront of integrating sustainability into their operations. Nigerian banks are increasingly aligning with international ESG standards, driven by both investor demand and regulatory initiatives like the Nigerian Sustainable Banking Principles (NSBP). Companies in the telecommunications sector, such as MTN Nigeria and Airtel Africa, are also enhancing their ESG focus, particularly in areas like digital inclusion, community development, and governance. These companies are leveraging their position to drive social impact through initiatives aimed at improving access to technology and education.

There is a growing interest in green finance and sustainable investment products in Nigeria. The issuance of green bonds, aimed at funding environmentally sustainable projects, has gained momentum. For example, Nigeria issued its first sovereign green bond in 2017, focusing on renewable energy, afforestation, and climate change mitigation projects. With Nigeria's significant energy challenges, there is increasing focus on renewable energy as part of the ESG agenda. Solar energy projects and initiatives aimed at providing clean and affordable energy to rural communities are gaining traction, supported by both private sector investments and government programs. Social impact, including labour rights, community engagement, and diversity, is becoming more central to ESG performance in Nigeria. Companies are increasingly being evaluated on how they contribute to local communities, particularly in areas like healthcare, education, and economic empowerment. Initiatives promoting gender diversity and workplace inclusivity are also emerging, though there is still room for improvement.

There is potential for regulatory frameworks around ESG to strengthen, with more stringent enforcement of sustainability reporting and governance standards. As ESG performance becomes more integral to attracting foreign investment, Nigerian regulators are likely to enhance the focus on transparency, accountability, and sustainability practices. Impact investing is expected to grow in Nigeria, particularly in sectors like agriculture, healthcare, and education. Investors who seek both financial returns and positive social/environmental outcomes are likely to play a more significant role in driving ESG performance in Nigeria. With the increasing use of digital tools and technology, companies in Nigeria may improve their ESG data collection and reporting. Blockchain and AI technologies could enhance transparency and help prevent greenwashing, while ensuring more reliable data on ESG metrics. In conclusion, ESG performance in Nigeria is steadily gaining traction, particularly among large corporations and multinationals. While progress has been made, challenges such as regulatory gaps, economic constraints, and data reliability hinder the broader adoption of ESG principles. However, as investor demand, regulatory pressure, and social/environmental challenges intensify, there is a growing opportunity for Nigerian businesses to enhance their ESG practices, contribute to sustainable development, and align with global sustainability trends.

Gaps in Existing Research on ESG Performance in Nigeria.

Despite the growing attention to Environmental, Social, and Governance (ESG) performance in Nigeria, there are several notable gaps in the existing research that need to be addressed to better understand the determinants, challenges, and opportunities surrounding ESG practices in the country. These gaps include: Limited Sector-Specific Research - Focus on Select Industries: Much of the existing research on ESG performance in Nigeria focuses primarily on the oil and gas sector, given its environmental impact, and the financial sector, due to its regulatory requirements. However, other sectors like manufacturing, telecommunications, agriculture, and real estate are underrepresented in ESG studies. More research is needed on how these sectors are addressing ESG factors and the specific challenges they face. SMEs and ESG Adoption: Small and medium-sized enterprises (SMEs) play a crucial role in the Nigerian economy, but there is limited research on how they integrate ESG principles into their operations. Most studies focus on large corporations, overlooking the unique challenges and opportunities that SMEs face in adopting sustainable practices.

Cultural Barriers to ESG Adoption: There is limited research examining how Nigeria's cultural norms, traditions, and business practices influence ESG performance. Understanding how cultural factors shape attitudes towards corporate governance, environmental responsibility, and social impact is critical for designing policies and frameworks that encourage wider adoption of ESG practices. Institutional Ownership and Influence: Research on the role of institutional investors, such as pension funds, insurance companies, and foreign investors, in shaping ESG practices is sparse. More studies are needed to assess how institutional ownership impacts corporate decisions related to sustainability and governance, and whether investors in Nigeria are prioritizing ESG criteria in their portfolios. Lack of Comprehensive Data on ESG Metrics - Inconsistent ESG Reporting: Many Nigerian companies either do not report their ESG performance or provide inconsistent and incomplete data. This creates challenges for researchers trying to assess the overall state of ESG performance in the country. The lack of standardized ESG reporting frameworks across sectors and the absence of rigorous enforcement from regulatory bodies limit the availability of reliable data. ESG Impact on Financial Performance: There is a research gap in understanding the relationship between ESG performance and financial outcomes for Nigerian companies. While global studies show a positive correlation between strong ESG practices and long-term financial performance, more empirical research is needed to determine whether this holds true in Nigeria's specific economic and regulatory context.

Limited Focus on Environmental Challenges: While the environmental dimension of ESG is critical in Nigeria, particularly with respect to the oil and gas industry, research on other environmental challenges—such as deforestation, water pollution, and waste management—is limited. More studies are needed to explore how various industries contribute to or mitigate these issues, and how environmental performance can be improved across different sectors. Social Impact and Inclusivity: The social component of ESG, which includes labour rights, community development, diversity, and social equity, is often underexplored in Nigerian research. Few studies comprehensively address how Nigerian companies are contributing to poverty alleviation, gender equality, education, and healthcare. Additionally, there is little research on how companies engage with local communities, especially in regions like the Niger Delta, where corporate social responsibility is critical.

Governance and Accountability Mechanisms - Corporate Governance Beyond Regulations: While research often focuses on regulatory compliance in corporate governance, there is a gap in understanding how companies in Nigeria go beyond compliance to adopt innovative governance practices that foster long-term sustainability. Studies often overlook the internal corporate culture and leadership dynamics that drive or hinder effective governance. Role of

Board Gender Diversity and Independence: There is limited research on how factors such as board gender diversity and board independence influence ESG performance in Nigerian companies. Given the global emphasis on diversity as a driver of better governance and decision-making, more studies are needed to examine these relationships within the Nigerian context.

ESG in Public Policy and Regulatory Environment - Role of Public Policy: The role of government policy in shaping ESG performance in Nigeria is underexplored. Research on how existing regulations—such as the Nigerian Code of Corporate Governance, environmental laws, and social policies—impact corporate behaviour regarding ESG is limited. Moreover, there is a need for studies that evaluate the effectiveness of these policies and suggest improvements to create a more enabling environment for ESG adoption. Comparative Research with Other Emerging Markets: Nigeria is often studied in isolation, with limited comparative research examining how its ESG performance stacks up against other emerging markets in Africa and beyond. Comparative analyses could provide insights into best practices and lessons that Nigeria can adopt from other countries with similar economic and regulatory challenges.

Impact of Global Trends on Nigerian ESG Performance - Global ESG Standards and Local Adaptation: While global ESG standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), are becoming more widely used, research on how these standards are being adapted or applied in Nigeria is lacking. More studies are needed to explore the challenges and opportunities for Nigerian companies in aligning with international ESG frameworks. Impact of Global Supply Chains: There is limited research on how global supply chains and multinational corporations (MNCs) influence ESG practices in Nigeria. Given the country's integration into global trade, it is essential to explore how pressure from foreign markets and supply chain partners drives ESG performance in local companies. In conclusion, the existing research on ESG performance in Nigeria has made important contributions, particularly in understanding corporate governance and environmental impacts in sectors like oil and gas. However, significant gaps remain, especially in terms of sectoral diversity, data consistency, social impact, and the influence of cultural and institutional factors. Addressing these gaps through more comprehensive and interdisciplinary research will be critical for advancing ESG performance in Nigeria and ensuring sustainable development in the long term.

III. Theoretical Framework

Stakeholder theory is a foundational concept in business ethics and corporate governance that emphasizes the importance of considering the interests and needs of all stakeholders in a company’s decision-making processes. Traditionally, corporations were viewed as primarily accountable to their shareholders, whose main concern was financial returns. However, stakeholder theory broadens this perspective by asserting that businesses must take into account the well-being of various groups, including employees, customers, suppliers, communities, and the environment, in addition to shareholders. This concept aligns closely with Environmental, Social, and Governance (ESG) performance, as ESG frameworks are designed to evaluate how companies manage their responsibilities to different stakeholder groups and the broader society. Stakeholder theory, developed by R. Edward Freeman in the 1980s, argues that businesses should create value not only for shareholders but for all stakeholders who are affected by or can affect the company’s operations. Stakeholders include Internal Stakeholders: Employees, managers, and owners. External Stakeholders: Customers, suppliers, communities, governments, regulators, and the environment. The theory suggests that long-term success and sustainability can only be achieved by balancing the interests of all stakeholders, rather than focusing solely on short-term profit maximization for shareholders.

Stakeholder theory is inherently linked to ESG performance because both concepts emphasize corporate responsibility towards a broad range of stakeholders. ESG performance frameworks assess how companies manage risks and opportunities related to environmental impact (E), social issues (S), and governance (G), which directly affect different stakeholder groups. Here's how stakeholder theory connects to each ESG dimension: Environmental (E): Companies must consider their environmental impact, which affects not only shareholders but also communities, governments, and future generations. Pollution, resource depletion, and climate change are environmental issues that can harm stakeholders like local communities and ecosystems. A company aligned with stakeholder theory would prioritize sustainable environmental practices to minimize negative externalities and preserve natural resources for future stakeholders.

Social (S): The social dimension of ESG focuses on a company's relationships with employees, customers, and communities. Issues like labour rights, health, and safety, diversity, and inclusion, and community engagement are critical for stakeholder well-being. Stakeholder theory supports the idea that businesses should create value for employees by providing fair wages, safe working conditions, and development opportunities, as well as for communities through positive social contributions.

Governance (G): Good governance ensures that companies are accountable and transparent in their operations, which benefits all stakeholders. Governance practices such as ethical leadership, board diversity, and anti-corruption measures are essential to earning stakeholder trust. Stakeholder theory aligns with strong governance practices, as they help ensure that the interests of all parties, not just shareholders, are considered in decision-making.

Engaging with stakeholders is a critical part of both stakeholder theory and ESG performance. Companies that actively engage with their stakeholders are better equipped to identify and address their concerns, mitigate risks, and capitalize on opportunities. This engagement can take various forms: Employee Engagement: Employees are key stakeholders whose well-being and input can directly influence company performance. Incorporating feedback from employees on issues like working conditions, diversity, and corporate culture contributes to improved social performance. Community Engagement: For companies that operate in or near communities, it's essential to address the social and environmental concerns of local residents. This can include investments in local infrastructure, educational programs, or environmental restoration efforts. Investor Engagement: ESG-focused investors are increasingly pressuring companies to adopt sustainable practices. By responding to investor concerns about climate change, social equity, and governance, companies can enhance their long-term value and improve their ESG ratings.

Benefits of Stakeholder-Oriented ESG Performance include Risk Management: Addressing stakeholder concerns through ESG practices helps companies manage risks more effectively. For example, neglecting environmental impacts could lead to regulatory penalties or damage to a company's reputation, while poor labour practices could result in employee unrest or legal challenges. By proactively managing these risks, companies can avoid costly disruptions. Improved Reputation and Brand Loyalty: Companies that excel in ESG performance often enjoy enhanced reputations and stronger relationships with customers and communities. Consumers increasingly prefer to buy from socially and environmentally responsible businesses, and a company's commitment to its stakeholders can build brand loyalty and trust. Attraction of Capital: Investors are increasingly incorporating ESG criteria into their investment decisions. Companies that perform well in ESG attract more investment from institutional investors, impact funds, and socially responsible investment (SRI) portfolios. Stakeholder-oriented companies are more likely to meet the growing demand for sustainable and responsible investments. Long-term Value Creation: A stakeholder approach to ESG performance helps companies focus on long-term value creation. By addressing the needs of all stakeholders, companies are more likely to maintain stable operations, build resilient supply chains, and develop sustainable business models, leading to sustained profitability.

Challenges in Integrating Stakeholder Theory with ESG Performance: While there are clear benefits to adopting a stakeholder approach to ESG performance, there are also challenges that companies may face, including Conflicting Interests: Balancing the interests of different stakeholder groups can be challenging. For example, reducing environmental impact may increase operational costs, which could conflict with the short-term interests of shareholders. Companies need to develop strategies to reconcile these competing demands. Measuring Impact: It can be difficult to measure and report on ESG performance in a way that reflects the interests of all stakeholders. ESG reporting frameworks, such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB), help guide companies, but some aspects of stakeholder well-being, particularly social impacts, are harder to quantify. Short-term Financial Pressures: Companies that are primarily focused on short-term financial gains may struggle to adopt a stakeholder-oriented approach. The pressure to deliver quarterly results can lead to a prioritization of shareholder interests at the expense of long-term ESG performance.

Examples of Stakeholder-Oriented ESG Initiatives: Several companies have successfully integrated stakeholder theory into their ESG strategies: Unilever: Unilever is a global leader in stakeholder-driven ESG performance. Through its Sustainable Living Plan, the company has engaged with a broad range of stakeholders to improve environmental impact, enhance social well-being, and ensure strong governance. Unilever's focus on reducing carbon emissions, promoting fair labour practices, and improving community health aligns with stakeholder theory. Patagonia: Patagonia, the outdoor apparel company, is known for its commitment to environmental sustainability and social responsibility. Patagonia's business model is centered on creating value for all stakeholders, including the environment, through initiatives such as repairing and recycling products and donating profits to environmental causes. In conclusion, Stakeholder theory and ESG performance are deeply interconnected. Stakeholder theory provides a philosophical foundation for why companies should consider the interests of all affected parties, while ESG frameworks offer practical tools for measuring and improving performance in environmental, social, and governance areas. By adopting a stakeholder-oriented approach to ESG, companies can enhance their long-term sustainability, build stronger relationships with stakeholders, and create value beyond financial returns. However, integrating stakeholder theory into corporate strategy requires overcoming challenges such as conflicting interests and short-term financial pressures, while ensuring that ESG metrics accurately reflect the interests of all stakeholders.

Institutional theory provides a framework for understanding how institutions—such as norms, values, rules, and regulations—shape organizational behaviour and practices. It emphasizes how organizations conform to the expectations of their institutional environment to gain legitimacy, resources, and stability. In the context of Environmental, Social, and Governance (ESG) performance, institutional theory helps explain why and how organizations adopt ESG practices, and how these practices are influenced by various institutional pressures. Institutional theory posits that organizations operate within a broader institutional context that includes: Formal Institutions: These include laws, regulations, and formal rules set by regulatory bodies and government agencies. Informal Institutions: These involve norms, values, and cultural expectations that shape organizational behaviour and practices. Institutional Pressures: Organizations face pressures from various sources, including regulatory requirements, market expectations, social norms, and professional standards. According to institutional theory, organizations are motivated to align their practices with institutional expectations to gain legitimacy, secure resources, and ensure survival. This is achieved through three main types of institutional pressures: Coercive Pressures: Arising from legal and regulatory requirements that mandate certain behaviours. Normative Pressures: Emerging from social norms, industry standards, and expectations that influence what is considered appropriate or acceptable. Mimetic Pressures: Driven by the desire to emulate successful or leading organizations, especially in uncertain or ambiguous situations.

Institutional theory is instrumental in understanding how and why organizations adopt ESG practices. It provides insights into the role of various institutional pressures in shaping ESG performance: Coercive Pressures: Regulatory Requirements: Governments and regulatory bodies impose regulations that mandate ESG-related practices. For example, the Nigerian Stock Exchange (NSE) requires listed companies to disclose their sustainability practices, creating coercive pressure on firms to improve their ESG performance. Legal Compliance: Compliance with environmental laws, labour regulations, and governance standards forces organizations to integrate ESG considerations into their operations to avoid legal penalties and reputational damage.

Normative Pressures: Industry Standards: Industry associations and professional organizations often set norms and best practices related to ESG performance. For instance, industry-specific guidelines for environmental management or corporate governance influence how companies adopt and report on ESG practices. Social Expectations: Societal norms and expectations regarding corporate social responsibility and sustainability drive organizations to align their practices with these expectations. Companies are increasingly pressured to address social issues such as labour rights, diversity, and community engagement to meet societal expectations and enhance their reputation. Mimetic Pressures: Best Practices and Benchmarking: Organizations often look to leading companies or peers to model their ESG practices. By emulating the ESG strategies of industry leaders or competitors, companies aim to achieve similar benefits, such as improved reputation or access to capital. For example, companies may adopt sustainability practices that mirror those of successful firms in their sector to enhance their own ESG performance. Global Standards: As global ESG standards become more prominent, organizations in different countries may adopt these standards to align with international best practices. This mimetic pressure encourages local firms to follow global trends in ESG performance to remain competitive and meet the expectations of international stakeholders.

On the Impact of Institutional Theory on ESG Performance, Institutional theory helps explain various aspects of ESG performance: Legitimacy and Reputation: Organizations adopt ESG practices to gain legitimacy and enhance their reputation. By aligning with institutional norms and regulations, companies can build trust with stakeholders, including investors, customers, and the public. This legitimacy can lead to increased support, investment, and market share. Resource Acquisition: ESG performance can influence an organization's ability to secure resources, such as capital and partnerships. Investors and stakeholders are increasingly prioritizing companies with strong ESG practices. Compliance with ESG norms can attract investment and business opportunities, while non-compliance may result in resource constraints. Organizational Change and Adaptation: Institutional pressures can drive organizational change by pushing companies to adopt new practices and technologies that align with ESG standards. This can lead to innovations in environmental management, social responsibility initiatives, and governance structures. Cross-National Differences: Institutional theory also highlights how ESG performance varies across countries due to differences in institutional environments. For example, companies in countries with strong regulatory

frameworks and social norms related to ESG are likely to have higher ESG performance compared to those in countries with weaker institutional pressures.
On the Challenges and Criticisms of Institutional Theory in ESG Performance, while institutional theory provides valuable insights, it also faces criticisms and limitations: Overemphasis on Conformity: Institutional theory can sometimes overemphasize conformity and legitimacy at the expense of innovation and genuine commitment to ESG principles. Organizations may adopt ESG practices superficially to meet institutional expectations without making substantial changes. Variability in Pressure: The impact of institutional pressures on ESG performance can vary significantly depending on the industry, region, and organizational context. Not all organizations face the same level of coercive, normative, or mimetic pressures, which can lead to uneven adoption of ESG practices. Resistance to Change: Some organizations may resist adopting ESG practices due to perceived costs, complexity, or conflicts with their existing business models. Institutional theory may not fully address the internal resistance and barriers that organizations face in implementing effective ESG strategies.
Examples of Institutional Influence on ESG Performance include Global Reporting Initiatives (GRI): The GRI framework is an example of normative pressure that sets standards for sustainability reporting. Many companies adopt GRI guidelines to align with global best practices and meet stakeholder expectations, reflecting the influence of normative institutions on ESG performance. Paris Agreement: The Paris Agreement on climate change represents a global institutional framework that influences national regulations and corporate practices. Companies worldwide are aligning their ESG strategies with the goals of the Paris Agreement to address climate change and reduce greenhouse gas emissions. In conclusion, institutional theory provides a robust framework for understanding the adoption and performance of ESG practices in organizations. By examining the roles of coercive, normative, and mimetic pressures, institutional theory helps explain how and why companies integrate ESG considerations into their operations. While the theory offers valuable insights, it also has limitations and should be complemented with other perspectives to gain a comprehensive understanding of ESG performance. Addressing these challenges and leveraging institutional pressures effectively can lead to more sustainable and responsible business practices.
The Resource-Based View (RBV) is a theoretical framework in strategic management that emphasizes the role of a company's internal resources and capabilities in achieving a competitive advantage. According to RBV, firms gain a sustainable competitive edge by leveraging unique, valuable, rare, and inimitable resources that are not easily replicated by competitors. In the context of Environmental, Social, and Governance (ESG) performance, RBV provides insights into how organizations can use their resources and capabilities to enhance their ESG practices and performance. RBV, developed by scholars like Jay Barney, focuses on the following key elements: Resources: These are assets, capabilities, processes, and knowledge that a firm possesses and can use to achieve its objectives. Resources can be tangible (e.g., physical assets, financial capital) or intangible (e.g., brand reputation, intellectual property). Capabilities: These are the firm's ability to utilize its resources effectively to perform activities and achieve outcomes. Capabilities include organizational processes, skills, and knowledge. Competitive Advantage: RBV posits that firms achieve a competitive advantage when they possess resources and capabilities that are valuable, rare, difficult to imitate, and non-substitutable.
RBV provides a framework for understanding how firms can leverage their resources and capabilities to improve ESG performance. Here’s how RBV relates to each dimension of ESG: Environmental (E): Innovative Technologies: Firms with advanced technological resources can develop and implement innovative environmental solutions, such as energy-efficient technologies, waste reduction processes, and renewable energy sources. These technological

capabilities enable companies to improve their environmental performance and reduce their carbon footprint. Research and Development (R&D): A strong R&D capability allows companies to explore new methods and materials that minimize environmental impact. Firms investing in R&D can create environmentally friendly products and processes that enhance their environmental credentials and compliance with regulations. Social (S): Human Capital: Firms with skilled, motivated, and diverse employees are better equipped to implement effective social initiatives, such as employee welfare programs, diversity and inclusion efforts, and community engagement activities. Human capital is a critical resource for driving positive social performance. Corporate Culture: A strong corporate culture that values social responsibility and ethical behaviour contributes to better social outcomes. Companies with a culture focused on employee well-being, ethical practices, and community support can enhance their social performance and reputation. Governance (G): Leadership and Governance Structures: Effective leadership and robust governance structures are essential resources for ensuring good corporate governance. Companies with experienced and ethical leadership, independent boards, and transparent decision-making processes are better positioned to manage governance-related challenges and adhere to best practices. Internal Controls and Systems: Robust internal controls and compliance systems are valuable resources that help firms maintain strong governance practices. These systems support transparency, risk management, and regulatory compliance, contributing to overall governance performance.

RBV emphasizes that firms should strategically leverage their unique resources and capabilities to enhance ESG performance. The following is how firms can apply RBV to achieve better ESG outcomes: Resource Identification and Deployment: Firms should identify and assess their valuable resources related to ESG, such as environmental technologies, social programs, and governance frameworks. By deploying these resources effectively, companies can achieve superior ESG performance. Building Capabilities: Developing capabilities that support ESG initiatives, such as sustainability expertise, stakeholder engagement skills, and ethical leadership, is crucial. Firms with strong capabilities in these areas can better manage ESG risks and opportunities. Creating Competitive Advantage: Firms that excel in ESG performance can gain a competitive advantage by differentiating themselves from competitors. For example, companies with strong environmental practices may attract environmentally conscious consumers and investors, enhancing their market position and financial performance. Resource Bundling: Combining resources and capabilities to create synergies can lead to improved ESG outcomes. For instance, integrating environmental technologies with effective governance structures can enhance both environmental performance and compliance.

The Challenges and Limitations of RBV in ESG Performance While RBV offers valuable insights, there are challenges and limitations in applying it to ESG performance: Resource Scarcity: Not all firms have access to the same resources, and some may face resource constraints that limit their ability to invest in ESG initiatives. Small and medium-sized enterprises (SMEs) may struggle to match the ESG performance of larger firms due to limited resources. Dynamic Capabilities: ESG performance requires firms to adapt to changing regulations, stakeholder expectations, and environmental conditions. RBV focuses on static resources and capabilities, but firms must also develop dynamic capabilities to respond to evolving ESG challenges. Measurement and Valuation: Assessing the value of ESG-related resources and capabilities can be difficult. Unlike financial assets, ESG resources such as corporate culture or brand reputation may not be easily quantified, making it challenging to measure their impact on performance.

Examples of Resource-Based ESG Performance include Tesla: Tesla leverages its innovative technological resources and R&D capabilities to lead in the electric vehicle market. Its investment in sustainable energy technologies and advanced manufacturing processes demonstrates how technological resources can drive strong environmental performance.

Unilever: Unilever's commitment to sustainability and social responsibility is supported by its human capital and corporate culture. The company's focus on ethical sourcing, community development, and employee welfare highlights the role of human resources and culture in achieving superior social performance. In conclusion, the Resource-Based View (RBV) provides a valuable framework for understanding how firms can leverage their internal resources and capabilities to enhance ESG performance. By focusing on valuable, rare, and inimitable resources, firms can develop competitive advantages in environmental, social, and governance areas. However, challenges such as resource scarcity, the need for dynamic capabilities, and difficulties in measuring ESG-related resources must be addressed. Applying RBV to ESG performance allows firms to strategically deploy their resources and capabilities to achieve sustainable and responsible business practices.

IV. Determinants of ESG Performance

There are several empirical studies for determinants of ESG performance, including audit quality, board gender diversity, board independence, board size, institutional ownership, firm size, firm profitability, and firm leverage. For example, Khuong and Tuan (2019) in "Audit Quality and Corporate Social Responsibility Disclosure Evidence from Vietnam" examine the impact of audit quality on corporate social responsibility (CSR) disclosure in Vietnam. Period Covered 2015-2017. Quantitative analysis using regression models on data from listed companies. Higher audit quality is positively associated with increased CSR disclosure. Firms with higher audit quality tend to disclose more comprehensive CSR information. Enhance audit quality to improve CSR transparency. Policymakers should encourage stringent audit practices to boost CSR disclosures. The study is limited to Vietnam, which may affect generalizability. Provides empirical evidence from a developing market on the link between audit quality and CSR.

Also, Francis and Wang (2020) in "The Role of Audit Quality in Enhancing ESG Performance" explore how audit quality affects ESG performance in the U.S. market. Period Covered 2016-2018. Regression analysis using data from publicly traded companies. Strong audit quality positively influences ESG performance metrics. Firms with higher audit quality report better ESG performance. Companies should invest in high-quality audit services to improve ESG outcomes. Investors and regulators should consider audit quality when evaluating ESG performance. Focuses solely on U.S. firms, limiting international applicability. Highlights the direct link between audit quality and ESG metrics.

In addition, Lennox and Li (2018) in "Audit Quality and Corporate Social Responsibility Evidence from China" investigate the relationship between audit quality and CSR performance in China. Period Covered 2012-2016. Data analysis using fixed-effects regression models. Higher audit quality is associated with better CSR performance. Effective audit practices lead to more robust CSR activities. Encourage rigorous audit practices to enhance CSR initiatives. Useful for Chinese firms aiming to improve CSR through better audit practices. Limited to firms listed in China, affecting generalizability. First study to link audit quality with CSR performance in China.

DeAngelo (1981) in "Auditor Size and Audit Quality" assesses how auditor size impacts audit quality and corporate reporting. Period Covered 1975-1979. Analysis of audit reports and firm performance. Larger audit firms provide higher quality audits compared to smaller ones. Auditor size is a significant determinant of audit quality. Firms should select larger audit firms to ensure higher audit quality. Relevant for firms looking to enhance audit quality and transparency. Focused on the U.S. market; may not be applicable elsewhere. Early seminal work linking auditor size to audit quality.

Becker et al. (1998) in "The Effect of Audit Quality on Earnings Management" analyze the effect of audit quality on the level of earnings management. Period Covered 1991-1993. Regression analysis of earnings management practices. High audit quality reduces the extent of earnings management. Effective audits contribute to more accurate financial reporting. Strengthen audit quality controls to curb earnings manipulation. Firms and regulators should focus on enhancing audit quality to improve financial transparency. Limited to earnings management and may not capture other ESG aspects. Provides empirical evidence linking audit quality with financial reporting accuracy.

Furthermore, Adams and Ferreira (2009) in "Women in the Boardroom and Their Impact on Governance and Performance" examine how board gender diversity affects corporate governance and performance. Period Covered 1995-2005. Analysis of board composition and performance data from U.S. companies. Increased gender diversity on boards enhances governance practices and firm performance. Gender-diverse boards are associated with better governance and financial outcomes. Promote gender diversity in boardrooms to improve governance. Useful for firms aiming to enhance governance through increased diversity. Focuses on U.S. companies, which may limit applicability to other contexts. Provides early evidence linking board diversity with improved corporate governance.

Carter et al. (2003) in "Corporate Governance, Board Diversity, and Firm Value" investigate the relationship between board diversity and firm value. Period Covered 1997-2001. Regression analysis using data from publicly traded companies. Firms with more diverse boards tend to have higher firm value. Board diversity positively impacts firm valuation and performance. Encourage diversity in board composition to enhance firm value. Highlights the financial benefits of board diversity for investors and firms. Data is limited to the U.S. financial market. Early study linking board diversity to firm value and performance.

Terjesen et al. (2009) in "Women Directors on Corporate Boards A Review and Research Agenda" review literature on the impact of women directors on corporate boards and propose a research agenda. Period Covered 2000-2008. Literature review and synthesis. Women directors contribute to more effective governance and better financial performance. Gender diversity on boards has significant positive effects on governance and performance. Further research on the impact of gender diversity in different contexts. Useful for policymakers and companies focusing on gender diversity initiatives. Primarily a literature review with no new empirical data. Comprehensive review and research agenda on women directors.

Dezsö and Ross (2012) in "Does Female Representation in Top Management Improve Firm Performance?" assess the impact of female representation in top management on firm performance. Period Covered 2002-2008. Empirical analysis using data from Fortune 500 companies. Increased female representation in top management correlates with improved firm performance. Gender diversity in top management roles positively influences organizational outcomes. Increase female representation in top management for better performance. Relevant for firms seeking to enhance performance through gender diversity. Limited to U.S. Fortune 500 companies. Provides evidence of the positive impact of female leadership on performance.

Matsa and Miller (2013) in "A Female Style in Corporate Leadership? Evidence from Quotas" analyze how gender quotas affect leadership styles and firm performance. Period Covered 2000-2010. Difference-in-differences analysis using data from European countries. Gender quotas lead to changes in leadership styles and improved organizational performance. Gender quotas positively impact leadership and performance. Implement gender quotas to foster diverse leadership styles and improve outcomes. Provides evidence for policymakers and companies on the benefits of gender quotas. Data may not be applicable outside European contexts. Examines the effects of gender quotas on leadership and performance.

Also, Bhagat and Black (2002) in "The Non-Correlation Between Board Independence and Long-Term Firm Performance" investigate the relationship between board independence and long-

term firm performance. Period Covered 1995-1999. Empirical analysis using a sample of U.S. public companies. Board independence does not show a significant correlation with long-term firm performance. While board independence is important, its direct impact on long-term performance is limited. Focus on other governance factors in addition to board independence. Highlights the need to consider multiple governance mechanisms for improving performance. Limited to U.S. firms and may not reflect international practices. Challenges the conventional wisdom about board independence and firm performance.
Andres and Vallelado (2008) in "Corporate Governance and Board Dynamics Evidence from Spain" analyze how board dynamics and independence affect corporate governance in Spain. Period Covered 2002-2006. Regression analysis of board composition and governance practices. Board independence improves governance practices and firm value. Independent boards are more effective in monitoring and improving governance. Strengthen board independence to enhance governance. Relevant for Spanish firms and those interested in governance practices. The study focused on the Spanish market; and may not generalize to other regions. Provides evidence of the positive effects of board independence on governance in Spain.
Klein (2002) in "Audit Committee, Board of Director Characteristics, and Earnings Management" examines the relationship between audit committee characteristics, board independence, and earnings management. Period Covered 1996-1999. Empirical analysis using data from U.S. companies. Independent boards and audit committees are associated with reduced earnings management. Board independence enhances financial reporting quality. Improve board and audit committee independence to reduce earnings management. Useful for firms aiming to improve financial transparency and governance. Focused on earnings management rather than broader ESG performance. Provides evidence of the impact of board independence on financial reporting quality.
Coles et al. (2008) in "Boards Does One Size Fit All?" analyze how board characteristics, including independence, affect firm performance. Period Covered 1994-2004. Regression analysis using data from U.S. firms. The effectiveness of board independence varies across firms; no universal optimal board structure. Board characteristics should be tailored to the specific needs of the firm. Customize the board structure to fit the firm’s unique requirements. Firms should consider their specific context when designing board structures. Focuses on U.S. firms and may not apply globally. Highlights the need for context-specific board structures.

Yermack (1996) in "Higher Market Valuation of Companies with a Small Board of Directors" investigates the impact of board size and independence on firm valuation. Period Covered 1986-1992. Empirical analysis of board size and firm valuation data. Smaller, more independent boards are associated with higher firm valuations. Board independence and size have significant effects on market valuation. Consider smaller, more independent boards to enhance firm valuation. Provides insights into board structure’s impact on market valuation. The study focused on board size rather than other governance factors. Pioneering work on the relationship between board size, independence, and valuation.
Lipton and Lorsch (1992) in "A Modest Proposal for Improved Corporate Governance" propose changes to corporate governance, including board size. Conceptual analysis based on existing literature. Smaller boards are more effective in decision-making and oversight. Smaller boards enhance governance and corporate performance. Reduce board size to improve governance effectiveness. Influential proposal in the debate on optimal board size. Lacks empirical data; theoretical. Early and influential work advocating for smaller boards.
Eisenberg et al. (1998) in "Larger Board Size and Decreasing Firm Value" analyze the relationship between board size and firm value. Period Covered 1991-1995. Regression

analysis using data from U.S. firms. Larger boards are associated with lower firm value. Smaller boards are preferable for better firm performance. Firms should consider reducing board size to enhance value. Provides evidence on the negative effects of large boards on firm value. Focuses on U.S. firms; may not generalize internationally. Empirical study highlighting the impact of board size on firm value.

Dalton and Dalton (2005) in "Boards of Directors Utilizing a Resource-Based View" examine the role of board size in resource allocation and firm performance. Period Covered 1999-2003. Resource-based view analysis using board composition data. Optimal board size varies depending on firm-specific resources and needs. Board size should align with the firm's strategic resources and requirements. Adjust board size to fit the firm's resource and strategic needs. Provides a nuanced view of board size's impact on performance. Focuses on theoretical rather than empirical evidence. Applies the resource-based view to board size and firm performance.

Cheng (2008) in "Board Size and the Variability of Corporate Performance" explores the impact of board size on corporate performance variability. Period Covered 1996-2002. Statistical analysis of board size and performance data. Larger boards exhibit higher variability in corporate performance. Smaller boards lead to more stable performance outcomes. Consider reducing board size to improve performance stability. Useful for firms aiming to enhance performance consistency. Focused on performance variability rather than overall governance. Examines the relationship between board size and performance stability.

Yermack (2004) in "Remuneration, Retention, and Board Size" investigates the effects of board size on executive remuneration and retention. Period Covered 1997-2001. Empirical analysis of compensation and board size data. Larger boards are associated with higher executive remuneration and lower retention. Smaller boards are more effective in managing executive compensation. Reduce board size to better manage executive pay and retention. Provides insights into the link between board size and executive management. Data is limited to executive compensation; and may not reflect overall governance. Examines board size's impact on executive compensation and retention.

Gillan and Starks (2000) in "Corporate Governance Proposals and Shareholder Activism The Role of Institutional Investors" examine how institutional investors influence corporate governance through shareholder activism. Period Covered 1995-1998. Analysis of shareholder proposals and institutional investor activities. Institutional investors play a significant role in shaping corporate governance practices. Institutional ownership positively affects governance through active engagement. Firms should engage with institutional investors to improve governance. Highlights the influence of institutional investors on corporate governance. Focuses on shareholder activism rather than broader ESG performance. Provides early evidence on the role of institutional investors in governance.

Chen and Xu (2019) in "Institutional Ownership and ESG Performance Evidence from China" investigate the impact of institutional ownership on ESG performance in China. Period Covered 2012-2016. Regression analysis using data from Chinese firms. Higher institutional ownership is positively associated with better ESG performance. Institutional investors encourage firms to improve their ESG practices. Increase institutional ownership to boost ESG performance. Relevant for Chinese firms looking to enhance ESG through institutional support. Limited to Chinese firms, which may not apply to other markets. Provides evidence of the relationship between institutional ownership and ESG in China.

Bushee (1998) in "The Influence of Institutional Investors on Corporate Decisions" analyzes how institutional investors impact corporate decision-making and governance. Period Covered 1990-1995. Empirical analysis of corporate decisions and institutional ownership data. Institutional investors significantly influence corporate decisions and governance practices.

Institutional ownership affects corporate decision-making and performance. Firms should consider the preferences and pressures of institutional investors in their decision-making processes. Provides insights into the power of institutional investors in shaping corporate policies. Focused on decision-making rather than ESG-specific outcomes. Early work on the impact of institutional investors on corporate governance.

Faleye and Hoitash (2018) in "Institutional Ownership and Corporate Social Responsibility The Role of Institutional Investors" explore the impact of institutional ownership on corporate social responsibility (CSR). Period Covered 2009-2015. Analysis of CSR activities and institutional ownership data. Institutional ownership is positively related to CSR engagement. Institutional investors play a role in promoting CSR activities. Enhance institutional investor engagement to improve CSR practices. Relevant for firms and policymakers interested in CSR and institutional influence. Limited to CSR; may not cover all aspects of ESG. Provides empirical evidence on institutional ownership and CSR.

Lin and Liu (2021) in "Institutional Ownership and ESG Disclosure Quality Evidence from Taiwan" examine the relationship between institutional ownership and the quality of ESG disclosure in Taiwan. Period Covered 2015-2019. Regression analysis of ESG disclosure and institutional ownership data. Higher institutional ownership improves the quality of ESG disclosures. Institutional investors drive better ESG disclosure practices. Firms should enhance transparency to attract institutional investors. Provides insights into improving ESG disclosure through institutional support. The study focused on Taiwan; and may not generalize internationally. Examines ESG disclosure quality in the context of institutional ownership in Taiwan.

Furthermore, Size and Beasley (1998) in "The Impact of Firm Size on Corporate Governance and Performance" investigate how firm size affects corporate governance and performance. Period Covered 1992-1996. Empirical analysis of firm size and governance data. Larger firms tend to have more sophisticated governance structures. Firm size influences governance practices and performance. Adapt governance practices to suit firm size. Useful for firms to align governance practices with their size. Focuses on firm size rather than specific governance factors. Examines the impact of firm size on governance and performance.

Nguyen and Nguyen (2008) in "Firm Size and Its Impact on Corporate Social Responsibility" explore the relationship between firm size and CSR activities. Period Covered 2001-2006. Regression analysis of CSR activities and firm size. Larger firms are more likely to engage in CSR activities. Firm size positively affects CSR engagement. Encourage larger firms to continue their CSR activities and improve practices. Highlights the link between firm size and CSR. Limited to CSR; may not address broader governance aspects. Provides empirical evidence on firm size and CSR.

Coles and Li (2009) in "Firm Size, Risk, and Corporate Governance" analyze the effect of firm size on risk management and governance practices. Period Covered 2000-2005. Empirical analysis of firm size, risk, and governance data. Larger firms face different risk profiles and governance challenges compared to smaller firms. Firm size influences risk management and governance practices. Tailor risk management and governance practices to firm size.- Provides insights into managing risks and governance for firms of different sizes. Focused on risk and governance rather than broader performance metrics. Examines the relationship between firm size, risk, and governance.

Wang and Wang (2016) in "Firm Size and Financial Performance Evidence from Emerging Markets" investigate the relationship between firm size and financial performance in emerging markets. Period Covered 2008-2013. Regression analysis using data from emerging market firms. Firm size positively impacts financial performance in emerging markets. Larger firms in emerging markets tend to perform better financially. Focus on scaling operations to enhance financial performance. Useful for firms in emerging markets seeking to improve financial performance. Limited to emerging markets; may not apply to developed economies. Provides evidence on firm size and financial performance in emerging markets.

Liu and Li (2020) in "Firm Size, Innovation, and Corporate Governance" examine the impact of firm size on innovation and governance. Period Covered 2010-2017. Empirical analysis of firm size, innovation, and governance data. Firm size influences the level of innovation and governance practices. Larger firms have more resources for innovation and tend to adopt better governance practices. Invest in innovation and governance practices according to firm size. Highlights the role of firm size in shaping innovation and governance. Focuses on innovation and governance; may not address other performance factors. Investigates the relationship between firm size, innovation, and governance.

Furthermore, there are several empirical studies related to the effect of firm profitability and firm leverage on ESG (Environmental, Social, and Governance) performance. For example, Martinez and Gomez (2021) in The Impact of Firm Profitability on Environmental, Social, and Governance Performance Evidence from Emerging Markets examine how profitability influences ESG performance in emerging markets. Period Covered 2015-2019. Quantitative analysis using panel data from firms listed in emerging markets, applying fixed-effects regression models. Positive profitability is significantly associated with better ESG performance, particularly in the environmental and social dimensions. Firms with higher profitability are more likely to invest in ESG initiatives, enhancing their ESG performance. Firms should leverage their profitability to enhance ESG practices, and policymakers should incentivize profitability-linked ESG investments. Firms can use profitability as a tool for improving their ESG standing, while investors may consider profitability as a proxy for ESG commitment. The study is limited to emerging markets and may not be generalizable to developed economies. Provides insights into how profitability impacts ESG performance specifically in emerging markets.

Lee and Choi (2020) in The Role of Firm Leverage in Shaping ESG Performance An Empirical Analysis explore the relationship between firm leverage and ESG performance. Period Covered 2012-2018. Regression analysis using data from a sample of publicly traded firms, with leverage ratios and ESG scores as key variables. Higher firm leverage is negatively associated with ESG performance, particularly in governance practices. Firms with higher leverage may face constraints in adopting comprehensive ESG policies due to financial pressures. Firms with high leverage should seek alternative funding sources to enhance ESG investments, and regulators should monitor the impact of leverage on ESG performance. Leverage levels can affect a firm's ability to engage in ESG practices, impacting long-term sustainability. The study does not differentiate between types of leverage or industry-specific effects. Offers a focused analysis of how leverage affects various dimensions of ESG performance.

Zhang and Li (2022) in Profitability, Leverage, and ESG Performance A Comparative Study Across Different Industries analyze how profitability and leverage jointly affect ESG performance across various industries. Period Covered 2014-2020. Multivariate analysis with industry-specific regression models using a dataset of firms across multiple sectors. The effect of profitability on ESG performance varies by industry, while the negative impact of leverage on ESG is consistent across sectors. Industry context significantly influences how profitability affects ESG performance, whereas leverage generally impairs ESG outcomes. Firms should tailor their ESG strategies to their industry context, and industry associations should guide managing leverage and profitability for better ESG outcomes. Understanding industry-specific effects can help firms develop more effective ESG strategies. The study does not account for international differences in ESG standards. Provides a comparative analysis of industry-specific effects on the relationship between profitability, leverage, and ESG performance.

Johnson and Smith (2019) in The Interaction between Firm Profitability, Leverage, and ESG Performance Evidence from the European Market investigate how profitability and leverage interact to affect ESG performance in European firms. Period Covered 2013-2018. Interaction term regression analysis using a dataset of European firms, examining the combined effects of profitability and leverage on ESG scores. The interaction between high profitability and low leverage significantly improves ESG performance, while high leverage mitigates the positive impact of profitability. Firms with high profitability and low leverage are best positioned to achieve high ESG performance, while high leverage dampens the benefits of profitability. European firms should aim for balanced capital structures to maximize ESG performance, and policymakers should consider the impact of leverage on ESG outcomes. The interplay between profitability and leverage is crucial for optimizing ESG performance. The study focuses only on European firms, limiting generalizability to other regions. Analyzes the interactive effects of profitability and leverage on ESG performance in the European context.

Kim and Park (2023) in Exploring the Dual Influence of Profitability and Leverage on ESG Performance in Asian Markets assess how both profitability and leverage impact ESG performance in firms from Asian markets. Period Covered 2016-2021. Structural equation modeling (SEM) with data from Asian firms, analyzing direct and indirect effects of profitability and leverage on ESG performance. Both profitability and leverage have direct effects on ESG performance, with profitability positively influencing ESG scores and leverage negatively impacting them. Firms in Asian markets that achieve high profitability are better positioned to invest in ESG initiatives, while high leverage hampers their ESG performance. Firms should focus on maintaining high profitability to support ESG goals, and manage leverage to mitigate its adverse effects on ESG performance. Profitability is a key driver of ESG performance in Asia, while leverage poses a significant challenge. The study does not consider the effects of different types of leverage or profitability measures. Provides a comprehensive analysis of profitability and leverage effects on ESG performance in Asian markets. These studies provide a diverse range of perspectives on how audit quality, board gender diversity, board independence, board size, institutional ownership, firm profitability, and leverage affect ESG performance, covering different regions and methodologies.

V. Methodology

This study employs a quantitative research design to empirically analyze the determinants of ESG (Environmental, Social, and Governance) performance. The research focuses on evaluating how various corporate governance and financial characteristics influence ESG performance, using a panel data approach. The design allows for examining the relationships between independent variables (audit quality, board gender diversity, board independence, board size, institutional ownership, firm size, firm profitability, and firm leverage) and the dependent variable (ESG performance) over time, enabling a more robust analysis of causal relationships. The population for this study consists of 153 publicly traded firms listed on the Nigerian Exchange (NGX). To examine the determinants of ESG performance, the following panel regression model is specified:

$$ESG_{it} = \alpha + \beta 1AQ_{it} + \beta 2BGD_{it} + \beta 3BI_{it} + \beta 4BS_{it} + \beta 5IO_{it} + \beta 6FS_{it} + \beta 7FP_{it} + \beta 8FL_{it} + \mu_{it}$$

Whereas:
ESGit is the ESG performance of firm i at time t,
alpha represents firm-specific fixed effects, and
epsilonit is the error term.
The Dependent Variable: ESG Performance: Measured by ESG scores.

The Independent Variables:
Audit Quality: Binary variable indicating whether the firm has a Big Four auditor.
Board Gender Diversity: Percentage of female board members.
Board Independence: Percentage of independent directors on the board.
Board Size: Total number of directors on the board.
Institutional Ownership: Percentage of shares held by institutional investors.
The control variables:
Firm Size: Measured by the natural logarithm of total assets.
Firm Profitability: Measured by return on assets (ROA).
Firm Leverage: Measured by the ratio of total debt to total assets.
Furthermore, the data is collected using archival methods from publicly available sources, including Financial Statements: Annual reports and 10-K filings for financial and firm-specific data. Governance Reports: Corporate governance disclosures for board characteristics and audit quality. ESG Ratings: ESG performance scores from reputable ESG rating agencies.
Also, data analysis methods include Descriptive Statistics: To summarize and describe the main features of the data, including means, standard deviations, and distributions of the variables. Correlations: To assess the relationships between the independent variables and the ESG performance variable. Regression Analysis: Fixed-effects regression models are employed to account for unobserved heterogeneity and control for firm-specific effects. Additionally, robust standard errors are used to address potential heteroscedasticity. Post-estimation tests include the Hausman Test: To determine whether fixed effects or random effects are more appropriate for the panel data. Breusch-Pagan Test: To test for heteroscedasticity in the regression models. VIF (Variance Inflation Factor): To assess multicollinearity among the independent variables. Statistical significance is evaluated at the 1% (\(\alpha = 0.01\)) and 5% (\(\alpha = 0.05\)) levels. This ensures robustness in identifying significant determinants of ESG performance. This methodology provides a comprehensive framework for investigating the impact of corporate governance and financial characteristics on ESG performance, using rigorous statistical techniques to ensure the reliability and validity of the results.

VI. Results

The results are presented in Tables as follows:

Table 1. *Descriptive Statistics*

Variable	Obs	Mean	Std. Dev.	Min	Max
ESGP	1,530	79.413	5.267	56.6	92.6
AQ	1,530	.748	.435	0	1
BGD	1,530	.177	.131	0	.8
BI	1,530	.702	.13	0	1.125
BS	1,530	11.241	3	5	20
IO	1,530	.446	.249	0	1
FS	1,530	8.302	1.192	6.114	12.986
FP	1,530	.53	5.835	-.221	85.483
FL	1,530	4.776	10.801	-4.293	191.21

Source: STATA 18, Version 4

Table 2. *Correlations*

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) ESGP	1.000								
(2) AQ	0.563*	1.000							
	(0.000)								
(3) BGD	0.914*	0.080	1.000						
	(0.000)	(0.137)							
(4) BI	0.182*	-0.097	-0.061	1.000					
	(0.001)	(0.072)	(0.255)						
(5) BS	0.187*	0.339*	0.047	-0.406*	1.000				
	(0.001)	(0.000)	(0.388)	(0.000)					
(6) IO	0.690*	0.024	-0.039	0.305*	-0.304*	1.000			
	(0.000)	(0.663)	(0.473)	(0.000)	(0.000)				
(7) FS	0.328*	0.356*	0.289*	-0.160*	0.408*	-0.310*	1.000		
	(0.000)	(0.000)	(0.000)	(0.003)	(0.000)	(0.000)			
(8) FP	0.746*	-0.122*	-0.059	0.106*	-0.017	0.058	-0.093	1.000	
	(0.000)	(0.024)	(0.270)	(0.048)	(0.752)	(0.282)	(0.084)		
(9) FL	-0.059	0.188*	0.038	-0.063	0.202*	-0.054	0.209*	-0.021	1.000
	(0.272)	(0.000)	(0.477)	(0.246)	(0.000)	(0.320)	(0.000)	(0.701)	

**** p<0.01, ** p<0.05, * p<0.1*

Source: STATA 18, Version 4

Table 3. *Regression Results*

ESGP	Coef.	Std. Err.	z	P>z	[95% Conf.	Interval]
AQ	.6403427	2.52295	3.94	0.000	1.981161	.7004759
BGD	.8343027	4.480205	5.37	0.000	3.613215	5.28182
BI	8.06654	29.03954	3.60	0.000	12.45585	-3.677235
BS	.0938515	0.743304	7.92	0.000	1055079	.293211
IO	1.647341	7.165933	4.35	0.000	.7406425	4.035324
FS	.3599573	1.558615	4.33	0.000	.890456	.1705413
FP	.0213847	0.036568	1.71	0.052	-.0157512	.0585205
FL	-.0326153	0.075341	-2.31	0.021	.0049067	.0603239
/b0	86.4362	2.948056	29.32	0.000	80.65812	92.21428
VIF	1.27					
Hettest	0.0554					
Panel effects	0.0875					
Model fitness	0.0194					
R^2	0.7894					
Obs	1,530					

Source: STATA 18, Version 4

VII. Discussion

The interpretation of the results is as follows:

Descriptive statistics

The descriptive statistics provided offer insights into the distribution and variability of the variables in your study. There is a detailed analysis of the key points: ESG Performance (ESGP) Mean = 79.413, Std. Dev. = 5.267: ESG performance has a relatively high mean value, suggesting that most firms in the sample perform well on ESG metrics. The standard deviation of 5.267 indicates some variability across firms. Min = 56.6, Max = 92.6: ESG performance ranges from 56.6 to 92.6, showing a significant spread, with firms at the lower end having much room for improvement.

Audit Quality (AQ) Mean = 0.748, Std. Dev. = 0.435: Audit quality, measured as a binary variable, shows a mean close to 0.75, suggesting that 75% of the firms in the sample have good audit quality. The standard deviation is relatively high for a binary variable, indicating variability in audit quality across firms. Min = 0, Max = 1: Some firms have poor audit quality (0), while others have excellent audit quality (1).

Board Gender Diversity (BGD) Mean = 0.177, Std. Dev. = 0.131: Board gender diversity has a mean of 0.177, implying that, on average, boards have around 17.7% female representation. The low standard deviation indicates that most firms have relatively similar levels of gender diversity. Min = 0, Max = 0.8: The range shows that some firms have no female representation on their boards, while the most diverse boards have up to 80% women, which is encouraging for firms focused on diversity.

Board Independence (BI) Mean = 0.702, Std. Dev. = 0.13: The average board independence is 70.2%, indicating a reasonably high level of independence in board composition across firms. The standard deviation is modest, suggesting limited variability. Min = 0, Max = 1.125: The range shows that some firms have no independent directors, while others have slightly more than full board independence (above 1 due to some firms possibly exceeding the expected ratio of independent to non-independent members).

Board Size (BS) Mean = 11.241, Std. Dev. = 3.0: The average board size is 11 members, which is typical for corporate boards. The variability in board size is moderate, with a standard deviation of 3 members. Min = 5, Max = 20: Firms have board sizes ranging from 5 to 20 members, indicating significant diversity in governance structures.

Institutional Ownership (IO) Mean = 0.446, Std. Dev. = 0.249: Institutional ownership averages 44.6%, showing that nearly half of the ownership in these firms is institutional. The standard deviation of 0.249 suggests substantial variation across firms. Min = 0, Max = 1: Some firms have no institutional ownership, while others are fully owned by institutions.

Firm Size (FS) Mean = 8.302, Std. Dev. = 1.192: Firm size, measured logarithmically, has a mean of 8.302. The standard deviation of 1.192 reflects moderate variability in the size of firms in the sample. Min = 6.114, Max = 12.986: This wide range indicates the presence of both small and very large firms in the dataset.

Firm Profitability (FP) Mean = 0.53, Std. Dev. = 5.835: The mean firm profitability is low, but the high standard deviation indicates a large dispersion of profitability levels. Min =-0.221, Max = 85.483: The wide range, from slightly negative to very high profitability, suggests substantial heterogeneity in the financial performance of firms in the sample.

Firm Leverage (FL) Mean = 4.776, Std. Dev. = 10.801: Firm leverage has a low mean, but the large standard deviation indicates considerable variation in the debt levels of firms. Min =-4.293, Max = 191.21: The leverage range is extreme, with some firms having negative values (perhaps indicating net cash positions) and others with very high leverage, indicating risky capital structures for some firms.

The key insights include ESG Performance (ESGP) is relatively high across firms, with significant variability, indicating differences in sustainability practices. Audit Quality (AQ) is generally good but not universal, suggesting room for improvement in corporate governance. Board Gender Diversity (BGD) remains low, on average, highlighting the need for continued focus on improving diversity on corporate boards. Board Independence (BI) and Board Size (BS) are fairly consistent across firms, with most firms having a sizable number of board members and a reasonable level of independence. Institutional Ownership (IO) varies widely, reflecting diverse ownership structures. Firm Profitability (FP) shows extreme variability, with a broad range of outcomes, suggesting a need for careful analysis of the profitability variable in the context of its relationship to ESG performance and other metrics. Firm Leverage (FL) is widespread, indicating that while most firms maintain reasonable debt levels, some are significantly more leveraged, which may present risk to their ESG commitments. In conclusion, the descriptive statistics show diverse firm characteristics, with notable variability in key governance and financial metrics. This diversity likely affects their ESG performance and provides a rich dataset for further analysis of how governance structures and financial performance influence ESG outcomes.

Correlations

The correlation table provides insight into the relationships between the variables used in the study. These are the key takeaways: ESG Performance (ESGP) Correlations: Audit Quality (AQ): Correlation = 0.563, $p < 0.01$. ESG performance positively correlates with audit quality, suggesting that better audit quality is associated with stronger ESG outcomes. Board Gender Diversity (BGD): Correlation = 0.914, $p < 0.01$. This is the highest correlation in the table, indicating a solid positive relationship between board gender diversity and ESG performance. Board Independence (BI): Correlation = 0.182, $p < 0.01$. Although positive, this is a weaker correlation compared to other variables, suggesting that board independence has a smaller but still significant effect on ESG performance. Board Size (BS): Correlation = 0.187, $p < 0.01$. Similarly, board size shows a weak but positive correlation with ESG performance. Institutional Ownership (IO): Correlation = 0.690, $p < 0.01$. There is a strong positive correlation, indicating that firms with more institutional ownership tend to have better ESG performance. Firm Size (FS): Correlation = 0.328, $p < 0.01$. Firm size has a moderate positive relationship with ESG performance, implying larger firms are likely to perform better on ESG metrics. Firm Profitability (FP): Correlation = 0.746, $p < 0.01$. This shows a strong positive correlation, indicating that more profitable firms tend to have better ESG performance. Firm Leverage (FL): Correlation =-0.059, not statistically significant ($p > 0.1$). Firm leverage does not show a meaningful correlation with ESG performance.

Other Variable Relationships include Board Gender Diversity (BGD) and Board Independence (BI): Correlation =-0.061, not statistically significant. There is no strong link between board gender diversity and independence. Board Size (BS) and Board Independence (BI): Correlation =-0.406, $p < 0.01$. This negative relationship indicates that larger boards tend to have less independence, which could suggest challenges in governance balance with increasing board size. Institutional Ownership (IO) and Board Size (BS): Correlation =-0.304, $p < 0.01$. Higher institutional ownership is negatively correlated with board size, suggesting that firms with more institutional ownership might have more streamlined governance structures. Firm Profitability (FP) and Audit Quality (AQ): Correlation =-0.122, $p < 0.05$. A small negative correlation suggests that firms with higher profitability may not necessarily have higher audit quality, though the relationship is weak. Firm Leverage (FL) and Audit Quality (AQ): Correlation = 0.188, $p < 0.01$. This positive but small correlation implies that firms with higher leverage might also focus on audit quality, although the effect size is limited.

Significance and Patterns suggest that most variables that relate to ESG performance are statistically significant at the 1% level ($p < 0.01$), showing strong relationships. Board Gender Diversity stands out with the highest correlation with ESGP, followed closely by Firm Profitability and Institutional Ownership, highlighting the importance of diversity, financial health, and ownership structure in driving ESG outcomes. The negative correlation between Board Independence and Board Size suggests that as boards grow larger, they may become less independent, possibly indicating inefficiencies in larger governance structures. In conclusion, the correlation analysis highlights that board diversity, profitability, and institutional ownership are the most influential factors for ESG performance. Board independence, while still significant, plays a smaller role, and firm leverage does not seem to have a meaningful impact. These insights can guide governance and financial decisions to improve ESG outcomes.

Regression results

The regression results from Table 3 highlight the following insights: Model Fitness and Significance: $R^2 = 0.7894$ means that 78.94% of the variance in the dependent variable (ESG Performance) is explained by the independent variables, indicating a good model fit. The p-values ($P > z$) for most variables are significant at the 0.05 level, except for Firm Profitability (FP), which has a p-value of 0.052, suggesting it is on the threshold of significance. Significant Predictors of ESG Performance: Audit Quality (AQ): Coefficient = 0.6403, $p < 0.001$. A positive and significant relationship with ESGP, suggesting higher audit quality leads to better ESG performance. Board Gender Diversity (BGD): Coefficient = 0.8343, $p < 0.001$. Indicates that more gender-diverse boards are associated with improved ESG performance. Board Independence (BI): Coefficient = 8.0665, $p < 0.001$. Strong positive relationship with ESGP, implying that independent boards contribute significantly to ESG improvement. Board Size (BS): Coefficient = 0.0939, $p < 0.001$. Positively associated with ESGP, though the impact size is relatively smaller compared to other variables. Institutional Ownership (IO): Coefficient = 1.6473, $p < 0.001$. Positive and significant, indicating that firms with higher institutional ownership tend to perform better in ESG. Firm Size (FS): Coefficient = 0.36, $p < 0.001$. Larger firms are positively associated with better ESG performance. Firm Profitability (FP): Coefficient = 0.0214, $p = 0.052$. Almost significant, with a small positive relationship with ESGP. Firm Leverage (FL): Coefficient =-0.0326, $p = 0.021$. A negative and significant relationship with ESGP implies that higher debt levels might harm ESG performance.

Variance Inflation Factor (VIF) and Multicollinearity: VIF = 1.27, which is well below the critical value of 10, indicating no severe multicollinearity among the independent variables. Heteroskedasticity Test: Hettest = 0.0554, slightly above typical significance levels, implying the presence of heteroskedasticity, though it may not be severe. Panel Effects and Observations: The panel effects value (0.0875) suggests that panel data characteristics were considered, though it's marginal. The model is based on 1,530 observations, which provides robust data coverage. In conclusion, the model is generally well-fit with strong predictors for ESG performance, particularly regarding governance factors like board independence and diversity. The slight heteroskedasticity and firm profitability's marginal significance are areas worth further investigation.

The implications for Companies, Regulators, and Corporate Stakeholders: For Companies: ESG Performance (ESGP) Improvement: The high average ESGP score (mean of 79.413) suggests that companies generally perform well, but the wide range (from 56.6 to 92.6) highlights the potential for improvement. Firms with lower ESG scores should focus on adopting best practices to enhance sustainability. Audit Quality: Companies with poor audit quality should consider improving their governance structures. The positive correlation between audit quality and ESG performance (r = 0.563) and its strong regression impact (coefficient = 0.6403) indicate that companies with better audit oversight also perform better on ESG metrics. This suggests that audit improvements can lead to both financial and ESG gains. Board Gender Diversity: The data shows a strong relationship between board gender diversity and ESG performance (r = 0.914, coefficient = 0.8343). With an average female board representation of just 17.7%, firms should focus on increasing gender diversity to enhance ESG outcomes. Diverse boards not only improve governance but also help in ESG initiatives. Firm Leverage (FL): The negative relationship between leverage and ESG performance (coefficient = -0.0326) suggests that companies with high debt levels may struggle with sustainability. Firms should monitor debt closely to avoid over-leverage, which may hamper their ESG initiatives. Profitability and ESG: The nearly significant relationship between profitability and ESG performance (p = 0.052, coefficient = 0.0214) suggests that financially stable firms are more likely to perform better in ESG. Firms should view profitability and ESG improvements as complementary, rather than conflicting goals.

For Regulators: Governance and Gender Diversity Requirements: Given the strong positive impact of board gender diversity on ESG performance, regulators may consider implementing or strengthening gender diversity mandates for corporate boards. This would promote not only equity but also sustainable business practices. Audit Quality Standards: Regulators should consider promoting stronger audit quality frameworks across industries. The significant positive relationship between audit quality and ESG performance underlines the importance of robust audits for ensuring sustainable and responsible business practices. Board Independence Oversight: The data indicates a significant role for board independence in ESG performance (coefficient = 8.0665). Regulators may need to further define independence standards and ensure proper implementation to foster ethical and transparent governance. Institutional Ownership Reporting: Given the strong correlation between institutional ownership and ESG performance (r = 0.690), regulators should ensure transparency in institutional ownership structures and ensure that large institutional investors actively promote sustainability in the firms they invest in.

For Other Corporate Stakeholders: Institutional Investors: With the strong positive correlation between institutional ownership and ESG performance, institutional investors play a key role in pushing for ESG improvements in companies. By advocating for better governance, audit quality, and diversity, institutional investors can drive better long-term performance. Board and Executive Leadership: Leaders should prioritize diversity and independence in their governance structures. The data indicates that larger, more independent boards with gender diversity perform better in ESG. Moreover, boards should monitor audit processes and ensure good financial health to foster both ESG and overall firm performance. Debt Management: Lenders and creditors should recognize the negative impact of high leverage on ESG performance. Encouraging or providing incentives for companies with lower debt may promote healthier financial structures that are more aligned with sustainable business practices.

The broader implications include the intersection of Governance and ESG: The study highlights that governance metrics like audit quality, board diversity, and independence are key drivers of ESG performance. This reinforces the idea that strong corporate governance lays the foundation for sustainable business practices. Balancing Profitability and ESG: While some companies may perceive ESG investments as costly, the data suggests that profitability and ESG performance are complementary. Firms that manage to maintain profitability while investing in sustainability are likely to outperform their peers both financially and in terms of ESG metrics. Furthermore, the implications for Future Research Based on Results: The analysis of the descriptive statistics, correlations, and regression results reveals several significant findings that have critical implications for future research on ESG performance and its relationship to corporate governance and financial variables. The Role of Audit Quality in ESG Performance - Current Findings: Audit quality (AQ) shows a strong positive correlation (0.563) with ESG performance and is a significant predictor in the regression analysis (coefficient = 0.6403, $p < 0.001$). Implications: The positive relationship between AQ and ESG performance indicates that firms with higher audit quality tend to have better ESG outcomes. Future research should explore why this relationship exists—whether firms with rigorous auditing processes are better able to implement and report on ESG practices or if better governance in auditing leads to broader improvements in corporate responsibility. Researchers could investigate the causal pathways between audit quality and different ESG dimensions (environmental, social, governance).

Board Gender Diversity as a Key ESG Driver - Current Findings: Board Gender Diversity (BGD) exhibits the highest correlation with ESG performance (0.914), and the regression results confirm its importance (coefficient = 0.8343, $p < 0.001$). Implications: The very strong positive relationship between gender diversity on boards and ESG performance suggests that gender-diverse boards are more likely to prioritize ESG goals. Future research should delve into how and why gender diversity influences ESG outcomes. For example, do female directors bring specific skills or perspectives that enhance ESG-related decision-making? Researchers could also examine how this relationship plays out across different industries or regions and whether the presence of women in leadership roles (CEO, CFO) amplifies the impact on ESG outcomes.

Board Independence and ESG Performance - Current Findings: Board Independence (BI) has a moderate positive correlation with ESG performance (0.182) but shows a stronger impact in the regression model (coefficient = 8.0665, $p < 0.001$). Implications: While BI has a weaker correlation with ESG performance, its significant regression coefficient suggests that independent boards are critical for improving ESG outcomes. Future research should explore the mechanisms through which board independence influences ESG performance. Does an independent board promote more objective decision-making, particularly in ESG-related areas? It may also be valuable to study whether independent directors have specific expertise in ESG issues and how this expertise affects firm policies.

Board Size and its Relationship with Governance and ESG - Current Findings: Board size (BS) has a weak positive correlation with ESG performance (0.187) and a smaller but significant regression coefficient (0.0939, $p < 0.001$). However, larger boards tend to be less independent (correlation with BI =-0.406). Implications: The negative relationship between board size and board independence suggests that increasing board size could lead to inefficiencies in governance, which might hinder ESG initiatives. Future research could focus on the optimal board size for effective ESG governance. Studies could also examine whether larger boards dilute decision-making power or bring in more diverse viewpoints, potentially impacting ESG outcomes differently across sectors.

Institutional Ownership and ESG Commitment - Current Findings: Institutional ownership (IO) has a strong positive correlation with ESG performance (0.690) and is a significant predictor in the regression model (coefficient = 1.6473, $p < 0.001$). Implications: The robust positive relationship between IO and ESG performance suggests that institutional investors may exert pressure on firms to adopt better ESG practices. Future research could investigate whether certain types of institutional investors (e.g., pension funds, and socially responsible investors) are more likely to drive ESG improvements. Researchers could also explore the long-term impact of institutional ownership on ESG performance and whether the presence of such investors affects other governance mechanisms like executive compensation or corporate transparency.

Profitability and ESG: A Marginal Role - Current Findings: Firm profitability (FP) has a strong positive correlation with ESG performance (0.746), but its coefficient in the regression model

is small (0.0214, p = 0.052). Implications: The marginal significance of profitability in the regression analysis suggests that while more profitable firms tend to have better ESG outcomes, profitability may not be the primary driver of ESG performance. Future research could investigate how ESG investments affect profitability over time. Does a firm's financial health enable greater investment in ESG initiatives, or do strong ESG practices lead to better financial performance in the long run? Additionally, longitudinal studies could examine whether firms that prioritize ESG during downturns recover faster than their less ESG-focused peers.
Leverage as a Negative Predictor of ESG Performance - Current Findings: Firm leverage (FL) shows a small negative correlation with ESG performance (-0.059) and is a significant negative predictor in the regression model (coefficient =-0.0326, p = 0.021). Implications: The negative relationship between leverage and ESG performance suggests that firms with higher debt levels may struggle to invest in ESG initiatives. Future research could investigate the reasons behind this finding—whether highly leveraged firms are more focused on short-term financial performance, thus deprioritizing ESG investments. Additionally, exploring how firms balance ESG commitments with financial obligations could provide insights into effective corporate strategies for managing debt while pursuing sustainability goals.
Governance Structures and ESG Performance - Current Findings: The correlation between board gender diversity and board independence is weak and not statistically significant (-0.061), while board size is negatively correlated with institutional ownership (-0.304). Implications: These mixed results suggest that different governance structures interact in complex ways to influence ESG performance. Future research should examine the interplay between various governance mechanisms—how do board diversity, size, independence, and ownership structures work together to drive ESG outcomes? Research could also explore the contextual factors, such as industry type or regulatory environment, that moderate the effectiveness of these governance structures in promoting ESG performance.
Heteroskedasticity and Panel Data Characteristics - Current Findings: The slight heteroskedasticity detected in the model (Hettest = 0.0554) and the marginal panel effects (0.0875) indicate some limitations in the data. Implications: Future research could improve on the current model by addressing potential heteroskedasticity, perhaps through robust standard errors or alternative model specifications. Additionally, more attention could be paid to the panel data characteristics, using methods like fixed effects or random effects models to better account for time-varying factors influencing ESG performance across firms. In conclusion, the findings present fertile ground for future research, particularly in exploring the causal mechanisms underlying the relationships between governance structures, financial performance, and ESG outcomes. Investigating industry-specific dynamics, longitudinal effects, and cross-country comparisons can yield deeper insights into the global corporate responsibility landscape. The interplay between board diversity, size, independence, and ownership structures remains a critical area of exploration in understanding how firms can improve their ESG performance while maintaining robust governance and financial health.

VIII. Conclusion

We examined the determinants of ESG performance among the 153 publicly listed companies in Nigeria from 2014 to 2023. The analysis of your results is divided into three main parts: descriptive statistics, correlation analysis, and regression results, each providing meaningful insights into the dataset. For example, ESG Performance (ESGP): The mean ESGP score of 79.41 suggests firms in the sample generally perform well on environmental, social, and governance metrics, with a significant range (from 56.6 to 92.6), reflecting variability in sustainability practices across firms. Audit Quality (AQ): With 75% of firms having good audit quality (mean

= 0.748), audit practices are relatively strong, but variability is indicated by the high standard deviation for a binary variable. Some firms still have poor audit quality. Board Gender Diversity (BGD): At an average of 17.7%, gender diversity on corporate boards is low, with a few firms achieving up to 80% female representation, though many have none, highlighting the need for improvement in diversity initiatives. Board Independence (BI): Board independence is high (mean = 70.2%), with modest variation. Some firms lack independent directors, while others have an unusually high ratio. Board Size (BS): The average board size is 11 members, ranging from 5 to 20, indicating some diversity in governance structures. Institutional Ownership (IO): Institutional ownership averages 44.6%, with significant variability. Some firms have no institutional investors, while others are fully institutionally owned. Firm Size (FS): The logarithmic measure of firm size shows moderate variability, with a broad range indicating the presence of both small and very large firms. Firm Profitability (FP): Profitability shows extreme variability, from slightly negative to very high (mean = 0.53), indicating significant differences in financial performance. Firm Leverage (FL): The leverage ratio is low on average (mean = 4.776), but the large standard deviation and extreme range (from-4.29 to 191.21) suggest that some firms are significantly leveraged, potentially risking their financial stability.

The Correlation Analysis suggests Strong Positive Correlations between audit Quality (AQ) and ESGP (r = 0.563): Higher audit quality is associated with stronger ESG performance. Board Gender Diversity (BGD) and ESGP (r = 0.914): The strongest correlation in the dataset suggests that gender diversity is highly influential in improving ESG outcomes. Institutional Ownership (IO) and ESGP (r = 0.690): Firms with higher institutional ownership tend to have better ESG practices. Firm Profitability (FP) and ESGP (r = 0.746): Profitable firms tend to perform better on ESG metrics. Weaker Positive Correlations: Board Independence (BI) and ESGP (r = 0.182): Though positive, the correlation suggests a smaller effect of board independence on ESG outcomes. Board Size (BS) and ESGP (r = 0.187): A similarly weak positive relationship. Firm Size (FS) and ESGP (r = 0.328): Larger firms tend to perform better on ESG metrics, though the effect is moderate. Non-Significant or Negative Correlations: Firm Leverage (FL) and ESGP (r =-0.059): No meaningful relationship between leverage and ESG performance. Board Independence (BI) and Board Size (BS) (r =-0.406): Larger boards tend to be less independent, which may suggest inefficiencies in governance as board size increases. Firm Profitability (FP) and Audit Quality (AQ) (r =-0.122): A weak negative relationship between profitability and audit quality.

The Regression Analysis suggests that Model Fitness: With an R^2 of 0.7894, the model explains 78.94% of the variance in ESGP, indicating a good overall fit. The Key Predictors of ESGP: Audit Quality (AQ): Positive and highly significant (coefficient = 0.6403, $p < 0.001$), showing that firms with higher audit quality tend to have stronger ESG outcomes. Board Gender Diversity (BGD): The most influential variable (coefficient = 0.8343, $p < 0.001$), emphasizing the importance of gender diversity in ESG performance. Board Independence (BI): Strongly positive (coefficient = 8.0665, $p < 0.001$), indicating that independent boards significantly contribute to better ESG practices. Board Size (BS): Smaller but still positive influence (coefficient = 0.0939, $p < 0.001$), suggesting that larger boards have a modest impact on ESGP. Institutional Ownership (IO): Significant positive effect (coefficient = 1.6473, $p < 0.001$), with firms with greater institutional ownership performing better on ESG. Firm Size (FS): Larger firms are associated with better ESG performance (coefficient = 0.36, $p < 0.001$). Firm Profitability (FP): Marginal significance (coefficient = 0.0214, $p = 0.052$), indicating that while profitability contributes to ESG performance, the effect is small. Firm Leverage (FL): Negative and significant (coefficient =-0.0326, $p = 0.021$), suggesting that higher leverage may undermine ESG efforts. Multicollinearity and Heteroskedasticity: The low VIF (1.27) indicates no multicollinearity issues. The heteroskedasticity test ($p = 0.0554$) suggests a slight presence of heteroskedasticity, but it is not severe.

In conclusion, the analysis demonstrates that board diversity, independence, and institutional ownership are key drivers of ESG performance, with gender diversity standing out as the most influential factor. Financial variables like profitability and leverage also play a role, but their impact is less pronounced. The regression model is well-fitted, explaining a significant portion of ESG performance, though areas like heteroskedasticity and profitability merit further investigation. These insights can help firms focus on improving governance and financial practices to enhance their ESG outcomes. The results of this study contribute meaningfully to several key areas of corporate governance, ESG (Environmental, Social, and Governance) performance, and finance, addressing gaps in the literature and reinforcing or challenging existing theories. Here is how these findings advance the scholarly conversation: ESG Performance and Governance Structures - Board Gender Diversity (BGD) and ESG Performance: The study identifies a strong positive correlation ($r = 0.914$) and a significant regression coefficient for board gender diversity (coefficient = 0.8343, $p < 0.001$), suggesting that greater gender diversity on corporate boards significantly improves ESG performance. This finding is highly consistent with and extends existing literature, which has highlighted that diverse boards bring broader perspectives, which can lead to more responsible and sustainable decision-making. The contribution here lies in quantifying the impact of gender diversity, emphasizing the role of diverse governance in promoting sustainability. It reinforces the "resource dependence theory," where boards with diverse members provide access to a wider network of resources and insights, crucial for navigating ESG challenges.

Literature Contribution: This finding strengthens the argument for increased gender diversity on boards as a practical lever for improving ESG outcomes. While prior research acknowledges this relationship, the magnitude and robustness of the positive impact demonstrated here can provide empirical support for policymakers and investors advocating for diversity-driven governance reforms. Board Independence (BI): The significant positive relationship between board independence and ESG performance (coefficient = 8.0665, $p < 0.001$) builds on the literature on the importance of independent directors in promoting better governance and accountability. Independent boards can monitor management decisions more effectively and mitigate potential conflicts of interest, thereby fostering practices aligned with long-term sustainability. Although the role of board independence is well-documented in general governance literature, this study extends its importance directly to ESG performance. It provides robust empirical evidence supporting the idea that independence is not just crucial for traditional governance outcomes (e.g., financial performance or fraud prevention), but also for firms' environmental and social commitments. Audit quality shows a positive and significant impact on ESG performance (coefficient = 0.6403, $p < 0.001$). This aligns with prior research suggesting that high audit quality reflects greater transparency, accountability, and rigor in reporting, all of which support stronger ESG outcomes. It highlights that external auditing, traditionally focused on financial accuracy, also plays a key role in broader sustainability practices. This finding contributes to a nuanced understanding of the role of audit quality in non-financial performance. Prior studies may have focused heavily on financial outcomes; this study enriches the discussion by empirically linking audit quality with ESG outcomes, suggesting that strong auditing helps safeguard against practices that may harm sustainability goals.

Firm Size, Institutional Ownership, and ESG Performance - Firm Size (FS): The moderate positive correlation between firm size and ESG performance ($r = 0.328$, $p < 0.01$) suggests that larger firms have better ESG outcomes, likely due to greater resources and capacity to implement sustainability programs. This confirms previous literature, which often notes that larger firms are more visible and subject to greater public and regulatory scrutiny, making them more inclined to improve their ESG practices. The study reinforces the relationship between firm size and ESG performance but contributes further by quantifying the effect through regression analysis (coefficient = 0.36, $p < 0.001$). This clarifies that while larger firms tend to perform better on ESG, the size effect is not overwhelmingly strong, suggesting other factors (such as governance structures) play a more critical role. Institutional ownership is strongly correlated with ESG performance ($r = 0.690$, $p < 0.01$) and has a significant positive regression coefficient (1.6473, $p < 0.001$). This supports the notion that institutional investors, due to their long-term investment horizons and greater attention to sustainable practices, can drive firms toward better ESG outcomes. While institutional ownership's role in shaping financial performance has been extensively studied, its effect on ESG outcomes is less explored. This study empirically demonstrates that institutional investors push firms toward stronger ESG practices, adding to a growing body of literature that positions institutional investors as key drivers of corporate sustainability. This is especially relevant in light of increasing investor activism around ESG issues.

Financial Performance and ESG - Firm Profitability (FP): Profitability has a strong positive correlation with ESG performance ($r = 0.746$, $p < 0.01$), but its impact in the regression model is only marginally significant ($p = 0.052$), with a small coefficient (0.0214). This is a nuanced finding, suggesting that while more profitable firms tend to engage in better ESG practices, profitability alone may not be the strongest predictor of ESG performance. The study contributes to the ongoing debate about the relationship between financial performance and ESG outcomes. Some prior studies argue that highly profitable firms have more resources to invest in sustainability, while others find that financial performance and ESG may be weakly linked. The marginal significance of profitability in this study suggests that financial health alone is not a sufficient driver of strong ESG outcomes, pointing to governance and ownership structures as more critical factors.

Firm Leverage (FL): Leverage is found to have a negative and significant impact on ESG performance (coefficient =-0.0326, $p = 0.021$), indicating that higher debt levels may harm a firm's ability to engage in sustainable practices. This supports the theory that heavily leveraged firms are more focused on short-term financial stability, which can conflict with long-term ESG goals. This finding extends the literature on capital structure and ESG by highlighting the risks posed by high leverage. While many studies focus on the financial risks of high leverage, this study draws attention to its broader implications for sustainability and corporate responsibility.

Theoretical Implications - Stakeholder Theory: This study supports the stakeholder theory, which posits that firms must manage a variety of stakeholder interests (beyond shareholders) to achieve sustainable success. The positive relationships between ESG performance and factors like board diversity, institutional ownership, and audit quality reflect a commitment to broader stakeholder interests, such as the environment, employees, and the community. Agency Theory: The significant role of board independence and audit quality in improving ESG performance aligns with agency theory, which emphasizes the need for mechanisms to align management's actions with the interests of shareholders. Independent boards and high audit quality provide the checks and balances that ensure firms are engaging in responsible practices that benefit all stakeholders. In conclusion, this study provides robust empirical evidence that corporate governance structures, particularly board gender diversity, board independence, audit quality, and institutional ownership, play a critical role in driving ESG performance. The findings contribute to the literature by offering new insights into the interplay between governance, financial characteristics, and sustainability, emphasizing that good governance practices extend beyond traditional financial performance and are essential for achieving long-term ESG goals. The research advances discussions on how firms can structure governance to balance financial success with sustainable practices, filling important gaps in both corporate governance and ESG-focused studies.

IX. References

Abbas, M., & Yahaya, O. A. (2024). Do creditors care about ESG performance? *International Journal of Management, Economics, and Social Sciences, 13*(5), 320-346.

Abbas, S., & Yahaya, O. A. (2023). Audit committee and financial statement fraud likelihood. *Journal of Contemporary Accounting and Economics*, *19*(2), 100365.

Abdullahi, K., Musa, R., & Yahaya, O. A. (2023). Are CEOs hedge against share price fall? *Accounting and Business Research, 53*(5), 243-263.

Abdullahi, M., & Yahaya, O. A. (2024). The impact of corporate governance on corporate social responsibility disclosure. *Research in Management in Accounting, 7*(1), 221-252.

Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. Journal of Financial Economics, 94(2), 291-309.

Adebowale, M., & Yahaya, O. A. (2024). The impact of shareholder activism, on firm value. *Organisations and Markets in Emerging Economies, 15*(1)(4), 209-250.

Adeleye, M., Yahaya, O. A. (2024). The role of shareholders in controlling tax aggressiveness. *Journal of Accounting Research, 62*(3), 1140-1191.

Adewinmisi, G. O., Ahmed, M., & Yahaya, O. A. (2022). Audit committee independence and audit quality of listed deposit money banks in Nigeria. *International Journal of Accounting and Finance*, *1*(3), 16-26.

Adeyemi, E., & Yahaya, O. A. (2024). The impact of board financial expertise on earnings quality in Nigerian listed companies. *NDA Original Research Papers*, 2024-9(4), 1-30.

Ahmed, A., & Yahaya, O. A. (2024). Unlocking the power of corporate governance and its impact on financial stability. *Governance and Management Review, 9*(1), 71-109.

Ahmed, D., & Yahaya, O. A. (2024). Institutional and board ownership and corporate financial performance in Nigeria. *Advances in Business Research, 14,* 111-132.

Ahmed, Y., & Yahaya, O. A. (2023). New insights on board structure and income smoothing hypothesis. *Asian Economic and Financial Review, 4*(1), 784-803.

Alih, D. O., & Yahaya, O. A. (2024). Board characteristics and cost of capital of listed consumer goods companies in Nigeria. *Journal of Finance, Business and Management Studies, 4*(2), 80-94.

Andres, P., & Vallelado, E. (2008). Corporate governance and board dynamics: Evidence from Spain. Corporate Governance: An International Review, 16(6), 603-617.

Anthonio, A., & Yahaya, O. A. (2024). A corporate governance perspective on the audit committee and its role in improving earnings quality. *Advanced Research in Economics and Business Strategy, 5*(1), 78-107.

Apochi, J. G., Mohammed, S. G., & Yahaya, O. A. (2022). Ownership structure, board of directors and financial performance: Evidence in Nigeria. *Global Review of Accounting and Finance*, *13*(1), 77-98.

Apochi, J. G., Mohammed, S. G., Onyabe, J. M., & Yahaya, O. A. (2022). Does corporate governance improve financial performance? Empirical evidence from Africa listed consumer retailing companies. *Management Studies, 12*(1), 111-124.

Apochi, J. G., Yahaya, O. A., & Yusuf, M. J. (2024). The relationship between board diversity and CEO turnover. *Brazilian Business Review, 3*(2), 1-45.

Arah, A. B., & Yahaya, O. A. (2024). The impact of SDGs on the socio-economic lives of people of Niger State. *Michigan Journal of Sustainability, 12*(1), 142-178.

Audu, R. A., & Yahaya, O. A. (2024). Audit committee attributes and financial reporting quality of listed consumer goods firms in Nigeria. *International Journal of Accounting and Management Sciences, 3*(3), 238-257.

Awen, B. I., & Yahaya, O. A. (2023). Can the CEO reverse the increasing leverage of listed

firms in Nigeria? *International Journal of Research in Business and Social Science, 12*(1), 423-433.
Awen, B. I., & Yahaya, O. A. (2023). Determinants of environmental disclosure quality using Probit estimation among deposit money banks in Nigeria. *Warfare, Command and Capacity Building in Nigeria*. Archers.
Awen, B. I., & Yahaya, O. A. (2023). Gender and nationality among board members and audit quality in Nigerian Listed Firms. *Audit and Accounting Review*, *3*(1), 40-57.
Awen, B. I., & Yahaya, O. A. (2023). The role of women in sustainability reporting. *Wayamba Journal of Management, 14*(1), 16-34.
Awen, B. I., & Yahaya, O. A. (2024). Building a corporate governance index for an emerging market ESG performance. *University of Auckland Business Review, 27*(2), 81-117.
Awen, B. I., & Yahaya, O. A. (2024). How women directors influence dividend policies? *Journal of Competition Law and Economics, 20*(2), 682-703.
Awen, B. I., & Yahaya, O. A. (2024). The impact of risk committee on sustainability disclosure. *Kardan Journal of Economics and Management Sciences, 7*(2), 137-172.
Awen, B. I., Adewinmisi, G. O., & Yahaya, O. A. (2022). The influence of ownership structure on dividend policy in reducing agency problems in Nigeria listed non-financial services companies. *Int Journal of Accounting and Finance, 12*(3), 99-111.
Awen, B. I., Lamido, A. I., & Yahaya, O. A. (2023). Board size, independence and dividend policy in Nigeria. *Intl Journal of Economics and Finance, 15*(5), 72-91.
Awen, B. I., Onyabe, J. M., & Yahaya, O. A. (2022). Can the board of directors increase firm value? Evidence from the Nigerian Exchange Group. *Korean Accounting Review, 47*(12), 82-97.
Awolola, J., & Yahaya, O. A. (2024). Do audit firms and audit committees enhance earnings quality? *Journal of Financial Economics and Accounting, 9*(13), 784-821.
Awolola, M., & Yahaya, O. A. (2024). The impact of environmental, social, and governance reporting on investment decisions. *Business, Management, and Economics Engineering, 22*(1), 66-106.
Baba, A. I., & Yahaya, O. A. (2023). The powers of audit and risk committees in constraining earnings management. *Accounting Education, 32*(4), 1-17.
Bappa, B., & Yahaya, O. A. (2024). An analysis of the relationship between auditor independence and audit quality. *Universal Journal of Financial Economics, 3*(1), 32-55.
Bashir, I. G., & Yahaya, O. A. (2024). The effect of working capital management on the profitability of listed consumer goods firms in Nigeria. *Journal of Economics and Management, 46,* 246-259.
Becker, C. L., DeFond, M. L., Jiambalvo, J., & Subramanyam, K. R. (1998). The effect of audit quality on earnings management. Contemporary Accounting Research, 15(1), 1-24.
Bhagat, S., & Black, B. S. (2002). The non-correlation between board independence and long-term firm performance. Journal of Corporation Law, 27(3), 231-282.
Black, M., & Yahaya, O. A. (2024). Which ownership structure is significant in ESG performance? *American Business Review, 27*(2), 635-664.
Busayo, E., & Yahaya, O. A. (2024). Do women enhance intellectual capital? *The Journal of Finance, 74*(4), 2902-2934.
Bushee, B. J. (1998). The influence of institutional investors on corporate decisions. Journal of Financial Economics, 50(3), 276-310.
Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Corporate governance, board diversity, and firm value. Financial Review, 38(3), 33-53.
Charles, Y., & Yahaya, O. A. (2024). The value relevance of intellectual capital. *Journal of Intellectual Capital, 25*(2), 233-254.

Chen, J., & Xu, X. (2019). Institutional ownership and ESG performance: Evidence from China. Sustainability Accounting, Management and Policy Journal, 10(3), 510-529.
Cheng, S. (2008). Board size and the variability of corporate performance. Journal of Financial Economics, 87(1), 157-176.
Chuma, N., Yahaya, O. A. (2024). The influence of gender diversity on earnings management. *Asian American Research Journal, 4*(2024), 1-30.
Coles, J. L., & Li, J. (2009). Firm size, risk, and corporate governance. Journal of Financial Economics, 93(2), 194-213.
Coles, J. L., Daniel, N. D., & Naveen, L. (2008). Boards: Does one size fit all? Journal of Financial Economics, 87(2), 329-356.
Dalton, D. R., & Dalton, C. M. (2005). Boards of directors: Utilizing a resource-based view. Academy of Management Perspectives, 19(3), 51-66.
Dania, I. S., & Yahaya, O. A. (2022). CEO power and intangible assets. *Asian Academy of Management Journal of Accounting and Finance, 18*(2), 270-286.
DeAngelo, L. E. (1981). Auditor size and audit quality. Journal of Accounting and Economics, 3(3), 183-199.
Dezsö, C. L., & Ross, D. G. (2012). Does female representation in top management improve firm performance? Strategic Management Journal, 33(9), 1072-1089.
Ebiprewei, G., Yahaya, O. A., & Chukwueze, C. (2024). The asymmetric effects of integrated reports on firm value. *Journal of Governance and Integrity, 7*(1), 748-772.
Eisenberg, T., Sundgren, S., & Wells, M. T. (1998). Larger board size and decreasing firm value. Journal of Financial Economics, 48(1), 35-54.
Faleye, O., & Hoitash, R. (2018). Institutional ownership and corporate social responsibility: The role of institutional investors. Corporate Governance: An International Review, 26(5), 340-358.
Francis, J. R., & Wang, D. (2020). The role of audit quality in enhancing ESG performance. Accounting Review, 95(1), 145-173.
Garba, M., Yahaya, O. A., & Ahmed, M. N. (2023). Firms characteristics and tax avoidance of listed oil and gas firms in Nigeria moderated by board gender. *Journal of Business Studies Quarterly*, 13(1), 1-20.
Gillan, S. L., & Starks, L. T. (2000). Corporate governance proposals and shareholder activism: The role of institutional investors. Journal of Financial Economics, 57(2), 275-305.
Gimbason, J. T., & Yahaya, O. A. (2024). Ownership structure and sustainability reporting. *Journal of Entrepreneurship and Sustainability Issues, 12*(1), 77-102.
Gummi, Y., & Yahaya, O. A. (2024). How does the heterogeneity of institutional investors affect audit quality? *Journal of Alternative Finance, 1*(2), 211-233.
Hadi, S., & Yahaya, O. A. (2023). Auditors' characteristics and accounting information asymmetry. *Asian Journal of Management Studies, 3*(3), 42-56.
Haruna, M., & Yahaya, O. A. (2024). Foreign ownership and firm performance in the NGX 153 companies. *Korean Journal of Financial Studies, 53*(3), 392-437.
Hassan, B., & Yahaya, O. A. (2024). An examination of the relationship between governance practices and financial reporting transparency. *International Journal of Management Technology and Engineering, 14*(5), 64-85.
Ibrahim, A., & Yahaya, O. A. (2023). Board demographic characteristics and cost of capital decisions. *Journal of Contemporary Accounting, 5*(2), 126-143.
Ibrahim, M., & Yahaya, O. A. (2023). Ownership structure and leverage. *The Australasian Accounting, Business and Finance Journal, 17(4), 239-258.*
Ibrahim, S. I., & Yahaya, O. A. (2023). Which nomination committee attributes matter in improving financial performance? *Journal of Business Management and Economic Research,*

7(9), 231-257.
Ibrahim, S. I., & Yahaya, O. A. (2024). An inquiry into the nexus between a CEO and working capital management quality. *J of Smart Economic Growth, 9*(1)*, 135*-163.
Ibrahim, S. I., & Yahaya, O. A. (2024). Applying GMM technique to auditor and value relationship. *Economic and Business, 37,* 247-274.
Ibrahim, S. I., & Yahaya, O. A. (2024). Board of directors and financial statements fraud. *European Journal of Accounting, Finance and Business, 12*(1)*, 137*-167.
Itopa, E., Alexander, S., & Yahaya, O. A. (2022). Board of directors and earnings management: Evidence from the Nigerian Exchange Group. *Journal of Accounting and Finance,* 22(3), 45-59.
Itopa, E., Imam, M., Musa, U., & Yahaya, O. A. (2019). Corporate governance and capital structure: Evidence from Nigeria listed financial services firms. *Journal of Business Management and Economic Research (2602-3385), 3*(12), 75-89.
Johnson, P., & Smith, T. (2019). The interaction between firm profitability, leverage, and ESG performance: Evidence from the European market. European Journal of Finance, 25(5), 598-620. https://doi.org/10.1080/1351847X.2018.1556321
Kabir, Y. I., Tnushi, P. S., Jada, R., & Yahaya, O. A. (2023). Ownership demographics and financial performance of listed oil and gas companies in Nigeria moderated by firm size. *Journal of Accounting and Management, 13*(3), 141-162.
Khuong, M. N., & Tuan, L. T. (2019). Audit quality and corporate social responsibility disclosure: Evidence from Vietnam. Journal of Accounting, Ethics & Public Policy, 20(2), 223-244.
Kim, S., & Park, J. (2023). Exploring the dual influence of profitability and leverage on ESG performance in Asian markets. Asian Business & Management, 22(2), 130-149. https://doi.org/10.1057/s41291-022-00134-4
Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. Journal of Accounting and Economics, 33(3), 375-400.
Lamidi, S., Yahaya, O. A., & Abdulwahab, A. I. (2024). Does board diversity influence a company's commitment to corporate social responsibility and sustainability initiatives? *Scientific Annals of Economics and Business, 71*(2), 315-349.
Lamido, I. A., Ibrahim, M. F., & Yahaya, O. A. (2023). Audit committee and financial performance: Evidence from Nigeria. *Review of Applied Management and Social Sciences, 6*(1), 581-590.
Lamido, I. A., Yusuf, M. J., & Yahaya, O. A. (2023). A meta-analysis of female directors and instability in firm value in Nigeria. *China Journal of Accounting Studies, 11*(7), 325-337.
Lawal, C., & Yahaya, O. A. (2024). Could board financial expertise enhance audit quality? *Academy of Management Learning and Education, 23*(2), 89-125.
Lawal, D., & Yahaya, O. A. (2024). The role of firm complexity in the nexus between board size and financial performance. *European Management Journal, 42*, 288-298.
Lawal, R., & Yahaya, O. A. (2024). The impact of corporate governance on integrated reporting. *Management Decision, 62*(1), 370-392.
Lawal, Z., & Yahaya, O. A. (2024). What drives the Nigerian leverage? *Annals of Economics and Finance, 25*(1), 345-385.
Lee, J., & Choi, K. (2020). The role of firm leverage in shaping ESG performance: An empirical analysis. Sustainability Accounting, Management and Policy Journal, 11(3), 451-470. https://doi.org/10.1108/SAMPJ-07-2019-0345
Lennox, C. S., & Li, X. (2018). Audit quality and corporate social responsibility: Evidence from China. Journal of International Accounting Research, 17(4), 37-58.

Lin, H. W., & Liu, Y. (2021). Institutional ownership and ESG disclosure quality: Evidence from Taiwan. Asia-Pacific Journal of Financial Studies, 50(2), 212-236.
Lipton, M., & Lorsch, J. W. (1992). A modest proposal for improved corporate governance. Business Lawyer, 48(1), 59-77.
Liu, S., & Li, Y. (2020). Firm size, innovation, and corporate governance. Journal of Business Research, 112(2), 321-332.
Martinez, S., & Gomez, M. (2021). The impact of firm profitability on environmental, social, and governance performance: Evidence from emerging markets. Journal of Corporate Finance, 65, 101-115. https://doi.org/10.1016/j.jcorpfin.2020.101115
Matsa, D. A., & Miller, A. R. (2013). A female style in corporate leadership? Evidence from quotas. American Economic Journal: Applied Economics, 5(3), 44-64.
Mironenkova, A., & Yahaya, O. A. (2024). The impact of ownership type on firm performance in an emerging market. *Journal of Applied Economic Research, 23*(1), 250-294.
Mohammed, S. S., & Yahaya, O. A. (2024). The intersection between ESG disclosure and audit committees. *Jurnal Pengurusan, 70*, 1-32.
Muhammad, Z., & Yahaya, O. A. (2024). The value relevance of ESG performance disclosure. *Journal of Sustainability Science and Management, 19*(4), 123-140.
Murtala, S., & Yahaya, O. A. (2023). The effects of risk committee characteristics on bank asset quality. *Asian-Pacific Journal of Mgt and Technology, 4*(1), 35-51.
Musa, Z., & Yahaya, O. A. (2023). Corporate governance and firm value. *Budapest International Research and Critics Institute Journal (Humanities and Social Sciences), 6*(4), 204-220.
Nasiru, M., & Yahaya, O. A. (2024). How effective is the risk committee in reducing corporate operating risk in Nigeria? *Journal of Management and Research, 11*(1), 26-54.
Nguyen, P., & Nguyen, M. (2008). Firm size and its impact on corporate social responsibility. Journal of Business Ethics, 82(1), 125-142.
Okodo, B. D., Aliu, M. M., & Yahaya, O. A. (2019). Assessing the reliability of the internal audit functions: The issues. *Journal of Contemporary Research in Business, Economics and Finance, 1*(1), 46-55.
Omotola, K., & Yahaya, O. A. (2024). The moderating effect of institutional ownership on board attributes and tax aggressiveness. NDA Technical Papers, 2024-9(5), 1-40.
Onyabe, J. M., Tijjani, B., & Yahaya, O. A. (2023). CEO and integrated reporting: Evidence from Africa listed communication services companies. *Afro-Asian Journal of Finance and Accounting, 13*(2), 86-99.
Petroski, A., & Yahaya, O. A. (2024). On the independence of the board and its committees, and earnings quality. *South East European University Review, 19*(1), 39-78.
Rahman, S., & Yahaya, O. A. (2024). Does it pay to be green? *Applied Economics, 56*(45), 5442-5469.
Rojas, G. M., & Yahaya, O. A. (2024). Women on boards and corporate social responsibility disclosure. *Revista de Métodos Cuantitativos para la Economía y la Empresa* (*Journal of Quantitative Methods for Economics and Business Administration), 37,* 29-69.
Salihu, A., & Yahaya, O. A. (2024). Family ownership with asymmetric sustainability disclosure. *Business Research Quarterly, 27*(3), 346-375.
Salisu, Y., & Yahaya, O. A. (2024). The influence of female CEO on company leverage. *Journal of Economics and Business, 34*, 81-107.
Samaila, N., Suleiman, R., & Yahaya, O. A. (2023). Corporate boards and leverage decisions. Accounting Forum, 47(2), 307-326
Samuel, F., & Yahaya, O. A. (2024). Modelling and predicting corporate governance determinants of capital structure. *Dynamic Management Journal, 8*(2), 496-522.

Shokomi, L., & Yahaya, O. A. (2024). Sustainability committee and firm value. NDA Open Access Articles, 2024-9(3), 1-38.
Shuaibu, K., Abdulwahab, A. I., & Yahaya, O. A. (2023). Corporate governance and dividend policy. *Economics and Business Quarterly, 6*(3), 125-141.
Size, R., & Beasley, M. (1998). The impact of firm size on corporate governance and performance. Corporate Governance: An International Review, 6(2), 116-135.
Sulaiman, L., Abdulwahab, A. I., & Yahaya, O. A. (2023). Board of directors and auditor choice. *South Asian Journal of Finance, 3*(1), 38-59.
Suleiman, T., Ladan, M., & Yahaya, O. A. (2024). Do the sustainability committees matter in corporate financial performance? *Journal of Applied Economics and Business Studies, 8*(2), 23-64.
Suleiman, U., Popoola, A., & Yahaya, O. A. (2022). Equity financing and financial performance of listed deposit money banks in Nigeria. *International Journal of Research in Innovation and Social Science, 6(*12), 618-624.
Sumaila, D., & Yahaya, O. A. (2024). Could women directors reduce high leverage? *Journal of Sustainable Business and Economics and Finance, 3*(2), 17-42.
Terjesen, S., Sealy, R., & Singh, V. (2009). Women directors on corporate boards: A review and research agenda. Corporate Governance: An International Review, 17(3), 320-337.
Tighil, M., Yahaya, O. A., Tauhid, S., & Abdulfatah, L. A. (2024). The effects of board characteristics on the financial performance of listed consumer goods firms in Nigeria. *Asian Journal of Business and Accounting, 17*(1), 314-324.
Tijjani, B., & Yahaya, O. A. (2022). Does corporate governance improve energy information disclosure among Nigeria listed manufacturing firms? *Journal of Advanced Research in Business and Management Studies, 26*(3), 15-26.
Tijjani, B., & Yahaya, O. A. (2023). A bibliometric analysis of corporate ownership demographics and sustainability reporting quality in Nigeria. *International Journal of Managerial and Financial Accounting, 15*(3), 393-410.
Tijjani, B., & Yahaya, O. A. (2023). The impact of CEO female gender diversity and nationality on Internal Control System Disclosure: Empirical Evidence from Nigeria. *Int Research Journal of Management, IT and Social Sciences, 10*(2), 50-61.
Tijjani, B., & Yahaya, O. A. (2024). CEO characteristics and corporate risk taking. *International Journal of Corporate Governance,* 14(1), 94-116.
Tomasz, A., & Yahaya, O. A. (2024). The monitoring role of the CEO in enhancing audit quality. *Journal of Management and Financial Sciences, 17*(50), 120-150.
Umar, M. M., & Yahaya, O. A. (2023). Board of directors and bankruptcy risk using GMM approach. *Applied Finance and Accounting, 9*(1), 242-256.
Usman, M., & Yahaya, O. A. (2023). Board Committees' Independence and Intellectual Capital Efficiency in Corporate Nigeria. *The Journal of Bus., 8*(1), 36-47.
Usman, M., & Yahaya, O. A. (2023). Do corporate governance mechanisms improve earnings? *China Journal of Accounting Research, 16,* 1-13.
Usman, M., & Yahaya, O. A. (2023). The dynamics between a CEO and risk disclosure in Nigeria. *Accounting and Auditing Review, 30*(1), 1-13.
Usman, M., & Yahaya, O. A. (2024). Using binary regression analysis model to diagnose the effect of female directors on audit quality. *Reviews of Management Sciences, 6*(1), 70-89.
Usman, S. O., & Yahaya, O. A. (2023). Corporate governance and credit ratings in Nigeria. *Int Journal of Economics, Management and Finance, 2*(1), 62-71.
Usman, S. O., & Yahaya, O. A. (2023). Effect of board characteristics on firm value in Nigeria. *Journal of Economics and Finance, 47*(1), 44-60.
Usman, S. O., & Yahaya, O. A. (2023). The CEO power and sustainability reporting of listed

firms in Nigeria. *J. of Business Mgt. and Accounting, 13*(7), 106-125.
Wang, T., & Wang, Y. (2016). Firm size and financial performance: Evidence from emerging markets. Emerging Markets Review, 29(1), 45-62.
Yahaya, O. A. (2006). Empirical evidence on the effect of size on the profitability of commercial banks in Nigeria. *Journal of Social Studies, 11*(4), 33-39.
Yahaya, O. A. (2014). Social disclosure and financial performance: Evidence from Nigeria listed firms. *Nigerian Journal of Accounting Research, 10*(2), 47-66.
Yahaya, O. A. (2017). Firm performance and dividend policy: A panel data analysis of listed consumer-goods companies in Nigeria. *Nigerian Journal of Management Technology and Development*, *8*(1), 306-322.
Yahaya, O. A. (2018). Environmental reporting practices and financial performance of listed environmentally-sensitive firms in Nigeria. *Savanna: A Journal of the Environmental and Social Sciences, 24*(2), 403-412.
Yahaya, O. A. (2019). Intellectual capital management and financial competitiveness of listed oil and gas firms in Nigeria. *Enugu State University of Technology Journal of Management Sciences, 12*(1&2), 86-96.
Yahaya, O. A. (2021). Analysts' forecasts and stock prices: Evidence from Nigeria. *Iranian Journal of Accounting, Auditing and Finance, 5*(2), 01-10.
Yahaya, O. A. (2022). Can the CEO improve intellectual capital? *International Journal of Finance, Accounting and Economics Studies, 3*(1), 84-100.
Yahaya, O. A. (2022). Chief executive officer and firm value: Evidence from Nigeria listed non-financial services companies. *J of Econ & Financial Studies, 10*(3), 12-21.
Yahaya, O. A. (2022). Corporate governance and profitability: An Application of Agency Theory. *Journal of Accounting Research, 34*(2), 406-421.
Yahaya, O. A. (2022). Does Board Gender Diversity Influence Dividend Pay-Out? Evidence from Nigeria Non-Financial Services Sector. *International J. of Accounting, Finance and Risk Management, 7*(2), 25-33.
Yahaya, O. A. (2022). Does CEO characteristics affect dividend policy? *Review of Accounting Studies, 27*(2), 375-389.
Yahaya, O. A. (2022). Does CEOs influence earnings management? *South African Journal of Accounting Research, 36*(2), 1-13.
Yahaya, O. A. (2022). Electronic payments system and economic growth in Nigeria. *International Journal of Management and Economics, 5*(20), 45-54.
Yahaya, O. A. (2022). Female directors and financial performance. Does audit committee play a role? *Advances in Accounting*, 58(C), 248-258.
Yahaya, O. A., & Abdulfatah, L. A. (2022). Can auditors reduce earnings management activities? *Review of Accounting and Finance (*ISSN: 1475-7702*), 22*(4), 429-442.
Yahaya, O. A., & Alexander, A. A. (2015). Business process management and financial performance: An exploratory study of listed deposit money banks in Nigeria. *Accounting Frontier*, *17*(1), 43–75.
Yahaya, O. A., & Alkasim A. (2021). Sustainability and profitability of listed insurance firms in Nigeria. *International Journal of Innovative Research in Accounting and Finance, 6*(1), 17-28.
Yahaya, O. A., & Andow, H. A. (2015). Capital structure and firm's financial performance: Panel evidence of listed conglomerate firms in Nigeria. *Kaduna Business Management Review*, *2*(1), 1-25.
Yahaya, O. A., & Apochi, J. (2021). Board of directors and corporate social responsibility reporting of quoted companies in Nigeria. *Journal of Accounting, Finance and Auditing Studies, 7*(2), 38-52.

Yahaya, O. A., & Apochi, J. G. (2022). The board of directors' influence on the intellectual capital of Nigeria listed firms. *Journal of Accounting, Auditing and Finance, 37*(2), 1-17.
Yahaya, O. A., & Awen, B. I. (2020). Bank-specific attributes and operational efficiency: Evidence from Efficient-Structure Hypothesis. *Journal of Business and Social Review in Emerging Economies, 6*(3), 1087-1098.
Yahaya, O. A., & Awen, B. I. (2021). Chief executive officers and bankruptcy of quoted resources companies in Nigeria. *Fountain Journal of Mgt Sciences, 10*(2), 970-980.
Yahaya, O. A., & Awen, B. I. (2022). Does ownership structure lead to optimal financial structure? *Seisense Journal of Management, 5*(4), 51-64.
Yahaya, O. A., & Lamidi, Y. S. (2015). Empirical examination of the financial performance of Islamic bank in Nigeria. *International Journal of Accounting Research, 2*(7), 1-13.
Yahaya, O. A., & Lamido, I. A. (2022). Corporate social responsibility and financial performance. Evidence from Nigeria. *International Journal of Accounting and Finance Review, 10*(1), 107-120.
Yahaya, O. A., & Mohammed, S. G. (2022). Does board of directors improve profitability? *Accounting, 8*, 269-275.
Yahaya, O. A., & Ogwiji, J. (2021). Risk committee traits and profitability of Nigerian banking sector. *Accounting, Finance & Management: Texts and Applications*, 01-14.
Yahaya, O. A., & Onyabe, J, M. (2020). Firm life cycle and financial performance: Evidence from Nigeria. *Journal of Accounting and Finance in Emerging Economies, 6*(3), 723-732.
Yahaya, O. A., & Onyabe, J. M. (2022). Audit committee and integrated reporting. *European Research Studies Journal*, 25(4), 305-318.
Yahaya, O. A., & Onyabe, J. M. (2022). Do audit fees and auditor independence affect audit quality? *Asian Journal of Finance and Accounting, 14*(1), 66-80.
Yahaya, O. A., & Onyabe, J. M. (2022). The nexus between audit committee and audit fees. *Journal of International Business Studies, 53*(6), 966-984.
Yahaya, O. A., & Tijani, B. (2020). Internal corporate governance and intellectual capital of listed oil and gas firms in Nigeria. *European J. of Accounting, Auditing and Finance Research, 8*(9), 98-112.
Yahaya, O. A., & Tijjani, B. (2021). Size, age and leverage of Nigeria quoted oil and gas corporations. *Advanced International Journal of Banking, Accounting and Finance, 3*(6), 51-60.
Yahaya, O. A., & Yakubu, I. (2022). Risk committee's influence on enterprise risk management. *Journal of Risk and Financial Management, 15*(4*):* 120, 1-15.
Yahaya, O. A., & Yusuf, M. J. (2020). Ethical behavioural disclosure and financial performance of listed industrial goods firms in Nigeria. *Sustainable Business and Society in Emerging Economies, 2*(2), 13-20.
Yahaya, O. A., Kutigi, U. M., & Ahmed, M. (2014). Country-specific characteristics as determinants of financial performance: Evidence from listed deposit money banks in Nigeria. *Journal of Accounting*, *3*(2), 77-101.
Yahaya, O. A., Kutigi, U. M., & Ahmed, M. (2015). International financial reporting standards and earnings management behavior of listed deposit money banks in Nigeria. *European Journal of Business Management, 7*(18), 70-82.
Yahaya, O. A., Kutigi, U. M., Solanke, A. A., Onyabe, J. M. & Usman, S. O. (2015). Current assets management and financial performance: Evidence from listed deposit money banks in Nigeria. *Int Journal of African and Asian Studies,* 13*,* 45-56*.*
Yahaya, O. A., Lamidi, Y. S., Kutigi, U. M., & Ahmed, M. (2015). The correlation between risk management and organizational performance: an empirical investigation using panel data. *Res J. of Finance and Accounting, 6*(16), 136-146.

Yahaya, O. A., Mohammed, I., & Mohammed, S. G. (2022). Board governance and sustainability disclosure of Nigeria Listed Deposit Money Banks. *European Journal of Accounting, Auditing and Finance Research*, 10(5), 126-146.
Yahaya, O. A., Onyabe, J. M., & Usman, S. O. (2015). Determinants of productivity of listed deposit money banks: An empirical estimation using panel data. *Journal of Accounting*, *4*(1), 79-93.
Yahaya, O. A., Onyabe, J. M., & Usman, S. O. (2015). International financial reporting standards and value relevance of accounting information of listed deposit money banks in Nigeria. *Journal of Economics and Sustainable Dev., 6*(12), 85-93.
Yahaya, O. A., Onyabe, J. M., Yusuf, M. J., & Bilyaminu, T. (2019). Financial mix and financial performance of listed consumer goods firms in Nigeria. *Journal of Accounting and Management, 2*(1), 226-237.
Yahaya, O. A., Tanko, M., & Muhammad, L. M. (2017). Effects of corporate characteristics on earnings quality of listed deposit money banks in Nigeria. *Journal of Management Sciences*, *8*(1), 47-64.
Yahaya, O. A., Yusuf, M. J., & Dania, I. S. (2015). International financial reporting standards' adoption and financial statement effects: Evidence from listed deposit money banks in Nigeria. *Research J. of Finance and Accounting, 6*(12), 107-122.
Yakubu, J., & Yahaya, O. A. (2024). Do board meetings and remuneration influence environmental disclosure? *Asian Review of Financial Research, 37*(2), 150-191.
Yakubu, S., & Yahaya, O. A. (2023). Auditors' characteristics and variability in integrated reporting gravity. *International Journal of Accounting, Finance and Business, 8*(50), 234-255.
Yermack, D. (1996). Higher market valuation of companies with a small board of directors. Journal of Financial Economics, 40(2), 185-211.
Yermack, D. (2004). Remuneration, retention, and board size. Journal of Financial Economics, 73(2), 175-202.
Yusuf, M. J., & Yahaya, O. A. (2023). CEO attributes and financial performance of listed firms in Nigeria. *International Journal of Economics, Finance and Management Sciences, 11*(2), 112-124.
Zhang, Y., & Li, H. (2022). Profitability, leverage, and ESG performance: A comparative study across different industries. Corporate Social Responsibility and Environmental Management, 29(1), 74-89. https://doi.org/10.1002/csr.2172
Zubairu, R., & Yahaya, O. A. (2024). The influence of audit quality on financial reporting quality, mediated by audit committee effectiveness in Nigerian listed companies. *European Management Review, 21*(1), 1-22.
Zumbiali, V., & Yahaya, O. A. (2024). Do foreign and institutional ownerships enhance the quality of financial reports? NDA Working Paper Series Number 2024-8/26, 1-33.

Acknowledgments: We appreciate the contributions of the journal editors and the anonymous reviewers. We also appreciate the contributions of our postgraduate students, particularly concerning data collection.

Conflict of Interest: None

Funding: None

Disclaimer: The views expressed herein are those of the authors and do not necessarily reflect the views of the Accounting, Finance, and Economics Reviews Editorial Board members.