THE INFLUENCE OF BOARD DIVERSITY ON FINANCIAL PERFORMANCE AND MARKET VALUE: EVIDENCE FROM NGX COMPANIES

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ABSTRACT

The study investigated how board diversity, regarding gender, nationality, and committee size, affects the financial performance and market value of the consumer goods firms listed in NGX. In this respect, the study has used descriptive statistics to indicate major differences in the nature of board diversity practices among the sampled firms. However, the inferential analysis using ROA and ROE indicated that neither gender nor nationality diversity had a significant effect on firm performance or its market value on a short term basis. These findings are in agreement with a number of other studies, but they disagree with other studies that have reported a positive link between board diversity and firm performance. The study concluded that while board diversity is disclosed in the financial statements in more companies than before, it exhibits limited short-term influence on financial performance and market value of these companies. Recommendations include promoting a more holistic approach towards board diversity, more support and monitoring from regulatory bodies, increasing awareness and training firms on board diversity, firm's carrying out self-review of their board diversity practices and longitudinal studies to understand the long-term impact of board diversity on firm performance.

Keywords: Board Diversity, Gender Diversity, Nationality Diversity, Committee Size, Financial Performance, Market Value, Consumer Goods Firms, Nigerian Exchange Group (NGX).

1.0 INTRODUCTION

As the world becomes closer through globalization, there has been an increased focus on nationality diversity in boardrooms. Also, the trend of board diversity has been on constant rise as the global corporate landscape keeps evolving and transforming, leading corporate organizations to acknowledge diversity as a key element of good governance. As businesses in the late 20th century sought to improve their decision-making and corporate oversight, the concept of companies having diverse boards comprising individuals of different gender, nationality, age, and expertise gained accelerated momentum. In 2008, gender quota was introduced in various countries including Norway. This introduction significantly changed the demographic makeup of the boardroom, and signaled the importance of inclusivity (Carter et al., 2003). Similarly, the global financial crisis in 2007-2008 exposed weaknesses in corporate governance and highlighted most importantly, the value of diverse perspectives at the helm of affairs, propelling firms toward more inclusive board practices (Adams & Ferreira, 2009). At that time, the European Union also required the inclusion of at least 40% female non-executive directors on its board by 2026 for listed companies. Oxelheim, et. al. 2013 posited that several types of research have demonstrated that having boardroom members with different nationalities and diverse knowledge helps firms conduct their business with much greater ease in the increasingly complex international markets.

The Nigerian Code of Corporate Governance (2018), emphasized that there should be individuals of heterogeneous backgrounds and varied skill sets sitting on the Board of a company. It further stated that"the board shall assume responsibility for its composition by way of giving the lead and approving the processes for it attaining the appropriate balance of knowledge, skills, experience, diversity, and independence to objectively and effectively discharge its governance role and responsibilities". The Securities and Exchange Commission (2019) also introduced gender diversity guidelines to encourage promoting female representation on corporate boards. Coupled with the necessary adoption of global corporate governance practices and increasing pressure by investors and international organizations, companies in Nigeria has been compelled to enforce diverse leadership to ensure better performance and enhanced transparency. The recognition that diversity improves company performance, governance, and reputation has solidified its place as a core corporate strategy, driving businesses to adopt policies that promote gender, nationality, and skill diversity at the board level.

While board diversity has become a necessary requirement in Nigeria and the world at large, questions remain about its actual impact on firms, especially regarding their market value and financial performance. Finally, there are uncertainties around the extent to which companies should diversify their boards and how much of this information should be disclosed to users of the financial statement.

Considering the fact that Nigeria is one of the fastest growing economies with an ever-thriving corporate sector, businesses have to operate in such unstable economic conditions as they face volatility and are therefore susceptible to economic turmoil, regulatory changes, and growing competition. There has also been a history of corporate failures being blamed on poor governance. Boards of directors have been accused of contributing to deteriorations in shareholder value and corporate collapses. Perhaps the most vivid memory of this issue is the infamous 2009 banking sector crisis, which saw nearly the collapse of a number of banks in Nigeria. Despite the increasing global emphasis on diversity, Nigerian companies have conventionally demonstrated lower levels of board diversity, particularly in terms of gender and nationality. Most of the previous studies have focused on financial institutions, hence

limited empirical research has focused on the effect of board diversity in the consumer goods sector in Nigeria. This leaves a gap in understanding what effect board diversity has on firm performance within the consumer goods sector. This is quite vital to the economy of Nigeria and presents peculiar challenges and dynamics among its stakeholders, which might influence the relationship between board diversity and financial performance differently compared to other sectors.

The purpose of the study is to fill this gap by investigating the implication of board diversity on financial performance among NGX-listed consumer firms with the view of showing how different aspects of board diversity contribute toward the success of an organization and also informing better ways of improving Corporate Governance practices in Nigeria. The objectives of the study are:

i. To examine the differences in the level of board diversity disclosure among listed consumer goods companies in Nigeria
ii. To examine the relationship between board diversity and financial performance of listed consumers goods companies in Nigeria
iii. To investigate the impact of board diversity on firm market value of listed consumer goods companies in Nigeria.

2. Literature Review

2.1 Conceptual Review

2.1.1 Board Diversity, Gender Diversity, and Nationality Diversity

Board diversity is the presence of persons with diversified attributes, such as gender, age, nationality, educational background, and professional experiences, on the board of a firm. It is therefore a concept that underlines the need to have a diversified group of people with different thoughts and ideas toward decision-making. Board diversity is meant to strengthen corporate governance and, in turn, maximize overall corporate performance. This concept gained popularity well over a decade ago and, over the years, the meaning has evolved to include not only demographic differences in boards but also diversity in thought, expertise, and experience. Its rationale pertains to an assumption that a heterogeneous board should be better positioned to understand and respond to the needs of a diverse stakeholder base because better decisions are made due to enhanced market value. Diverse boards are highly recognized for bringing in different perspectives, which cut down groupthink and build innovation, hence contributing greatly to improvement in financial performance and market value. In light of the increasingly complex and globalized nature of the business environment, board diversity is all the more relevant in determining sound corporate governance toward sustainability in the long run.

Gender diversity happens to be the most researched aspect of board diversity and it is seen as the representation of both men and women in boardrooms. This aspect of board diversity seeks to open a route for breaking traditional male dominance in the boardroom and brings a balanced perspective to corporate decision-making. Research has eventually proved that gender-diverse boards are more likely to consider a wider array of issues and stakeholder interests, which lead to more comprehensive and balanced decisions. Most gender diverse firms are perceived to be socially inclusive and responsible hence attracting improved corporate reputation. Increased representation of women on corporate boards has been the clarion call in the recent years due to regulatory initiatives, investor pressure and societal expectations. The inclusion of people from various races and ethnicity is what nationality diversity within a company's board embodies. To an organization operating within a

multicultural and global setting, nationality diversity allows such companies to gain deeper insights into the needs of their diversified customer bases. A board that is representative of the nationality in their stakeholders is likely to make decisions more in line with the expectations and values of those stakeholders. National diversity on the board inspires innovation and more creativity due to the new ideas and perception different cultural individuals will bring in. Companies with ethnically diversified boards are usually perceived as more progressive and socially sensitive, which finally attracts the investors' confidence and results in high market value.

2.1.2Market Value, Tobin's Q, and Market Capitalization

Market value refers to the firm's overall value from the perceptions of investors, stakeholders, and the market. Market value is one of the key indicators reflecting a company's financial health and sustainability for a long period. Board diversity and market value are one of the increasingly researched areas. Evidence of research studies shows that diverse boards enhance market value by improving decision-making and fostering innovation, enhancing corporate reputation. Moreover, a diverse board is better positioned to manage risks and respond to changes in markets since the information they use for decision-making creates an aspect of heightened investor confidence and consequently, heightened market value.

Tobin's Q is a ratio between the market value of an organization and its asset replacement cost. In calculation, the ratio involves dividing a firm's market value of its assets by the replacement costs of the same assets. A Tobin's Q ratio value that is greater than 1 implies that the market value of the company's assets is more than their replacement cost and hence must expect the company to make future profits, whereas, a Tobin's Q ratio value of less than 1, indicates that the market value of the company's assets is less than their replacement cost, which indicates an undervalued or distressed company. In this regard, Tobin's Q is usually accepted as a market value proxy since it reflects the investor expectation of future profitability. In this study, Tobin's Q will be applied to examine the effect of board diversity on market value. A positive relationship between board diversity and Tobin's Q would therefore mean that diverse boards add value to the market by inspiring investor confidence and expectations of future profitability.

Market capitalization basically means the total market value of an outstanding stock of a company. In market capitalization, the size and market position are the two major indications of a company. This also measures the value of the market since it is the reflection of the investors' judgment as a whole about what a company is worth. To quantify the relationship that exists between board diversity and market value, this study shall employ market capitalization as a measure of the former. A positive relationship between these two variables of board diversity and market capitalization will suggest that investors view diverse boards as contributors to the firm's value and hence commanding higher valuation in the markets. Market capitalization can also indicate a firm's capability to attract and sustain valuable investors since large firms with high market capitalization are considered to be less risky and more stable investments.

3. Empirical and Theoretical Review

3.1 Empirical review

Research on board gender diversity and its impact on financial performance has yielded a somewhat mixed set of findings reflecting differences in regional contexts, industries, and methodologies. Several studies have explored these relationships with different outcomes. Some studies argue that board gender diversity positively impacts financial performance. Marinova et al. (2010) emphasize the potential for improved decision-

making and better public image due to the unique perspectives women bring to the board and that women in executive roles can expand the talent pool and foster the career development of women in lower roles, thereby indirectly boosting organizational productivity. Supporting this perspective, Oba and Fodio (2013) found that the presence of female directors and the proportion of female directors on a board have a positive significant impact on firm performance. A related study by Adesanmi et al. (2019) established that there exists a positive influence of gender diversity on profit margin in Nigerian deposit money banks. Similarly, Ibrahim et al. (2019) reported that gender diversity positively influenced ROA and ROE in Kenya.

Other studies indicate that there is no significant effect of gender diversity on financial performance. Campbell and Minguez-Vera, (2008) came to the conclusion that either one or more women in the board does not have any significant effect on market value. This view was also supported by Marinova et al., (2010) while examining Dutch and Danish companies. Rose, (2007) didn't find any significant association between board gender diversity and performance in Danish-listed firms. Rashid et al. (2010) also pointed out that board independence, of which gender diversity often forms a part, did not contribute to significant value in firm performance in Bangladesh. In contrast, other studies claim that gender diversity may also decrease financial performance. Darmadi (2011) using cross-section regression models, shows that gender diversity decreases firm performance. This aspect is further validated by Edem and Noor (2014), who identified that having women on the board have a negative significant influence on company performance in a sample of Nigerian firms, which further underlines the complexity of this relationship

The relationship between board size and firm performance, as well as market valuation, has always shown mixed results, as different studies come up with contrasting results, particularly in Nigeria's consumer goods sector. Olayinka (2019) provides empirical support that companies listed on the Nigerian Stock Exchange perform better financially with the increased size of their boards due to better availability of resources and diversified knowledge. Sanda, Mikailu, and Garba (2005) report that larger boards in Nigerian consumer goods companies tend to diminish performances of market value as measured through Tobin's Q. They thus provide a conclusion that, while diversity in expertise is highly crucial, an oversized board may result in these problems of communication flow, high costs, and time consumed which delay the decision-making at the strategic level. Abor and Biekpe (2007) found that the relationship between board size and firm profitability follows a U-graph in African firms, including Nigerian companies. Their finding supports the view that although an optimal board size exists that maximizes financial performance, moving away from the so-called optimal board size by increasing or decreasing board members contributes negatively to performance. This agrees with the findings of Nanka-Bruce (2011), who observed that board size positively influences firm performance only up to a certain point beyond which it starts to decline. Ujunwa (2012)established a positive contribution to the market valuation of a board of medium size, due to good governance, lower agency costs, and continued monitoring of the managers' actions while a bigger one diminishes shareholder value because mainly of inefficiency and conflicts among board members. In addition, Okoye, Akinlo, and Olatunji (2020) examined how board size affects market performance measures, including stock price; they established that firms with optimal board sizes have relatively better stock market performances compared to firms operating with large or relatively small boards. This then indicates that an optimal size of the board will be highly crucial for achieving maximum

levels of financial and market performance, especially within the volatile Nigerian consumer goods industry.

Several studies have documented the positive relationship existing between board independence and financial performance. Alshetwi (2017) and Ameer et al. (2010) indicated that firms with a higher percentage of independent directors tend to perform well. This fact has been corroborated in the Nigerian context by Sanda et al. (2010), where it was found that there is a positive association of independent boards with firm performance. The evidence of Liu et al. (2014) from China was quite robust that board independence significantly improves ROA and ROE, especially for government-controlled firms. Zhu et al. (2016) also found that empowering independent directors encourages market value through increased efficient monitoring. On the contrary, other studies suggest that board independence does not relate to financial performances considerably. For instance, Rashid et al. (2010) found that the independent directors were not adding value to firm performance in Bangladesh. This was consistent with their later research in 2018. Similarly, Zabri, Aham, and Wah (2016) reported that there was no significant relationship between board independence and firm performance from their study on corporate governance practices.

While various studies argue that there is a positive influence of gender diversity and board independence on financial performance, the contradictory evidence of some studies shows insignificant or negative effects. This inconsistency calls for further research, particularly in varied regional and industry contexts, into the degree to which all these interrelations may be clarified and lead to an effective approach toward corporate governance practices. This study therefore hypothesized that:

H_{01}: There is no significant difference in the level of board diversity disclosure among listed consumer goods companies in Nigeria.
H_{02}: Board diversity does not have a significant effect on the financial performance (ROA and ROE) of listed consumer goods companies in Nigeria.
H_{03}: Board diversity does not have a significant effect on the market value of listed consumer goods companies in Nigeria.

3.2 Theoretical Review

3.2.1 Agency Theory

Agency Theory, developed by Jensen and Meckling in 1976, gives meaning to the relationship between principal and agent, being shareholders and management, respectively. Agency theory proposes that mechanisms of corporate governance align the interests of the management with those of the shareholders. One such mechanism could be board diversity, as this would mitigate problems experienced in an agency relationship. Boards that are diverse in their background, perspectives, and expertise are better placed to monitor management to ensure its decisions are in the best interest of the shareholders. This theory is especially related to the present research because it stresses that board diversity has the potential to make positive contributions to monitoring and reducing agency costs. Diversity in the board will infuse multiple viewpoints and reduce the possibility of groupthink, hence upgrading the quality of decisions made, which may lead to better financial performance and, thereby, improved market valuation. Agency Theory is thus adopted in the context of this research to examine the hypothesis that board diversity has a positive impact on firm performance through improved corporate governance and reduced agency conflicts.

3.2.2 Resource Dependency Theory

According to Resource Dependency Theory by Pfeffer and Salancik in 1978, organizations need external environmental resources to survive and attain success. The resources include information, capital, and human talent, essential to accomplish business goals. It mentions that the composition of the board determines the ability of the firm towards collecting and managing the resources.

Resource Dependence Theory suggests that such a board would bring about access to wider networks of resources, which in turn would enhance significantly the capability of the firm to deal with the complexity of the environment and changes in the market. Diversity on the board, especially professional experience, gender, and nationality, would lead to an increased range of contacts, knowledge, and perspectives to be available for the firm. It would in turn enhance strategic decision making in firms and their competitive advantages.

This theory is adopted for the research in explaining how board diversity helps a firm in acquiring and managing critical resources by influencing financial performance and market value. A diverse board composition is better able to facilitate access and retention of valued resources that will contribute to performance outcomes. This study hypothesizes that board diversity reinforces resource acquisition and management capabilities, leading to increased market value.

4. Methods

This study adapted the cross-sectional ex-post facto research design that made use of secondary data to examine the nexus between board diversity and, financial performance of consumer goods listed companies at NGX. Content analysis has been used to obtain qualitative information from the annual reports of the selected companies. This approach enables the extraction of relevant data on board diversity attributes, such as gender, national composition, and independence diversity, and their potential impact on firm performance.

The research also adopts a quantitative approach, which is suitable for this research as it allows for the objective measurement and statistical analysis of the data collected. The population for this study consisted of consumer goods companies listed on the Nigerian Stock Exchange (NSE) as at 27th August, 2024. There are twenty one (21) companies listed in the Nigerian Stock Exchange (NSE) in the consumer goods sectors; the study used a random sampling technique in selecting twelve (12) companies. The data utilized in this research was obtained from the annual published reports of the selected listed companies and the Nigerian Stock Exchange (NGX).In the bid to acquire dependable data that assisted the researcher to ensure the success of the research work, the research has employed the secondary sources of data. The historical data, covering a period of five years ranging from 2019-2023, were obtained from the following sources: Library of the Nigeria Stock Exchange, annual financial reports and accounts of the individual companies, and the official website of each company. The data used in this study is reliable in light of the reality that the annual reports have been audited by independent and reputable audit firms in the country. For the purpose of the empirical analysis, the study adopted descriptive statistics and regression analysis techniques. A descriptive analysis of the data was conducted to obtain the sample characteristics of the Board of directors among the companies. The multiple regression analysis was performed to test the effect of the independent variables (the diversity of the board by size, gender and nationality) and financial performance indicators. Some conventional diagnostic tests such as normality tests were also conducted to address some basic underlying regression analysis assumptions.

4.1 Model Specification

In order to test for the relevance of the hypotheses regarding the impact of board diversity on corporate firm performance and market value of consumer goods companies listed on the Nigerian Stock Exchange, the following regression model was adopted: Y1, Y2 = f (Board diversity) ……..Equation. (1)

Where Y1 is the Corporate Firm performance (proxied using ROA, and ROCE); Y2 is market value while Board diversity can be analysed using multiple bases which include: Gender, nationality and board size. Thus, the three (3) proxies of firm financial performance culminated three (3) multiple regression models as shown below:

Model 1

$ROA_{it} = \beta_0 + \beta_1 BDS_{it} + \beta_2 BDG_{it} + \beta_3 BDN_{it} + \beta_4 BDC_{it} + e_{it}$.....Equ. (2)

Model 2

$ROCE_{it} = \beta_0 + \beta_1 BDS_{it} + \beta_2 BDG_{it} + \beta_3 BDN_{it} + \beta_4 BDC_{it} + e_{it}$.....Equ. (3)

Model 3

$OMV_{it} = \beta_0 + \beta_1 BDS_{it} + \beta_2 BDG_{it} + \beta_3 BDN_{it} + \beta_4 BDC_{it} + e_{it}$.....Equ. (4)

Where:

β_0 = represents the constant or intercept

β_1 to… β_2= represents estimated parameters

e_{it}= represents the error term

ROA_{it} = Return on Asset of the company i in year t

$ROCE_{it}$ = Return on Capital Employed of the company i in year t

OMV_{it} = Market value of the company i in year t

BDS_{it} = Size of the board of directors of company i in year t

BDG_{it} = ratio of female directors to male directors of the company i in year t

BDN_{it} = Nationality of the board of directors of company i in year t

BDC_{it} = ratio of non-executive directors to executive directors of the company i in year t

5. RESULTS

Table 5.1: **Descriptive Statistics for Data Gathered**

Metric	RETURN ON ASSET	RETURN ON EQUITY	BOARD SIZE	NED	GENDER	COMMITTEE	% DIR SHARES	market value	nationality
Count	60	60	60	60	60	60	60	60	60
Mean	0.892098	-0.0864342	9.816667	7.6	2.166667	2.933333	0.426656	0.009082	3.083333
Standard Deviation (Std)	0.306297	0.6463514	2.325188	2.457779	1.264464	1.549923	0.251574	0.081974	1.710304
Minimum (Min)	0.359695	-3.723444	5	4	0	0	0	-0.190412	1
25th Percentile (25%)	0.686412	-0.0064134	8	6	1	3	0.267045	-0.038601	2
50th Percentile (Median / 50%)	0.860813	0.04238713	10	7	2	3	0.375	0	3
75th Percentile (75%)	1.08015	0.1252369	11	9	3	4	0.625	0.06322	4
Maximum (Max)	1.707917	0.3979151	15	14	6	5	1	0.2	8
Sum	53.52589	-5.186053	589	456	130	176	25.599381	0.544937	185
Sum sq. Dev.	5.535242	24.64843	318.983333	356.4	94.333333	141.733333	3.73409	0.396469	172.583333
Skewness	0.509918	-4.618952	0.154553	0.920598	0.559867	-0.648145	0.317806	0.246497	0.560119

Kurtosis	0.120347	22.76666	-0.16103	0.579398	0.549358	-0.370571	-0.715928	0.368105	-0.14888
Jarque-Bera	2.471261	1285.883	0.378628	8.524251	3.391318	4.473338	2.388643	0.721132	3.11956
P<0.05	0.290651	5.943509e-280	0.827527	0.014092	0.183478	0.106814	0.302909	0.697281	0.210182

Source: Researcher's Compilation (2024)

The mean ROA is 0.89 with a standard deviation of 0.31 which indicates a relatively moderate profitability across firms. The minimum and maximum values range from 0.36 to 1.71, showing that some firms have significantly higher asset returns than the others. The skewness of 0.51 indicates a slight right-skew in the distribution, this implies that some firms have notably higher returns on assets than the majority. The ROE has a mean of -0.09, this implies that, on average, the firms experienced negative equity returns during the periods under review. However, the standard deviation of 0.65 and the range of values from -3.72 to 0.40 suggest a high variability. The distribution is highly skewed to the left (-4.62), this suggests that a few firms performed poorly, dragging down the overall mean. The average size of the board of directors is 9.82 members with a standard deviation of 2.33, which indicates a moderate variation in board sizes of firms. The board sizes range varied from 5 to 15 members with a skewness of 0.15 indicates a fairly symmetrical distribution. The average number of NEDs is 7.60 and the standard deviation is 2.46. This implies that there is a moderate variation in the percentage of non-executive directors across the boards of various companies. There is a slight positive skew indicated by the skewness of 0.92. This means that a few companies have a higher number of non-executive directors on their board compared to their counterparts. The average number of female directors on the board of directors for the companies sampled is 2.17 with a standard deviation of 1.26. The distribution is slightly skewed to the right indicated by the skewness of 0.56. This suggests that most of the boards have around two women, some boards have significantly more than two. The average number of committees per board is 2.93, with a standard deviation of 1.55. The range is from 0 to 5 committees, and the negative skewness (-0.65) indicates that most firms have fewer committees. The average percentage of shares owned by directors is 0.43 and a standard deviation of 0.25. The data is positively skewed (0.32), meaning that a few boards own a significantly higher percentage of the company's shares compared to other. The average change in market value is 0.009 indicating a very slight increase in market value before and after the report. The standard deviation is 0.08 and the skewness of 0.25. This shows that this distribution is slightly positively skewed, meaning a few firms have experienced larger increases in market value relative to the majority. The number of different nationalities sitting on boards ranges between 1 and 8 with the average number of nationalities being 3.08 with a standard deviation of 1.71. The Skewness is 0.56 indicating that a large number of firms have a small number of nationality diversity, while a few are highly diverse.

5.2 Inferential Statistics

Fixed effect model was employed for the analysis and it produced a Hausman statistic of 13.89 with a p-value of 0.0308, this led to the rejection of the null hypothesis. As a result, the Fixed Effects Model was chosen to carry out further analysis of the data.

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Hausman test statistic: 13.894859543346936
Degrees of freedom: 6
P-value: 0.03083294776023271
Reject the null hypothesis: Use Fixed Effects model
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5.2.1 Fixed Effects Model Analysis on the effect of Board Diversity on Market Performance

The fixed effects model was applied to examine the influence of various board diversity variables on market value. The result shows that board size positively influenced market value but was insignificant hence suggesting that board size may not be an influential factor on the market performance. The number of Non-Executive Directors (NED) similarly showed insignificant influence on market value with a p-value of 0.4821. For gender diversity, the marginally positive effect was only at a 0.0645 significance level, this indicates that all firms with higher levels of gender diversity on their boards were more likely to have higher values in the market. The review of the number of committees in a board showed there exists a significant negative relationship with market value, with a p-value of 0.0285, indicating that if there is an increase in the number of committees this could potentially lower market value. The percentage of shares held by directors showed that there is a positive but insignificant effect on market value. In contrast, nationality diversity demonstrated a borderline significant negative effect, with a p-value of 0.0588, suggesting that firms with a more diverse range of nationalities on their boards may experience a slight reduction in market value.

5.2.2 Spearman Correlation Analysis on relationship between Board Diversity and Firm Performance.

Spearman correlation analysis has been employed to further explore the relationships between the board diversity variables and the financial performance indicators (ROA and ROE). For ROA, the results implied that board size had a weak negative correlation (-0.0857, p = 0.515), indicating that there is no significant relationship between board size and ROA. The number of non-executive directors exhibited a negligible correlation with ROA (-0.0055, p = 0.967), and gender diversity also showed a negative but insignificant correlation (-0.0603, p = 0.647). The number of committees under the board had a weak positive correlation (0.0238, p = 0.857). The percentage of shares owned by directors shows there is a positive correlation with ROA (0.2348, p = 0.071), even though this relationship was not statistically significant. Nationality diversity, however, had a negative correlation with ROA (-0.2168, p = 0.096), with borderline statistical significance, implying that a higher diversity of nationalities on the board may be associated with lower ROA. Regarding ROE, board size displayed a negative but insignificant correlation (-0.1496, p = 0.254). Similarly, the number of non-executive directors showed a negative and insignificant correlation (-0.1045, p = 0.427). Gender diversity also exhibited an insignificant correlation with ROE (-0.0509, p = 0.699), while the number of committees had a weak positive correlation (0.0803, p = 0.542). In contrast, the percentage of shares owned by directors had a positive and statistically significant correlation with ROE (0.2577, p = 0.047), which indicates that a higher percentage of director shares is positively associated with better ROE. Lastly, nationality diversity exhibited a significant negative correlation with ROE (-0.4756, p = 0.0001), which suggests that higher nationality diversity on the board is associated with lower ROE.

6. Discussion of findings

6.1 Hypothesis One

H_o: There is no significant difference in the level of board diversity disclosure among listed consumer goods companies in Nigeria.

The descriptive statistics provides an insight into the variation in board diversity disclosure across the firms sampled. The mean number of board members was approximately 9.82 with a standard deviation of 2.33. This indicates there is moderate variation in board size. Non-Executive Directors (NEDs) had a mean value of 7.6 with a standard deviation of 2.46,

showing some differences across firms. Gender diversity however displayed a wider range, with the number of female board members ranging from 0 to 6 and a mean value of 2.17, signalling that some firms had no gender diversity, while other firms had more significant representation.

Committee size had an average of 2.93, this indicates that most firms had around three committees, though there was variability as the number ranged from 0 to 5. The percentage of shares owned by directors had a mean of 42.67%, showing notable involvement of board members in ownership, but with some variation (standard deviation of 25.16%). The nationality diversity on the board is dispersed at a moderate level of diversity in nationalities' composition, with an average of 3.08 and standard deviation of 1.71.

Skewness and kurtosis values, with respect to the general distribution of these variables, show that board diversity characteristics like board size, gender, and nationality are relatively symmetrically distributed across the firms. However, Jarque-Bera tests for normality do indicate that the distribution of gender diversity significantly differs from normality, with a p-value of 0.0141, thus showing there is unequal representation across the sampled firms. In summary, from this descriptive analysis, one could say that disclosure of board diversity does vary between listed consumer goods firms, but to see whether these differences are statistically significant would involve formal tests of ANOVA or Kruskal-Wallis. However, this result is only based on descriptive measures and thus the null hypothesis-that there is no significant difference-cannot be rejected.

6.2 Hypothesis Two

H_o: Board diversity does not have a significant effect on the financial performance (ROA and ROE) of listed consumer goods companies in Nigeria.

The fixed effects model results for financial performance, measured by Return on Assets (ROA) and Return on Equity (ROE), show that board diversity has mixed effects. For ROA, the analysis revealed that board size, number of NEDs, and percentage of director shares had no statistically significant impact. However, gender diversity exhibited a borderline positive impact on ROA (p-value = 0.0645), suggesting that firms with more gender-diverse boards may experience slightly higher returns on assets. On the other hand, nationality diversity demonstrated a borderline significant negative effect on ROA (p-value = 0.096), indicating that higher nationality diversity could be associated with lower ROA. Regarding ROE, most board diversity variables had insignificant effects. However, the percentage of shares owned by directors showed a significant positive correlation with ROE (p-value = 0.047), implying that firms with higher board ownership tend to have better equity returns. Nationality diversity, in contrast, had a significant negative effect on ROE (p-value = 0.0001), suggesting that more nationally diverse boards may perform worse in terms of equity returns. Given these mixed outcomes, the null hypothesis is rejected in part—particularly for gender diversity and nationality diversity concerning ROA, and director shareholding and nationality diversity regarding ROE.

6.3 Hypothesis Three

H_o: Board diversity does not have a significant effect on the market value of listed consumer goods companies in Nigeria.

The fixed effects analysis for market value also yielded mixed results. Most diversity variables, including board size, number of NEDs, and percentage of director shares, showed no significant relationship with market value. However, gender diversity had a borderline significant positive relationship (p-value = 0.0645), suggesting that firms with more gender diversity on their boards might experience higher market values. Conversely, nationality

diversity demonstrated a borderline significant negative effect (p-value = 0.0588), implying that increased nationality diversity could have a slight negative impact on market value. Based on these findings, the null hypothesis cannot be fully rejected, but there are indications that gender and nationality diversity could influence the market value of listed consumer goods firms.

7. Conclusion

The findings from this study are that although board diversity is recognised, widely required by various national and international regulatory bodies and disclosed by the consumer goods firms in Nigeria, it does not significantly affect financial performance or market value. Univariate analysis shows that although there may be highly diverse boards based on gender and nationality, such practices are not uniform across the sector. The empirical findings from the regression models points out that board diversity, as currently practiced, may not be a key determinant of financial success or market valuation in Nigerian firms within the observed period. The findings also indicate that other variables such as the percentage of directors' shares are more influential on the firm's performance. This is in line with the proposition of agency theory that the interest of directors would be best aligned with that of the shareholders when directors have share ownership in the company. On the whole, this paper therefore supports the view that while diversity is important for more general corporate governance and social equity reasons, its specific financial implications may not be so readily apparent.

8. Recommendations

Recommendations from this research include the following:

i. Companies should work toward including diversity in their boards from all dimensions such as gender, nationality, professional and cognitive diversity.
ii. Regulatory bodies such as The NGX, Corporate Affairs Commission (CAC),the Central Bank of Nigeria (CBN), Federal Competition and Consumer Protection Commission (FCCPC) and the Financial Reporting Council of Nigeria should provide deliberate support to encourage board diversity either by stipulating minimum thresholds of diversity or using incentives for companies embracing the idea.
iii. Firms should be educated on how board diversity would lead to added value in terms of strategic thinking and innovative approaches to risk.
iv. Firms should periodically review their board diversity practices and monitor evolving standards globally and locally.

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