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Sustainability committee structure and financial outcomes in emerging markets: insights from Nigeria

Osarenren Osasere Aigienohuwa[1]*, Amos Sunday Adeusi[2]
[1]*Department of Accounting, University of Benin, Benin City, Nigeria*
[2]*Department of Accounting, Adekunle Ajasin University, Akungba Akoko, Ondo State, Nigeria*
**Corresponding author: blessedosas@yahoo.com*
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Abstract
Purpose: This study examined the effect of sustainability committee structure on corporate financial performance among listed firms in Nigeria, focusing on committee size, independence, and expertise within an emerging market context characterized by evolving sustainability governance practices.
Methodology: The study adopted an ex-post facto research design using secondary data sourced from audited annual reports of 50 listed firms, covering 240 firm-year observations. Corporate financial performance was measured using accounting-based indicators, while sustainability committee attributes served as explanatory variables, with firm size included as a control variable. Diagnostic tests revealed non-normality, heteroskedasticity, and model specification issues; hence, robust pooled regression was employed for estimation.
Results and conclusion: The findings indicate that sustainability committee independence has a positive and statistically significant effect on corporate financial performance. However, committee size and expertise show no significant influence. The study concludes that the effectiveness of sustainability committees in Nigeria depends more on substantive independence than on structural composition.
Implication of findings: The study highlights the need for firms to prioritize independent oversight in sustainability governance. It also underscores the importance of strengthening ESG competence and ensuring that sustainability committees' function beyond symbolic compliance to achieve meaningful financial outcomes.

Keywords: Corporate financial performance, Governance structure, Sustainability committee.

1. Introduction

In recent years, corporate sustainability governance has become a central component of boardroom decision-making globally, as firms are increasingly held accountable for how they manage environmental, social, and governance (ESG) issues. Existing research shows that board-level oversight structures, particularly sustainability committees, are essential mechanisms for integrating ESG considerations into corporate strategy and performance systems (Galbreath, 2020; Krueger, et al, 2020). Firms across both developed and emerging markets now face mounting pressure from investors, regulators, consumers, and international reporting frameworks to demonstrate responsible and transparent sustainability practices. In Nigeria, this shift has been reinforced by the Nigerian Exchange (NGX) sustainability disclosure guidelines, which emphasise board accountability for ESG matters. Despite this progress, sustainability governance in many African markets—including Nigeria—still reflects an uneven balance between symbolic adoption of sustainability structures and genuine, performance-enhancing implementation (Adegbie, et al, 2022; Olayinka & Oluwagbemiga, 2021).

One of the lingering challenges in the Nigerian corporate environment is determining whether the structural characteristics of sustainability committees—such as committee size, independence, and expertise—meaningfully influence financial outcomes. Several international studies suggest that the effectiveness of sustainability governance depends not only on the existence of committees but on the depth of their expertise and independence as well as the resources available to them (Amorelli & García-Sánchez, 2021; Birindelli, et al, 2022). Committee expertise, for example, has been shown to enhance firms' ability to identify ESG-related risks and opportunities, leading to improved operational efficiency

and market performance (Buallay & Al-Ajmi, 2020; García-Sánchez, et al, 2021). Likewise, independence within board committees strengthens objective monitoring and reduces managerial discretion in sustainability reporting and strategic responses (Haque & Ntim, 2020). However, evidence from Nigeria remains limited, with most studies focusing broadly on ESG disclosure and corporate governance rather than the internal structure of sustainability committees (Ezekwesili & Onuoha, 2022; Nwobu, 2020). As sustainability governance continues to evolve in the Nigerian corporate landscape, empirical clarity is needed on whether these committee-level attributes translate into improved financial outcomes.

Given these unresolved gaps, this study sought to provide empirical evidence on the relationship between sustainability committee structure and corporate financial performance among Nigerian listed firms. Specifically, the study was guided by a broad research question: to what extent do the structural attributes of sustainability committees contribute to financial outcomes in the Nigerian corporate environment? Correspondingly, the overarching objective of the study was to empirically examine whether sustainability committee characteristics—particularly size, independence, and expertise—demonstrably influence the financial performance of firms operating in Nigeria's emerging market context. By addressing this objective, the study contributes to ongoing discourse on the value of sustainability governance mechanisms and offers practical insights for boards, regulators, and investors committed to strengthening ESG oversight in the region.

2. Literature review

Sustainability committee size and financial outcomes

Sustainability committees are specialised board-level sub-structures established to oversee environmental, social, and governance (ESG) issues within firms, thereby embedding sustainability into corporate decision-making and performance monitoring. These committees typically perform critical roles such as reviewing sustainability reports, evaluating climate- and social-risk exposures, advising on ESG strategy, and interfacing with stakeholders including investors and regulatory bodies. Committee size refers to the number of members serving on the sustainability committee, and it is argued to influence governance capability because larger committees may encompass a broader array of skills, stakeholder perspectives, and oversight bandwidth (Lu, 2021; Velte, 2023). Meanwhile, corporate financial performance (CFP) continues to be a key benchmark for firms and stakeholders, as it captures the historical profitability, resource allocation efficiency, and market credibility of the business; many researchers assert that governance structures which effectively address sustainability risks and opportunities can lead to improved CFP (García-Sánchez, et al, 2021; Velte, 2022). However, empirical studies caution that beyond a certain point, increased size may impair efficiency and decision-making due to coordination costs (Kanadlı et al., 2020 as cited in Kanadlı et al., 2022). Empirical literature examining the link between sustainability committee size and corporate outcomes has produced mixed findings. Several studies report that larger committees enhance oversight capacity, improve deliberation quality, and strengthen monitoring of ESG issues, which can ultimately translate into superior financial performance (Lu, 2021; Velte, 2023). The argument is that numerically larger committees combine diverse backgrounds and broader stakeholder perspectives, allowing for more comprehensive evaluation of sustainability-related risks and opportunities.

For instance, García-Sánchez et al. (2021) found that firms with larger sustainability committees tend to show more credible sustainability disclosures and reduced financial risk. Yet, some studies find no significant relationship or even negative effects, arguing that too many committee members may slow decision-making, increase bureaucratic complexity, or dilute individual accountability (Kanadlı et al., 2020 as cited in Kanadlı et al., 2022). In emerging markets such as Nigeria, committee size effects remain

under-examined, and existing governance studies indicate that board committees may be established primarily for compliance rather than for active strategic engagement (Ezekwesili & Onuoha, 2022). Based on this empirical ambiguity and the need to determine the Nigerian context, the following hypothesis is proposed:

H1: Sustainability committee size has no significant effect on corporate financial performance.

Sustainability committee independence and financial outcomes

Committee independence addresses the extent to which committee members are non-executive, free from internal managerial influence, and capable of objective oversight, independent members are believed to guard against agency problems, ensure credible sustainability reporting and strategic alignment, and thus enhance performance outcomes (Haque & Ntim, 2020; Ludwig & Sassen, 2022). Research on sustainability committee independence emphasises the importance of non-executive or independent directors in enhancing the objectivity and credibility of sustainability governance. Independent members are expected to provide unbiased judgment, challenge management appropriately, and ensure the integrity of ESG reporting processes. Several contemporary studies support this claim. Ludwig and Sassen (2022) found that firms with more independent sustainability committees demonstrated stronger ESG ratings and improved operational transparency. Similarly, Haque and Ntim (2020) reported that independence strengthens board oversight of sustainability risks, reducing agency problems and enhancing financial outcomes. In contrast, some emerging-market evidence suggests that independence may have limited impact when institutional enforcement is weak or when board appointments are politically influenced (Disli et al., 2022). In Nigeria, governance scholars argue that formal independence does not always guarantee actual autonomy, raising questions about whether independence materially influences financial performance (Nwobu, 2020). Given these conflicting findings, the following hypothesis is developed to empirically test the Nigerian case:

H2: Sustainability committee independence has no significant effect on corporate financial performance.

Sustainability committee expertise and financial outcomes

Sustainability committee expertise refers to the presence of members who possess relevant sustainability, environmental management or ESG skills. Scholars posit that such expertise enables committees to interpret complex ESG disclosures, evaluate risk exposures, propose credible sustainable strategies and thereby contribute to enhanced value creation (Adams, et al, 2021; Buallay & Al-Ajmi, 2020). The literature on sustainability committee expertise consistently highlights its critical role in shaping effective ESG oversight. Expertise refers to committee members' knowledge of sustainability issues, environmental management, regulatory frameworks, or ethical and social governance. Adams et al. (2021) showed that ESG-competent directors significantly enhance the quality of sustainability reporting and strengthen firms' capacity to respond to environmental risks. Likewise, García-Sánchez et al (2021) demonstrated that boards with specialised ESG knowledge are more effective at integrating sustainability into long-term financial strategy, resulting in stronger performance outcomes. In emerging markets, Oyerogba et al. (2024) found that technical expertise within sustainability committees is a strong predictor of credible sustainability disclosures and better market outcomes. Despite the strong theoretical support, empirical evidence remains limited for Nigeria, where most firms are still in the early stages of integrating ESG into board structures. Therefore, it is essential to empirically assess whether expert competence within sustainability committees translates into measurable financial outcomes in this setting. Based on this gap, the study proposes the following hypothesis:

H3: Sustainability committee expertise has no significant effect on corporate financial performance.

Overall, the literature reveals growing consensus on the importance of sustainability governance mechanisms but also highlights gaps in understanding how committee structure influences financial performance in developing economies. Nigeria (characterised by evolving ESG regulation, heterogeneous corporate governance practices, and increasing investor scrutiny) provides a relevant context for testing these relationships. This study therefore contributes to the broader debate by empirically evaluating the structural dimensions of sustainability committees and their financial implications within an emerging-market setting.

Theoretical review

The theoretical foundations linking sustainability committee structure with corporate financial performance are anchored in three dominant governance perspectives: agency theory, stakeholder theory, and resource-dependence theory. Agency theory posits that board-level monitoring structures are essential for reducing managerial opportunism and aligning decisions with shareholders' long-term interests. In this regard, sustainability committees serve as specialised oversight mechanisms that minimise information asymmetry around ESG risks and ensure managerial accountability (Haque & Ntim, 2020). Stakeholder theory extends the argument by emphasising that firms must consider broader stakeholder concerns—environmental, social, and regulatory expectations—to achieve legitimacy and long-term financial stability. Sustainability committees thus function as institutional arrangements for managing stakeholder pressures and integrating sustainability into strategic decisions (Liao, et al, 2022). Finally, resource-dependence theory highlights the value of board committees as reservoirs of expertise, networks, and information. From this perspective, sustainability committees expand the board's resource pool, allowing firms to better navigate ESG challenges and enhance competitiveness (Velte, 2022). These theoretical arguments justify why committee size, independence, and expertise may influence corporate financial performance; however, empirical evidence remains variable across countries and institutional settings.

3. Methodology

This study adopted an ex-post facto research design relying exclusively on secondary data extracted from annual reports and financial statements of listed Nigerian companies. The population comprised all firms listed on the Nigerian Exchange (NGX) with publicly disclosed sustainability committee information, from which a sample of fifty firms was purposively selected based on data availability and consistency across the study horizon.

Corporate Financial Performance (CFP) served as the dependent variable, while the key independent variables were Sustainability Committee Size (SCSize), Sustainability Committee Independence (SCInd), and Sustainability Committee Expertise (SCExp). Firm Size (FSize) was included as a control variable due to its documented influence on performance outcomes in governance research. The study employed the following model to estimate the relationships among the variables:

$CFP = \beta_0 + \beta_1(SCSize) + \beta_2(SCInd) + \beta_3(SCExp) + \beta_4(FSize) + \varepsilon.$

Table 1: Measurement of variables

Variable Type	Variable Name	Symbol	Measurement / Proxy	Source
Dependent Variable	Corporate Financial Performance	CFP	Return on Assets (ROA) = Profit After Tax ÷ Total Assets	Velte (2022); Garba (2026)
Independent Variable	Sustainability Committee Size	SCSize	Total number of members on the sustainability committee	Annual Reports (NGX Firms)
Independent Variable	Sustainability Committee Independence	SCInd	Proportion of independent non-executive directors on the sustainability committee = Independent Members ÷ Total Committee Members	Haque and Ntim (2020)
Independent Variable	Sustainability Committee Expertise	SCExp	Proportion of members with ESG/sustainability-related expertise = ESG Experts ÷ Total Committee Members	Adams et al. (2021); Oyerogba et al. (2024)
Control Variable	Firm Size	FSize	Natural logarithm of total assets (ln Total Assets)	Gwar, et al (2025); Irowa-Omoregie& Ohonba (2025).

Sources: Researchers' Compilations, 2026.

Prior to model estimation, an extensive suite of diagnostic tests was conducted to ensure the appropriateness and reliability of the empirical strategy. The Shapiro–Wilk and Skewness/Kurtosis tests for normality revealed significant deviations from normal distribution across key variables, indicating the presence of outliers and non-normal residual patterns. The Breusch–Pagan/Cook–Weisberg test further confirmed strong heteroskedasticity, while the Ramsey RESET test indicated model specification concerns and potential omitted variables. Multicollinearity was assessed using the Variance Inflation Factor (VIF) test, which showed all VIF values well below the conventional threshold of 10, demonstrating the absence of harmful collinearity among regressors. For panel-related diagnostics, the Breusch–Pagan Lagrangian Multiplier test (xttest0) indicated that random effects were not appropriate, and both the first-difference and seasonal-difference serial correlation tests (xtdpdserial) showed no evidence of autocorrelation. The Modified Wald test for groupwise heteroskedasticity in the fixed-effects model suggested substantial cross-sectional heterogeneity, while the Hausman specification test showed no systematic difference between fixed and random effects, implying that random effects could not be preferred. Overall, the combined diagnostic outcomes—characterised by non-normality, heteroskedasticity, and model specification issues but no serial correlation or multicollinearity—necessitated the adoption of robust pooled OLS estimation via the rreg estimator, which down-weights outlying observations and yields stable, efficient coefficient estimates under such data conditions. This methodological choice ensured that the estimated effects of sustainability committee structure on financial outcomes were valid, reliable, and appropriate for the characteristics of Nigerian emerging-market data.

4. Results and discussion

Descriptive statistics

Table 2: Descriptive statistics of study variables

Variable	Mean	Median	Maximum	Minimum	Std. Dev.	N
CFP	0.05	0.018	6.20	-1.80	0.44	240
BSCSize	4.00	4.00	10.00	0.00	2.30	250
BSCIND	0.85	0.67	67.00	0.00	4.20	250
BSCExp	0.43	0.40	7.00	0.00	0.52	250
FS	22.00	22.00	31.00	12.00	4.30	250

Keys: *CFP: Corporate Financial Performance; BSCSize: Board Sustainability Committee Size; BSCIND: Board Sustainability Committee Independence; BSCExp: Board Sustainability Committee Expertise; and FS: Firm Size.*
Source: Researchers' Computation (2025) using Stata 17.

Table 2 presents the descriptive statistics for the key variables examined in the study, offering an overview of their central tendencies and dispersion across the sampled Nigerian listed companies. Corporate Financial Performance (CFP) recorded a relatively low mean of 0.05, with values ranging widely from –1.80 to 6.20, indicating substantial variation in firm profitability. Board Sustainability Committee Size (BSCSize) averaged 4 members, but ranged from 0 to 10, showing that some firms had no sustainability committee, while others maintained relatively large ones. Sustainability Committee Independence (BSCIND) exhibited considerable variability, with a mean of 0.85 but a maximum of 67.00, reflecting extreme outliers likely arising from differences in how independence was reported across firms. Sustainability Committee Expertise (BSCExp) showed a modest mean of 0.43 and ranged from 0 to 7, suggesting that many committees had limited ESG expertise. Firm Size (FS) displayed substantial dispersion, with a mean of 22 and values spanning from 12 to 31, indicating the presence of both small and very large firms in the sample. Overall, the descriptive patterns highlight significant heterogeneity in sustainability governance structures and firm characteristics, reinforcing the need for robust estimation techniques to account for outliers and distributional irregularities.

Diagnostic tests

Table 3: Shapiro–wilk test for normality

Variable	Obs	W	V	z	Prob > z
CFP	240	0.23564	133.740	11.368	0.00000
BSCSize	250	0.97779	4.028	3.242	0.00059
BSCIND	250	0.07537	167.694	11.917	0.00000
BSCExp	250	0.55104	81.425	10.236	0.00000
FS	250	0.97295	4.906	3.700	0.00011

Source: Researchers' Computation (2025) using Stata 17.

The Shapiro–Wilk normality results show that all study variables significantly deviate from a normal distribution, as indicated by their very small p-values ($p < 0.01$). CFP, BSCIND, and BSCExp exhibit particularly strong departures from normality, reflected in their low W-statistics and high z-scores, signalling the presence of extreme values or outliers. Even variables with relatively higher W-statistics, such as BSCSize and FS, still display statistically significant non-normality. These results confirm that the dataset violates the normality assumption underlying classical OLS regression and therefore justifies the use of robust estimation techniques that can accommodate non-normal residual patterns.

Table 4: Correlation matrix of study variables

Variable	CFP	BSCSize	BSCIND	BSCExp	FS
CFP	1.0000				
BSCSize	-0.0007	1.0000			
BSCIND	0.0245	0.0164	1.0000		
BSCExp	-0.0228	0.4654	-0.0239	1.0000	
FS	-0.1267	0.5002	0.0081	0.2917	1.0000

Source: Researchers' Computation (2025) using Stata 17.

Table 4 shows that the correlations among the study variables are generally weak, indicating no strong linear relationships that could pose multicollinearity concerns. Corporate Financial Performance (CFP) exhibits very low correlations with all sustainability committee attributes, suggesting that their effects on performance are not driven by simple pairwise associations but require multivariate analysis. The strongest correlations observed are between BSCSize and FS (0.5002) and between BSCSize and BSCExp (0.4654), both moderate and still below levels considered problematic. Overall, the matrix supports the suitability of including all variables in the regression model.

Table 5: Summary of other diagnostic test results

Diagnostic Test	Purpose of Test	Test Statistic	p	Decision
Breusch–Pagan / Cook–Weisberg Test (estat hettest)	Tests for heteroskedasticity (constant variance of residuals)	$\chi^2(1) = 429.29$	0.0000	Reject H_0 → Heteroskedasticity present
Variance Inflation Factors (estat vif)	Tests for multicollinearity among regressors	Mean VIF = 1.30; highest = 1.57	—	No multicollinearity (VIF < 10)
Ramsey RESET Test (estat ovtest)	Tests for omitted variables (model specification errors)	F(3,232) = 15.78	0.0000	Reject H_0 → Model is mis-specified; omitted variables likely
Breusch–Pagan Lagrangian Multiplier Test for Random Effects (xttest0)	Determines panel suitability: OLS vs. Random Effects	$chibar^2(01) = 0.00$	1.0000	Fail to reject H_0 → No panel effect; OLS preferred over RE
Serial Correlation Test (xtdpdserial – first differences)	Tests for serial correlation (AR structure)	$\chi^2(1) = 0.9542$	0.3287	Fail to reject H_0 → No autocorrelation (order 3)
Serial Correlation Test (xtdpdserial – seasonal differences)	Tests for seasonal/autocorrelation	$\chi^2(1) = 1.9826$	0.1591	Fail to reject H_0 → No seasonal autocorrelation
Modified Wald Test for FE Heteroskedasticity (xttest3)	Panel-specific heteroskedasticity across firms	$\chi^2(51) = 104,094,254.84$	0.0000	Reject H_0 → Groupwise heteroskedasticity present
Hausman Specification Test (hausman fe re)	Compares FE vs. RE models for consistency	$\chi^2(4) = 0.19$	0.9960	Fail to reject H_0 → RE is preferred over FE

Source: Researchers' Computation (2025) using Stata 17.

The diagnostic results in Table 5 reveal several important characteristics of the dataset and guide the choice of the appropriate estimation technique. The Breusch–Pagan/Cook–Weisberg test indicates strong heteroskedasticity, meaning the error variance is not constant across observations, while the Modified Wald test for fixed effects similarly confirms substantial groupwise heteroskedasticity across firms. This violation of a key OLS assumption implies that conventional standard errors would be biased, making robust methods necessary. The Ramsey RESET test suggests model specification issues, likely due to omitted variables or functional form concerns, further reinforcing the need for a robust estimator. However, the VIF results show very low multicollinearity among variables, ensuring that coefficient estimates remain stable and interpretable. The serial correlation tests (both first-difference and seasonal-difference) show no evidence of autocorrelation, indicating that dependence across time periods is not a major concern. The Breusch–Pagan LM test for random effects shows no significant panel effect, meaning that random effects would offer no efficiency gains relative to pooled regression. Finally, the Hausman test suggests no systematic difference between fixed and random effects estimates, but since the LM test rules out random effects and the data reveal heteroskedasticity without autocorrelation, pooled OLS remains admissible.

Given the combination of heteroskedasticity, model misspecification concerns, absence of serial correlation, and low multicollinearity, the most appropriate approach is robust pooled OLS using the rreg estimator, which down-weights outliers and corrects heteroskedasticity. This ensures reliable and efficient estimates suitable for the data structure observed in Nigerian listed firms.

Regression results

Table 6: Robust regression results

Variable	Coefficient	Std. Error	t-Statistic	p-value	95% Confidence Interval
BSCSize	0.0046617	0.0029639	1.57	0.117	–0.0011777 to 0.0105011
BSCIND	0.0639509	0.0194040	3.30	0.001	0.0257212 to 0.1021805
BSCExp	–0.0095498	0.0105121	–0.91	0.365	–0.0302607 to 0.0111612
FS	–0.0014937	0.0012954	–1.15	0.250	–0.0040458 to 0.0010584
Constant	0.0085343	0.0264832	0.32	0.748	–0.0436429 to 0.0607115

Model Summary

Statistic	**Value**
Number of Observations	238
F-statistic	6.44
Prob > F	0.0001

Source: Researchers' Computation (2025) using Stata 17.

Table 6 presents the results of the robust regression analysis, showing how sustainability committee attributes influence on corporate financial performance. The results indicate that BSC independence (BSCIND) is the only variable with a positive and statistically significant effect on performance (p = 0.001), suggesting that committees with more independent members are more effective in enhancing financial outcomes. In contrast, BSC size (BSCSize) shows a positive but statistically insignificant effect (p = 0.117), implying that simply increasing committee size does not meaningfully improve performance. BSC expertise (BSCExp) has a negative but insignificant coefficient (p = 0.365), indicating that expertise, as measured, does not directly translate into improved financial outcomes. Similarly, firm size (FS) exhibits a negative and insignificant effect (p = 0.250), showing that larger firms do not necessarily perform better within this sample. The overall model is statistically significant (F = 6.44; p = 0.0001),

confirming that the set of predictors jointly explains variations in financial performance, even though most individual variables do not achieve significance.

Discussion of findings

The findings of this study demonstrate that sustainability committee independence is the only structural attribute that significantly influences corporate financial performance among Nigerian listed firms. This outcome strongly aligns with agency theory and with the extant literature, which argues that independent directors enhance board monitoring and reduce managerial opportunism by providing objective scrutiny over ESG risks and disclosures (Haque & Ntim, 2020; Ludwig & Sassen, 2022). The result suggests that independent members—being free from internal managerial influence—are better positioned to uphold credible sustainability practices that positively affect financial outcomes. This is consistent with Li, et al (2023) and Oyerogba et al. (2024), who argue that independence strengthens accountability structures, reduces information asymmetry, and ensures that sustainability committees genuinely fulfil their oversight function.

In contrast, the non-significant effects observed for sustainability committee expertise and committee size provide empirical support for the argument that, in emerging markets, many ESG governance structures may exist more symbolically than substantively. Although the literature emphasises that expertise should improve a committee's ability to evaluate ESG risks, interpret complex sustainability issues, and guide strategic decisions (Adams, et al, 2021; Buallay & Al-Ajmi, 2020), the results here suggest that such expertise may not be fully leveraged within Nigerian boardrooms. Similarly, while larger committees theoretically bring broader perspectives and stronger governance capability (Lu, 2021; Velte, 2023), empirical studies such as Kanadlı et al. (2020, as cited in Kanadlı et al., 2022) warn that excessive size can dilute accountability or hinder efficient deliberation—patterns reflected in this study's insignificant coefficient. These findings echo García-Sánchez, et al (2021) and Disli, et al (2022), who highlight that the financial benefits of sustainability committee structures are highly context-dependent and not guaranteed in all governance environments.

A key implication of these results is that the Nigerian and broader emerging-market context plays a significant role in shaping sustainability committee effectiveness. Research indicates that sustainability governance mechanisms in Nigeria often face symbolic adoption, weak institutional enforcement, and limited integration into strategic management (Ezekwesili & Onuoha, 2022; Nwobu, 2020). The non-significant findings for expertise and size may therefore reflect an environment where sustainability committees are established to satisfy regulatory or reputational expectations rather than to function as robust strategic ESG oversight bodies. The significant effect of independence, however, suggests that where genuine autonomy exists, committees can transcend structural limitations and exert meaningful influence on performance. Consistent with Blay (2024), this study reinforces the view that effectiveness in Nigerian sustainability committees depends less on formal structural attributes and more on substantive governance practice and institutional credibility.

5. Conclusion

This study examined the influence of sustainability committee structure—specifically committee size, independence, and expertise—on the financial performance of listed firms in Nigeria. The findings show that committee independence is the most critical determinant of financial outcomes, confirming the theoretical view that independent directors strengthen monitoring, reduce information asymmetry, and enhance the credibility of sustainability oversight. In contrast, the non-significant results for committee size and expertise indicate that structural features of sustainability committees do not automatically translate into financial performance benefits, particularly in an emerging-market context where

governance mechanisms may be adopted symbolically rather than functionally. Overall, the study concludes that while sustainability committees are increasingly prominent in corporate governance, their effectiveness depends more on substantive independence and autonomy than on the mere presence of structural attributes.

Based on the findings, several practical recommendations are offered. First, firms should strengthen the independence of sustainability committees by appointing non-executive and truly autonomous directors who are capable of providing unbiased strategic oversight. Second, organisations should invest in building ESG competence through targeted training, capacity-building programmes, and the recruitment of directors with specialised sustainability expertise to ensure that committees can effectively interpret ESG risks and opportunities. Third, firms should avoid establishing ceremonial or compliance-driven sustainability committees, and instead prioritise functional engagement where committees actively participate in strategic deliberations and ESG risk monitoring. Finally, Nigerian regulators—including the Financial Reporting Council and the Securities and Exchange Commission—should enforce ESG governance requirements and promote stronger institutional frameworks to ensure that sustainability committees operate with genuine influence rather than symbolic intent.

This study contributes to the growing body of ESG governance literature by providing empirical evidence from one of Africa's largest emerging economies, where sustainability governance practices are still evolving. The findings reinforce theoretical arguments from agency theory, stakeholder theory, and resource-dependence theory by showing that committee independence remains the most reliable structural mechanism for influencing financial outcomes. Additionally, the study extends existing scholarship by highlighting the limited performance effects of committee size and expertise in environments where governance practices may be formalistic rather than substantive.

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