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FINANCIAL CONSTRAINT AND PERFORMANCE OF NIGERIAN FIRMS: GENDER DIVERSITY AS MODERATOR

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Abstract:

This research evaluated the role of gender diversity as a moderator, on financial constraints and performance of firms listed on the Nigerian Stock Exchange (NSE). Financial constraint was proxied by the KZ index, while accounting and market-based performance were measured by return on assets and Tobin's Q respectively. The data from 87 firms were processed using descriptive statistics, correlation, and regression. The data was taken from financial reports from 2016 to 2021. According to the results, there is a considerable and adverse impact of financial constraints on both performance indicators. The outcome also demonstrates how gender diversity enhances corporate performance and lessens financial constraints. Based on the findings, having more female board members minimizes financial constraint issues by lowering agency costs and information asymmetry. It also improves business performance. However, it was found that while financial constraints have a significant and adverse influence on performance of Nigerian enterprises, gender diversity helps to mitigate these effects. Therefore, suggests that in order to encourage prospects for Nigerian companies to acquire financing, there should be a greater representation of women on corporate boards. This will lessen problems with financial constraints and enhance the performance of Nigeria's non-financial companies.

Keywords:

Financial Constraint, Liquidity Risk, Gender Diversity, Performance

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Introduction

The real sector of the economy, the non-financial sector, is essential to the nation's progress. Ishola and Olusoji (2020) estimate that the sector contributes 40% to GDP in Uganda, 50% to GDP in Zambia, 60% to GDP in India, Korea, and Brazil, and 80% to GDP in the US. It was noted that in Nigeria, the non-financial sector's overall GDP contribution rose from roughly 71% in 2016 to roughly 78% in 2021 (Statista Report, 2022). These suggest that as the non-financial sector as a whole makes up a larger portion of the economy, the performance of this sector is essential to the nation's growth and development. Therefore, Khan (2022) attests to the fact that Nigerian companies are experiencing an overall decline in performance as a result of falling share prices, limited access to capital, low capacity utilisation, high worker turnover, a slowing GDP, rising inflation, interest rates, and exchange rates. Furthermore, research indicates that firms' capacity to adapt to external shocks may be hindered by their inability to obtain external capital, however some studies have identified internal factors as major contributors to financing limitations in businesses (Golubeva, 2021; Farooq, 2020).

Thus, sound corporate governance is necessary to boost investor confidence and encourage long-term investment flows. According to Reddy et al. (2013), a well-designed corporate governance structure facilitates the acquisition of funds and other resources by enterprises, lowers capital costs, cultivates trust and confidence among the firm's stakeholders, enhances stakeholder reputation, and improves organisational performance. A crucial governance issue that has businesses and their stakeholders concerned is board diversity. For instance, Onyekwere et al. (2022) suggested that firms and countries encourage a diverse board with respect to gender in order to achieve better performance, which inevitably boosts the trust of all shareholders and raises their market value. Added that in order to reduce the likelihood of conflicts, female directors use strategic approaches such work instructions, assessments, and development programmes. For example, the gender ratio of female directors is at least 40% in Norway and Spain (Garca-Meca, 2016), but just 30% in Nigeria (Onyekware, et al. 2022). Low diversity on boards in Nigeria, emanates from many companies' tenacious compliance with this regulation.

As such, the primary contribution of this research, in contrast to earlier studies that examined other variables, is the empirical examination of the effect of gender diversity in attenuating financial constraint and performance. A methodological distinction is also provided by the use of improved financial constraint indicators for all non-financial enterprises. This can be attributed to the fact that the majority of earlier research focused on either poor metrics or the financial sector or non-financial sub-sector (manufacturing, health, and consumer goods). Furthermore, empirical data indicates that the majority of prior studies on financial constraints have focused on advanced economies, with just a small number of developing nations addressed. This highlights the necessity for this research in Nigeria, particularly with larger enterprises. Only a few number, especially in SMEs, were seen in Nigeria. Thus, the objectives below were set:

i. To assess the effect of financial constraint (KZ index) on accounting based performance (return on assets) of non-financial firms in Nigeria.
ii. To evaluate the effect of financial constraint (KZ index) on market based performance (Tobin’s q) of non-financial firms in Nigeria.
iii. To ascertain the role of gender diversity in moderating the link between financial constraint and accounting based performance (return on assets) of non-financial firms in Nigeria.

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iv. To assess whether board gender diversity attenuate the influence of financial constraint on market based performance (Tobin's q) of non-financial firms in Nigeria.

Literature Review

A firm's performance is defined as the stakeholders' and the organization's financial endeavours to satisfy investors' expectations while optimising earnings for the same entity (Aifuwa, 2019). Financial performance of a firm is the monetary assessment of its operations over time, usually determined by calculating return on equity, return on assets, or even Tobin's q (Akenga, 2017). While some academics asserted that firms used internal sources, in addition to dividends and interest payments, as major sources to get or attract funds for profitable investment projects, others claimed that external sources, such as debts and equity, served as major causes of financial constraint (Kim, et al., 2021; Fazzari, et al., 1987). Kaplan and Zingales (1997) opined that financial constraint are the difficulties firms' encounters when funds are needed for investments or when the opportunity cost of internal financing and the cost of external financing highly varies. The KZI index was created by Kaplan and Zingales (1997) and is a widely used and reliable measure of financial constraint. The model relies on multiple crucial measures of financial access, such as debts, equity, Tobin's q, dividends, cash flows, and cash (Farooq, 2020; Akhbar, et al., 2021). Others however disagree with the KZI and created the ACW, WW, SA, and text-based indicators to measure financial constraints (Almeida, et al., 2004; Whited & Wu, 2006; Hadlock & Pierce, 2010).

Conversely, board diversity pertains to the diverse attributes of board members concerning age, gender, education, experience, independence, tenure, nationality, ethnicity, religion, and nationality (Yousaf et al., 2021). Diversity fosters new ideas, experiences, skills, and knowledge, all of which are likely to enhance management control and supervision effectiveness and reduce agency conflicts. Women are also better decision-makers, more prudent, risk-averse, and more informed about accounting and finance. Therefore, having more women on corporate boards guarantees improved oversight and controls, enhances decision-making, fosters accountability and openness, improves information flows, and boosts their efficacy (Tejersen et al., 2016).

Financial Constraint and Performance

A number of studies show how financial constraints affect and are influenced by investments, financing and dividend decisions, company performance, and value (Ekpete, et al., 2021). Financial constraints (external financing) and firm performance were found to be negatively correlated (Akhbar, et al., 2021), while other study discovered that companies with higher credit scores have more cash flow issues and restricted access to financing (Khan, 2022).

Ekpete et al.'s (2021) analyzed financial constraints (equity, debts, cash flows, and retained profits) and investment growth (net fixed assets) of Nigerian enterprises from 2010 to 2018, and found favourable and significant association was found between cash flow and company investment growth. Similarly, Golubeva (2021) surveyed 5,730 firms across 13 nations and found that the primary drivers of a company's success and finances are market demands for its products, industry, export involvement, size, cash, loans, and equity. In keeping with the foregoing, the research has established the following hypothesis:

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H1*: Financial constraint have significant influence on accounting based performance of non-financial firms in Nigeria.*
H2*: Financial constraint have significant effect on market based performance of non-financial firms in Nigeria.*

Board Gender Diversity, Financial Constraint and Performance

Many studies support and refute the claim that women can exhibit positive attributes that support effective corporate governance. For example, Yousaf et al. (2021) discovered a substantial association between a firm's financial troubles and the variety of gender and age among Chinese enterprises. Lode and Bajrei (2018) found that board diversity mitigates information asymmetry using 64 enterprises in the United Arab Emirates. After analysing 46 Jordanian firms, Al-Karasneh and Bataineh (2018) discovered a disconnect between agency costs and governance characteristics. According to Farooq (2020), gender diversity has been shown to be important in reducing financial trouble. The researcher assessed 215 Pakistani enterprises and discovered that having a gender diverse board shields them from financial strain. According to Kang's (2019) study on the relationship between corporate governance and financial constraints faced by Korean businesses, financially constrained companies with diverse boards tend to use dividends as a means of luring new investors. Furthermore. Chu, et al. (2016) examined 157 family-owned companies in Malaysia and found that while non-family businesses heavily rely on external debt, family-controlled companies are more likely to be gender diverse and use internal funds to meet their investment needs.

Information asymmetry has been found to be substantially connected with ownership, institutional ownership, gender diversity, board size, and independence (Tessema, 2019). Similar to this, board and audit features, ownership, and compensation structure mechanisms were surveyed in relation to the value of Pakistani firms. The results showed that diversity and audit characteristics positively impacted firm value by reducing agency costs, asymmetry of information, and financial constraints (Nazir and Afza, 2018). Independent, diverse, and active boards significantly lessen a company's financial difficulties, according to another study (Khurshid et al., 2018). Similar to this, Abad et al. (2017) discovered negative relation between the extent of information asymmetry in the stock market and the gender diverse boards. The outcome revealed positive effect of gender-diverse boards on performance and stock value, hence supporting changes to governance regulations that have been put into place across the globe to encourage the appointment of more females to the boards. These discussions led to the following hypotheses:

H3: The link between financial constraint and accounting based performance of non-financial companies in Nigeria could be improved with gender diversity.
H4: The influence of financial constraint and market based performance of non-financial firms in Nigeria could be improved with gender diversity.

The link in the model was explained by using Jenson and Meckling's (1976) agency theory. The theory makes the claim that managers acting as investors' agents might exploit specific chances by using privileged information, resulting in a conflict of interest. To minimise information asymmetry, minimise financial constraints, and enhance performance, gender diversity is anticipated to lessen conflict by guaranteeing increased information flows and transparency. Thus, figure 2.1 below shows the research framework:

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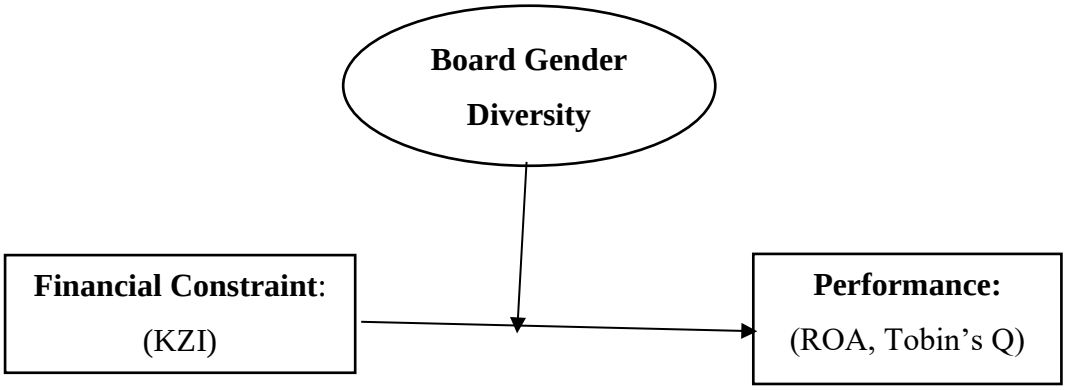

Research Methodology

The population and sample of this paper, which uses a quantitative research approach, consists of all eighty (87) non-financial enterprises that were listed as of December 2021 on the NSE. Financial report data were used as the source for the analysis, and Stata version 16 was used to run regression, correlation, and descriptive tests in addition to certain specification and diagnostic tests. We use the KZ index of (Kaplan & Zingales (1997) to assess financial constraints, while the ratio of female board members to total board members serve as the indicator for gender diversity, and Tobin's Q and return on assets are used to analyse performance. Furthermore, the model employed three (3) control variables: company size (log of total assets), leverage (total debt to total asset ratio), and age of the firms (number of years the enterprises have been in operation). The model is specified below:

For financial constraint (KZI) and performance (ROA):

$$ROA_{it} = \alpha + \beta_1 KZI_{it} + \beta_2 FS_{it} + \beta_3 FA_{it} + \beta_4 LEV_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots 3.1$$

For financial constraint (KZI) and performance (Tobin's Q):

$$Tobin'sQ_{it} = \alpha + \beta_1 KZI_{it} + \beta_2 FS_{it} + \beta_3 FA_{it} + \beta_4 LEV_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots 3.2$$

Moderating role of gender diversity on financial constraint (KZI) and performance (ROA)

$$ROA_{it} = \alpha + \beta_1 KZI_{it} + \beta_2 BGD_{it} + \beta_3 (KZI_{it} * BGD_{it}) + \beta_4 FS_{it} + \beta_5 FA_{it} + \beta_6 LEV_{it} + \varepsilon_{it} \ldots 3.3$$

Moderating role of gender diversity on financial constraint (KZI) and performance (Tobin's Q)

$$Tobin'sQ_{it} = \alpha + \beta_1 KZI_{it} + \beta_2 BGD_{it} + \beta_3 (KZI_{it} * BGD_{it}) + \beta_4 FS_{it} + \beta_5 FA_{it} + \beta_6 LEV_{it} + \varepsilon_{it} \ldots\ldots 3.4$$

Ali et al. (2022) suggested using alternative proxies to ensure validity of the results obtained in the baseline model. Thus, we employed return on equity as an alternative performance proxy instead of return on assets and Tobin's q, which were used in the base model, in order to test for robustness. The dividend payout ratio of Fazzari et al. (1987) was utilized in comparison to the KZ index due to financial constraints.

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Results and Discussion

Descriptive Analysis

Below is the descriptive statistics of the variables, and can be observed in Table 4.1 below:

Descriptive Statistics

Var.	Mean	Median	Std. Dev.	min	max
AcctPerf	.007	.022	0.169	-1.161	1.763
MktPerf	1.043	.858	0.583	.44	2.342
FinCon	-2.96	-.156	6.409	-17.997	2.824
GenDiv	.154	.125	0.145	0	.667
FirmSize	4.177	4.038	0.825	2.33	6.379
Leverage	.679	.623	0.527	-1.029	4.908
FirmAge	40.236	38	20.504	3	98

Table above shows that accounting-based performance has an average of 0.007, a median of 0.022, a standard deviation of 0.169, a minimum of -1.16, and a maximum of 1.763. This indicates that non-financial sector companies made an average return on their assets of 0.7%; the highest earning companies made approximately 176%, while the lowest returned -116%). Additionally, market-based performance has a minimum of (0.44) and a maximum of (2.34), with an average of (1.04), median value (0.8), and standard deviation (0.58). Lastly, financial constraint has a minimum of (-18) and a maximum of (2.82), with an average of (-2.96), median of (-0.156), and standard deviation of (6.4). The negative indices suggest that non-financial industry were averagely constrained financially. Furthermore, gender diversity revealed that, on average, the firms have 15% of female board members (mean = 0.15, median = 0.125, standard deviation = 0.145, lowest = 0 and maximum = 0.667).

Finally, the control variable, company size, is displayed by log of total assets and reveals that the firms have an average size of (4.18), with a median of (4.03), standard deviation of (0.83), minimum value of (2.33), and highest value of (6.38). With the average leverage value of 68%, the median (0.62), standard deviation of (0.53), minimum (-1.03), and maximum values of (4.91), and the mean score of 0.68, it is evident that the majority of enterprises finance a significant portion of their assets with debt. To sum up, the age of the firm has the following scores: mean (40.22), standard deviation (20.5), median (38), maximum (98), and lowest (3).

Correlation Matrix

The correlation among the variables could be observed in Table below:

Correlation Matrix

Var.	1	2	3	4	5	6	7
1) AcctPerf	1.000						
2) MktPerf	-0.142	1.000					
3) FinCon	-0.198	0.002	1.000				
4) GenDiv	0.020	0.083	-0.094	1.000			
5) FirmSize	0.121	-0.105	0.010	0.164	1.000		
6) Leverage	-0.434	0.529	0.172	-0.053	-0.097	1.000	

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7) FirmAge	0.051	0.155	0.038	-0.016	0.031	0.080	1.000

As can be seen in Table above, there is a negative correlation between market-based performance and accounting being associated at (-0.142). Also, the link between financial constraint and accounting based performance is inverse at (-0.198). This indicates that a rise in the financial constraint leads to a roughly 19.8% drop in accounting based performance. Additionally, gender diversity and accounting based performance have a positive relationship (0.020), meaning that gender diversity increases accounting based performance by around 2%. On the other hand, the link between accounting based performance and the control variable firm size is positive (0.121), whereas the relationship between leverage and companies age is negative (-0.434) and positive (0.051).

The results also showed that firms' age controls accounting based performance increase by 5%, size controls performance increase by 12 percent, and leverage controls performance decline by 43 percent. There appears to be a positive relation between financial constraints (0.002) and market-based performance as seen in the second column. There is an 8% improvement in market-based performance with gender diversity, based on the connection between gender diversity and market performance of 0.083. Likewise, there was a positive correlation of 0.155 between companies' age and leverage, a negative link of 0.105 between market performance and the control variable firm size, and a positive relationship of 0.529 between leverage and market performance. These results suggest that firm size controls performance decline by 11%, leverage controls performance increase by 53%, and firm age controls performance increase by 15%.

The matrix's third column financial constraint shows a negative correlation with gender diversity (-0.094), meaning that gender diversity reduces financial constraint by 9.4%. Additionally, a significant correlation was observed between financial constraints and age of firms (0.038), leverage (0.172), and size (0.010). This essentially means that size, leverage and age controlled increased in financial constraint by (1%), (17%), and (3.8%) respectively. Further, gender diversity showed a positive correlation with firm size (0.164) but a negative link with leverage (-0.053) and age (-0.016). Lastly, the control variable, firm size, reveals a negative association with leverage (-0.097) and a positive relation with firms age (0.031). This suggests that whereas firm's age increases the company size by 3.1%, leverage reduces the firm size by 9.7%. Leverage also shown to positively correlate with firm age (0.08), meaning that an increase in firm age results in an increase of 8% in the leverage.

Regression Analysis

The result of the regression for both the accounting (roa) and market based performance (tobin's q) can be vividly observed previously, and Table below:

Table 4.3: Financial Constraint And Performance (Accounting and Market Based)

AcctPerf	Coef.	P-value
FinCon	-0.003	0.001***
FirmSize	0.016	0.041**
Leverage	-0.131	0.000***
FirmAge	0.001	0.27

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R^2	0.226	
Prob > F	0.000	
Obs	522	
MktPerf		
FinCon	-0.008	0.013**
FirmSize	-0.04	0.124
Leverage	0.586	0.000***
FirmAge	0.003	0.002***
R^2	0.304	
Prob > F	0.000	
Obs	522	

*** p<.01, ** p<.05, * p<.1*

Table 4.3 above, the independent variable, financial constraint, and control variables explained around 22% of the variability in the accounting-based performance. These results indicate the model's fitness Prob > chi2 (0.000) and R-squared (0.218). The results revealed that financial constraints have a p-value (0.001) and Coef. (-0.003), indicating a negative and significant effect on accounting-based performance. The control variables, firm age and firm size, show a significant p-value (0.041), Coef. (0.016), and a significant p-value (0.027) and Coef. (0.001) respectively, meaning that both variables have a positive and significant effect on accounting-based performance. Leverage also showed a p-value (0) and Coef. (-0.131) implying a negative and significant effect on accounting-based performance. However, all the control variables were assumed to be constant and hence not influencing the relationships.

Further analysis revealed that the model is fit Prob > chi2 (0.000) and that the control variables and independent variable, financial constraint explained around 30% of the variability in the market-based performance. The result further showed that financial constraints have a significant and negative effect on market-based performance, with a p-value of 0.013 and a coefficient of -0.008, respectively. Furthermore, the control variables firm age with a significant p-value (0.002) and Coef. (0.003), firm size with an insignificant (p-value = 0.124) and (Coef. = -0.04), and leverage with a significant p-value (0) and Coef. (0.586). These prove that firm size has negative and insignificant influence in explaining variability in market based performance, while, leverage and firm age have positive and substantial effect on market based performance. All of the control factors, however, remained constant and had no effect on the interactions.

Moderating Effect of Gender Diversity on Financial Constraint and Performance (Accounting and Market Based)

AcctPerf	**Coef.**	**P-value**
FinCon	0.000	0.849
GenDiv	-0.012	0.506
FinConGenDiv	0.904	0.073*
FirmSize	0.002	0.885
Leverage	-0.013	0.85
FirmAge	0.000	0.899
R^2	0.226	
Prob > F	0.000	
Obs	522	

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MktPerf		
FinCon	-0.002	0.602
GenDiv	0.100	0.077*
FinConGenDiv	1.513	0.018**
FirmSize	-0.099	0.006***
Leverage	0.519	0.000***
FirmAge	0.003	0.014**
R^2	0.315	
Prob > F	0.000	
Obs	522	

*** p<.01, ** p<.05, * p<.1*

As can be seen in Table above, the model is fit and the independent variable, financial constraint, the moderator, and control variables accounted roughly 23% of the variability in the accounting-based performance. Additionally, it demonstrates that the moderator, board gender diversity and financial constraint, has a coef of 0.904 and a p-value of 0.073, suggesting that gender diversity reduces the impact of financial constraints on accounting-based performance. Put another way, having a high degree of gender diversity on the boards could assist in reducing the effect of financial constraints on accounting based performance.

The section further illustrates the model's fitness Prob > F (0.000) and R-squared (0.315), which show that the control variables, moderator, independent variable, explained about 23% variability in the accounting-based performance. Additionally, it shows that the interaction of board gender diversity and financial constraint, has a coef of 0.904 and a p-value of 1.513, indicating that gender diversity attenuates the link between financial constraint and market-based performance. Put differently, a high degree of gender diversity on the boards may enhance the link between market based performance and reduces financial constraints.

Hypothesis Testing

The hypothesis (H1) that financial constraints have a significant effect on the accounting-based performance of non-financial enterprises in Nigeria is supported by the results of the analysis, which shows that financial constraints have a negative and significant impact on accounting-based measures of performance. These results align with the regression analysis. Hypothesis (H2), which asserts that financial constraints have a significant impact on the market-based performance of non-financial enterprises in Nigeria, is also supported by the results, which show that financial constraints have a negative and significant influence on market-based performance.

Moreover, hypothesis (H3), which implies that the relationship between financial constraint and performance could be improved when gender diversity exists, was confirmed and accepted in light of the regression result showing that gender diversity moderates the influence of financial constraint on accounting-based measure of performance. Lastly, the regression result demonstrating that gender diversity on the board could improve the relationship between financial constraint and market-based performance supported hypothesis (H4), arguing that the relationship between financial constraint and market-based performance could improve when there is gender diversity.

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Robustness and Validity Check

According to the robustness test, the dividend payout ratio (a proxy for financial constraints), had a significant effect on performance (roe) with a p-value of (0.000) and a coefficient of (0.126). Financial constraints have a substantial influence on the performance of Nigerian firms, as the research has validated and confirmed the results of the base model.

Discussion of Findings

The results showed that financial constraints significantly and negatively affect non-financial enterprises' market-based performance as well as their accounting. This means that firms looking to take advantage of beneficial investments, external financing sources like debt and equity are their main sources of funding. Businesses may occasionally choose to sell capital shares in order to raise money. Golubeva (2021) asserts that the primary sources of finance for companies are cash, debt, and equity. Nonetheless, debt offers a superior option because of the urgency of the investment opportunity and quicker processes, even though often firms have trouble raising cash through equity. This issue is likely caused by greater capital costs or information asymmetry.

This lessens or resolves the firm's problems with agency costs and financial constraints. According to earlier research, there is a negative correlation between external financing and firm performance due to financial constraints (Khan, 2022). Choosing a more effective and secure source of funding for investment projects can sometimes cause trauma for businesses. Therefore, when businesses find it difficult to raise money from outside sources, they may turn to internal sources like profit after tax, retained earnings, assets, reserves, dividends, cash, and cash flow. Internal sources make sure that businesses effectively manage their internal resources by making sure that only investments with a positive net present value are taken into account.

This will bring in an adequate profit for the company, enough to cover investor dividends, maybe save some for further investments, and perhaps even cover part of the maturing debt of the company. As mentioned, financially strapped companies took advantage of investment opportunities by using retained revenues that they could have paid as dividends, and occasionally paid dividends to draw in more funding (Kang, 2019; Ekpete et al., 2021; Kim, et al., 2021). Therefore, internal sources are another source of funding for businesses. Businesses may also employ dividend payments to instil confidence in investors and perhaps draw in further capital for projects with favourable net present values.

Likewise, gender diversity was found to be significantly effective in reducing the impact of financial constraints on the performance of non-financial enterprises in Nigeria. The association between financial constraints and the performance of non-financial firms in Nigeria was found to have improved with the presence of at least 30% female members. This proved the Nigerian Central Bank regulation directive (Onyekware, et al., 2022) that mandates a minimum of 30% female presence on boards, notwithstanding the fact that a considerable proportion of businesses have not fully obliged. It conveys the idea that a high number of female board members leads to diverse and fast decision-making, thereby reducing information asymmetry and enhancing performance. Previous research indicates that increasing the representation of women on corporate boards can reduce the likelihood of well-informed trading and discrepancies in information that different market participants hold (Nazir & Afza, 2018; Abad et al., 2017).

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Having a high proportion of women on boards may also help corporations reduce their risk of information asymmetry and agency cost issues because women are typically more circumspect and thorough in their job. The notion that gender diversity could result in better informed and in-depth board discussions as well as more information sharing between board members and other stakeholders was endorsed by Abad et al. (2017). As a result, there may be less information asymmetry and a richer information environment where revealing personal information has fewer advantages. Moreover, it bolsters the tenets of the agency theory, which stressed the need of a diverse board of directors.

The theory argues that having more women on boards is important because they reduce conflict on corporate boards and effectively use programmes and initiatives for board development to boost the effectiveness and efficiency of the board. Women make better decisions because they are more informed, cautious, risk-averse, and honest. Consistent with Kagzi and Guha (2018) in tandem with the notion that diverse boards works better due to the qualities that directors from various backgrounds possess. Hence, having more women in key roles reduces issues related to financial constraints and performance. In short, companies should realise that a gender diverse board, ensures openness and information shared, less financial constraints, and enhanced performance.

Conclusion

The study concludes that financial constraints have a major and inverse influence on performance of Nigerian businesses. Additionally, businesses that struggle with financial constraints see a decline in productivity. Further, companies obtain funding for investment opportunities from both internal and external sources, including debt, stock, cash, retained earnings, and cash flow. Sometimes, they employ payment of dividends to bolster investor confidence and attract more capital into the company. This study comes to the conclusion that gender diversity played a key role in strengthening the relationship between non-financial enterprises' performance in Nigeria and financial constraints. This suggests that the link between financial constraints and performance of non-financial enterprises in Nigeria could be enhanced by having at least 30% women on boards. Stated differently, having a high percentage of female board members ensure more better decision making, lowers the likelihood of information asymmetry, minimises agency cost difficulties, and so on. These plays vital role in abating financial constraints and improving the performance of businesses.

It is recommended by this study, however, that firms prioritise minimising financial constraints as they adversely affect their performance. To this end, firms ought to evaluate their options and compare costs in order to select the most feasible and affordable funding sources for profitable ventures. Alternatively, firms may choose to finance profitable ventures through external sources such as debts and equity, which are the main sources of financial constraints for businesses. When accessing funds through external sources proves to be challenging, firms may choose to use internal sources like retained earnings, profits, cash flows, and reserves. Lastly, firms should look into alternative funding sources, such as grants or loans from governments or non-governmental organisations, or any other form of association that would make funds available more efficiently, and should always try to pay dividends to investors just to give them confidence and attracts more investments in to the company. Furthermore, this study suggests that companies ensure that at least 30% of their board members are women, as a gender diverse board ensures more diverse viewpoints, fosters innovation, better decision-making, lowers the likelihood of information asymmetry, and minimizes agency costs. It also

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helps minimise financial constraints and improves performance. In a similar vein, increased gender diversity on boards lessens conflict and successfully implements policies and initiatives to raise the effectiveness and efficiency of the board. Women also tend to be more competent, careful, honest, and risk-averse.

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