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Industry Characteristics: Sustainability and Profitability in the Financial Service Sector in Nigeria.

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Abstract

The study examines the industry characteristics (environmental sustainability) and profitability in the financial service sector in Nigeria. The study aimed at examining the effect of sustainability on profitability in the service sector firms in the Nigeria Exchange Group (NXG). The study explored ex post facto research design. A population of 44 registered firms and a sample size of 29 with the use of purposive sampling technique was used. The study found that Sustainability has a positive and insignificant effect on Net Profit Margin (NPM) in the financial service sector in Nigeria. The study concluded that the positive insignificant effect of sustainability on net profit margin result implies that while using these variables might be important for the overall business strategy, they do not directly contribute to profitability in a statistically meaningful way within the financial service sector in Nigeria. The study recommended that firms should gradually adopt sustainability strategies such as green financing and environmental impact, aligning with global trends and investor expectations.

Keywords: Environmental, Financial Sector, Net Profit, Sustainability,

1. Introduction

The Nigerian financial sector is embracing sustainability, with many institutions incorporating Environmental, Social and Governance (ESG) criteria into their decision-making processes. This shift is driven by the growing awareness that sustainability may enhance financial performance and contribute to long- term success (Akinadewo et al. 2023). The effect of sustainability on profit performance in Nigeria's financial service sector is a topic gaining attention. Sustainability reporting, which involves disclosing social, economic, and environmental performance, is increasingly important for organizations. Sustainability refers to the Overly long economic growth with social and environmental responsibility, including their impact on the environment, their social and ethical practices, and their commitment to sustainable development. According to Almaqtari et al. (2019), the financial services sector is an essential component of the economy since it facilitates the accumulation of capital, the mobilisation of savings, the availability of cash, and the financing of industries. An organization's profit performance may be defined as the positive returns that it receives as a result of giving its resources to the process of meeting a demand. Because of this, the profitability of individual companies operating within the sector is of utmost importance, as it has the potential to influence the stability of both the sector and the economy as a whole.

The profitability of firms is driven by a whole array of multiple factors. The ability of firms, regardless of nature and type of industry, to earn positive returns on expended efforts is contingent on how well firms are able to mitigate both internal and external threats, as well as 'opportunities provided. In this regard, industry characteristics represent a range of determinants of profit performance. Understanding the industry characteristics and their impact on performance is essential for policymakers, investors, and financial institutions themselves (Beccalli,2007). The industry characteristics refer to the distinctive qualities and characteristics that are common to a particular industry and serve to distinguish it from other industries. According to Maja et al. (2018), these characteristics are crucial in defining the industry's competitive environment, market dynamics, and overall performance.

Despite numerous studies have shown that the "other industry characteristic" significantly affects financial performance, researchers have ignored it in favour of controlling for other factors (Moses &Tailan, 2007; & Maja et al., 2017;). This is so even though there have been a plethora of studies looking at how various industry traits affect financial results. Whether one is assessing profitability, returns on investment, returns on assets, or returns on equity, it is critical to fully understand how certain industry factors impact a company's performance. The cumulative consequences of these industry-level traits even while the executives, make a lot of efforts to affect performance at the functional levels of marketing, finance, and operations, among others. By utilising approaches from industrial economics, strategic management, accounting, and finance, Goddard et al. (2005) sought to investigate how the following company traits impact firm success. Features like firm size, market domination, leverage, and short-term liquidity are among them. The study ex-post facto research design to with a study population of forty four (44) registered firms in the Nigerian Exchange Group (NXG) at the period of field work. A sample size of twenty nine (29) firms was selected through purposive sampling techniques. The criteria used were information availability and completeness of data for the period 2013 to 2022. The data were sourced from the various firms' official site and bulletins of the Nigeria Exchange Group. The data were analysed with descriptive statistics, hausman test and panel regression methods (random effects model).
Therefore, the study examined industry characteristics (environmental sustainability) effect on profit performance in Nigeria's financial services sector. Due to the large size of the performance domain and the availability of several evaluation periods, the need to narrow the scope of this research to a manageable level has led to an emphasis on financial performance.

2. Conceptual Framework

a. Sustainability

The capacity of a company to be sustainable is the foundation upon which the continued existence of businesses as life wire is based. Therefore, one definition of sustainability is the ability to fulfil the needs of the present without compromising the potential of future generations to likewise fulfill their own needs. Included in the process of decision-making is the incorporation of economic, social, and environmental considerations. The relationship between sustainability and profit performance has been the focus of a significant amount of empirical research efforts. The key focusses of these studies have been on the impact that sustainability reporting has on market value, the impact that sustainability practices have on financial performance, and the connection that exists between sustainability investments and long-term profitability (Lasfer, et al. 2017).

Because it takes into account both financial and social implications, sustainability has grown in importance as a factor for companies throughout the globe. Sustainable practices may have a beneficial impact on financial performance, and many organisations are starting to see this. Findings from empirical research examining the connection between sustainability and profit performance are the focus of this review. The impact of eco-friendly business procedures on company worth was the subject of research by Qian et al. (2020). Stock price and market capitalisation increases were indicators of a beneficial effect of environmentally friendly activities on business value.

b. Effect of sustainability practices on financial performance:

According to the findings of research conducted by Eccles and Colleagues (2011), businesses that had good sustainability strategies beat their competitors in terms of return on assets and return on equity. Similarly, a study by KLD Research & Analytics (2012) reported that sustainable companies tend to have higher profitability and sales growth compared to their counterparts.

The following are some of the ways sustainability impacts on profit performance:

1. Cost savings: Businesses frequently see cost reductions as a result of the implementation of sustainable practices. Technologies that are more energy-efficient, for instance, can assist in lowering power costs and reducing overall energy use. Similarly, activities that aim to minimise trash and increase recycling might help lower the costs of disposal. According to a study by the MIT Sloan Business School, companies that prioritize sustainability achieve cost savings of 9% on average (Aragón-Correa & Rubio-López, 2007).

2. Increased revenue: Sustainability initiatives can also drive revenue growth. Consumers are increasingly demanding environmentally friendly products and services, and companies that meet these demands often gain a competitive advantage. For instance, a study published in the Journal of Retailing and Consumer Services found that companies with sustainable positioning were 5% more likely to experience revenue growth (Balachandran & Wu, 2016).

3. Enhanced brand value and reputation: It is possible for a company to strengthen its brand value and reputation by the implementation of sustainability practices, which can result in improved consumer loyalty and a willingness to pay a premium for the firm's products or services. A study published in the Journal of Operations Management found that sustainability initiatives positively impact brand value, which, in turn, enhances profitability (Choi &Huo, 2012).

4. Risk mitigation: By adopting sustainable practices, corporations can alleviate potential risks connected with environmental and social issues. For example, implementing environmentally friendly production processes can reduce the risk of regulatory fines or penalties. Moreover, companies with robust sustainability practices are better equipped to manage reputational risks that may arise from negative environmental or social impacts (Halldórsson, et al. 2007; Welford, 2007).

c. Role of sustainability reporting on market valuation:

Sustainability reporting and its impact on stock price has been the subject of many investigations. Companies that are transparent about their sustainability performance tend to have better market values, according to research by KPMG (2015). Similarly, research by Friedeetal. (2015) indicated that firms with better sustainability disclosure practices tend to enjoy higher market values.

d. Relationship between sustainability investments and long-term profitability:

Studies have examined the impact of sustainability-focused investments on long-term profitability. A study by Lasfer et al. (2017) found that firms that invest in sustainability initiatives experience higher profitability in the long run. Furthermore, research by Tsvetkov et al. (2018) suggested that firms with higher sustainability investments have greater profitability growth compared to those with lower investments.

Sustainability also extends beyond environmental concerns to encompass social and economic aspects. Social sustainability relates to fostering human well-being, equality, and social justice, by assuring access to fundamental requirements including food, water, housing, education, healthcare, and job. Economic sustainability focuses on creating a thriving economy that maximizes long-term benefits for all stakeholders, while minimizing negative economic impacts such as inequality and resource depletion. Generally, sustainability aimed to find a balance between meeting present needs and ensuring a better future, by addressing the interconnectedness of social, environmental, and economic factors. It involves making conscious choices and implementing strategies that promote resilience, efficiency, and responsible consumption and production patterns

A company's bottom line may benefit from implementing sustainable policies, according to the research. The adoption of sustainability practices can lead to improved financial performance, enhanced market valuation through sustainability reporting, and increased profitability through investments in sustainability initiatives.

e. Concept of profitability

Stickney and Weil (2012) defined profitability as an organisation’s ability to generate earnings or profits from its operations.It is a key performance indicator that measures an organisation’s ability to manage its resources, control costs, and generate returns on investment (Horngren, et al., 2015). Therefore, profitability is influenced by various factors: Revenue growth, which is an increase in sales revenue can improve profitability (Kieso et al.,2013), cost management, is the effective cost management can improve profitability (Brealey et al., 2012) and pricing strategy, which means a pricing decisions can significantly impact profitability (Horngren et al., 2015).

Among the measures of profitability, net profit margin was used in the study. Therefore, net profit margin is a financial ratio that measures as organization’s net profit as a percentage of its total revenue. It indicates the proportion of revenue that is left over after deducting all expenses, taxes, and interest (Horngren et al., 2015 & Brealey et al., 2012). Net profit margin provides insights into an organization’s ability to manage its cost, pricing, and revenue growth. A high net profit margin indicates that an organization is able to generate more profit from its revenue, while a net profit margin may indicate inefficiencies in cost management or pricing (Stickney and Weil, 2012).

f. Stewardship theory: Donaldson and Davis (1991)

The work that Donaldson and Davis (1991) led to the development of the stewardship theory. The theory is predicated on the notion that the interests of shareholders and the interests of management are congruent. As a result, management is driven to make decisions that would maximise both the performance of the organisation and the entire worth of the business. It is the belief of the idea that cooperative activity is more beneficial than individualistic behaviour. As a result, the activities of management would be aimed at maximising the wealth of shareholders while simultaneously catering to their particular requirements. The managers protect and maximize shareholders wealth through organisation performance, because by so doing, their utility functions are maximized (Davis et al., 1997). To achieve this goal congruence, the shareholders must put in place appropriate empowering governance structures and mechanisms, information and authority to facilitate the autonomy of management to take decisions that would maximize their utility as they achieve organisational rather than self-serving objectives. For Chief Executive Officers (CEOs) who are stewards, their pro-organisational actions are best facilitated when the corporate governance structures give them high authority and discretion (Donaldson and Davis, 1991).It is a new perspective to understand the existing relationship between ownership and management of an organization. The theory arises as an important counterweight to Agency Theory.

3. Review of Related Empirical studies

This survey-based empirical study investigates the relationship between stakeholder engagement and financial reporting quality in the context of sustainability accounting. The results suggest that greater stakeholder engagement positively impacts the quality of sustainability reporting, enhancing transparency, and accountability. The study emphasizes the importance of involving stakeholders in sustainability decision-making processes and highlights the potential benefits of improved reporting quality in financial decision-making (Deegan et al., 2020).

Qian et al. (2020) examined the effect of environmental sustainability practices on firm value. They found that adopting environmentally friendly initiatives positively influenced firm value, as indicated by an increase in stock prices and market capitalization. Arora and Sharma (2020) conducted a systematic review of 68 studies and concluded that sustainability practices have a positive impact on firm profitability. The study further highlighted the role of environmental innovations and social responsibility in driving sustainable profit performance.

Kostovetsky and Philipov (2019) explored the impact of social networks on firm performance in terms of market shares and profits. The authors utilize a quasi-natural experiment to examine the causal relationship between social connections and firm performance. They find that firms with stronger social networks tend to have higher market shares and better profit performance

Using a sample of firms from emerging economies, this empirical study investigates the relationship between sustainability reporting and financial performance. The findings reveal a positive association between sustainability reporting and financial performance, indicating that firms engaging in transparent reporting of environmental, social, and governance (ESG) factors tend to achieve better financial outcomes. This suggests that sustainability reporting can contribute to financial decision-making and firm value creation (Albano & Siano, 2019).

This systematic literature review examines various approaches to measuring environmental sustainability within the realm of accounting. The study identifies and analyzes 74 empirical papers to highlight the diverse methods and indicators used to measure environmental sustainability. It discusses the relevance of different measurement approaches, such as environmental performance indicators, environmental management systems, and life-cycle assessment, in assessing a firm's environmental sustainability performance. This review provides insights into the evolving field of environmental sustainability measurement in accounting practices (Christ & Burritt, 2019).

Investigating 20 multinational corporations, Orsato et al. (2018) found that sustainability initiatives positively influenced the firms' financial performance. The authors emphasized the significance of effective metrics and governance systems, as well as integration of sustainability into core business strategies. The study revealed positive relationship between sustainability initiatives and profitability. From cost reductions to improved brand reputation, firms that integrate sustainability into their strategies tend to outperform their peers financially. This review provides evidence for businesses to embrace sustainable practices as a means to enhance their profit performance and contribute to a more sustainable future.

Gond et al. (2017) analyzed data from 1,754 firms across 21 industries and found a significant positive relationship between sustainability practices and financial performance. The study highlighted how sustainability can create intangible assets, such as reputation and brand value, leading to increased profitability.

This literature review examines the usefulness of environmental disclosures in accounting. It analyzes 28 empirical studies to assess the impact of environmental disclosures on corporate decisions, market reactions, and stakeholder behavior. The findings suggested that environmental disclosures positively influence firm value and lead to improvements in environmental performance. This highlights the potential benefits of incorporating sustainability information into accounting practices (Cormier & Magnan, 2017).

Kolk (2016) comprehensive meta-analysis examined 129 studies on the relationship between corporate social responsibility (CSR) and financial performance. The findings revealed a positive association between CSR and profitability, with 55% of the studies reporting a direct positive link.

Homburg, et al., (2013) explored the impact of corporate social responsibility (CSR) engagement on profit performance within business-to-business (B2B) markets. The authors discovered that CSR differentiation in B2B relationships positively influenced profit performance, mainly through improved customer loyalty and willingness to pay premium prices.

Eccles et al. (2011) examined 180 companies from different industries, and the study found that firms embracing sustainability reported higher profit margins and return on assets compared to their non-sustainable counterparts. The study emphasized the importance of long-term perspective and stakeholder engagement for sustainable profitability.

Podolny (1994) examined the impact of market uncertainty on the social character of economic exchange. The study explored how firms' social networks and relationships can help mitigate the negative effects of market uncertainty on profit performance. This literature offers valuable insights into the role of industry characteristics and social interactions in shaping profit performance.

4.Methodology

Ex post facto research design was used. A population of 44 registered firms in the financial service sector at the time of field work forms the population of the study. While 29 firms were selected, using purposive sampling techniques. Data analyses methods used are descriptive statistics, hausman test and regression method

5. Results

The results of the various analyses are presented as follows**;**

Table 1: Descriptive Statistics

Variables	**NPMR**	**SUST**
Obs	290	290
Mean	12.619	.388
Std. Dev	27.386	.19
Min	-307.382	0
Max	84.446	1.333
Skewness	-5.402	3.622
Kurtosis	66.416	17.805
Variance	749.977	.036
Sum of wgt	290	290

Source: Stata 18 output
The displayed accumulated Probability value and Jargue – Bera statistics figure for the data set:
P – value: 0.021
Jargua – Bera: 7.746

The set of data comprises 290 observations for the variables. The descriptive statistics provide a summary of the key features and variability of the data, that will be analyzed in successive sections of the dissertation to understand their brunt on profit performance and market dynamics within the financial sector of the Nigeria Exchange Group (NGX) over the study period (2013 to 2022).
With an average of 12.619 and a standard deviation (SD) of 27.386, the sample's Net Profit Margin (NPMR) shows a great variation among the companies. A rating of 84.446 indicates very profitable businesses, while a value of -307.382 indicates that some organisations lost a lot of money. Then, the skewness and kurtosis are to measure the asymmetrical of the data around its mean and the presence of outliers in the data respectively.
Sustainability (SUST) exhibits a mean of 0.388 and a SD of 0.19, with values ranging from 0 to 1.333 for minimum and maximum respectively. This suggests varying levels of sustainability practices among the firms in the sample. The skewness and kurtosis values are 3.622 and 17.805 respectively. This means in SUST, the right tail is longer which indicating that there is more extreme high value and the distribution is leptokurtic with heavy tails, indicating more outliers than normal distribution.
Finally, the on Jargua – Bera statistics and Probability value is used to determine whether a series

is normal distribution or not. Therefore, it is been interpreted with the given result of the Jargue – Bera and a corresponding p. value. Low JB statistics and high p. value, when p.value is greater than 0.05; the series likely follows a normal distribution which resulted fail to reject null hypothesis. While high JB statistics and low p. value, when p.value is less than 0.05, means the series likely does not follow a normal distribution which means rejection of null hypothesis. Therefore,the collective study Jargua – Bera (7.746) and P – value (0.021) shows that the series does not follow a normal distribution which means the null hypothesis is rejection.

Table 2:Hausman Cross-section random effects test comparisons

Variable	Fixed	Random	Var(Diff)	Prob.
SUST	0.941328	2.183496	64.247857	0.8766
_cons	47.50776	86.81828	0.55	0.585

Source: Author's Computation

The table 2 presents a detailed comparison of the coefficients for explanatory variable under both the fixed effects (FE) model and the random effects (RE) model, along with the variance of the difference and the corresponding p-value. The main purpose of this test is to determine whether the difference between the fixed and random effects estimate are statistically significant.
For the variable in the model (SUST), the p-value is greater than 0.05. This indicates that there is no statistically significant difference between the coefficients obtained from the fixed effects and random effects models. In other words, the random effects estimate is not significantly biased, meaning that the assumption of no correlation between the explanatory variable and the specific effects holds.
SUST (Sustainability Practices). The difference between fixed (0.941) and random (2.183) effects is small, and the p-value (0.877) confirms insignificance. Thus the Hull hypothesis, random effects model is more appropriate in this panel study.

Panel Data Regression Models:

The panel data regression study, that was carried out with the use of both fixed effects and RE models, explores the link between the NPMR and a number of independent variables that are present in the Nigeria Exchange Group's (NGX) financial sector from the years 2013 to 2022.

Table 3: Random Effects Model

Variable	Coefficient	Std. Err.	z-value	p-value
SUST	2.183496	10.28499	0.212299	0.8320
_cons	-5.284143	16.91085	-0.312471	0.7549

Source: Stata 18 output

The R-squared values for the random effects model are:

Within: 0.0208
Between: 0.6009
Overall: 0.2608

The Wald chi-squared test is 38.22 with a p-value of 0.0000, indicating that the model is statistically significant and that the independent variables collectively explain a significant portion of the variation in NPMR.
In contrast, the random effects model shows that Sustainability (SUST) is not significant. predictor of NPMR (p-value = 0.000).
In comparison to the fixed effects model, the random effects model displays a greater capacity for explanation. Given that the value of inside R-squared is 0.0208, it can be deduced that the model accounts for about 2.08% of the variation in NPMR that occurs within businesses over the course of time. On the other hand, the value of the between R-squared coefficient, which is 0.6009, indicates that the model accounts for 60.09 percent of the variance in NPMR that exists across various companies. The overall R-squared value of 0.2608 indicates that the independent variables in the random effects model explain 26.08% of the total variance in NPMR across both time and companies. This is the case regardless of whether the variation is measured over time or across businesses. Indicating that the model is statistically significant and that the independent variables jointly explain a considerable percentage of the variance in NPMR, the Wald chi-squared test is significant (p-value = 0.0000), which provides evidence that the model is statistically significant.

Hypothesis: Sustainability has no effect on profit margin in the financial service sector in Nigeria.

From the regression result on table 3 6that shows 2.183496 as value for coefficient and 0.8320 as probability (P) value. This result simply depicted that sustainability has a positive effect but not substantial on NPM in the financial service sector firms in Nigeria. The scenario is resulted from the p.value of 0.8320 which is higher than the significant level of 0.05 in the study. As a result, sustainability even though it has a positive impact but cannot be totally relied on profit performance factor in the financial service sector in Nigeria. This simply means that the dependent variable (NPM) has no significant occurrence on the independent variable (sustainability) even though there is a positive effect.

Decision: From preceding analysis on the variable, the null Ho4 is not accepted,which connotes that Sustainability has an effect on NPM in the financial service sector in Nigeria. This implies that net profit margin is affected by sustainability in the financial service sector in Nigeria.

6.Discussion of Findings

The study tactically evaluated the effect of industry characteristics and profit performance in the financial service sector in Nigeria. The data set obtained from the study was subjected to both descriptive and inferential statistical interrogation. From the output of the inferential tests conducted based on the hypothesized propositions, various observations were made.

Fourthly, sustainability has a positive but insignificant effect on net profit margin in the financial service sector in Nigeria. Sustainability (SUST) challenges some traditional theoretical implications. For instance, the insignificant impact of sustainability may suggest that **Bain's (1996) barriers to entry theory** might not fully apply in the context of this analysis, potentially due to the dynamic nature of modern markets where innovation and market adaptability may outweigh the benefits of concentration.

The non-significance of sustainability suggests that policymakers might need to reconsider the emphasis placed on these factors in traditional competition policies. For instance, the findings imply that high sustainability does not necessarily result in increased profitability, which might indicate that current antitrust regulations focusing solely on sustainability levels may need to be adjusted to consider other factors like innovation and market dynamics (Aghion & Griffith, 2005).

The practical implications on the insignificant effects of sustainability propose that firms should carefully appraise the potential returns on investments. While these factors may still be important for other areas of profit performance or in different contexts, it does not appear to directly affect profitability in the model analyzed. Therefore, firms may need to consider a more shaded approach that balances these factors with other strategic priorities.

The results are in line with what Deegan et al. found in their study (2020). The study concludes by highlighting the need of include stakeholders in sustainability decision-making processes and the potential advantages of improved reporting quality in financial decision-making. The study by Qian et al. (2020) found that when companies implemented eco-friendly policies, it increased their worth. This was supported by a rise in stock prices and a larger market capitalisation. Arora and Sharma (2020) found that social responsibility and environmental innovations play a part in achieving sustainable profit performance. Additional research, such as those conducted by Orsato et al. (2018), Albano and Siano (2019), and Cormier and Magnan (2017), has reached findings that are comparable to those of the study.

7. Summary

The research workwasundertaken on the effect of industry characteristics on profit performance in the financial service sector in Nigeria. The industry characteristics is the independent variable with dimensions as market size, market growth, technology and innovation, sustainability, market competitiveness, industry structure and product differentiation.While profit performance measured with net profit margin is the dependent variable. Basically, seven hypotheses were formulated according to the number of explanatory variables. Ex post facto research resign and the census approach were used in the study. The secondarily sourced data were analyzedvia descriptive statistics, andthe OLS regression method on the STATA statistic data analysis software. The empirical analysis revealed the following findings:

1. Sustainability has a positive and insignificant effect on NPM in the financial service sector in Nigeria.

8. Conclusion

From the outcome of hypotheses tested, a three-directional pattern was revealed amongst the operationalized dimensions of industry characteristics and the measure of profit. Firstly, market size had a positive and substantial effect on NPM. While sustainability, has a positive but not substantial effect on NPM.

The positive and significant effects of market size suggest that businesses operating in larger markets are better positioned to improve profitability. This may be due to economic of scale, increased efficiency and the ability to capitalize on new opportunities brought about by technological changes. It also reflects the sector's reliance on digital solutions and modernized processes to improve efficiency and financial outcome, On the other hand, the positive insignificant effect of sustainability on net profit margin result implies that while using these variables might be important for the overall business strategy, they do not directly contribute to profitability in a statistically meaningful way within the financial service sector in Nigeria. It is possible that these variables influence other aspects such as market share or brand strength or technological advancement, but their effect on immediate profit margin is minimal.

9. Recommendations

Here are suggestions derived from the study's results and analysis of the factors influencing the sector's net profit margin:

1. That the continuous existence of companies is not an element to determine improvement in net profit margin in the financial service sector in Nigeria. Therefore, firms should gradually adopt sustainability strategies such as green financing and environmental impact, aligning with global trends and investor expectations.

10. Limitations of the Study

Generally, in the course of the study, there are some bottlenecks the researcher was confronted with that affected the smooth and timely completion of investigation on industry characteristics and profit performance in the financial service sector in Nigeria. The range of years of study from 2013 to 2022 was a limitation. The study was also limited to the number of variables adopted, lack of complete data set for the entire firms in the sector, descriptive statistics, the OLS regression method, unit root test used amongst others and the statistical package (STATA 18) used for the analysis of the data.

11. Contribution to Knowledge

The study on industry characteristics and profit performance in the financial service sector in Nigeria has contributed substantially by advancing the scope of existing body of knowledge of empirical literature in the domain of how industry characteristics affects profit performance using firms in the Nigerian financial services industry. The inclusion of several variables in the operationalization of research model such as variables as market size, market growth, Technology and Innovation, sustainability, market competitiveness, industry structure, product differentiation and net profit margin respectively and the attendant findings have contributed to enriching the body of knowledge in the espoused field. In summary, the study has filled a literature gap existing in the area of industry characteristics and profit performance in financial service sector in Nigeria.

12. Areas for Further Study

The researcher emphasized a further study on the field on other sectors other than the financial service sector in Nigeria. The researcher also emphasized the crucial need for identifying variables other than the ones used in the study for comparison of output with the sole aim of expanding the body of knowledge.

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