Amity Business School, Amity University Madhya Pradesh
ISSN: 2347-1832 (Print)| ISSN: 2581-5261 (Online)

CORPORATE BOARD TRAITS AND FINANCIAL PERFORMANCES OF BANKS IN NIGERIA

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ABSTRACT

The study investigated corporate board traits and financial performances of banks in Nigeria. This study made the assumption that the qualities of a company's board primarily influence its financial performance. The ability of the banking industry to generate deposits and liabilities affects the amount of money stocks, making it essential to the economic prosperity of any nation. The relationship between financial success and proxies for board traits makes this activity co-relational in nature. All deposit money banks listed on the Nigerian Exchange Group make up the study's population while the study period was 2019 – 2023. These banks have complete data, and their data will be accessible throughout the study duration. The data was analyzed using the generalized least square (GLS) method which is in agreement with previous research. Its was concluded in the findings of the study that performance of deposit money banks in Nigeria is not significantly correlated with the existence of female directors. This is consistent with different research studies which discovered no meaningful correlation between firm performance and the existence of female directors on the board. Consequently, though it also runs counter to the research done by some researchers who discovered that female directors outperform male directors. Women on boards therefore have a favorable impact on a company's financial performance.

Keywords: Corporate Board Traits, Financial Performances, Banks, Nigeria**.**

INTRODUCTION

Achieving and preserving communal conviction and confidence in the financial system requires corporate governance (CG) and effective boards processes. They are essential to efficient operation since they impact the success of the banking business in every nation on the planet. Ineffective boards can result from poor CG, and this can ultimately cause bank collapses.

Additionally, incompetent boards may trigger a bank run, fraudulent activity, dubious transactions, and other outcomes that could harm the economic growth (Ogbechie & Koufopoulos, 2020). The situation surrounding corporate governance (CG) tool, board leadership has given rise to contentious issues and has garnered significant attention from scholars, industry players, practitioners, and regulators in the present years. This is ascribed to conflicting ideas in financial performance theories on what counts as performance measurement, coupled with conflicting empirical data. Of all the board investigations, the most researched issue has been the relationship between the banking industry performance and the management of the board (Bhagat & Black, 2019).

This study made the assumption that the qualities of a business's board primarily influence its financial performance. The ability of the banking industry to generate deposits and liabilities affects the sum of money stocks, making it indispensable to the economic prosperity of any nation. Since Goldsmith's time Shaw (1973) and McKinnon (1973) acknowledged that, the financial structures have been recognized as playing an important role in economic development. This indicates that, if developed, the economy's financial sector would oblige as a stimulant for economic progress. Effective financial intermediation roles and savings mobilization would benefit from a vigorous and sophisticated financial system (Gibson & Tsakalotos 2018). Consequently, the collapse of this industry impacts a country's whole economy.

Among the things that has cause the failure of many Nigerian banks is the present financial predicament in the country's banking sector, has been linked to the misuse of CG principles. The

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performance and financial stability of banks are critical to Nigeria's economic development. As per Ogbechie and Koufopoulos (2020) asserted that, banks are essential to the progress of any country in three ways.

Firstly, deposit money banks (DMB) are crucial catalysts for economic development and have a mostly dominant role in underdeveloped countries' financial systems. Secondly, for most industries in these evolving markets, banks are among their prime sources of funding. Additionally, banks oblige as the prime payment method and depository for the savings of the economy's in developing nations. Consequently, the development of Nigeria's banking sector is decisive to the nation's economic progress. However, it is said that loans from bank were the principal means of financing debt in the country, thus banks have historically dominated the financial sector in Nigeria (Central Bank of Nigeria [CBN] Annual Report 2018).

Because of several financial disasters, scams, and dubious business practices that have eroded investor confidence, board qualities are especially crucial to Nigerians in the banking sector. Examining the connection between the qualities of the board and the financial performance (FP) of DMBs in Nigeria is therefore necessary. Jensen and Meckling (1976) opined that, pursuing managerial objectives deviates from owner interests owing to agency theory. According to Fama and Jensen (1983) asserted that, board of directors (BOD) must closely oversee managerial decisions to safeguard the benefits of shareholders. Forming business policies, approving strategic plans, and approving the sale of extra securities are all demanded of boards.

In addition, they are supposed to plan for succession, decide on the composition of boards, hire, counsel, pay, and, if need, remove management. New members must be proposed and approved by shareholders (MICG, 2020). Thus, a diversity of reasons influences how well the BOD oversees managers and exercises control on behalf of shareholders. The following topics are covered: (i) the executive director's position on the board; (ii) the stimulus of independent non-executive directors (NED); (iii) the effect of foreign directors (FD); (iv) the influence of women directors (WD); and (v) the stimulus of grey directors.

Board features include basically its size, makeup, assortment, and the division of labor between the CEO and the board chair. The percentage of external directors on the board is typically used to indicate the composition of the board, which makes the distinction between inside and outside directors (Goergen & Renneboog, 2020). Board composition was divided into three categories by Baysinger and Butler (2021): affiliate, outside, and internal directors. Outside directors are personalities who are not managers of the company, whereas inside directors are those who are managers and/or present officers. There are independent (non-executive) directors and affiliate (gray) directors among the external directors. Non-employee directors who have a personal or business link with the corporation are known as affiliate (gray) directors, whereas independent directors do not have any such relationships. Many scholars support outside-dominated boards notwithstanding the advantages and disadvantages of both types of directors (Pablo et al., 2020).

Statement of the Problem

The current global financial crises are primarily the result of banks and other financial mediators. Some of the primary structural causes of the crises were the depreciation of their asset portfolios, together with dishonest acts of presenting false financial statements and disregard for corporate governance principles, which was primarily brought on by skewed credit management (Sanusi, 2020; Kashif, 2018; Fries, Neven & Seabright, 2022). This makes the investors and public aware that the BODs are mostly to blame for businesses' failures in both developed and developing countries. Indeed, in both rich and emerging economies—especially in Nigeria, the study's base—boards of directors are held accountable for the declining wealth of shareholders. According to Adeyemi & Fagbemi (2018), Ogbonna & Ebimobowei (2018), Ajibolade (2018), they are viewed as the precursor or primary cause of the fraud cases that led to the demise of significant corporations, including the search for managerial positions in the Nigerian companies which include Oceanic Bank plc, Wema Bank plc, Arthur Anderson, Marconi, Parmalat, Tyco International, WorldCom, Global Crossing, NAMPAK, Fin Bank, Spring Bank, Afribank, Intercontinental Bank, Bank PHB, and Cadbury PLC. In light of the aforementioned information, this paper investigates how board composition affects the financial performance of banks in Nigeria with a particular insight of DMB.

Objectives of the Study

The main objective of this study is to examine the impact of corporate board traits and financial performances of quoted DMBs in Nigeria. However, it is set to achieve the following specific objectives:

i. To examine the impact of foreign directors on the financial performance of DBM in Nigeria
ii. To appraise the effect of grey directors on the financial performance DBM in Nigeria
iii. To determine the effect of Executive directors on the financial performance DBM in Nigeria
iv. To evaluate the impact of non-executive directors on the financial performance of DBM in Nigeria
v. To investigate the effect of board diversity (women directors) on the financial performance of DBM in Nigeria

Statement of the Research Hypotheses

In line with the objectives of this study, the following hypotheses have been formulated in null form

Ho_1: Foreign directors has no significant impact on the financial performance of DBM in Nigeria

Ho_2: Grey directors has no significant effect on the financial performance of DBM in Nigeria

Ho_3: Board diversity (women directors) has no significant influence on the financial performance of DBM in Nigeria

Ho_4: Executive directors has no significant impact on the financial performance of DBM in Nigeria

Ho_5: Non-Executive directors has no significant effect on the financial performance of DBM in Nigeria

LITERATURE REVIEW

Corporate Governance

Corporate governance (CG) is the process by which an institution's business activities are controlled and directed, according to the CBN code of CG for banks and other financial organizations in Nigeria. According to Abdullah (2021), CG is a system of guidelines and rewards which is used to guide and regulate an organization's administration. On the other hand, Akpan (2020) highlighted that corporate governance is a set of guidelines that control how businesses are run. Bonn (2021) expanded on the idea that CG is an institutional framework that restrains the abuses of managers in charge. According to Burt (2018), the notion of corporate performance is crucial and pertains to how an organization's financial, human, and machine resources are employed efficiently to accomplish its overall corporate goal. Burgess (2020) explained that CG is a term which covers the general mechanisms by which management is led to act in the best interest of the company owners. Bathula (2018) stated that the whole point of CG is to ensure that the business is run well and investors receive a fair return. A firm is said to have observed corporate governance rules if it is managed with diligence, transparency, responsibility, and accountability aimed at maximizing shareholders' wealth.

A broader or wider rather than a narrow view of CG should be adopted in the banking sector owing to the unique contractual nature of banking which requires the extension of CG benefit to depositors. An organization's ability to use its available resources judiciously and ensure that the providers of economic resources and its managers mutually benefit from the use of the resources is what keeps it in business. Although scholars have differing opinions about how to integrate the concept of governance, ultimately, they tend to point toward the same direction which is to ensure the well-being of the owners of organizations. This broader perspective makes a lot of sense since, in addition to being utilized by owners in business transactions, depositors' money is also used for business investments. This is why a broader perspective is necessary.

Review of related empirical studies

Studies that look at the connection between CG and FP are typically divided into two categories. The first group looks at how certain performance indicators and corporate governance characteristics differ throughout businesses in different industries. Jensen's findings have a significant amount of influence in this field (2020). The second category includes cross-sectional analyses, which examine particular governance factors or proxies in relation to chosen performance metrics over time in a particular industry, like banking. There have been quite a few studies conducted in this second category, some of which are deemed pertinent to the present study.

Board size and financial performance

Board size and the FP of the chosen banks over a five-year period have a negative but significant relationship, according to Beasly's (2019) study on the impact of CG on the performance of the Nigerian banking sector. The study used Pearson Correlation and Regression to analyze the relationship between CG variables and banks' performance. Azmi (2014) looked at the FP and CG of twelve Nigerian banks over a five-year period (2006–2010) and discovered a negative correlation between bank profitability and board size.

But Akpan's (2020) study, which used linear regression analysis to examine eleven Nigerian banks of choice, came to a similar conclusion as Adams' (2020) research, which found that smaller boards considerably and favorably improve performance, and Bathula's (2018) addition that larger boards raise agency costs. According to Burgess (2020), a larger board is preferable to a smaller board because it can force managers to track lower debt costs since creditors view larger boards as more capable of keeping an eye on the accounting process.

This stance is consistent with the results of Burt (2018), who used an econometric model of linear regression to investigate the impact of board size on the performance of ten selected banks over a six-year period (2005–2010). Burt (2018) discovered that an increase in board size improves bank performance. Larger boards are associated with higher levels of efficiency in commercial banks, according to Prakash and Martin's (ND) analysis of corporate governance and efficiency in Nepalese commercial banks.

Board composition and financial performance

According to Bonn (2021), the idea of board composition (BC) is to lessen the agency problem. It follows that a favorable correlation between company success and the percentage of outside directors on the board is anticipated. In the recent past, conflicting empirical evidence regarding the composition of boards has emerged.

Empirical research on the relationship between board makeup and performance has produced a range of findings. There was no discernible correlation between board composition and business performance in Jensen's (2020) analysis of CG and FP on a few Nigerian listed banks from 2000 to 2006. Abdullahi (2021) has also endorsed this result, adding that banks typically perform poorly when there are more external board members.

Regression analysis was used by Prakash and Martin (n.d.) to gather data on twenty-nine (29) Nepalese banks over a six-month period. The results indicate that outside directors had a favorable and significant impact on the performance of the banks. Additionally, Beasly (2019) and Adams (2020) adopt this stance. The CG code places a strong emphasis on having members of the board who are competent, experienced, and have a track record of integrity. According to Apams (2020), a board of directors' capacity to oversee and provide guidance to a company is based on their stature, skill, and expertise. As a result, performance will rise and fraud will decrease.

Chief Executive Officer (CEO) duality and financial Performance

There is duality in the role of the CEO in an organization when the CEO also holds the position of Chairman of the board of directors within the same company. According to Carpenter (2020), who referenced Carello (2018), CEO dualism hinders productive communication between the CEO and the board. Therefore, CEO dualism should be completely prohibited in order to improve performance.

Despite evidence to the contrary, misbehavior and malpractices are still not prevented by having an independent chairman. Dalton (2020) and Eklund (2018) are two studies that looked at the relationship between CEO duality and firm performance. They found a significant relationship, while Examel (2020) found no significant relationship in firms where executive duality and performance were present. Additionally, data from 452 sampled USA public corporations in Forbes' work, which Wright (2021) cites, showed that agency difficulties are more common when the same individual holds both the CEO and Chairman of the Board positions.

Scholars appear to have reached differing conclusions based on the evaluated empirical studies regarding the impact of corporate governance on the performance of Nigerian banks. It makes reasonable for academics to hold the position that a greater board size affects performance. This is due to the fact that adding additional people to the board enhances the bank's managerial capacity by bringing in diverse viewpoints that will help the bank position itself correctly and make a significant contribution to the organization. This study agrees with academics who advocate for more non-executive members of the board, but it also emphasizes how crucial it is that these nonexecutives have the necessary skill and expertise.

Theoretical framework

The stewardship theory

According to Examel (2020), managers are conscientious stewards who strive to achieve high levels of profit and returns for shareholders. The foundation of this theory is the idea that managers are driven by success. This function is better served by NEDs on the board.

The stakeholder's theory

According to this idea, a firm is a system of stakeholders functioning inside a broader social system that supplies the necessary legal and commercial framework for the firm to prosper. In this instance, the company's goal is to assist the broader population, who may interact with it directly or indirectly. The interests of the general public should be prioritized over those of stockholders in management and information dissemination.

Agency theory

This approach regards management as the agents of the shareholders, who act as the principals. Further explanation was provided by Dalton (2020), who stated that agents may pursue interests that could be harmful to the principal's interests when there is knowledge asymmetry. Conflict between the interest groups may arise from the process of bringing these two interests into alignment. In contrast to stakeholder theory, agency theory allows managers to optimize a single principal's goal rather than a number of goals. As can be seen from the above, agency theory provides a realistic explanation of CG and business performance, particularly in the banking industry were safeguarding the interests of absentee owners (shareholders), who also serve as the management's principals, is the cornerstone of CG. This study utilizes agency theory in conjunction with Wright's (2021) theoretical framework to elucidate the relationship between CG and bank performance.

METHODOLOGY

The relationship between financial success and proxies for board traits makes this activity co-relational in nature. All commercial banks quoted in the Nigerian Exchange Group (NGX) make up the study's population while the study period was 2019 – 2023. These banks most have complete data, and their data will be accessible throughout the study duration. The data was analyzed using the generalized least square (GLS) method in accordance with previous research (Gujarati, 2003; Pallant, 2018; Norusis, 2000; Kleinbaum, et al., 1998; as mentioned in Jusoh et al., 2018). This is due to the fact that using the ordinary least square (OLS) estimation method to examine sample data will lead to biased and ineffective conclusions when the data distribution is not uniformly distributed. Therefore, it would be more acceptable to use the generalized least square method of estimate. Additionally, a normality check was performed on the data, and several metrics were converted to logarithms in order to account for the skewed nature of the data. Consequently, the data will be analyzed using multivariate regression, and tests for multicolinearity, homoscedasticity, and linearity will also be conducted.

Model Specification

Two equations make up the econometric model created for this investigation. ROE is used as a performance indicator in the second model, while ROA is used in the first. The ratio of profit after taxes to total assets is used to calculate ROA, and the ratio of profit after taxes to total shareholder funds is used to calculate ROE. The following equations are examined in this study:

Model I: Board traits and ROA of DMBs

ROA = αo + ß1EDit + ß2 INEDit + ß3 WDit + ß4 FDit + ß5GRDit + ß6 FSizeit + Σit

Where:

αo =Intercept/ Constant term

ED=Executive Director

INED=Independent Non- Executive Director

WD=Women Director

FD=Foreign Director

GD=Grey Director

Fsize = Firm Size

Σ=Error term

i= it

Bank t= Bth Period

Model II: Board Traits and ROE of DMBs

ROE= αo + ß1EDit + ß2INEDit + ß3WDit + ß4FDit + ß5GDit + ß6FSizeit + Σit

Where:

αo =Intercept/ Constant term

ED = Executive Director

INED = Independent Non- Executive Director

WD =Women Director

FD = Foreign Director

GD = Grey Director

FSize =Firm Size

Σ =Error term

i = it

Bank t = Bth Period

Lastly, in line with earlier research like Chehaat (2018) and Shehu (2019), the board traits variables, which include EDs, NEDs, WDs, FDs, and GDs, are expressed in proportion to the total number of directors on the board.

RESULTS AND DISCUSSION

This section presents the descriptive and inferential results obtained from the study and findings from the results are discussed on the basis of the literature

The results of the descriptive statistics test using the mean, median, standard deviation, skewness, and kurtosis of the data are displayed in Table 1 above. According to Jusoh et al., (2018) as quoted by Tabachnick and Fidell (2017) asserted that, when the skewness value is zero, and the kurtosis value is larger than or equal to 3, and the mean of the variables is similar to the median value, the population or sample of the study is deemed to be normally distributed. A leptokurtic distribution has a kurtosis larger than 3, while a normal distribution's kurtosis is 3. When the value of kurtosis is more than three, the leptokurtic distribution (larger than 3) has a steeper peak with a lower probability than the normal distribution.

In contrast to leptokurtic and normal distributions, platykartic distributions have a lower and wider peak with a higher likelihood when the kurtosis is less than 3. The results of the diagnostic test, however, showed that none of the variables had mean values that were equivalent to median values. In a similar vein, the variables' skewness and kurtosis values are mixed positively and negatively, indicating that their distributions are skewed to both the left and right sides of the table, with kurtosis values ranging from 0.0002 to 41.0369. Both the positive and negative skewed distributions demonstrate that the risk is less than what the standard deviation indicates, while the negative skewed distribution points to more risk than what the standard deviation indicates. When a distribution is positively skewed, the standard deviation overstates the danger, while when it comes to a negatively skewed distribution, it underestimates the risk.

Table 1: Descriptive Statistics

	Mean	Median	Minimum	Maximum	Std. Dev.	Skewness	Ex. Kurtosis
ROA	0.2042	0.0193	-0.3106	8.8565	1.1055	6.3942	41.0369
ROE	1.0471	0.1152	-3.9432	45.7334	5.6431	6.1611	38.8862
EXD	5.3667	5.0000	2.0000	9.0000	1.5903	0.1291	-0.2607
INED	1.3960	2.0000	0.0000	3.0000	0.9573	-0.4434	-1.1647
GD	6.2067	6.0000	2.0000	10.0000	1.7505	-0.3482	-0.3932
WD	1.7200	1.0000	0.0000	6.0000	1.4615	0.7132	0.0002
FD	1.6267	1.0000	0.0000	8.0000	1.9440	1.2103	0.7042
LSZE	19.4033	19.8093	12.8413	21.9540	1.8476	-1.6184	2.6761
FAGE	5.5000	5.5000	1.0000	10.0000	2.8826	0.0000	-1.2242

Note: *ROA = Return on Asset, *ROE= Return on Equity, ED = Executive Director, INED = Independent non-executive Director, GD = Grey Director, WD = Woman Director and FD = Foreign Director

Source: Author's computations, using EViews10

As a result, 0.2042% is the mean ROA. This indicates that throughout the time under examination, the total assets turned over yielded profits of 20.42%. Likewise, 1.05% is the average ROE. Additionally, the fact that the shareholders' fund yields 105% suggests that the return on the investors' capital has increased by 5%. It indicates that throughout the reviewed year, the shareholder investment gained 5% in value. Over the course of the study, the average values for the following categories: ED, INED, GD, WD, and FD, were 5.37, 1.40, 6.20, 1.72, and 1.63, respectively.

The ROE has a minimum of -3.9431 and a maximum of 45.7334, while the ROA has a minimum of -0.310640 and a maximum of 8.85650. According to the results of the test using descriptive statistics, the ED has a minimum of 20% and a maximum of 90%. Additional factors include the percentage of INED, GDs, WDs, and FDs, with minimum and maximum values of 0%, 20%, 0%, and 0%, respectively, and 30%, 100%, 60%, and 80%. The 0% in this result reflects the fact that certain banks do not have any FD, WD or INED on their boards.

The GD appears as the third contribution to the dependent variable (ROA, ROE), while having the biggest standard deviation among the independent variables, according to the results. The independent INED contributes the most to the other study variables because it has the lowest standard deviation value.

The regression results

The findings of the factors influencing bank performance in Nigeria are provided in this subsection. The Hausman test was used for each regression that was looked at to determine which model to use: fixed effects or random. This helps us choose the fixed effect estimator and reject the random effect. The regression results for the study's independent variables (EXD, INED, GD, WD, and FND) and dependent variable (ROA) are shown in Tables 2 and 3 below. The presentation aligned with the cumulative analysis and the relationship and effect analysis of the independent factors and the study's dependent variable.

$$ROA - \beta_0 \; \beta_1 ED_{it} \; \beta_2 \, INED_{it} \; \beta_3 WD_{it} \; \beta_4 \, FD_{it} \; \beta_5 GD_{it} \; \beta_6 \, FSize_{it} \; \varepsilon_{it} \qquad (1)$$

Table 2: Summary of Regression Result

Variable	Coefficient	Std. Error	t-ratio
Const	0.6132	1.0465	0.586
FD	0.13770*	0.0521	2.641
GD (-1)	−0.1145**	0.0496	−2.307
ED	0.0224	0.0462	0.485
Fsize	−0.0106	0.0509	−0.208
INED	0.0305	0.0829	0.368
ROA (-1)	0.3615*	0.0671	5.388
Diagnostics Statistics			
Adj. R^2:		0.29	
S.E. of regression:		0.815	
DW:		1.82	
F-statistic:			8.321

Note: * and ** represent statistical significance at the 1% and 5% level respectively. Numbers in parenthesisdenote lag length.

Source: Author's computations, using EViews10

The findings in Table 2 above demonstrate that foreign director has a significant t-ratio of 2.6413 and beta value of 0.137696 at 1% when ROA is used as the dependent variable to measure the banks' performance. This suggests that a foreign director significantly improves the performance of Nigeria's quoted DMBs. This indicates that the performance of Nigeria's quoted DMB is significantly impacted by each rise in the number of foreign directors. This gives us evidence to refute the study's first null hypothesis, which holds that a FDs has no appreciable influence on the performance of Nigeria's quoted DMB. The preceding table also gives us the outcome regarding GD's use of ROA as a performance indicator for banks. With a beta value of -0.1145 and a t-ratio of -2.307, the GDs is significant at 2%. This suggests that the performance of Nigeria's quoted DMB is significantly impacted negatively by GD's. This gives us support for the study's second null hypothesis, which holds that the performance of Nigeria's quoted DMB is not significantly impacted by GD's. This indicates that the performance of Nigeria's quoted DMB will decline by -0.02 for each additional GD on the board.

The table's results further demonstrate that the present ROA, which has a beta value of 0.36153 at the 1% significant level and a t-ratio of 5.3877, is positively and significantly impacted by the prior ROA (ROA). This suggests that the asset turnover is valued and that the growth is in line with the asset turnover in the past. Other factors that don't significantly affect quoted DMB performance as determined by ROA are the ED, INED, and WD. The model's R^2 value of roughly 36% indicates that 36% of the variance in the dependent variable can be attributed to the variable that was used. Given that the DW statistics is 1.82, the model also passed the auto correlation test.

$$ROE - \beta_0 \; \beta_1 ED_{it} \; \beta_2 \, INED_{it} \; \beta_3 WD_{it} \; \beta_4 \, FD_{it} \; \beta_5 GD_{it} \; \beta_6 FSize_{it} \; \varepsilon_{it}. \qquad (2)$$

Table 3: Summary of Regression Result

Variable	Coefficient	Std. Error	t-ratio
Const	−3.6990	6.6771	−0.554
FAGE	−0.0263	0.2181	−0.121
ED	0.3070	0.3358	0.914
INED	0.2836	0.6219	0.456
GD	0.3556	0.3090	1.151
WD	−0.1743	0.4278	−0.407
FD	0.6802**	0.3561	1.910
Fsize	−0.0275	0.3107	−0.089
ROE(-1)	0.3306*	0.0750	4.410
Diagnostics Statistics			
Adj. R^2:		0.25	
S.E. of regression:		4.616	
DW:		1.89	
Fstatistic:			4.696

Note: * and ** represent statistical significance at the 0.5% and 1% level respectively. Numbers in parenthesis denote lag length.

Source: Author's computations, using EViews10

The performance of quoted DMB in Nigeria is positively and statistically significantly influenced by FDs at the 1% level, as demonstrated by Table 3, which uses ROE as the dependent variable to quantify banks' performance. This further confirms that the performance of Nigeria's quoted DMB is significantly impacted by each rise in the number of FDs. Additionally, it shows that a rise in the number of FDs corresponds to an increase in shareholder funds. This might be because FD are thought to perform better and benefit the company more because of their knowledge, experience, abilities, and technological proficiency.

Additionally, the findings demonstrate a favorable correlation between 1-lagged and current ROE at the 1% level. This indicates that there is a positive association between the rise in ROE in the past and the current increase in ROE. This shows that from the previous year's financial accounting to the current year's financial period, the value of the shareholders' fund has increased. The growth, stability, and health of shareholders' investments are demonstrated by the fact that the appreciation of their funds in the current year is comparable to that of the prior year.

Other factors that don't seem to have a big effect on ROE are ED, INED, WD, and GD. This gives us proof in favor of the accepting null hypotheses, which state that the performance of Nigeria's DMB is not significantly impacted by the presence of an ED, an INED, a WD, or a GD. The study's findings further confirm that the model's degree of fitness is roughly 0.32%, as indicated by the multiple coefficients of determination, which indicate the percentage of the dependent variable's overall fluctuation that the independent variables collectively explain.
This indicates that the percentage of FDs, EDs, GDs, WDs, and INEDs accounts for 33% of the overall variation in the performance of quoted DMBs in Nigeria. This demonstrates that the independent variables were chosen, merged, and employed appropriately, and that the study's model fits the data. The DW statistics demonstrate that the test for autocorrelation is successful. This indicates that the study's residuals do not autocorrelate.

SUMMARY OF FINDINGS

The study looks at how the success of Nigerian quoted DMBs is affected by the qualities of their boards. The board composition of the chosen banks consists of executive, independent non-executive, grey, woman, and FDs. The study's dependent variable is performance, which is represented by the ratios of profit after tax to total asset and profit after tax to shareholder total fund. Contrary to Horváth and Spirollari's (2020) findings, which indicated that the presence of EDs (insider directors) on the board of directors positively influences FP, the study found that EDs have no discernible impact on the performance of quoted DMB in Nigeria.

In a similar vein, the performance of Nigeria's quoted DMB is not significantly impacted by INEDs. The results of this study contradict those of Dehaene, De-Vuyst, and Ooghe's (2001) investigation, which discovered a strong positive correlation between the number of independent external directors and both ROE and ROA. The results, however, were in line with those of Priya & Nimalathasan (2018), who believe that the INEDs are to be blame for lower FP, which could have a detrimental impact on business performance. The performance of quoted DMB in Nigeria is not significantly correlated with the presence of female directors. This is consistent with research by Rose (2017), Adams, and Ferreira (2020), which discovered no meaningful correlation between firm performance and the presence of female directors on the board. As a result, it runs counter to the research done by Krishnan and Park (2020), who discovered that female directors outperform male directors. Women on boards therefore have a favorable impact on a company's FP.

As a result, the study also demonstrates that FDs significantly and favorably affect performance. This is consistent with the research that Rose et al. (2014) conducted. GDs significantly and negatively affect Nigeria's quoted DMB's performance. In summary, companies with a higher proportion of FDs on their boards are likely to see a significant boost in performance, whereas companies with a higher proportion of GDs on their boards are likely to see a decline in performance. In order to preserve their integrity, reputation, and professional competence, it is advised that the management of Nigeria's quoted DMBs increase the average or number of FDs on the board. These directors have the necessary skills, knowledge, and experience. The FP of the company will increase as a result of the creativity and innovation used to manage the interaction between the boards and stakeholders. The number of GDs on the board should also be decreased to an average of three (3) or four (4), depending on the situation, in order to counteract the detrimental impact on performance.

CONCLUSION

The study examined corporate board traits and FPs of quoted DMBs. It is acknowledged in the study that achieving and preserving public trust and confidence in the financial system requires effective boards and CG processes. They are essential to efficient operation since they impact the success of the banking industry in every nation on the planet. Ineffective boards can result from poor CG, and this can ultimately cause bank collapses. The study findings concluded that performance of quoted DMBs in Nigeria is not significantly correlated with the presence of female directors. This is consistent with research by Rose (2017), Adams, and Ferreira (2020), which discovered no meaningful correlation between FP and the presence of female directors on the board. As a result, it runs counter to the research done by Krishnan and Park (2020), who discovered that female directors outperform male directors. Women on boards therefore have a favorable impact on a company's FP.

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