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BOARD ATTRIBUTES AND FINANCIAL PERFORMANCE OF SELECTED LISTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

The study examined the relationship between board attributes and the financial performance of selected deposit money banks in Nigeria 2013-2022. The banks' annual reports and financial statements were the secondary sources of data. Descriptive and inferential statistics were employed in the data analysis. The study found that the return on assets (ROA) of deposit money bank is positively and significantly correlated with the board size (BZ) and board expertise (BE). While there is a positive correlation between CEO duality (CEOD) and ROA for deposit money banks, the results indicated that this correlation is not statistically significant. The results showed that the return on assets (ROA) of deposit money banks is negatively and insignificantly correlated with gender diversity (GD) and board independence (BI). The study showed that in the Nigerian deposit money banks surveyed, ROA was positively and significantly affected by board size and board expertise. As a result, DMB policymakers should promote the diversification of board expertise by advocating for representation from different sectors, including finance, marketing, technology, and others. This will help to improve strategic decision-making and foster innovation.

Keywords: Board size, Board Independence, Board Expertise, Gender Diversity, Corporate Governance.

1. Introduction

Banks have a vital role in promoting economic growth and stability by collecting deposits and managing debt payments. They also contribute to the stability and effectiveness of the financial system. (Khairullah & Rosita, 2022). Deposit-taking banks play a crucial role in a country's financial system by acting as intermediaries between those who save money and those who borrow money. They also help facilitate commerce and investment and contribute to the overall growth of the economy. Robust corporate governance standards are essential for guaranteeing the stability, integrity, and profitability of DMBs (Agarwal & Srivastava, 2017).

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Everyone from shareholders to regulators to depositors to the economy at large is very interested in how well deposit money institutions are doing financially. Many factors affect how well banks carry out their important role in economic development, but one of the most important is the composition and personality of their boards of directors. Banks' decision-making procedures, risk management strategies, and overall performance are greatly impacted by their corporate governance structure. Establishing the bank's strategic path, ensuring compliance with regulatory requirements, and defending the interests of shareholders, depositors, and other stakeholders are all responsibilities of the board of directors, the highest governing body of a bank. Consequently, it is critical to understand the relationship between the structure and attributes of these boards and the financial performance of deposit money organizations. A company's board of directors is defined by its constitution and the unique traits held by its members. In this setting, characteristics like as a large board, a diverse board, a chief executive officer who also serves as an independent director, and a board with two chairs are all considered. A company's financial success and strategic direction are significantly affected by these characteristics, which are also critical in assessing the effectiveness of corporate governance systems. Factors such as board size, independence, director demographics, and ownership of the firm all have an impact on the board's efficacy and the firm's performance (Bement & Krause, 2021).

In the context of Nigerian sector, several pressing issues and challenges are related to corporate governance. The size of a board of directors can influence its efficiency and effectiveness. An excessively large board might lead to decision-making delays and a lack of accountability, while a too-small board may suffer from a limited range of perspectives. The problem is to determine the optimal board size for Nigerian deposit money banks and how variations in board size affect their financial performance. The issue of board independence is critical in ensuring that deposit money banks adhere to regulatory standards and maintain transparency and accountability. A lack of independence can lead to conflicts of interest and decision-making that favors specific stakeholders over the broader interests of the bank. The problem here is to assess the level of board independence in listed deposit money banks in Nigeria and its implications for regulatory compliance and risk management.

Gender and diversity on boards remain a contentious issue in many industries worldwide, including banking. In Nigeria, there may be challenges related to achieving gender balance and diversity in terms of age, experience, and background. There is a growing concern about the adequacy of expertise and qualifications of board members in Nigerian deposit money banks. Questions arise regarding whether boards are composed of individuals with the necessary knowledge and experience to make informed decisions in an increasingly complex and dynamic financial environment. The problem lies in identifying whether the composition of boards aligns with the specific needs of the banking sector and if the lack of expertise in certain areas hinders effective decision-making. One of the fundamental principles of corporate governance is the separation of powers. When the CEO also serves as the Chairman, there is a lack of independent oversight of the CEO's decisions. This lack of checks and balances can lead to decisions that

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primarily benefit the CEO, rather than the shareholders. The CEO's primary responsibility is to maximize shareholder value, while the Chairman's role is to represent the interests of all stakeholders. When one person holds both positions, there is a potential conflict of interest. The CEO may prioritize immediate profits or personal agendas at the expense of the company's long-term well-being. CEO duality can result in a centralized power structure, wherein the CEO wields excessive control over the company's operations and strategic direction. This autocratic leadership style might stifle innovation and discourage dissenting opinions within the organization, limiting the company's ability to adapt to changing market conditions.

The importance of board qualities in shaping a company's financial performance has been well-recognized in previous studies. Ibitamuno et al. (2018) looked at the relationship between corporate governance and the 2012–2016 performance of banks in Nigeria. The results showed that ROA was negatively affected by board size and the number of non-executive members, and positively affected by the presence of executive members when it came to bank performance. Owiredu and Kwakye (2020) looked at how Ghanaian banks fared financially after implementing corporate governance norms. According to the results, there is a positive and statistically significant relationship between the size of the board of directors and the ROA and ROE of Ghanaian banks. Additional data on how corporate governance affects the efficiency of Ghanaian banks was provided by Gyamerah (2020). According to the results, banks' performance suffers when the size of their boards increases. Furthermore, banks' performance is negatively affected by the combination of foreign ownership and having two chief executive officers. The Return on Assets (ROA) was unaffected by CEO duality, while the Cost-income ratio (CIR) was significantly affected. Regardless, ROA and Corporate Internal Rate (CIR) are significantly and favourably affected by board autonomy.

There has been conflicting research on the relationship between corporate governance and the success of banks. Ibitamuno (2018) covered the years 2012–2016, Owinedu & Kwakye (2020) covered the years 2007–2016, Gyamerah (2020) covered the years 2005–2015, and Appah (2022) covered the years 2010–2020. A fresh investigation on the relationship between board traits and financial performance in the banking sector is required to fill these gaps. Policymakers and practitioners in different fields can learn from this study. The board composition and financial results of selected Nigerian deposit money banks are the subject of this research. The years 2013–2022, inclusive, make up the time frame. The following basic questions are intended to be explored in this study: How do differing board sizes affect the bottom lines of Nigerian deposit money banks? In Nigerian deposit money institutions, how does board independence affect their bottom line? How does gender diversity affect the profitability of Nigerian deposit money banks? How do Nigerian deposit money banks do financially in relation to competence? How does having a chief executive officer and a chief financial officer affect the bottom line of Nigerian deposit money banks? Improving the stability, transparency, and competitiveness of the Nigerian banking system requires addressing the challenges related to board qualifications in the business. That is why we're testing the following possibilities in our investigation: Nigerian deposit money banks' financial

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success is unrelated to changes in board size, according to statistical analysis. The financial success of Nigerian deposit money institutions is not correlated with board independence, gender diversity, board expertise, or CEO duality, according to the same statistical analysis.

2. Literature Review

2.1 Conceptual Review

2.1.1 Concept of Corporate Governance

The concept of corporate governance pertains to the mechanisms and frameworks by which the operations and management of organisations are guided and overseen, to enhance the long-term value for shareholders (Agwor & Amuchechukwu, 2020). Corporate governance refers to a comprehensive range of actions implemented within an organisation to address the interests of economic actors involved in the productive process, to generate an organisational surplus, and establish equitable distribution among stakeholders (Tornyeva & Wereko, 2012). Corporate governance is widely recognised as an effective system for safeguarding and enhancing the relationship between corporate management and shareholders. Its primary function involves monitoring management operations, which in turn mitigates the agency problem and ultimately enhances firm performance (Husanaini & Basuki, 2020; Adel et al., 2019). Corporate governance in Nigeria, as in other nations, encompasses the structures, procedures, and methodologies by which firms are managed and supervised. The framework facilitates the equilibrium of various stakeholders' interests within a corporation, encompassing shareholders, management, consumers, suppliers, financiers, government, and the community.

2.1.2 Board Attributes

According to Appah and Tebepah (2023) and Musa and Onipe (2023), numerous factors influence the make-up, organisation, and functioning of a company's board of directors. Among these considerations are the following: the number and composition of the board, the diversity of its members, the degree to which members are independent of management, the breadth and depth of their knowledge in the relevant industries, and the specific nature of their roles and duties in governance. The characteristics of a board have a major influence on the overall efficiency and effectiveness of a company's operations and governance. Characteristics of the board are an important part of corporate governance since they affect the firm's performance and stability (Olaoye et al., 2022).

2.1.2.1 Board Size

Board size pertains to the numerical count of directors that comprise a company's board. The optimal board size is a subject of debate and can differ based on criteria such as industry, firm size, and ownership structure (Peter et al., 2022). Increasing the size of the board can offer a broader array of knowledge and viewpoints, thereby improving the process of making decisions and supervising activities. Nevertheless, an unduly large board might impede effective communication and decision-making, resulting in inefficiencies. Conversely, a smaller board can be more agile and enable effective decision-making, but it may not have the range of perspectives needed for

strong governance. Deciding on the ideal board size necessitates taking into account the distinct demands and conditions of any firm. When making decisions, it is important to examine factors such as the complexity of the business, the stage of development of the organization, the desired level of diversity, and the governance duties imposed by relevant legislation and standards. Companies may also periodically assess and modify their board size to correspond with changing requirements and goals (Jonah, 2023; Irom et al., 2019).

2.1.2.2 Board Independence

If the majority of a board of directors does not have any monetary ties to the firm or its executives, then the board can be considered independent. It is believed that independent directors will act impartially and put shareholder interests first (Adegboyegun & Igbekoyi, 2022). Incorporating these persons into the boardroom can improve corporate governance effectiveness by bringing new talents, specialised expertise, and outside viewpoints. Independent directors can help reduce the possibility of bias and increase board responsibility in a variety of settings. In order to ensure effective decision-making, fair supervision, and protection of shareholder interests, independent directors play a crucial role. Because of its independence, the board is able to make choices that are transparent, fair, and ultimately beneficial to the business.

2.1.2.3 Board Diversity

According to Adegboyegun and Igbekoyi (2022), there are various aspects to consider when it comes to board diversity, including gender, ethnicity, age, and professional background and experience. The quality of decisions and the management of risks are both improved by having a board that includes members from a variety of backgrounds and experiences, since this increases the breadth of perspectives, expertise, and experience. Having board members from different walks of life increases the likelihood that the board will challenge existing conventions, foster innovation, and adapt to the ever-changing corporate environment, according to the research. Due to its ability to enhance board performance and financial success, gender diversity has recently attracted a lot of attention (Musa & Onipe, 2018; Haruna et al., 2019; Adebayo et al., 2023).

2.1.2.4 Board Expertise

Directors' unique sets of skills, knowledge, and experience makeup what is known as "board expertise" (Peter et al., 2022). The company's operations, objectives, and challenges are addressed by the specific domains of specialised knowledge and industrial abilities. The effectiveness of decision-making, risk reduction, and general governance of the organisation is enhanced by having board members with diverse experiences (Odhiambo, 2021). To ensure effective monitoring and governance, the competence and skill of board members are crucial.

2.1.2.5 CEO Duality

According to Musa and Onipe (2023), when one individual holds the roles of both chief executive officer and chairman of the board, this practice is known as CEO duality. This organisational setup has the chief executive officer (CEO) serving as both the head of management and the chairman

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of the board of directors of the organisation. In order to provide a system of checks and balances inside the company, the roles of chief executive officer and chairman have historically been separated. According to Ugwu et al. (2021), the chief executive officer is in charge of running day-to-day operations and making big-picture decisions, while the chairman oversees the board and makes sure that good governance practices are put into place.

2.1.3 Financial Performance

One way to measure a company's success is by looking at its financial statements and key performance indicators (Dagunduro et al., 2022). This indicator measures the efficiency with which a business brings in money, keeps expenses in check, turns a profit, and benefits its shareholders and other stakeholders. When we look at financial performance, we can see how well the business is doing financially and how efficient its operations are by looking at various financial indicators and figures. For stakeholders to make informed decisions, including investors, shareholders, and lenders, it is vital to assess the financial performance (Kolawole et al., 2023).

2.1.3.1 Return on Assets (ROA)

Return on Assets (ROA) is a financial indicator that assesses a deposit money bank's capacity to earn profits from its overall assets. The metric is determined by dividing the net income by the total assets and presenting the result as a percentage.

.2.1.4. Conceptual Framework

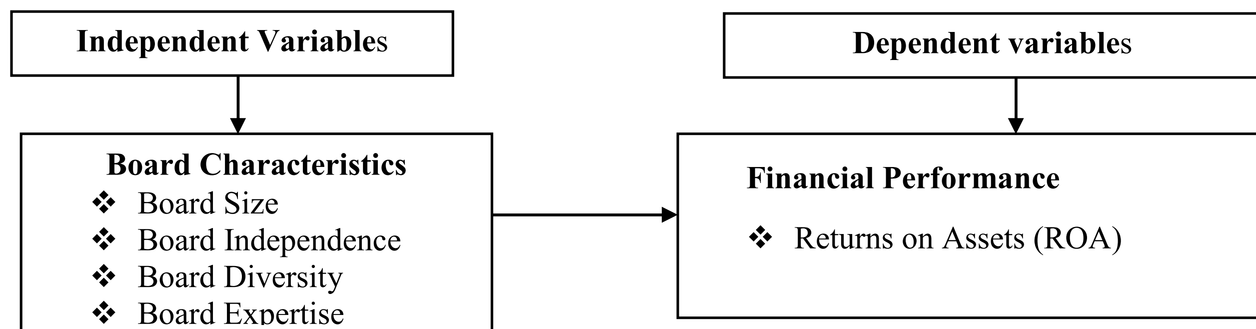

Figure 2.1

Source: Authors' Design (2024)

2.1.4 Theoretical Framework

Stakeholders Theory

Freeman (1984) popularized the term stakeholder. Freeman defines a stakeholder as "any group or individual that can influence or is impacted by the organization's goals." Multiple experts have further developed the theory over the years. The stakeholders' theory is a managerial and ethical framework that proposes businesses should take into account the concerns and interests of all their stakeholders, rather than solely focusing on shareholders when making decisions. This idea asserts that firms should consider the needs, concerns, and interests of multiple stakeholders, including employees, customers, suppliers, communities, and the environment, in addition to shareholders.

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The size of a corporate board can influence how well an organization incorporates stakeholder interests into its decision-making processes. A larger board may have a broader range of perspectives and voices, which could be beneficial in representing diverse stakeholder interests (Akinleye et al 2019). Independence can enhance the board's ability to consider stakeholder interests and hold management accountable objectively. The expertise and experience of board members in relevant domains can be valuable in addressing stakeholder concerns. For example, having directors with expertise in environmental issues can help a company address environmental stakeholder interests. Expertise can lead to informed decision-making and strategies that align with stakeholders with the expected positive effect on financial performance. (Olaoye et al, 2019).

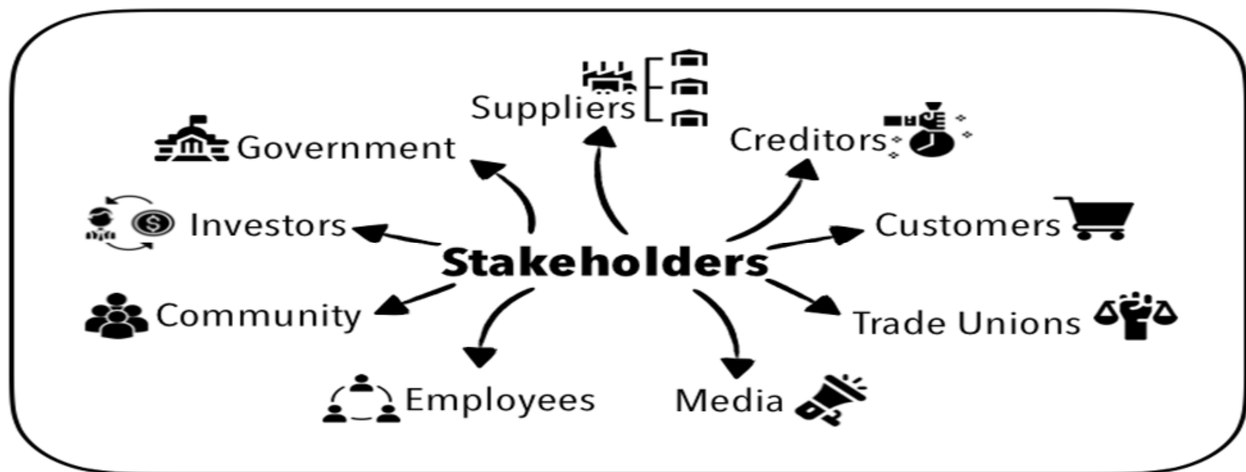

Fig. 2.3 Stakeholders Theory

Source https://alicebrazao.com/

2.1.5 Empirical Review

A study conducted by Akinyomi and Olutoye (2015) examined the relationship between corporate governance and the profitability of Nigerian banks. The study contained three measures of corporate governance mechanism: board makeup, board size, and directors' interests. The audited financial statements of the selected banks were analyzed to extract pertinent information. The regression analysis results indicated a positive correlation between board composition and profitability, as well as between board size and profitability. However, these associations were not statistically significant. Furthermore, there is an insignificant correlation between directors' interests and profitability in Nigerian banks. The study's findings suggest that in order to avoid turmoil in the banking industry, it is advisable to conduct regular reviews of the corporate governance standards to ensure they align with contemporary social, environmental, technological, and economic conditions.

Over the seven (7) years after consolidation, Abdulazeez et al. (2016) examined the effect of corporate governance on the financial performance of all deposit money banks listed in Nigeria. The investigated banks' annual reports and financial records were combed through for quantitative

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data. The study found that Nigerian deposit money institutions' financial performance is positively and significantly affected by board size. Following the maximum limit specified by the code of corporate governance, the study recommended that banks increase the size of their boards.

The effect of corporate governance on the financial performance of Nigerian banks from 2012 to 2016 was studied by Ibitamuno et al. (2018). Board size, executive and non-executive members, interest rate margin, profit level, and Return on Asset (ROA) are some of the corporate governance proxies that were culled from information kept by 15 Nigerian deposit banks and the Central Bank of Nigeria (CBN). Next, the panel approach was used to analyse the data. No significant relationship was found between the variances in bank performance and any of the corporate governance variables. This data demonstrates that the effect of corporate governance on the efficiency of Nigerian banks is small. The results show that banks' return on assets (ROA) is negatively affected by board size and the participation of non-executive board members. On the flip side, the research shows that banks perform better when executive board members are present.

Sani et al. (2019) looked at how corporate governance affected the bottom lines of Nigerian deposit money institutions. Secondary data for this research came from 2011–2018 annual reports of deposit money banks traded on the NSE. They used a purposive sampling strategy to get the data. We used the panel regression method to examine the gathered data. Corporate governance significantly affects the financial performance of Nigerian deposit money institutions, according to the findings. Wald x2's statistically significant p-value of 0.0000 and coefficient of 10.92 at the 5% significance level lend credence to this. With a coefficient of 2.1903 and a p-value of 0.943, when looking at specific aspects of corporate governance, we find that having a co-CEO does not significantly affect ROA. However, at the 5% level of significance, a p-value of 0.0000 and a coefficient of 10.958 indicate that management equity holding significantly impacts ROA. The research concluded that corporate governance significantly affects the profitability of specific Nigerian banks.

Owiredu and Kwakye (2020) studied how Ghanaian banks fared financially after implementing corporate governance norms. Information for the study came from the chosen banks' 2007–2016 annual reports and financial statements. A random effects model was employed for the data analysis. According to the results, there is a significant relationship between the size of the board and the financial performance of Ghanaian banks as measured by ROA and ROE. Additionally, the research found that financial performance, as measured by ROA and ROE, was significantly and favourably correlated with foreign ownership. Return on assets (ROA) and return on equity (ROE) for the Ghanaian banks studied were not significantly correlated with board independence or institutional ownership.

2.1.6 Gaps in the Reviewed Literature

The effect of corporate governance procedures on banking sector financial performance has been the subject of conflicting conclusions in empirical research. Some research finds statistically

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significant correlations between specific governance measures and financial outcomes, whereas other research finds no such correlations at all. Corporate governance and financial success may have different relationships in different countries due to differences in legislation, banking practices, and sample makeup, among other contextual considerations.

From 2012 to 2016, the scope was covered by Ibitamuno (2018), 2007 to 2016, Gymerah et al. (2020) from 2005 to 2015, and 2010 to 2020 by Appah (2022). This knowledge gap has to be filled by conducting a fresh study on the correlation between banking sector board qualities and financial performance; the results would be useful for practitioners and policymakers in other industries as well. There needs to be an updated examination because subsequent governance challenges have surpassed the study's time frame. Selected Nigerian deposit money banks' board characteristics and financial results are the subject of this research. From 2013 to 2022, it spans a whole decade.

3. Methodology

3.1 Research Design

This research uses panel data collected over a ten-year period (2013–2022) and an ex-post facto research design. All deposit money banks listed on the Nigerian Exchange Group as of 31 December 2022 make up the population of this study. There were a total of 32 banks that were designated as deposit money banks back then. These banks cut across banks with international operating license National operating license and regional operating license. The sample size is eight (8) deposit money banks in Nigeria. These banks are First Bank Holding, Union Bank, United Bank for Africa (UBA), First City Monumental Bank (FCMB), Fidelity Bank, Access Bank, Guaranty Holding (GTB), and Zenith Bank. The sampling technique employed in this study is purposive and stratified sampling. These are deposit money banks with international authorization. Data from the annual reports of the selected banks were used the purpose of analyses.

3.2 Measurements of Variables

Operationalization, Description and Measurement of Variables

SN	Variable	Acronym	Role	Measurement	Source
1	Financial Performance	FP	Dependent		
1	Return on Assets	ROA	Dependent	Earnings after tax / total asset	Adebayo et al. (2020)
2	Board Attributes	BDC	Independent		
2a	Board Size	BZ	Independent	Total members of the board of directors.	Ugwu et al. (2021)
2b	Board Independence	BI	Independent	Measured as the number of indep-directors and non-executive directors to the total number of directors (ratio)	Olaoye et al. (2020)
2c	Board Expertise	BE	Independent	The number of directors with a	Nwonyuku (2016)

				minimum of first degree or professional qualifications to a total number of directors on the board as at the period ended. (ratio)	
2d	Gender Diversity	GD	Independent	The number of female representations on the board with total number of directors (ratio)	Adegboyegun and Igbekoyi (2022)
2e	CEO Duality	CEOD	Independent	Dummy: Variable 1 where the same person is serving as chairman and CEO. 0 where the roles are separated.	Musa and Onipe (2023)

Source: Authors' Design (2024)

3.3 Model Specification

This study built on the work of Ahmed (2019) to examine how the board attributes influence the financial performance of Deposit Money banks in Nigeria.

$FP = B_0 + B_1BSIZE + B_2BINDE + B_3BEXPT + B_4BGEND + B_5CEOD + \varepsilon\ it$

The model was slightly modified as follows:

$ROA = B_0 + B_1BSIZE_{it} + B_2BINDE_{it} + B_3BEXPT_{it} + + B_4BGEND + B_5CEOD + \varepsilon\ it$ (1)

Where:

FP = Financial Performance

ROA = Return on Assets

BZ = Board Size

BI = Board Independence

BE = Board Expertise

GD = Board Gender Diversity

CEOD = CEO Duality

ε it = Error term

β0 = Intercept

β1, β2, β3, β4 = The Coefficients of the unknown variables

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The *a-priori* expectation = β1, β2, β3, > 0, the implication of this is that a positive relationship is expected between the explanatory variables and the explained variable.

4. Results and Discussion of Findings

4.1 Descriptive Statistics

Table 4.1 shows that the average asset return is 1.82%. The median asset return is 1.38%. A maximum return on assets of 5.62%. and the lowest asset return is 0.07%. The standard deviation is 1.18%. Right-skewed return on assets distribution is shown by 1.37 positive skewness. Return on assets is leptokurtic with wider tails and a sharper peak than a normal distribution with 4.43 kurtosis. A non-normal asset return distribution is indicated by the Jarque-Bera statistic of 31.69 and probability approaching 0. Average equity return is 13.60%. The median equity return is 13.96%. This indicates a symmetric return on equity distribution. The largest return on equity is 32.08%. Performance is lowest in the dataset at 0.58% return on equity. The standard deviation of 7.07% indicates moderate return on equity variability throughout the dataset. The right-hand positive skewness of 0.34 suggests that there are slightly more data points with lower returns and fewer with higher returns.

Boards size average 15 members. The median is close to the mean, indicating a symmetric board size distribution. The maximum board size is 25 and the smallest board size is 8 members. The dataset's standard deviation of 3.20 implies board size fluctuation. A positive skewness of 0.25 implies a minor right skewness, indicating that smaller board sizes have more data points than bigger board sizes. The board size distribution has somewhat heavier tails and a sharper peak due to its 2.92 kurtosis. The Jarque-Bera statistic of 0.84 and probability of 0.66 show that board sizes follow a normal distribution. The average level of board independence is approximately 0.575. The median board independence is 0.55, around the mean. The distribution of board independence values appears symmetric. The dataset's highest board independence is 0.9, demonstrating that some boards are quite independent. Some boards in the dataset have poor board independence since the minimum is 0.35. Board independence levels vary across the dataset, as seen by the standard deviation of 0.117. The positive skewness of 0.682 shows a right skewness, suggesting more boards with greater independence levels. Board independence values have larger tails and a sharper peak than a normal distribution because of their slightly leptokurtic kurtosis of 2.713. The Jarque-Bera statistic of 6.468 and the likelihood of 0.039 indicate that board independence deviates from a normal distribution statistically.

The average board expertise is 1.05. This shows that the dataset's boards are generally knowledgeable. The median board expertise is 1.00, the minimum value. This implies that at least half of the boards are experts. The greatest board expertise recorded is 1.33 and the lowest board expertise was 1.00. The standard deviation of 0.083 implies that board expertise levels vary minimally throughout the dataset. The right-skewing positive skewness of 1.63 suggests that more boards have better expertise than lower ones. Kurtosis of 4.81 shows a leptokurtic distribution of board expertise levels, with bigger tails and a sharper peak than a normal distribution. The Jarque-

Bera statistic of 46.48 and probability of 0.000 suggest that board expertise deviates significantly from the normal distribution. The average gender diversity is 0.245. The median gender diversity is 0.25, close to the mean. The distribution of gender diversity values appears symmetrical. The dataset's highest gender diversity is 0.81, indicating that some boards are gender diverse. Minimum gender diversity is 0, suggesting some boards may have no gender diversity. The standard deviation of 0.153 indicates moderate gender diversity variability throughout the dataset. The positive skewness of 0.774 shows a small right skewness, suggesting more boards with more gender diversity than lower ones. The gender diversity values distribution is leptokurtic, with heavier tails and a sharper peak than a normal distribution, due to its 4.28 kurtosis. This indicates a higher possibility of extreme values or peaked distribution. The Jarque-Bera statistic of 13.28 and probability of 0.00131 show that gender diversity deviates from a normal distribution.

The average occurrence of CEO duality is 0.125. This suggests that, on average, CEO duality is relatively low across the dataset. The median occurrence of CEO duality is 0. This indicates that the majority of observations likely have separate individuals serving as CEO and chairperson of the board. The results suggest that CEO duality is relatively low on average across the dataset, with a majority of observations having separate individuals serving as CEO and chairperson of the board. CEO duality can have implications for corporate governance and decision-making processes. While some argue that CEO duality can lead to more efficient decision-making and streamlined communication, others argue that it may lead to conflicts of interest and reduced oversight. Organizations may need to carefully evaluate the implications of CEO duality on their governance structure and consider implementing mechanisms to ensure effective oversight and accountability, regardless of whether the roles are combined or separate. Additionally, given the deviation from normality indicated by the Jarque-Bera test, it's important to use appropriate statistical methods that do not rely on normality assumptions when analyzing CEO duality data.

Table 4.1 Descriptive Statistics

	ROA	BZ	BI	BE	GD	CEOD
Mean	0.018163	14.92500	0.575133	1.049945	0.244715	0.125000
Median	0.013783	15.00000	0.550000	1.000000	0.250000	0.000000
Maximum	0.056167	25.00000	0.900000	1.333333	0.810000	1.000000
Minimum	0.000741	8.000000	0.350000	1.000000	0.000000	0.000000
Std. Dev.	0.011807	3.201167	0.116505	0.083058	0.152887	0.332805
Skewness	1.366855	0.247813	0.681554	1.632655	0.773672	2.267787
Kurtosis	4.425776	2.924038	2.713233	4.811664	4.280211	6.142857
Jarque-Bera	31.68668	0.838052	6.467667	46.48126	13.27599	101.4966
Probability	0.000000	0.657687	0.039406	0.000000	0.001310	0.000000
Sum	1.453018	1194.000	46.01063	83.99564	19.33251	10.00000
Sum Sq. Dev.	0.011012	809.5500	1.072294	0.544993	1.823195	8.750000
Observations	80	80	80	80	80	80

Source Computation from E View

4.2 Correlation Analysis

With a coefficient of -0.574, BZ has a moderately negative correlation, as shown in the correlation matrix found in Table 4.2. The moderate positive correlation between BZ and Gender equality is 0.364502, the moderate negative correlation between BZ and CEO duality is -0.381512, and the weak positive connection between BZ and board expertise is 0.176685. There is a moderate positive association between BI and CEOD (0.509), which means that more board independence is linked to more CEO duality. The statistically insignificant associations between BI and BE (0.012) and GD (-0.139) are minimal.

All of the other variables (BZ, BI, GD, and CEOD) have weak and statistically insignificant relationships with BE. According to the given correlations, board expertise does not appear to have a significant association with the other variables. There is a moderate positive association between GD and BZ (0.365), which indicates that bigger boards typically have more gender diversity. Greater gender diversity is correlated with fewer instances of CEO dualism, according to a slight negative association between GD and CEOD (-0.291). Statistically insignificant weak associations (-0.139) and (0.324) between GD and BI and BE.

Greater board sizes are linked to less instances of CEO dualism, as seen by the moderate negative correlation between CEOD and BZ (-0.382). Higher degrees of CEO dualism are linked to lower levels of board independence, according to the substantial positive association between CEOD and BI (0.509). As previously stated, CEOD and GD exhibit a slight negative association of -0.291. CEOD and BE have a weak negative association of -0.232, which does not reach statistical significance.

Variance inflation factors indicate that there is no problem of multicolliarity in the independent variables Overall, the correlations provide insights into the relationships between board size, board independence, board expertise, gender diversity, and CEO duality. These relationships can be valuable for understanding corporate governance dynamics and may guide decision-making in board composition and governance practices.

Table 4.2: Correlation Matrix

Variables	BZ	BI	BE	GD	CEOD
BZ	1.000000				

BI	-0.574146	1.000000			
	0.0000	-----			
BE	0.176685	0.012025	1.000000		
	0.1193	0.9162	-----		
GD	0.364502	-0.139288	0.324219	1.000000	
	0.0010	0.2209	0.0036	-----	
CEOD	-0.381512	0.509031	-0.232360	-0.290576	1.000000
	0.0005	0.0000	0.0393	0.0094	-----

Source: Authors computation from EViews

Table 4.3: Variance Inflation Factors

Variable	Coefficient Variance	Centered VIF
C	0.000336	NA
BZ	2.59E-07	1.727759
BI	0.000187	1.875529
BE	0.000232	1.190133
GD	7.53E-05	1.295684
CEOD	1.84E-05	1.513263

Source: Authors' computation from EViews

4.3 Panel Data Regression Analysis

Table 4 shows the diagnostic tests used to choose the best model to explain the parameters studied in this investigation. Diagnostic tests including Hausman and Breusch-Pagan LM Lagrange Multiplier tests suggested the fixed effect model (FEM) was best. Based on probability values of 0.0446 and 0.0197, both below 0.05, this conclusion was drawn. The Arellano-Bond serial correlation and Heteroskedasticity LR Test p-values were above 0.05, indicating that heteroscedasticity and serial correlation do not alter the model. Results show that Board size (BZ) has a coefficient of 3.270405. While leaving all other factors constant, ROA increases by 3.27 units for every unit rise in BZ. The coefficient is statistically significant at 5% with a p-value of 0.0227, according to the t-statistic. While holding other parameters constant, a one-unit increase in Board independence (BI) is related with a 0.0044-unit drop in ROA. At 5%, the coefficient is not statistically significant due to a p-value of 0.6306. Board expertise (BE) coefficient is 0.001143. The expected gain in ROA for every unit increase in BE is roughly 0.0011 units, holding all other factors constant. The coefficient has a 5% significance level (p-value = 0.0139). For every unit gain in gender diversity (GD), the Return on Assets (ROA) is anticipated to reduce by about 0.0108 units, while all other factors remain unchanged. Since the p-value is 0.1913, the coefficient is not statistically significant at 5%. While holding other parameters constant, a one-unit increase in CEO duality (CEOD) predicts a 0.0008-unit increase in ROA. Due to its 0.7488 p-value, the coefficient is not statistically significant at 5%.

With an R-squared value of 0.835905, it implies the independent variables explain nearly 83.6% of the variance in the dependent variable. Overall, the significance of the regression model is evaluated by the F-statistic. The F-statistic is 28.01710 and the associated probability is incredibly low at 0.000000. Even if it's not particularly high, the Durbin-Watson statistic of 1.532222 indicates that the residuals have positive autocorrelation.

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Table 4.4: Fixed Panel Data Regression Analysis

	Fixed Effects Model		
	Coef.	t-value	P-value
C	0.023821	1.782514	0.0793
BZ	3.270405	0.097404	0.0227
BI	-0.004366	-0.483158	0.6306
BE	0.001143	0.108550	0.0139
GD	-0.010751	-1.320304	0.1913
CEOD	0.000822	0.321586	0.7488
R-Square	0.835905		
Adj. R-Square	0.806069		
F-statistics	28.01710		
P-Value	0.000000		
Durbin-Watson stat			1.5322
Hausman Test (p-value)			0.0446
Breusch-Pagan LM Lagrange Multiplier Test (p-value)			0.0197
Heteroskedasticity LR Test (p-value)			0.1085
Arellano-Bond Serial Correlation Test (p-value)			0.5119

Source: Author's Computation 2024

Discussion of Findings

$H0_1$: There is no significant effect of board size on the financial performance of deposit money banks in Nigeria.

Board size positively affects the Return on Assets (ROA) of selected Nigerian Deposit Money Banks. The coefficient has 5% statistical significance. So, we reject the null hypothesis. Larger boards are associated with higher ROA. Larger boards provide additional perspectives, better decision-making, and more efficient supervision, improving firm success. This analysis supports Abdulazeez et al. (2016) and Owiredu and Kwakye (2020) conclusions that board size improves bank financial performance in Nigeria and Ghana. This study shows that Board size increases Deposit money institutions' Return on Assets (ROA) in Nigeria, contrary to Ibitamuno et al. (2018).

$H0_2$: There is no significant effect of board independence on the financial performance of deposit money banks in Nigeria.

Financial performance is negatively affected by board independence (BI), however the effect is not statistically significant. It appears that there was insufficient evidence to reject the null hypothesis at the 5% significance level, as indicated by the increased p-value. This study's conclusions are in line with those of Akinyomi and Olutoye (2015), who found no evidence of a correlation between the make-up of a board and financial success. The results are in line with those of Owiredu and Kwakye (2020), who found a positive association between independent boards and financial performance in Ghanaian banks, but the correlation was not statistically significant.

H0₃: There is no significant effect of board expertise on the financial performance of deposit money banks in Nigeria
This research shows that Deposit Money Banks (DMBs) in Nigeria benefit greatly from competent boards when it comes to their financial success. The null hypothesis is rejected. The results of Sani et al. (2019) and Owiredu and Kwakye (2020) corroborate this analysis, showing that corporate governance has a significant impact on firm performance.

H0₄: There is no significant effect of Gender equality on the financial performance of deposit money banks in Nigeria
Deposit Money Banks (DMBs) in Nigeria do not show a significant correlation between gender diversity on boards and their financial performance. Therefore, the null hypothesis is not rejected. The results of this research agree with those of Ibitamuno et al. (2018).

H0₅: There is no significant effect of CEO duality and financial performance of deposit money banks in Nigeria
There is a non-significant effect of having a co-CEO on the bottom line of Nigerian deposit money banks (DMBs). Therefore, the null hypothesis is not rejected. Consistent with previous research, this study finds that having a co-CEO does not significantly affect ROA (Sani et al., 2019; Owiredu Kwakye, 2020)

Conclusion and Recommendations
The study's findings indicate that there is a clear and meaningful correlation between the size of the board and the Return on Assets (ROA) of the selected Deposit Money Banks in Nigeria. The study suggests that larger boards contribute to a wider range of viewpoints, enhanced decision-making, and more efficient supervision, resulting in enhanced business performance. Policymakers in the DMBs have the ability to promote the expansion of the board and guarantee that it does not negatively impact efficiency or the ability to make decisions quickly. Board Independence (BI) has a negligible impact on financial performance, albeit it is not statistically significant. Policymakers may propose legislation that encourage boards to maintain a balance between independence and industry experience, in order to promote effective oversight while not impeding strategic decision-making. This study demonstrates that there is a favorable and substantial impact of board expertise on the financial performance of Deposit Money Banks (DMBs) in Nigeria. Therefore, the study recommended that policymakers should promote the

diversification of board expertise by advocating for representation from different sectors, including finance, marketing, technology, and others. This will help improve strategic decision-making and foster innovation. The presence of gender diversity on boards does not have a substantial influence on the financial performance of Deposit Money Banks (DMBs) in Nigeria. Policymakers should contemplate implementing measures to foster gender diversity on boards, acknowledging the possible advantages such as enhanced decision-making and representation of stakeholders.

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