Corporate Board Diversity and Performance of Deposit Money Banks in Nigeria

Ogboi Charles PhD., Aderimiki Victor Opemipo &

Enilolobo Oluwafemi Sunday PhD

Department of Economics, Accounting & Finance
Bells University of Technology
Ota-Ogun State

Abstract

This study investigated the relationship between corporate board diversity and performance of quoted deposit money banks in Nigeria. The aspects of board diversity studied consist of gender diversity, ethnic diversity, board composition, and foreign directorship. Return on asset (ROA) and Tobin Q were used as performance indicators. The fixed effect Generalized Least Square Regression was used to examine the effect of board diversity on bank performance for the period: 2011-2015. Results showed that gender diversity and board composition was positively linked to financial performance, while ethnic diversity and foreign directorship were not significantly related to financial performance. The results also revealed that ethnic diversity is positively related to market performance, while board composition and foreign directorship are negatively related to market performance. The study recommends among other things, that there should be more representation of female directors on corporate boards and that hiring of foreign directors should be discouraged by Deposit Money Banks in Nigeria.

Keywords: **Corporate, board diversity, performance, Nigeria**

Introduction

The dynamic nature of the banking business environment coupled with the risk and uncertainties in the industry has made it difficult to forecast and manage the factors that influence performance (Rivard, Bland & Morris, 2003). Stakeholders at all levels have become more demanding, which have necessitated the need to explore every possible strategy that may increase performance. Corporate scandals and collapse of large organizations like Enron, WorldCom, Rank Xerox, Parmalat, Bank of Credit and Commerce International (BCCI), and the large scale crisis that rocked the Asian and African financial institutions brought researchers attention to the effect of board characteristics on performance of firms (Clarke, 2004). In Nigeria, the examples of corporate failures are better seen in the recent failures of Intercontinental Bank Plc and Oceanic Bank Ltd.

The caliber and type of individuals that should form corporate board of directors is being debated by the academia and policy makers. Though, a lot of studies (Hermalin & Weisbach, 2003; Cheng, 2008; Duchin, Matsusaka, & Ozbas, 2010) amongst others have empirically investigated the effect of various board characteristics on firms performance, it has been argued that empirical research conducted so far lacks longitudes in terms of years covered (Finegold, Benson, & Hecht, 2007), the results are unconvincing as they are not consistent (Hermalin & Weisbach, 2003; Finegold et al., 2007) and can hardly be interpreted in any fundamental way because of methodological issues (Duchin, Matsusaka, & Ozbas, 2010). Trend from the changes and reviews of corporate governance codes reveal that there is a need to continuously investigate characteristics of boards that will improve performance and reduce corporate failures and scandals. For example, the Security and Exchange Commission (SEC) in 2003, put forward that, the financial sector attracted poor corporate governance due to the fact that, only about 40% of quoted companies, including banks had recognized codes of corporate governance in place. Consequently, in 2003, a Code of Best Practices on Corporate Governance for public quoted companies was released by the Nigerian Securities and Exchange Commission (SEC). However, in 2006, the consolidation of the banking industry necessitated a review of the existing code for the Nigerian Banks. The new code therefore was developed to compliment the earlier ones and enhance their effectiveness for the Nigerian banking industry. Compliance with the provisions of the Code was mandatory. Again, in advancement of the banking reforms, the CBN in May 2010, issued guidelines to address some corporate governance issues not expressly addressed in the initial code of corporate governance, like the tenure of the chief executive officers (CEO).

The Nigerian scenario suggests that there is a continuous need to look into board characteristics and identify what are essential for improved performance. Prior empirical studies on board characteristics have yielded different results (Hermalin & Weisbach, 2003). Researchers in Nigeria (Adeusi, Akeke, & Aribaba, 2013: Adebayo, Ayeni, & Oyewole, 2013) have focused on characteristics such as board size, CEO duality, audit committee, and ownership structure. Very little attention has been given to board diversity in relation to gender, ethnicity, or nationality.

This study set out to empirically examine the relationship between corporate board diversity and performance of deposit money banks in Nigeria. The area of attention would be the relationship between corporate board diversity and financial and market performances. Specifically, this study intends to provide answers to the following questions;

a. What is the relationship between gender diversity and the financial and market performance of deposit money banks in Nigeria?
b. Is there any relationship between ethnic diversity and the financial and market performance of deposit money banks in Nigeria?
c. What is the effect of board composition on the financial and market performance of deposit money banks in Nigeria?
d. What effect does foreign directorship have on the financial and market performance of deposit money banks in Nigeria?

The study specific objectives are to: determine the relationship between gender diversity and the financial and market performance of deposit money banks in Nigeria; examine the relationship between ethnic diversity and the financial and market performance of deposit money banks in Nigeria; determine the effect of board composition on the financial and market performance of deposit money banks in Nigeria; examine the effect of foreign directors on the financial and market performance of deposit money banks in Nigeria.

Literature Review

There are several theories that explain the relationship between board diversity and corporate performance. Some are in support of diversified corporate boards while some others are opposed to board diversification. The proponents of diversified corporate board anchored their argument on the principle of fairness, equity and social justice. While the opponents of corporate board diversification argued that diversified board could result to conflict of interest and bureaucratic bottlenecks thereby drag decision making process. Examples of corporate board theories reviewed from extant literature are; Agency theory, resource dependent theory, similarity attraction theory, and information and decision making theory.

The argument of the agency theory is that the manager's act out of self-interest and are self centered, thereby, giving less attention to shareholder interests. Basing their argument on the theory, Carter, Simkins, and Simpson (2003) suggest that a more diverse board may be a better monitor of managers because board diversity increases its independence although they are also of the opinion that the theory does not provide a clear prediction of the link between board diversity and financial performance.

The notion of the resource dependent theory is that directors bring different resources and linkages to the board, and board composition and diversity should therefore be adjusted to the specific needs of the firm. The theory provides the basis for some of the most convincing theoretical arguments for a business case for board diversity (Carter et al., 2010). The theory suggests that the type of diversity that will be beneficial for a firm vary based on country, industry, or culture.

However, Murphy and Mclntyre,(2007) opined that the similarity- attraction theory is relevant to board studies. When directors hold similar views on contentious social issues, they are more likely to be attracted to each other and less likely to create conflict. On the other hand, information and decision making theory explains that their behavior is dependent on the information available to such individual. The theory supports the view that the degree of diverse experience positively influences group performance (carter et al, 2010). After a comprehensive review of various theories related to corporate board diversity, the theoretical underpinning for the purpose of this study is the resource dependent theory.

Empirical Literature

The variety in the composition of board is viewed as board diversity. Composition of the boards could be according to gender, nationality, age of the directors, or ethnicity. While studying the impact of board on strategy, Stiles (2001) documented that diversity in board related to gender, race and nationality, might enhance access to critical resource, which suggest a positive impact of board diversity.

Existing empirical literature on the relationship between gender diversity and firm performance are inconclusive. For example, Westphal and Milton (2000), Carter, Simkins and Simpson (2003), Mutua (2013), Garba and Abubakar (2014), found in their various study, a positive link between gender diversity and firm performance. However, Bohren and Strom (2007), Rose (2007), Adams and Ferreira (2009), Daunfeldt and Rudholm (2012), found that gender diversity do not significantly contribute to firm performance. Also, findings on the relationship between firm performance and ethnic diversity appear to have mixed outcome. Carter et al., (2003), Carter et al., (2007), Ujunwa, Okoyeuzu, and Nwakobi (2010), Ujunwa, (2012), all found positive contribution of ethnic diversity on performance of firms. In contrast to this, Marimuthu and Kolandaisamy (2009), Carter et al (2010), Mutua (2013), Garba and Abubakar (2014), found that ethnic diversity do not significantly increase performance. There are variations in the result of studies on board composition and firm performance. Maina (2005), Ghabayen (2012), Adeusi, Akeke, Aribaba, and Adebisi (2013), Garba and Abubakar (2014), all found negative contribution of board composition on firm performance while Adebayo, Ayeni, and Oyewole (2013) reported a significantly positive relationship between board composition and firm performance. Similarly, existing literature on the effect of foreign directors on the performance of firms have produced divergent result, while, Ujunwa, Okoyeuzu, and Nwakobi (2010), Giannetti, Liao, and Yu (2012) found positive relationship, Masulis, Wang and Xie (2011), on the other hand found a negative contribution of foreign directors on performance of firms.

A survey of empirical literature on the effect of various components of board diversity showed that while a lot of studies have been conducted to test the existence or otherwise of a significant relationship, these studies are quite mixed and suffer from the methodological problem. Also, most of these are cross-country studies whose results are unique and applicable to the country where the research was carried out. In Nigeria, most studies have been focused on investigating the impact of various board characteristics on performance without considering the impact of board diversity in terms of gender, ethnicity, and nationality on the performance of deposit money banks. In light of this backdrop, this study intends to fill existing gap by assessing the effect of board diversity in terms of gender, ethnicity, independence, and nationality on the performance of deposit money banks in Nigeria.

Data and Methodology

This chapter of the research covers the methodology adopted for the study, the sources of data, variable selection and justification, method of data analysis, model specification and a priori expectation.

Model Specification

The model used for this study is adopted from Kim and Lim (2010) who carried out a similar study on the relationship between the diversity of independent non-executive directors and firm performance in South Korea. The functional model is given as:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + C_{it} + \mu_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where:

Y= a proxy for firm performance, β_0 = Intercept, β_1 = Vector of coefficients of board diversity, X_1= Vector of the measures of board diversity, β_2 =Vector of the coefficient of control variables, X_2 = the vector of control variables, C is a unit-specific error component, μ = is the remaining error component, Subscripts i and t refer to each firm i in year t.

The econometric model is stated as follows;

$$ROA_{it} = \alpha_0 + \alpha_1 GEN_{it} + \alpha_2 ETH_{it} + \alpha_3 BDC_{it} + \alpha_4 FRGN_{it} + \alpha_5 LEV_{it} C_i + \alpha_6 FGE_{it} C_i + \mu_{it} \ldots\ldots\ldots\ldots (2)$$

$$TOBIN\ Q_{it} = \beta_0 + \beta_1 GEN_{it} + \beta_2 ETH_{it} + \beta_3 BDC_{it} + \beta_4 FRGN_{it} + \beta_5 LEV_{it} C_i + \beta_6 FGE_{it} C_i + \mu_{it} \ldots\ldots\ldots\ldots (3)$$

Where:

α_0, and β_0 are intercept; GEN is a proxy for gender diversity; ETH represents ethnic diversity; FRGN represents foreign directorship; BDC represent board composition; LEV represent leverage - control variable; FGE represents age of firms – control variable; ROA represents return on asset; TOBIN Q represents Tobin Q; Ci is a unit-specific error component; μ is the stochastic error term.

Variable measurement and a priori expectation

Variables	Measurement	A priori expectation
ROA	Return on Asset, a proxy for financial performance, measured as the ratio of earnings before interest and tax to average total asset.	
TOBIN Q	Tobin Q, a proxy for market performance, It is measured by dividing year-end market capitalization by the book value of total assets.	
GEN	Gender diversity, measured as the percentage of female directors on a board.	+
ETH	Ethnic diversity, measured as a dummy variable taking the value of 1 if the board consists of both Northerners and Southerners in Nigeria, and 0 if not.	_ +
BDC	Board composition, measured as the proportion of non-executive directors to total board size.	+
FRGN	Foreign directorship, measured as the percentage of foreign directors on a board to total board size.	_
LEV	Leverage, a control variable, measured as the ratio of total debt to total equity.	+
FGE	Firm age, a control variable, measured as the number of years since incorporation.	_

Source: Author's compilation, 2018

Method of Data Analysis

The Generalized Least Square (GLS) is adopted for this study. It is a technique for estimating the unknown parameters in a linear regression model. The GLS regression is preferred over pooled OLS regression due to the important assumptions of homoskedasticity and absence of serial correlation usually associated with pooled Ordinary Least Square (Wooldridge, 2002; Dougherty, 2007). A GLS regression is more suitable in that it corrects for the omitted variable bias, autocorrelation and heteroskedasticity in a time series data. This methodology allows researchers to examine variations among cross-sectional units simultaneously with variations within individual units over time (Gaur & Gaur, 2006). It assumes that regression parameters do not change over time and do not differ between various cross-sectional units, thereby, enhancing the reliability of the coefficient estimates.

Data Analysis and Results Interpretation

In this section, the study provides two types of data analysis; namely descriptive analysis and inferential analysis. The results are also discussed.

Descriptive Statistics

Table 1: Descriptive Statistics

	GEN (%)	*ETH*	*BDC (%)*	*FRGN (%)*	*FGE*	*LEV*	*ROA*	*TOBIN Q*
Mean	0.175	0.842	0.635	0.099	44.57	9.756	1.070	0.129
Median	0.175	1.000	0.630	0.000	26.00	6.550	1.335	0.080
Maximum	0.430	1.000	0.910	0.580	121.0	191.2	5.000	1.120
Minimum	0.000	0.000	0.420	0.000	20.00	0.450	-7.880	0.020
Std. Dev.	0.094	0.366	0.107	0.135	30.49	22.31	2.122	0.150
Skewness	-0.162	-1.884	0.679	1.453	1.280	7.854	-1.790	4.374
Kurtosis	2.789	4.550	3.120	4.628	3.385	64.26	7.989	28.31
Jarque-Bera	0.436	48.42	5.430	32.37	19.56	11667.3	109.9	2092.9
Probability	0.803	0.000	0.066	0.000	0.000	0.000	0.000	0.000
Observations	70	70	70	70	70	70	70	70

Source: Author's computation, 2018

The descriptive statistics of the variables used in the analysis of the sample was very crucial for the study. Table 1 presents the descriptive statistics of the data series used in the analysis, the mean shows that female directors have 17.5% representation on corporate board of deposit money banks in Nigeria. This is considered low compared to male directors who occupy 82.5%. The result shows that females are under-represented on the corporate boards of deposit money banks in Nigeria. This result is similar to the work of Garba and Abubakar (2014) who found that female directors account for just 9.5% of the total directors in listed insurance companies in Nigeria. Ujunwa, Okoyeuzu, and Nwakoby (2012) in a gender study of Nigerian firms found that for every female director, there are 22 male directors.

The mean of foreign directors is 9.9% indicating that 90.1% of the total directors of quoted deposit money banks are Nigerians. Result from Garba and Abubakar (2014) shows that only 7% of the total directors in the insurance sector are foreigners but the impact of this variable on the performance of Deposit Money Banks can only be verified from inferential results. Ethnic diversity has a mean of 84% which shows that 84% of deposit money banks in Nigeria have both northerners and southerners present on their board. Ujunwa, Okoyeuzu, and Nwakoby (2012) in a similar study found that 77% of firms in their observation have ethnically diffused boards, while about 33% of the boards are homogeneous in terms of ethnic diversity.

The mean of board composition shows that non-executive directors occupy 63.5% of the boards of deposit money banks. Garba and Abubakar (2014) found that non-executive directors occupy 75% of the total directors in the insurance sector. The skewness is a measure of the asymmetry of the probability distribution of a real valued random variable about its mean. The skewness value can be positive or negative, or even undefined. From skewness, the study observed that foreign directorship and board composition are positively skewed while ethnicity and gender diversity are negatively skewed. Kurtosis indicates how the peak and tails of a distribution differ from the normal distribution. It provides useful information about the symmetrical nature of the probability distribution of the various series as well as the thickness of the tail.

Result of Generalized Least Square Regression (GLS)

This segment presents and discusses the results from the panel estimation based on the Generalized Least Square Regression. Result from the generalized least square (GLS) regression shows that when return on asset was used as dependent variable, leverage shows a negative and insignificant contribution to the financial performance of deposit money banks in Nigeria. Firm age on the other hand showed a positive but insignificant relationship with the financial performance of deposit money banks in Nigeria. The R-squared for return on asset is 79.0 percent. Deductively, the corporate board diversity components (gender diversity, ethnic diversity, board composition, and foreign directorship) are responsible for 79.0 percent of the variation in return on asset. However, the result for leverage on market performance shows a negative and significant relationship indicating that using debts to finance investment reduces the market performance of deposit money banks in Nigeria. Significant level is at 1%. Firm age also showed a negative and significant result indicating that the higher the age of deposit money banks, the lower the market performance. Significant level is at 5%. The R-squared for market performance is 85.0 percent and adjusted R-squared is 80.0 percent. Deductively, the corporate board diversity components (gender diversity, ethnic diversity, board composition, and foreign directorship) are responsible for about 80.0 percent of the variation on Tobin Q.

Note: **, * significant at 1% and 5% respectively.

Relationship between Gender Diversity and Bank Performance in Nigeria

Table 2 reports the Generalized Least Square (GLS) regression result of the relationship between corporate board diversity components and financial performance of deposit money banks in Nigeria. Result shows that gender diversity have a positive and significant contribution to financial performance of deposit money banks. The positive result is consistent with the resource dependence theory and human capital theory who offer the most support for a positive link between gender diversity and firm performance. Resource dependent theory states that gender diversity can improve the information provided by the board to managers due to the diverse information held by the directors. Also, diverse directors provide access to important communities in the external environment and bring unique perspective and non traditional approach to problems as they are less likely to be insiders or business experts.

Table 2: Generalized Least Square Regression Result for Return on Asset (ROA)

VARIABLE	COEFFICIENT	STD. ERROR	T-STATISTICS	PROB
C	-10.649	5.761	-1.848	0.070
GEN	0.040**	0.010	3.968	0.000**
ETH	-0.242	0.283	-0.855	0.396
BDC	3.574**	0.575	6.213	0.000**
FRGN	-1.286	1.454	-0.884	0.380
LEV	-0.010	0.007	-1.376	0.174
FGE	0.221	0.116	1.894	0.063
R^2	0.793			
ADJ R^2	0.714			
F-STATS	10.109			
PROB(F-STAT)	0.000			
DURBIN-WATSON	1.966			

Source: Author's computation, 2018.
Note: **, * significant at 1% and 5% respectively.

This result is consistent with the earlier findings by smith, smith and verner (2006), Jurkus, park and Woodard (2008), Mutua (2013), Garba and Abubakar (2014) but is in contrast to the findings of Bohren and strom (2007), Rose (2007), Dezco and Rose (2008). Scholars like Carter, Simkins and Simpson (2003), Farrell and Hersch (2005), Brammer, Millington and Pavelin (2007) that have found positive contribution of gender diversity to financial performance have associated it to industries that are considered to be close with end customers like banking, retailing, media and utilities. This positive result can also be attributed to some female characteristics such as communication skills. Women are better listeners than men, and this is exactly the skill that is most critical for managing an organization. Also, Bart and McQueen (2013) explained that women are naturally more risk averse and therefore less inclined to go along with bet-the-company strategies, thereby reducing the risk of bankruptcy. However, table 4 shows that gender diversity is negative and does not significantly affect the market performance of deposit money banks in Nigeria. This is consistent with the result of Adams and Ferreira (2009), and Letting (2010). Supporting this suggestion Ahern and Dittmar (2012) found same results in Norwegian context.

The Relationship between Ethnic Diversity and Bank Performance in Nigeria

Generalized Least Square regression result also shows that the contribution of ethnic diversity to financial performance is negative but statistically insignificant. The result is consistent with the findings of Marimuthu and Kolandaisamy (2009) but is inconsistent with the findings of Carter *et al*., (2007), Ujunwa, Okoyeuzu, and Nwakobi (2010). However, using market performance as dependent variable, table 3 shows that ethnic diversity is positively significant with market performance.

Table 3: Generalized Least Square Regression Result for Tobin Q (TQ)

VARIABLE	*COEFFICIENT*	*STD. ERROR*	*T-STATISTICS*	*PROB*
C	0.547	0.104	5.246	0.000
GEN	-0.052	0.070	-0.747	0.458
ETH	0.043**	0.015	2.740	0.008**
BDC	-0.133*	0.052	-2.541	0.014*
FRGN	-0.073**	0.022	-3.269	0.002**
LEV	-0.0003**	7.29E-0	-4.895	0.000**
FGE	-0.007*	0.002	-2.641	0.011*
R^2	0.853			
ADJ R^2	0.797			
F-STATS	15.335			
PROB(F-STAT)	0.000			
DURBIN-WATSON	2.176			

Source: Author's computation, 2018.
Note: **, * significant at 1% and 5% respectively.

This show support for the human capital theory which is of the view that ethnic diversity brings about a diverse and unique stock of knowledge, habits, social and personality attributes and creativity which will boost performance. The result is in agreement with the work of Ujunwa, (2012). The significant relationship between ethnic diversity and market performance can be associated to the fact that the directors of ethnically diverse boards have different ways of thinking and can thus analyze a matter at hand from a variety of perspectives. This is hard to achieve when directors belonging to the same culture are asked to analyze the same matter. Directors coming from different cultures have different experiences, which can be beneficial to the organisation by providing the organization with a sound and vast knowledge base thereby increasing their market performance. Adler (2002) argued that cultural diversity helps in the expansion of an organizations perspective, approach, strategic tactics, lunch of a new product, development of a marketing plan, creation of a new idea, design of a new operation, and assessment of emerging trends.

The Relationship between Board Composition and Bank Performance in Nigeria

Board composition reveals positive and significant contribution to financial performance. The result support the agency theory perspective which suggests that presence of more independent directors may be a better monitor of managers because such diversity increases director's independence. This is consistent with the research of Adekunle and Aghedo (2014) but against the findings of Maina (2005), and Ghabayen (2012). The positive contribution to financial performance can be attributed to important trait of non-executive directors which is to constructively challenge board decisions and think of alternative ways to approach a problem or an innovation that the board has never considered. Also, networking with professional advisors and other industry connections can be a very time consuming job for the executive directors. A non-executive director on the other hand has spent a career making these connections and in most cases can offer relevant contact to go along with their own experience. The relevant contacts includes lawyers, accountants, funders and industry contact who may boost sales and open doors which are not open to the business thereby increasing the financial performance of the business. However, generalized least square result for market performance (Tobin Q) show a negative significant contribution indicating that as the number of non-executive director's increase, the market performance of deposit money banks in Nigeria reduce. This finding is consistent with the work of Ghabayen (2012), and Adeusi, Akeke, Aribaba, and Adebisi (2013).

The Relationship between Foreign Directors and Performance of Deposit money banks in Nigeria

Generalized Least Square estimate of the relationship between foreign directorship and financial perfornance shows a negative and insignificant result. Similarly, the estimate of the relationship between foreign directorship and market performance shows that as the number of foreign director's increase, the market performance of deposit money banks in Nigeria significantly reduce. This shows support for the social psychological theory, which is of the opinion that foreign directors may promote creative and innovative ideas but decision making may be slower and more conflicted. This negative result is consistent with the work of Masulis, Wang and Xie (2011) who also reported negative result especially in those cases, when the foreign director's home region is not represented significantly in the firm's operations. This negative contribution can be associated with several reasons. For example, having a foreign director on the board substantially increases oversight cost, since making on-sight visits and attending board meetings become difficult and time consuming. This undermines a director's ability to gather information and closely monitor management. Also, foreign directors are cut off from local networks that provide valuable information. They have less access to current information about the company's board on which they sit, and thus may be less able to stay well informed about the companies' current operations and performance. Again, foreign directors are likely to be less familiar with Nigeria's accounting rules, laws, regulations, governance standards, and management methods, making it more difficult for them to evaluate managerial performance or challenge managerial decisions. These considerations suggest that presence of foreign directors weaken a boards monitoring effectiveness, and thus lead to greater agency problems between managers and shareholders and ultimately, poorer firm performance (Masulis, Wang & Xie, 2011).

Conclusions

The study reveals that gender diversity significantly contributes positively to financial performance. However, using market performance as dependent variable, result shows a negative and insignificant effect of gender diversity on market performance of deposit money banks in Nigeria. This is consistent with the result of Adams and Ferreira (2009), and Letting (2010).

The study also reveals a positive but insignificant contribution by ethnic diversity on financial performance of deposit money banks in Nigeria. The result is consistent with the work of Marimuthu and Kolandaisamy (2009). On the other hand, using market performance as dependent variable shows that ethnic diversity positively and significantly contributes to the market performance of deposit money banks in Nigeria. The result is in agreement with the work of Ujunwa, (2012).

Another finding from the study is that board composition is positive and significantly related to financial performance indicating that more representation of non-executive directors on corporate boards will significantly increase their financial performance. However, market performance (Tobin Q) show a negative significant contribution indicating that as the number of non-executive directors increase, the market performance of deposit money banks in Nigeria reduce. This finding is consistent with the work of Ghabayen (2012), and Adeusi, Akeke, Aribaba, and Adebisi (2013).

Furthermore, foreign directorship and financial performance shows a negative and insignificant result. Similarly, the estimate of the relationship between foreign directorship and Tobin Q shows that as the number of foreign directors increase, the market performance of deposit money banks in Nigeria significantly reduce. This negative result is consistent with the work of Masulis, Wang and Xie (2011).

Recommendations

Based on our findings and conclusions from our study, the following recommendations are made. The current study recommends that female gender should be considered in directorship positions since they are proved statistically to boost the financial performance of deposit money banks in Nigeria. It is therefore recommended that a policy that will mandate female representation in corporate board of deposit money banks in Nigeria be formulated as this will increase performance thereby reducing financial crisis of banks. Based on our findings that combination of northerners, south-westerners and south-easterners on the corporate board of deposit money banks increases market performance, the study recommends that policy makers should formulate policies that will inculcate ethnic diversity into the director appointment process of deposit money banks in Nigeria. The study found that presence of non-executive directors increase financial performance but reduce market performance significantly. Based on this, it is recommended that deposit money banks should maintain appropriate combination of the two types of directors based on their current need which could be either to increase the financial performance or market performance. The study also recommend that policies that mandate more representation of non-executive directors on corporate boards should be reviewed as result have shown that this has a negative effect on market performance. Finally, foreign directorship was found to negatively contribute to the performance of deposit money banks in Nigeria. It is therefore recommended that deposit money banks in Nigeria appoint qualified Nigerians on their corporate board of directors and policy makers should restrict the appointment of foreign directors in the banking sector.

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