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# BOARD DIVERSITY AND FINANCIAL PERFORMANCE OF QUOTED FIRMS IN NIGERIA

OWOLABI, T.J. (PhD)

Department of Business Administration and Marketing
Babcock University, Nigeria
Mobile line: +08034013301
&
BAMISAYE, T. O.

Department of Accounting
Faculty of Management Sciences
Ekiti State University, Ado Ekiti
&
EFUNTADE, A. O.

Bursary Department
Federal University Oye-Ekiti
Oye-Ekiti, Nigeria
&
EFUNTADE, Omotayo Olubunmi

Department of Economics
Faculty of Social Science
Federal University Oye-Ekiti, Nigeria

**Abstract**

This study examined the diversity and financial performance of the board of directors of Nigerian citation companies. The purpose of this study is to examine the relationship between board diversity variables and the financial performance of Nigeria's cited manufacturers. The board diversity variables used were board independence, board gender diversity, and board size, financial performance was measured by after-tax profit, and company size was a control variable. Was included as. The study extracted data from the financial statements of 10 Nigerian citations. The data were analyzed using post-hoc estimation tests such as the restricted F-test and Hausmann test, as well as correlation and panel regression analysis including random effects, fixed effects, and pooled OLS. As a result, board independence, board gender diversity, and board size have a positive impact on the after-tax profits of selected listed companies in Nigeria, but with little impact. Became clear. Therefore, the study concluded that there is a slight positive link between the diversity of the Nigerian board of directors and the financial performance of listed companies. Therefore, the level of diversity of the board of directors of Nigerian citation companies needs to be improved. This can improve the decision-making process needed to maintain financial performance.

**Keywords:** board diversity, financial performance, quoted firms, Nigeria

## Introduction

Board diversity has taken a significant place in the field of corporate governance today. This is because board diversity is viewed as an apparatus for a solid inward control framework as it expands proficient and powerful dynamic exercises of the board of directors in the corporate organisation. Board of directors' name, administer and compensate top directors in organisations notwithstanding methodology detailing (Campbell and Minguez, 2010). Diversity advances the utilitarian capacity of the board, especially it is capacity to take part in complex critical thinking, vital dynamics, and the executives observing (Forbes and Milliken, 1999 referred to in Augustine, Ifeoma and Charles, 2012). Carter, D'Souza, Simkins and Simpson (2007) additionally believed that a more assorted board can settle on choices dependent on the assessment of more choices contrasted with a more homogenous board. Through board diversity, the board of directors is empowered with constituencies of society and equality of representations such that the board can deliver services with fairness and bring forth a fair outcome to all the stakeholders of the organization (Brammer, 2007; Augustine, Ifeoma and Charles, 2012).

The requirement for board diversity is extremely pivotal for executives and investors. Board diversity amid components resolves issues on executive versus non-executive directors, sexual orientation and race of directors, the instructive foundation of director among others inside an organisation (Ferreira, 2010). Diversity on a board urges firms' to oversee significant partners and is focused on advancing ethnic diversity and figuring strategies that will secure minority directors on the board. The acknowledgment of gender diversity on the board of directors can offer many advantages for the females at work and just as give a model understanding that are past men (Ahmad, 2017). Board diversity which incorporates individuals from various foundations, races, identity, ethnicity, abilities and experience, religion and sexual orientation is said to work on hierarchical worth and performance by furnishing the board with novel bits of knowledge and points of view, upgraded imagination and developments and results in successful critical thinking capacity (Lincoln and Adedoyin, 2012). Shafique, Idress, and Yousaf (2014) said that there are some boards' diversity systems and builds, for example, the board size, board creation, board training level, boards sexual orientation diversity, non-executive directors, executive director which at last contribute towards the firm performance and achievement.

As the leader of an organization rest on the board of directors, any form of inefficiency and ineffectiveness in their operations and activities affect the organization and its stakeholders such as employee, shareholders, managers and customers and even the nation of residence. According to Sixths, Samuel and Shukriyya (2019), board directors are the governing forum of an organization that needs to be assessed as any can lead to negative performance and other forms of corporate failure. This corporate disappointment can be related to the absence of legitimate oversight capacities by the board of directors who are burdened with the obligation of giving the correct heading, administration and the executives over the elements (Garba and Abubakar, 2014). In the interim, it is normal that board diversity as far as sexual orientation, freedom, ethnicity among others improves the tasks of the board directors towards accomplishing the ideal aftereffect of the organisation without irreconcilable circumstance (Kang, Cheng and Gray, 2007; Ferreira, 2010). In any case, boards will in general produce clashing assessments, crash prompting wasteful and insufficient dynamics, which can diminish firm financial performance.

Available studies in the field of corporate administration identifying with board diversity and financial performance in Nigeria zeroed in significantly on the quoted financial area, particularly, cash store banks. These investigations examined board diversity and firm performance in Nigeria (Ilaboya and Ashakofe, 2017), customer merchandise industry (Aifuwa, Musa, Gold and Usman, 2020), oil and gas area (Ruth and Korolo, 2017), building material organizations (Sabo, 2018). The review found that there is no investigation of board diversity focusing on the manufacturing industry. Therefore, this study will assess the relationship between board diversity variables and the financial performance of quoted manufacturing industry in Nigeria.

## Conceptual Review

### *Board Diversity*

Board of Directors Diversity is the diversity of a company's board of directors. Coffey and Wang (1998) characterize the diversity of the board as an individual contrast of the board. Van der Walt and Ingley (2003) found that the assortment of board diversity arrangements ranged from women, ethnic and racial minorities (non-Anglo-Australian individuals) on the board. Heterogeneity was characterized (Wang and Cliff, 2009) Board diversity involves bringing together characters with different ethnic foundations, cultures, educational abilities, genders, abilities, and perspectives to lead to a huge number of important issues (Society for Corporate Governance in Nigeria, 2014).

Within this definition are two basic categories: board diversity, specifically demographic diversity and cognitive diversity. Nüesch (2009) described demographic diversity as being identified by the recognizable or immediately noticeable nature of the director incorporating race, identity, ethnicity, gender, and age, but Mansoor, Ali. , Ali, Ali, (2013) identify cognitive diversity as undetectable. Or the directors' obscure traits, such as informative, practical and word-related foundations, industry experience, and authoritative participation. Similarly, Kang, Cheng and Gray, (2007) proved that board diversity has two structures, which are prominent and less obvious. Detectable diversity remembers racial/identity, ethnic base, gender, and age diversity. Again, the less noticeable diversity remembers the diversity of industry experience, guidance, utilitarianism and word-related foundations, and hierarchical registration.

In light of the classes of board diversity, there are various proportions of board diversity which incorporates gender diversity, ethnic diversity, identity diversity, board autonomy, board instructive diversity, board age diversity among which coming up next were examined.

### Board Gender Diversity

The percentage of women who add up to the board size is used as the percentage of the board's gender. Boards are usually made exclusively for men. Having women on the board promotes gender diversity. Individuals on the women's board are widely accepted to be more autonomous because they are not part of an organization of men and women of all ages (Carter, Simkins and

Simpson2003). Rynan and Haslam (2005) argue that in the slump situation, women must be placed in an authoritative place. The impact is that investors can see the presence of women on the board, which can lead to major changes that can then lead to more prosperity in the prosperity of the organization and higher stock costs. Diversity is believed to affect hierarchical value and performance as a whole, providing new experiences and perspectives (Huse and Solberg, 2006) and responding to different partners' portrayals of value and dignity.

**Board Independence**

Board independence is a range of contrasting board free or non-leader directors and an absolute number of directors. The internal director is the additional supervisor, the director, and the external director is the non-administrator. Among the external directors are associate directors and autonomous directors. A partner director is a non-worker director who has an individual or business relationship with an organization, and a free director is a director who has no individual or business relationship with an organization. Without freedom, non-leader directors cannot do their jobs practicably and make fair decisions (Naseem, Xiaoming, Riaz, and Rehman, 2017). A non-director is an external director independent of the organization. According to a review by Ogbechie and Koufopoulos (2010), non-executive directors are implied as autonomous directors because they have no personal or business relevance to the organization. This means that a non-executive is not a representative or individual of an intimate group of investors, but a director who has no business relationship with the organization and is a leading, except for the seats of the management committee.

**Financial Performance**

Barney, Mackey, and Tyson (2007) characterized financial performance as an action in which an organisation uses its resources to complete an organization's tasks and earn a living. Financial performance can be used to determine the overall financial potential of an organization and analyze the performance of different organizations over a particular period of time (Bekele, 2013). As Demsetz and Lehn (2004) show, financial performance estimates the organisation's strategies and tasks in monetary terms, expressed in terms such as company profits from speculation, resource returns, and additional valuations. That is included. The limits and ability of a company to use its resources to generate revenue from its essential business practices portray its general financial well-being. Financial performance is characterized as an emotional percentage of how well a company can utilize resources from its essential business practices to generate revenue. The term is also prepared to meet that arrangement, as is the overall proportion of a company's overall financial well-being over a particular period, and its long-term financial commitment to provide immediate types of support. Used as an ability (Meckling, 2000).

Financial performance is supposed to be a multi-layered idea (Santos and Brito, 2012). Financial performance is essentially illustrated in yield terms as the achievement of measured targets. Firm performance is multidimensional speculation that comprises of four parts (Alamet, 2011): Human asset execution, containing representative satisfaction; firm productivity, for instance, an ideal opportunity to showcase, level of development, and inventory network flexibility; customer based performance and the item or administration execution; financial and monetary performance, including returns, market position, income, bringing in per offer and money to-cash

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process duration. Franco-Santos (2007) contended that financial performance is generally meant by financial proportions which are considered as a significant financial pointer that can be utilized by diverse financial data clients.

These financial proportions can be ordered into liquidity proportions movement (functional) proportions, benefit proportions, obligation proportions and market proportion. Regularly, financial performance is estimated as far as productivity proportions like profit from the resource, return on value, benefits after charge, procuring per offer and profits from speculation among others. Nonetheless, the most generally utilized financial performance measures in the part of board diversity remember to return for resource and return on value. For example, studies directed by Sixtus, Samuel and Shukriya (2019), Bukar, Musa and Ahmed (2020), Turkur, and Bilikisu (2014) and Araoye and Olatunji (2017) among others utilized to profit from resource and return on value as proportions of financial performance. Studies like Marwa, Amon, Xiahui and Hadia (2017) and Imade (2019) utilized just profit from a resource while Ahmadu (2017) utilized just profit from value as a financial performance measure.

**Board Diversity and Financial Performance**

Agency theory is related to the theory developed by Jensen and Mecklings (1976). The theory depends on the relationship of the head specialist. Previous agency scholars (Demsets and Len, 1985; Jensen and Meckling, 1976 and Fama and Jensen, 1983) recommended having a viable corporate management framework, including the establishment of a presidency. As Fama and Jensen (1983) show, the board of directors is one of the few major systems for managing and screening managers and plays an important role in an organization's management strategy. The Supreme Committee plans to handle agency issues between directors and investors (Dang, Nguyen, Vo, 2013). According to agency theory, the board of directors (BOD) interfaces managers and investors and solves agency problems. Agency theory supports the designation and convergence of controls on the chief board and the use of reward driving forces. The Supreme Committee selects experts through communication and details, research and reviews, code and strategy execution. Agency scholars acknowledge that the essential duty of the board is to choose a director to protect investors from irreconcilable situations (Shleifer and Vishny, 1997). The director board is claimed to be a fundamental component in monitoring and managing leaders in pursuing the benefits of damaging investors' wealth (Hillman and Dalziel, 2003; Darko, Aribi, and Uzonwanne 2016)

Theory suggests that higher gender diversity improves board freedom and, through a better observational framework, becomes a good management factor between the board and executives. In addition, female directors are not considered tolerant of wise behaviour (Srinidhi, Gul, Tsui, 2011), so female directors further improve the quality of corporate procurement by reducing entrepreneurial income. increase. I can do it. And the director. Therefore, the gender diversity of the board conveys a positive message to the market that the organisation is centred on business operations, the organization is on track and is working on the situation of the organisation. Larkin, Bernardi and Bosco (2012) find that investor returns are higher and higher as the organisation's approval and relationships with various women's board heads are estimated from the market cost of the company's common stock. Did. Indicates that it is related to.

**Empirical Review**

Sener and Karaye (2014) investigated board organization and gender diversity. The study investigated the gender diversity of Turkish and Nigerian boards, the existence of free directors, and the de facto contrast of board size. This review used board information extracted from 102 Turkish and 94 Nigerian organizations. In the review, we used t-test measurements to look up the information. The review showed that there was no measurable difference between the two countries as far as the gender diversity of the board and the underestimation of female directors were concerned. The study also revealed a measurable contrast concerning board size and the presence of freeboard individuals between the two countries. In any case, Study will address this point in future research by extending the example to include all state-owned enterprises, similar to thinking about the diversity and prestigious performance of the Turkish and Nigerian boards. I suggested that I could deal with it.

Sixtus, Samuel and Shukriyya (2019) evaluated the relationship between board diversity and a company's financial performance. The study specifically investigated the relationship between board diversity factors (gender, non-leader director, board size) and financial performance factors (resource rate of return and value rate of return). The review included board information from the bank's annual report from 2006 to 2017. The review used the board recurrence to analyze the information. Then, at that point, the study showed that gender diversity had a significant impact on the bank's financial performance. Studies also showed that the size of the non-executive and board of directors had no fundamental impact on the bank's performance. Therefore, the review suggested that the cash banks in Nigeria's cited stores should bring women extents into the boardroom to work on their financial performance.

Ogboi, Aderimiki, and Enilolobo (2018) investigated the diversity of Nigerian corporate boards and the performance of cash banks in stores. This review investigated the relationship between the diversity of the Nigerian board of directors and the performance of listed cash banks. The review contained information that was deleted between 2011 and 2015. In this review, we analyzed the information using a generalized least-squares regression of fixed effects. The review showed that ethnic diversity was identified as market performance, while directors unfamiliar with the structure of the board were identified as opposed to market performance. The study then suggested that the depiction of female directors should be increased on corporate boards and that recruitment of strangers should be debilitated by Nigerian savings banks. Ruth and Korolo (2017) analyzed the impact of business operations on the financial performance of oil and gas cited in Nigeria. The study assessed the size of the board, the diversity of the board, the indomitable spirit of the board, the political ties of the board, and the impact of exposure to corporate management on a company's financial performance. This review used information from a survey of information from 12 citation organizations in the oil and gas region from 2008 to 2015. The review used the recurrence of generalized least squares (GLS) to investigate the information. The study then showed that at that time, the board size, board gender diversity, and business administration rehearsals had a decisive impact on financial performance. Studies further showed that board patience and changes in corporate operations were positive but not significant, but board political ties were the financial performance of Nigeria's cited oil and gas organizations. Has a big negative relationship with. In line with these policies, reviews should ensure that the board is strong in releasing its role when observing executive exercises, as it adversely affects financial performance. He suggested that the recurrence of board meetings should not be considered.

Olabisi, Kajola, Oladejo, Ojeaga, and Abass (2018) investigated the quality and performance of the board of directors of the cited customer product companies. In particular, the review examined the relationship between the quality of the board and the performance of the cited Nigerian customer product companies. This review included option information for 27 customer commodity companies recorded in Nigeria between 2011 and 2017. In this review, we used autoregressive distribution lag (ARDL) regression to evaluate the information. Then, at that point, the review showed a great link between the freedom of the board, the indomitable spirit of the board, and the performance of the buyer product company. Studies have also shown that there is an insignificant relationship between board size, board construction, and customer product company performance. Therefore, the review estimated that regular board meetings and board autonomy envision an important part of the ideal choice that affects the impartiality of the general public. As a result, the review suggested a regular board meeting and board autonomy skilled in making essential choices that would affect the company's overall performance.

Aifuwa, Musa, Gold and Usman (2020) investigated the link between board intellectual diversity and corporate performance. Concentration investigated the impact of a beneficial level of diversity. Beneficial Foundation Diversity; Nigeria's Solid Financial and Market Performance Board Individual Skilled Registration Diversity. This review used information from shopper product companies from 2013 to 2018. The review used the least-squares method of the board to investigate the information. The review shows that while the diversity of individual leadership levels and the diversity of the professional part of the board have a decisive and overall impact on market performance, the diversity of the educational foundation of the board is in Nigeria. We have shown that it hurts the market performance of our client product companies and has a fundamental impact. Studies also showed no evidence of the organisation between beneficial levels of diversity. Beneficial Foundation Diversity; The diversity of individual skilled registrations of the Board, and the financial performance of the companies surveyed. Therefore, the review estimated that the intellectual diversity of the board had some impact on Nigeria's corporate performance. In line with these policies, the review suggested that Nigerian companies, companies that explicitly purchase product companies, need to enhance the depiction of board directors in graduate certificates.

Osemwegie and Ugbogbo (2019) examine the impact of board compensation and diversity on the financial performance of Nigerian citation banks. In particular, this review evaluated selected listed banks in Nigeria and then investigated the gender of the board, the identity of the board, the ethnicity of the board, and the impact of the creation of a board on profits. This review used 15 quoted banks on the Nigerian Stock Exchange that were ordered between 2009 and 2017. This review used fascinating insights, Pearson relationship studies, variable iteration tests, and recurrence studies to analyze the information. Then, at that point, board remuneration, board gender diversity, board ethnic diversity, and board arrangements have very beneficial consequences for financial performance, while board identity. It was studied that diversity is

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hurting financial performance. Therefore, board individuals should be fully compensated, as studies can play an important role in reducing irreconcilable situations between board individuals and bank investors. Bukar and Musa and Ahmed (2020) analyzed the impact of gender diversity on the financial performance of Nigerian store cash banks. In particular, the review investigated the impact of women on pigs. The presence of a female CEO on the female onboard rate and the return of resources and the return of value. This review used information from 16 banks between 2011 and 2015. The review used various recurrences to analyze the information. Later, at that point, it was stated that gender diversity had decisive constructive consequences for ROA and did not affect ROE. Therefore, although there are cautions against approaches aimed at expanding or empowering women in such situations in agricultural countries such as Nigeria, we have proposed increasing the number of women on board the director.

Sabo (2018) investigated the gender diversity and financial performance of the board of directors of Nigeria's recorded structural materials organizations. In particular, the review examined the impact of board diversity on the financial performance of Nigeria's recorded structural materials organizations. This review used information from nine organizations between 2005 and 2015. The review used multivariate recurrence to analyze the information. The review showed that the gender of the board has a non-significant effect on financial performance, while the age of the company as a control variable essentially affects financial performance. The review then suggested that Nigeria's recorded structural materials organization should delegate multiple women to the Presidency.

Ahmadu (2017) investigated the diversity and financial performance of corporate boards: Evidence from Nigeria's Cited Deposit Money Bank. The study investigated the size of the board on gender diversity, ethnic diversity, board organization, unfamiliar fascism, and return on investment. This review used information from the cash banks of the 10 cited stores that were deleted between 2010 and 2014. The review used the recurrence of the board to evaluate the information. The review found that while gender diversity has a decisive impact on financial performance, ethnic diversity and board arrangements hurt profits from corporate value. Thus, the review says that Nigerian cited store cash banks should raise the scope of women on the board to tackle financial performance, and the placement of ethnic facility directors is an essential ability, preparation. , Ability and required proficiency should be focused on.

Musa (2019) investigated the business and financial performance of aggregates recorded in Nigeria. The study specifically evaluated the impact of board size, board ownership, and board structure on ROA and ROE. This review leveraged information from the six cited combination organizations recorded on the Nigeria Stock Exchange over the period 2008-2017. The review used the recurrence of random effects to investigate the information. Studies have shown, at that time, that the size of the board has significant constructive consequences for financial performance, while the components of the board and owner of the board have a significant negative impact on financial performance. rice field. This focus means that Nigeria's documented aggregate organization management and the board should fulfil its obligations feasibly and effectively in improving the financial performance of the organization, and the combined board is more. Being autonomous, which suggested that many non-leader directors should be present.

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Araoye and Olatunji (2019) investigated the impact of board credit on the financial performance of Nigerian insurance agents. The study analyzed the impact of board structure, director value earnings, and board activities on financial performance factors such as return on equity, return on assets, and Tobin's Q. The review was conducted using the Board Information Recurrence Strategy. Later, at that point, the review revealed that the structure of the board, the interests of the directors' values, and the activities of the board had a decisive impact on performance. Thus, the review inferred that there is a positive relationship between the management factors of Nigeria and the financial performance of Nigerian insurance agents. Therefore, the review suggested that domestic insurers need to set up oversight measures to distinguish the most reliable board structures that will help support the further development of outstanding performance. Imade (2019) evaluated the gender diversity of the board, the structure of non-leader directors, and corporate performance. Evidence from a recorded company in Nigeria. In particular, the review focuses on the relationship between the gender diversity of the board, the organization of non-leader directors, and the return of corporate resources recorded on the Nigerian Stock Exchange. This review contained information from 72 companies recorded between 2006 and 2016. Reviews usually used the least squares (OLS) evaluation strategy to analyze the information. In this review, the gender diversity of the board has a generous impact on the company's performance (resource revenue) recorded on the Nigerian Stock Exchange, while the non-executive director portion has a significant impact. It became clear that we did not give. Thus, the review suggested that recorded companies should add more value to the diversity of board arrangements.

Ilaboya and Ashakofe (2017) investigated the diversity and corporate performance of the board of directors in Nigeria. The study evaluated the relationship between board diversity and corporate performance in Nigeria. This review used information from all banks listed on the Nigerian Stock Exchange from 2010 to 2015. The review used the usual least-squares recurrence (OLS) method to analyze the information. The review showed a negative and insignificant relationship between ethnic diversity and corporate performance. Between identity diversity and corporate performance. The study then reiterated that gender diversity has a negative and critical relationship to corporate performance. Thus, the review is aimed at the incorporation of more women to achieve the ideal number of government agencies and agencies that improve the performance of companies that pass when they try the minimum amount of theory. It suggests that the strategy needs to be clarified.

Adetula, Owolabi, Egbide, and Adeyemo (2019) investigated the recorded gender heterogeneity and financial performance of Nigerian organizations. The study specifically examined the significant performance differences between boards with only one woman and boards with multiple women. This review used information grouped from the 50 most advertised citation organizations in NSE between 2011 and 2013. The review used the z measurement to evaluate the information. The review did not show any significant difference in the performance of the two meetings. In line with these policies, the review stipulated a strategy that directs recorded organizations to evaluate work and decision-making techniques for designation and promotion to boards and supervisory groups.

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Kajola, Onaolapo and Adelowota (2017) investigated the impact of the size of a company's board on the financial performance of a listed company in Nigeria. The study has a clear analysis of the relationship between board size and corporate performance indicators, return on investment, and rate of return on value. This review used information from 35 non-financial companies recorded in the NSE between 2003 and 2014. The review used a recurrence survey of board information and a fixed impact model to investigate the information. This review showed a positive and significant relationship between the size of the board and the mediators of the two financial performances (resource rate of return and value rate of return). As a result, the study suggested a normal board size of at least 9 individuals for the recorded tissue.

## 3.0 Survey method

*Model specifications*

This study uses the model adopted by Onyekwere, Wesiah, and Danbatta (2019) to examine the impact of board diversity on the corporate performance of selected listed manufacturers. Their model, as presented, is the performance measured in terms of return on total assets (ROA) and return on equity (ROE), board independence (BI), board gender (BG). ), And designated as a function of board diversity as measured in terms of board size (BZ). In equation (i)

$$y = a_o + a_1 BG + a_2 BI + a_2 BZ + u_1 \text{ ----------- (i)}$$

Where y represents the return on assets (ROA) and return on equity (ROE), respectively, and $u_1$ is the stochastic error term. Therefore, equation (i) has been modified to replace return on equity and return on assets with financial performance measured in terms of after-tax profit, replacing board gender with board gender diversity. Was done. In this study, we also added control variables to the model from the perspective of company size. Therefore, the model for this study is presented as follows:

$$PAT = a_o + a_1 BI + a_2 BGD + a_3 BS + a_4 FZ + u_1 \text{ ----------- (i)}$$

If PAT is after-tax profit (measured at 1 billion naira), BI is board independence (measured as a percentage of non-executive directors on the board). BGD is the gender diversity of the board (measured by the percentage of female board members) and the size of the board (measured by the number of board members).

*Scope, Sources of Data and Method of Analysis*

The survey focused on 10 citations over the 10 years from 2010 to 2019. These data were collected from the annual reports of citation companies such as Ag Leventis Plc, Cadbury Plc, Dangote Flour mill Plc, Guinness Nig Plc, Nascon Allied and Nestle. Data collected from the Nig Plc, Nigeria Breweries Plc, PZ Cusson Plc, and Vitafoam Plc annual reports are analyzed using panel estimation methods such as fixed effect estimation and random effects estimation, and the evaluation uses the Hausmann test. It was done.

## 4.0 Result Correlation Analysis

Table 1: Correlation Matrix

| | PAT | BI | BGD | BS | FZ |
|---|---|---|---|---|---|
| PAT | 1.00000 | | | | |
| BI | -0.0854 | 1.00000 | | | |
| BGD | -0.0539 | 0.0908 | 1.00000 | | |
| BS | -0.3511 | 0.1659 | 0.1502 | 1.00000 | |
| FZ | 0.7376 | 0.0640 | -0.0202 | 0.1618 | 1.00000 |

Source: Author's Computation (2021)

Table 1 showed that there is a negative correlation between board diversity variables and the performance of selected quoted firms represented by profit after tax. This result implies that over the period covered in the study, board diversity and firm performance moves in a different direction. In terms of magnitude, the result revealed that the correlation between profit after tax and board diversity variables is weak, reflecting a weak level of movement of board diversity variables and profit after tax of quoted firms selected in the study.

Table 2: Estimation Result

| **Coefficient** | **Pooled** | **Prob** | **Fixed** | **Prob** | **Random** | **Prob** |
|---|---|---|---|---|---|---|
| C | -115.2316 | 0.000 | -24.41983 | 0.086 | -35.1960 | 0.019 |
| BI | -.0302928 | 0.212 | .0017725 | 0.954 | -.005598 | 0.860 |
| BGD | .0474386 | 0.415 | .0663618 | 0.681 | -.041878 | 0.835 |
| BS | -3.591452 | 0.000 | .077199 | 0.902 | -.594185 | 0.333 |
| FZ | 8.614724 | 0.000 | 1.456184 | 0.074 | 2.787158 | 0.001 |
| | R-square=0.7762<br>Adj R-square=0.7668<br>F-statistics=82.38<br>Prob(F-stat)= 0.0000 | | R-square=0.9570<br>Adj R-square=0.9510<br>F-statistics=161.20<br>Prob(F-stat)= 0.0000 | | R-square=0.7073<br>Wald chi2(5)= 12.8<br>Prob> chi2 =0.012 | |
| | Restricted F-test=45.67(p=0.0000 < 0.05) | | | | | |
| | | | **Hauman Test** =313.93 (P= 0.0000 < 0.05) | | | |

***NOTE: * connote significance at 5% level of significance.***
**Source:** *Authors' Computation, (2021)*

Table 2 shows the results of estimates using the pooled OLS, fixed-effects, and random effects techniques, in addition to the restricted F-test and Hausmann tests. Evaluating the results for consistency and efficiency established that for all models estimated in the study, the most consistent and efficient estimation result was a fixed estimation. Therefore, research discussions are based on fixed-effect estimation results. As shown in Table 2, board diversity variables (board independence, board gender diversity, and board size) are measured in after-tax profits for corporate performance. Has no significant positive impact. The result is about 170 million naira, 6.63 billion naira, and 7.71 billion naira after-tax, respectively, with a 1% increase in board independence, board gender diversity, and board size. It means to be connected. However, the results show that the diversity variables of these boards of Nigerian citations do not significantly affect after-tax profits as a measure of corporate performance, although the increasing variables have a positive effect on corporate performance. I showed that. The coefficient of determination statistics reported reflect that approximately 96% of the systematic variation in the performance of selected citation companies can be explained by board diversity variables along with company size, indicating model suitability.

Table 3: Post Estimation Test

| ***Wald test*** | | |
|---|---|---|
| **Null hypothesis** | **Statistics** | **Probability** |
| *Panel homoscedasticity* | 0.4753 | 0.2586 |
| ***Pesaran test*** | | |
| **Null hypothesis** | **Statistics** | **Probability** |
| *No cross sectional dependence* | 0.551 | 0.1107 |
| ***Wooldridge test*** | | |
| **Null hypothesis** | **Statistics** | **Probability** |
| *No AR(1)panel autocorrelation* | 3.2434 | 0.1052 |

**Source:** Author's Computation, (2021)

The result introduced in table 3 uncovered that there is sufficient proof to dismiss invalid theory on board homoscedasticity, invalid speculation of no cross-sectional reliance and invalid theory of no AR (1) board autocorrelation, given the announced likelihood measurements of 0.2586 > 0.5 for Wald test, 0.1107 > 0.5 for Pesaran test and 0.1052 > 0.5 for Wooldridge test. Thus, it tends to be set up that suspicions of equivalent fluctuation of remaining terms, cross-sectional freedom and nonappearance of sequential autocorrelation for the assessed board based model are legitimate.

## Discussion of Findings

The result showed that board independence exerts a positive insignificant effect on profit after tax, reflecting that a percentage increase in non-executive directors in a firm board can lead to about 0.17billion increase in profit after tax of such firm. This result is relevant to the discovery of Osemwegie and Ugbogo (2019) Marwa, Among, Xiahui and Nadia (2017) Turkur and Bilikisu (2014). Any additional non-executive director is expected to increase the capability of the directors in monitoring managers, protecting the interest of the shareholders by ensuring quality financial disclosure and reduces information asymmetry as they are in the best position to understand how important the financial statement is to the shareholders and investors. This action tends to increase the confidence of shareholders and encourage new investors which tend to increase the capital base of the firm and later on the profit after tax. However, this may have an insignificant effect if the additional non-executive directors are not professionals especially in

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the field of financial management and accounting. The result also showed that board gender dependence has a positive but insignificant effect on profit after tax, showing that a percentage increase in women directors on board will lead to about 6.63billion increase in profit after tax as a measure of firm performance. This result supports outcomes from studies such as Sixtus, Samuel and Shukriyya (2019) and Ruth and Korolo (2017). An increase in women director ensures that directors decision takes into consideration all gender components as regards their employees and customers which encourages employees' performance as well as customer satisfaction which then translates to increase in profit after tax as more customers are attracted to patronize the firm and employees are motivated to perform efficiently and effectively. However, the effect of board gender diversity will be insignificant if the women could not handle conflict among the board directors such that it delays decisions making. In addition, the result showed that board size has an insignificant positive effect on profit after tax of selected quoted firms in Nigeria, reflecting that one-member increase in board size will lead to a 7.71 billion increase in profit after tax as a measure of performance. This result is similar to the findings of Kajola, Onaolapo and Adelowota (2017). When board size increases, the board of directors is equipped with people of diverse experience, qualifications, personalities and views that could be harnessed in a way that is of benefit to the firms in terms of effective and efficient decision making as well as proper monitoring of the firm managers. Also, with larger board size, the CEO finds it difficult to manipulate the majority of the members to act against the interest of the shareholders. However, the effect of a larger board size will be insignificant in a situation whereby board members are not well coordinated and there is a communication problem that may delay decision making.

## 5.0 Conclusion and Recommendations

The board diversity measures employed in the study which are board-independence, board gender diversity and board size were found to have positive yet insignificant effects on profit after tax quoted firms in Nigeria. Therefore, this study concluded that though board diversity has the potential to engender an improved level of financial performance among quoted firms, such potential has not been fully harnessed among quoted firms in Nigeria. Hence there is a need for an improved level of diversity of the board of directors of quoted firms in Nigeria that can in the bit to improve the decision-making process needed for sustainable financial performance this can be done by putting into consideration the professional qualification, personality, experience and individual perception towards leadership in selecting when forming the board of directors to ensure efficient and effective complex and relevant decision making for higher profitability and performance.

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