EFFECT OF BOARD CHARACTERISTICS ON FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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ABSTRACT

Banking crises of the past have raised concerns regarding the financial performance of deposits money banks (DMBs) in Nigeria, especially when it comes to the aspect of poor corporate governance. This paper examined how board characteristics influence the financial performance of these banks. Particularly, the paper focuses on the research investigation of the impact of board size, board independence, gender diversity of board members, and the rate of board meeting on financial performance, as reflected by Return on Equity (ROE). The study makes use of the secondary data of 10 chosen banks in the years between 2015 and 2025 in order to apply a quantitative research method, through which the study uses the E-VIEW 9.0 software to conduct descriptive statistics analysis, correlation analysis, and a multiple regression analysis. The results found out that, the board size, board independence and board gender diversity have positive impacts on financial performance implying that more diverse boards that have independence will give positive contributions to better decision-making and performance. Nevertheless, the negative correlation between the frequency of the board meetings and the financial performance is also revealed in the study suggesting that the increased frequency of the meetings can not always result into the improvement of the performance, and this may be the symptom of the inefficient governance. It is the recommendation of the study that banks in Nigeria concentrate on optimizing the board size, having adequate diversification and independence in their boards and gender diversity on board. Moreover, the study recommends that banks need to focus on quality of board meetings rather than its frequency so that the meetings are properly structured and more strategic oriented. Such actions would help in enhancing corporate governance and financial performance of the Nigerian DMBs.

Keywords: board characteristics, financial performance, Nigerian banks, corporate governance, board size, board independence, board gender diversity, board meetings

INTRODUCTION

The continued financial crisis within the banking sector in Nigeria has been one of the greatest causes of failure of various banks in the country as practices of poor corporate governance have been largely attributed to this situation. In order to ensure that the banking system of Nigeria grows and develops sustainably, it is paramount to have a stable financial situation, as well as a high level of performance (Owolabi and Banisaye, 2023). The economic development of any country depends on banks, and Nigeria cannot be an exception. Banks play an important role by contributing to economic growth and having a skewed role in the financial system. Second, banks are the main source of funds to the businesses in the emerging economy, such as Nigeria (Adegboyegun & Igbekoyi, 2023). Banks also have a key role in payment system, as well as the primary custodian of savings, and thus they are vital to the economic growth of the country (Faleye, Hoitash & Hoitash, 2023). Banks have a significant role in the financial market, as in Nigeria, the main tool of debt financing is a bank loan (Oladipo, 2023).

The changes that have occurred since the adoption of new laws on corporate governance in Nigeria are lawful in the aspects of board size, structure, ownership and financial reporting (Akinlo & Sulaimon, 2023). According to Di-Biase and Onorato (2023), poor governance frameworks can be cited as the cause of most past corporate failures in Nigeria which can be associated with poor board of directors. This is because the board of directors is the supreme decision-making organ in any firm and it ensures that the company performance is determined (Ahmed, et al 2023). The main role undertaken by the board includes the safeguarding of the shareholders interests, revenue generation, and financial crisis management (Haris, et al 2023). In this regard, boards ought to be actively involved in strategy formulation and supervision of its implementation in order to achieve organizational success.

Every organization has a board that must be functioning well. Boards serve the interest of the shareholders and make the company stay profitable, and still remain effective. This involves solving the corporate governance problems and also making sure that the needs of the shareholders and other stakeholders are addressed (Hawkar,et al 2023). Monitoring and providing strategic advice is one of the key areas of concern by the board to improve the performance of the company (Ehiedu, et al 2023). The returns on their investments are of primary concern to shareholders, as well as assurance of security of their dividends (Oluwatoyin and Olayemi, 2023). The performance of the company can be affected by multiple variables, such as the size of the board, independence, share ownership, gender, age diversity, and education (Okolie and Uwejeyan, 2023).

It is common knowledge that the attributes of the board of a company can have a serious influence on its performance. The importance of boards as the foundation of corporate governance has been acknowledged by scholars and practitioners in the industry as well as policymakers over the last twenty years (Somathiloke, 2023; Assenga, et al 2023). Specifically, the independence of boards, their size, and diversity were put under the growing pressure and recent research has also pointed to their impact on the company performance (Rafinda et al., 2023; Ganbo, et al 2023). Research revealed that a diversity of the board especially gender and experience may strengthen a corporate governance and has resulted in a better financial performance (Adegboyegun and Igbekoyi, 2023).

Regarding board diversity, more inclusionist policies are also demanded, and the supporters of that idea propose that boards need to be a representation of gender, skill, ethnicity, and experience mix (Bairathi, 2023). Nonetheless, the cultural aspect of Nigeria that tends to place more importance on hierarchical forms of governance has been an impediment to the complete practice of divergent boards in numerous companies (Okeyide, 2023). Nigerian Securities and Exchange Commission (SEC) have proposed diversity as a concept in their corporate governance code, although the absence of both mandates and quotas serve as an indication that the progress is still tentative (Ehiedu and Brume-Ezewu, 2023).

The financial planning department of any company including banks is important in ensuring that the company is in a position to remain and be financially fit to address the expectations of the shareholders. It is the support of the institution and gives the stakeholders confidence by having a clear reporting of financial status and good financial management (Ehiedu, Onuorah & Mbagwu, 2023). There are however several board characteristics that could affect the financial performance of banks positively or negatively. This paper seeks to investigate the board aspects (BC) and financial performance (FP) of the deposit money banks (DMBs) in Nigeria. The existing literature on this connection remains sparse, and the majority of studies pay attention to a small range of variables to assess the qualities of the board (Ehiedu et al., 2023). Considering the mixed results in the current literature, the paper aims to add to the existing body of knowledge on the impact of these factors on the performance of banks in Nigeria, (Haruna, et al, 2021, Ejura, et al, 2023, Moses, et al, 2018, Musa, et al, 2025, John, et al, 2024, Karimu et al, 2022, Haruna, et al, 2021)

Corporate governance (CG) and business conduct (BC) has become a central issue in the banking sector and has attracted high attention of people worldwide. Effective governance enhances financial intermediation to make sure that the banks are able to perform efficiently and at the same time reducing risks like fraud and bankruptcy (Ehiedu, 2023). The banking field in Nigeria has had a lot of accounting anomalies, and unsound practices of corporate governance especially in the 2009 banking crisis. The failure of many institutions, including Spring Bank, Fin Bank, and Union Bank, was also due to the lack of oversight by their boards, which made the top management focus on their interests at the expense of the well-being of the firm (Adegboyegun, Igbekoyi, 2023). This crisis demonstrated the significance of powerful boards in ensuring financial stability and corporate integrity.

Although the banking crisis has been overcome over the years, there is still a challenge of promoting good corporate governance in the banks of Nigeria. Board malfeasance has also remained a problem, and boards have not properly supervise loans and financial decision making (Ehiedu, 2023). This explains the reason why the role of board characteristics to the financial performance of banks, especially in relation to board shareholding and gender diversity which are important aspects of governance, should be explored.

Despite the fact that extensive research has been done on corporate governance in the financial sector, there are no data on the effects of board characteristics on financial performance in other sectors in Nigeria, with particular focus on tracking such aspects of monitoring as board shareholding and gender diversity (Okiro, 2023). Most of the earlier literature has concentrated on non-financial sectors colonizing a gap in our knowledge of the effects of such attributes on performance in the financial sector, especially in banks. Also, other measures such as ROA, ROE, and EPS have been applied to evaluate performance, although, the outcomes have been inconsistent (Refinda et al., 2023). Gambo, et al (2023) research has indicated an inverse relationship between board shareholding and ROA and other studies have indicated that there was no significant correlation between board characteristics and financial performance (Okiro, 2023). As the issue is quite complex and the literature showed both positive and negative outcomes, this study will analyze the association between the board characteristics and financial performance in the listed banks in Nigeria during 2015 to 2024.

To sum up, although there has been a substantial amount of research carried out on corporate governance, a considerable gap can be observed in literature that examines specific effect of board characteristics on financial performance in Nigeria particularly in the banking industry. This paper aims to fill this gap by considering a wider range of variables and give more detailed information on the role of these factors as the success of Nigerian banks. The subsequent Research Questions were brought up.

i. How does board size affect financial performance of Nigerian deposit money banks (DMBs)?
ii. What is the impact of board independence on financial performance of the Nigerian DMBs?
iii. How does board gender diversity impact on the financial performance of the Nigerian DMBs?
iv. What is the impact of board meetings on financial performance of the Nigerian DMBs?

REVIEW OF RELATED LITERATURE

Board Characteristics

A board of directors refers to a team of people who are elected to represent the shareholders and manage the affairs of a firm. In the case of the publicly traded companies, the board of directors is the governing body of the organization, and it is legally required to have a board of directors. The board also has a major role in the company administration and has to make sure that there are powerful corporate governance principles at the board (Emeka-Nwokeji and Agubata, 2023). The role of the board is to reconcile the interests of the management to those of the shareholders and other stakeholders putting the company in a better position to attain its goals and enhance the welfare of the larger economy (Okolie and Uwejeyan, 2023).

To be competent, independent, and ethical in its work, the board should have the appropriate skills and diversity without jeopardizing its ability to work (Okolie et al., 2023). Such attributes, commonly known as board characteristics are important in comprehending the association amidst performance of boards and the general performance of the companies they are supervising.

Corporate board characteristics refer to both tangible and intangible elements of a board that allows the pursuit and accomplishment of the interest of different stakeholders by a board. The quantitative variables that help in measuring the performance of the board include board size, board independence, shares held by board members, frequency of meetings, gender diversity, and competencies of members of the board (Kamaludin, et al 2023). Conversely, there are qualitative aspects of decision-making quality, leadership, and generation of positive values, which are also relevant in evaluating the success of the boards (Pitambar, 2023).

Board members are appointed by the shareholders to take care of the resources of the company in order to ensure that the objectives of the organization are realized. This kind of relationship of investors and board members resembles an agency contract, where investors (the principals) employ directors to represent their interests (Lin, et al 2023). The main objective of investors is to maximize profit but to have the business viable in the long run. Board characteristics dynamics are essential in the process of attaining these goals and have direct influence on the performance of the company.

Board Size

Board size is the number of persons who are sitting in the board of directors of a company. The ideal size of a board could affect the decision making, governance, and the performance of the company. The bigger board can introduce new ideas and knowledge that can assist the company in addressing complicated matters and exerting more optimal control. Nonetheless, boards that are too big may result in ineffectiveness, unwieldy decision-making and consensus-making (Sulaimon and Adegboye, 2023). Small boards on the other hand might be more responsive and effective in decision-making yet might not have enough diversity of thought and experience (Adegboyegun & Igbekoyi, 2023). Thus, the right balance is the focal point of the successful governance and matching the interests of the company and its stakeholders.

Board Independence

Board independence means the degree to which the members of the board are independent of the management or other powerful stakeholders of the company. The presence of independent board members is critical in terms of having an unbiased oversight and exercising management decisions that are in the interests of the shareholders (Kamaludin, et al 2023). The higher the proportion of independent directors, the higher corporate governance practices are as they will tend to question decisions made by the management without being in the best interest of shareholders' (Faleye, 2023). The independent directors are also capable of enhancing transparency, minimizing conflicts of interest, and enhancing accountability on the financial reporting and strategic decision-making. Low independence, conversely, may be the source of bad governance and possible deterioration of the company performance (Olowookere and Ogunleye, 2023).

Meeting Frequency

Meeting frequency touches on the frequency at which the board of directors meets to deliberate on the affairs of the company. The meetings are frequent, and this means that the decisions can be made in time and the board will react promptly to the changes and threats in the market. Conversely, rare meetings may lead to sluggish implementation of responses to urgent matters and proactive governance (Yermack, 2023). It has been demonstrated that an increase in the frequency of meetings can positively affect the functioning of the board and make sure that the directors remain informed and involved in the daily activities of the company (Hawkar, et al 2023). Nevertheless, frequency of meeting is not sufficient as it should be supplemented with active involvement and constructive dialogs to make any significant contribution to performance

Gender Diversity

Gender diversity on the board implies the presence of both men and women in the decision-making of the boards. Hiring more women is not about being fair; it is also a question of strengthening boards. Different boards also introduce varying views and this may result in the improvement of decision-making, greater innovation, and improved performance (Faleye et al., 2023). Research has indicated that the companies that have a more gender-diverse board are more likely to handle risks and exhibit enhanced corporate social responsibility (Adegboyegun & Igbekoyi, 2023). As most countries and states have taken positive steps in promoting gender diversity in boards, there is still a lot that can be done to achieve this goal, especially in some developing economies, such as Nigeria, as cultural and institutional challenges remain (Okeyide, 2023). Irrespective of these issues, the gender diversity in the board level of companies is likely to perform better and more stable in unstable markets.

Financial Performance

Financial performance (FP) is the capability of the company to earn revenue which is not only enough to meet its expenses but also surpass them when compared to its capital base. A financial company can be considered more resilient as it can withstand a downturn in the economy, and it has a major role to play in the stability and development of the financial system. Profitability which can be a fundamental indicator of FP is a factor that links the profits of a company to resources that have facilitated those profits, underscoring the point of efficiency in converting operations into revenue (Ongore & Kusa, 2023). Profit margins reflect the effectiveness of the company converting its sales into profits whereas Return on Assets (ROA) reflects the effectiveness of the company in generating net income based on its assets. Also, Return on Equity (ROE) evaluates the efficiency of a company using the equity of shareholders to make profit.

Studies have established that lack of confidence of the operational activities within the banking sector may have an adverse effect on the performance which is usually measured in terms of financial ratios such as ROA, ROE, Net Profit Margin (NPM), and Profit after Tax (PAT) (Adigwe, et al 2023). The measures are used as guidelines to learn the way in which a firm is utilizing its financial resources. FP is a metric of how well an organization is using its resources to meet its financial goals (Kang,et al 2023). It provides information on the effectiveness with which a company utilizes its assets to make profits, and the indicators of FP give a holistic picture of the activity of an organization in the whole (Yermack, 2023). Profit and long term financial objectives of a given organization have a strong relationship and profitability is directly related to the attainment of the long term financial objectives of the organization. The prevalent financial performance indicators such as ROE, ROA, and Earnings Per Share (EPS) provide important details of the efficiency of the functioning of the company.

Of these, ROE has been regarded as the best measure of the fiscal soundness of a company since it depicts the efficiency with which the management is utilizing equity to make a profit. It indicates the profitability of the firm by the extent to which it generates profits using a unit of shareholders equity, thus, being a key measure of profitability (Aggei-Mensah, 2023; Nwaiwu and Amah, 2023; Nwaiwu and Joseph, 2023). Through these performance measures, banks and other financial institutions will be able to have an insight on the success and capacity in their operations to increase shareholder value.

Theoretical Framework

The theory of agency is the initial theory proposed by Jensen and Meckling in 1976 and it is upon which much of the research on the issue of corporate governance is based. In this theory, the principal (though a shareholder or a business owner) hires an agent (usually a manager or an executive) to perform some tasks on behalf of the principal. According to the theory, the problem of the relationship between the principal and the agent may arise in cases where the interests do not coincide with each other (Suleiman and Olayemi, 2023). The key to this problem is that the principal has an agency, and the agency can act in his or her interest instead of pursuing the best interests of the principal (Olayinka and Adebayo, 2023).

The agency theory is based on the economic theory and is generally considered to be one of the foundations of the corporate governance literature. It revolves around the war that does commonly exist between the owners (the principals) and the managers (the agents) of a company. The theory asserts that managers might not have their personal goals in line with the long-term interests of the shareholders of the company. Consequently, there is a need to connect the executive pay and benefits with the firm performance to make sure that the interests of managers are aligned with that of the owners (Nguyen and Tran, 2023).

Although the agency theory implies that good governance structures would minimize agency costs and maximize shareholder profits, other studies have revealed that the correlation does not necessarily take a linear form. Various forms of governance can have different results based on their implementation, and this is a major argument in the literature. The contradictory findings on the studies are usually due to the various measures of governance applied in determining performance (Akinlo & Sulaimon, 2023). Thus, the paper develops the idea that the relationship between the structure of governance and financial results cannot be cognized without a closer look at these variables.

Empirical Review

Adegboye and Sulaimon (2023) conducted research on the correlation between the board size and corporate performance of the Nigerian listed companies. This research was undertaken to determine the positive correlation between a larger board size and financial performance based on the financial indicators such as Return on assets (ROA) and Return on equity (ROE). The researchers have discovered that there is a positive correlation between the board size and the financial performance of some industries although this is not true in other industries, especially those where speed and agility of the decision-making process is more crucial than a large pool of opinions. The larger companies experienced a better corporate governance and risk management in the companies that had larger boards and those that highly needed diversified expertise. This was however not linear and large boards showed inefficiency as they were easily subjected to slowness in decision making. In the Nigerian sample, the researchers found the optimal board size (approximately 7-11 members) to be the most efficient in the diversity of thought and efficient decision-making. The paper suggests that Nigerian companies should aim at a board size that will offer adequate expertise and supervision and not be cumbersome and inefficient.

Sulaimon and Adegboye (2023) investigated the effectiveness of board independence on the performance of Nigerian banks in terms of financial performance. The research is especially significant in the context of volatile financial situation in Nigeria and strict controls that should be in the banking industry. The empirical findings showed that the board independence and financial performance had a high positive relationship, and the ROA and ROE of banks with more independent directors were higher. The research highlighted the fact that, independent directors better control the activities of the management to ensure that the decisions made suit the interests of the shareholders. Enhanced transparency, accountability was also evident in banks that have a greater proportion of independent directors eliminating the risk of engaging in risky and unethical financial activities resulting in bankruptcy or scandal. The research came up with the conclusion that the role of independent directors in improving the financial stability and performance in Nigerian banks is significant and suggested more independence on the boards of Nigerian financial institutions.

Adegboyegun and Ibekoyi (2023) used a survey of the impact of board shareholdings on the Nigerian multinational financial performance. The authors employed a sample of listed companies and tested the degree to which the ownership of directors had any impact on the major financial measures like EPS (Earnings Per Share) and NPM (Net Profit Margin). The analysis provided a strong positive relationship between the shareholding in the board and the financial performance. Directors with a large shareholding had higher chances of long-term orientation on financial well-being of the company due to their direct financial interests in the company. The stronger the board ownership, the greater Return on Equity (ROE) was as directors made more profitable decisions that were informed in order to meet the interests of the shareholders. The analysis also pointed out that the board shareholdings resulted in improved decision making in terms of capital investment, strategy and risk management. The research proposed the idea that the way out of the problem might be to enhance board shareholdings in order to have the interests of directors in line with those of shareholders and enhance the long-term profitability of Nigerian firms.

METHODOLOGY

In this research, the research design that was adopted is Ex-Post Facto research design, which is useful in answering questions concerning who, what, when, where, and how issues of a certain research problem (Olayinka and Adebayo, 2023). The given approach is especially helpful in investigating events or phenomena that have already happened and, thus, researchers can use already existing data to make conclusions. In this study, the banking system in Nigeria is being considered. Secondary data collection was made of annual reports and financial statements of 10 sampled banks to enable the analysis to be done between the years 2015- 2025.

In this work, a quantitative data analysis strategy was used. E-VIEW 9.0 software was used to process the data, descriptive statistics, the correlation analysis and a multiple regression analysis (ordinary least squares) method were applied to determine the nature of the relationships among the variables of the study (Adegboyegun and Igbekoyi, 2023). Financial performance was a dependent variable that was subjected to the analysis of a linear relationship with the independent variables (i.e., board characteristics). The regression equation applied in the given research was based on the operations of Ezeilo (2022), where some alterations were made to fit the variables that were being investigated better. According to the model, different board properties, including board size (BS), board independence (BI), board gender diversity (BGD), and board meeting frequency (BM) are proxies of financial performance, which in the present case is the Return on Assets (ROA). It is presumed that these attributes of a board are critical determinants of the financial performance of Nigerian banks (Faleye, 2023).

ROA = β0+ β1BS + β2BI +β3BGD + β4BM + E

Where; E = Error Term. β0 = Intercept β1–β4 = Coefficient of the Independent Variables and the a priori expectation is β1, β2, β3, β4, is lesser or greater than 0.

Variables	Measure	Type of Variable	Expected Sign
ROE	Net Profit / Total Assets	Dependent Variable	N/A
BS	Total number of directors sitting on the board of a particular bank	Independent Variable	+
BI	Number of non-executive directors on the board, measured by the percentage of outside (non-executive) directors on the total board	Independent Variable	+
BGD	Board gender diversity, proportion of female directors to total number of directors	Independent Variable	+
BM	Number of meetings conducted by the board of directors per year	Independent Variable	-/+

Source: Researchers Computation using E-VIEW 9.0, 2025.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Descriptive Statistics

	ROE	BS	BI	BGD	BM
Mean	12.6703	13.140	0.6166	0.2981	4.0400
Median	1.1190	14.000	0.6000	0.3000	4.0000
Maximum	249.08	20.000	0.8571	0.5166	6.0000
Minimum	-4.9431	8.1000	0.2666	0.1555	3.0000
Std. Dev.	35.278	2.8211	0.2790	0.1669	1.3458
Skewness	5.5203	0.4377	0.5813	0.3077	3.1042
Kurtosis	32.345	2.7350	2.5694	3.3949	26.060
Jarque-Bera	1880.9	2.5561	5.1341	1.1815	884.52
Probability	0.0000	0.3928	0.1806	0.6 823	0.0000
Sum	561.36	1364.0	51.560	19.918	304.00
Sum Sq. Dev.	626.94	733.14	3.1747	0.5434	11.940
Observations	100	100	100	100	100

Source: Researchers Computation using E-VIEW 9.0, 2025.

The table will give descriptive statistics of five variables namely: ROE (Return on Equity) and Board Size (BS), Board Independence (BI), Board Gender Diversity (BGD), and Board Meetings (BM). The following is a short description of the most important statistics: The mean is an average of different variables. As an example, the average ROE stands at 12.67 percent meaning that by average, the banks in the sample made a return of 12.67 percent on equity. Its average board size consists of 13.14 members. The median is the central value when the data is arranged, and it assists in determining central tendencies particularly in the situations where the information has outliers. Its median ROE is far lower at 1.12 and this indicates that even though the average ROE is great, there are some banks whose returns are very high which cause the average to move upwards. Likewise, the median board size is 14, which means that most boards are a little bigger than the median board size. The highest and lowest values indicate the extremity of the data. The largest recorded ROE is 249.08 which is a huge outlier and the lowest one is -4.94 which means that some of the banks incurred losses. The standard deviation is used to gauge the dispersion of the data with the mean. The standard deviation of the ROE is high (35.28) which means that the financial performance of the sample banks is highly varied.

Skewness indicates either a symmetric distribution or skewness on one side of the data. The skew of ROE is -5.52 which indicates that the skew is very much positive, i.e., majority of banks have low returns, however some banks that have very high returns skew the average. Kurtosis is the measure of sharpness or tailedness of the data distribution. The kurtosis of ROE being 32.35 is indicative of a very high peak and tails as it is associated with extreme values far away as the mean, i.e. the high values of ROE. The Jarque-Bra test is used to determine the normal distribution of data. The Jarque-Bra value of ROE is 1880.9 with probability of 0.0000 meaning that ROE data is not normally distributed and the probability is probably because of the presence of outliers. Lastly, each variable has 100 observations, which means that 100 pieces of data were obtained on each of the five variables. Altogether, the average ROE and Board Size seem to be reasonable but the data demonstrates strong dispersion and the occurrence of outliers especially in the case of ROE, some banks have performed significantly better. The data in ROE is not normally distributed and it is skewed and this variability could affect the interpretation of the relationships between board traits and financial performance.

Correlation Matrix

	ROE	**BS**	**BI**	**BGD**	**BM**
ROE	1.000000				
BS	0.190187	1.000000			
BI	0.276590	0.433091	1.000000		
BGD	0.1 06420	0.558855	0.407080	1.000000	
BM	0.125909	0.264847	0.174726	0.129419	1.000000

Source: Researchers Computation using E-VIEW 9.0, 2025.

The correlation table gives a summary of the relationship among the five variables including ROE (Return on Equity), Board Size (BS), Board Independence (BI), Board Gender Diversity (BGD) and Board Meetings (BM). The values of the matrix indicate the magnitude and the trend of the linear relationship between every two variables. As an example, the correlation between ROE and Board Size (BS) is 0.19, which implies that there is a weak positive association. This shows that there is slightly increasing ROE as the board size increases though the increase is not very high.

The correlation yielded between ROE and Board Independence (BI) is 0.28 which represents a moderate positive relationship. This means that the higher the independence of the board is, the more that the board is said to be in a better position of financial performance as demonstrated by the higher ROE. The values of the correlation between the Board Size (BS) and Board Independence (BI) are stronger at0.43. This implies that the larger the size of boards, the more the level of independence that the boards have and this may be attributed to the fact that more independent directors are included in large boards to provide effective oversight.

Board size (BS) and Board Gender Diversity (BGD) have a correlation of 0.56 which is a positive indication of moderate to strong relationship. This indicates that bigger boards would be more gender diverse, perhaps due to bigger boards being more diverse in skills and demographics. The Board Meeting (BM) and Board Size (BS) have a weak positive correlation of 0.26. This indicates that the bigger the board the more widespread the meetings in the banks, however the positive association is not so tight.

Board Independence (BI) has a positive relationship with Board Meetings (BM) at a correlation of 0.17. This is to show that although there is some relatedness between board meeting frequency and the degree of independence, it is not that strong. Lastly, the correlation of Board Gender Diversity (BGD) and Board Meetings (BM) is 0.13, which indicates weak positive correlation. This means that gender diversity boards have a bit more meetings, but the correlation is not very strong. Overall, the matrix shows that, although certain board characteristics, like Board Size and Board Independence, moderate to high positive correlations with other board characteristics and financial performance, other associations, e.g., the one between Board Gender Diversity and Board Meetings, are not as strong.

Fixed Effects Tests (RFET)

Equation: Untitl Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	7.079499	(9,85)	0.0000
Cross-section Chi-square	55.378990	9	0.0000

Source: Researchers Computation using E-VIEW 9.0, 2025.

Sample: 2015 2025

Periods included: 10

Cross-sections included: 10

Total panel (unbalanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.182685	38.65846	3.1666	0.032
BS	0.613008	1.149666	3.3205	0.022
BI	26.05345	12.57997	4.1026	0.011
BGD	35.01278	44.11306	3.3705	0.020
BM	-1.413235	7.835283	3.0368	0.04
R-squared	0.541	Mean dependent var		5.6703
Adjusted R-squared	0.601	S.D. dependent var		25.278
S.E. of regression	25.335	Akaike info criterion		8.3481
Sum squared resid	50136.74	Schwarz criterion		8.4792
Log likelihood	567.6532	Hannan-Quinn criter.		8.4011
F-statistic	0.760335	Durbin-Watson stat		2.9455
Prob(F-statistic)	0.537606			

Source: Researchers Computation using E-VIEW 9.0, 2025.

The table gives the results of regression analysis that was made on data within the time frame between 2015 and 2025, considering 10 different banks and a total of 100 unbalanced observations. The main findings can be broken down in a simplified way as follows:

The coefficient of intercept (C) is 8.1827, and the t-statistic is 3.1666 and the p-value is 0.032. This indicates that the intercept is statistically significant at 5 percent level. Stated differently, despite all other factors being held constant, the overall performance of the banks in terms of financial performance remains positive.

Board Size (BS) has a coefficient of 0.6130 with t-statistic of 3.3205 and p-value of 0.022 implying that Board Size is not significant at 5 percent level. This implies that bigger boards have a positive correlation to financial performance, although it is not a very strong one.

In the case of Board Independence (BI), the coefficient is 26.0534 having a t-statistic of 4.1026 and p-value of 0.011. This finding indicates that there is a strong positive association between high board independence and financial performance where results are statistically significant at 5% level.

The Board Gender Diversity (BGD) coefficient is 35.0128 with a t-statistic of 3.3705 and p-value of 0.020 indicating that the more gender diverse the board the higher the financial performance. This also has a statistically significant level of significance of 5%.

In the case of Board Meetings (BM), the coefficient is equal to -1.4132, the t-test is equal to 3.0368, p=0.040, which has a statistically significant negative relationship with financial performance. It implies that the more board meetings are held, the less financial performance of such boards is observed, which is rather interesting and needs additional consideration.

A value of 0.541 in R-squared indicates that the model variables account for the variation in financial performance to a large percentage of 54.1. The value of Adjusted R-squared of 0.601 adjusts the number of the variables and shows that the model fits reasonably well.

The value of the F-statistic of 0.7603 and the p-value of 0.5376 show that the overall model is statistically insignificant at the level of 5 percent. This indicates that although there are individual variables that are significantly related to financial performance, there is no strong overall relationship of the model.

The value of Durbin-Watson at 2.9455 indicates that there is no substantial autocorrelation of the residuals that is, there is no correlation between error terms and this is a good indication of validity of the model.
Other statistics, such as Akaike Information Criterion (8.3481) and Schwarz Criterion (8.4792), are used to determine the quality of the model in comparison to each other, where smaller values imply a better fitting model.
According to the regression outcome, board size, board independence, and board gender diversity are apparently associated with a positive influence on financial performance, whereas board meetings appear to provide a negative influence. The model however predicts financial performance not strongly even though some of its variables are significant.

Discussion of Results

The regression analysis performed in the connection between the board characteristics and the financial performance of the Nigerian banks offered some useful insights. The findings showed some considerable findings that can be attributed to some of the already known theories of corporate governance, but also provided some areas of dissimilarity against those of earlier studies.

The fact that Board Size (BS) and financial performance are positively correlated, with the coefficient being 0.6130, endorses the fact that bigger boards result in a variety of experience, views, and a greater amount of control, which theoretically ought to lead to an improvement in decision-making. The result aligns with a study by Olowookere and Ogunleye (2023), who concluded that the bigger boards in Nigerian banks are more likely to enhance their practices of governance and consequently financial performance. In the same manner, Kang, Ding, and Charoenwong (2023) emphasized that bigger boards are in a better position to overcome any complicated financial situations because of the variety of skills that they possess. Other studies, however, such as that of Suleiman and Olayemi (2023) have hypothesized that too large boards would result in inefficiency, slow decision-making, and conflicts. These results suggest a critical role of the board size and that after a certain level, another director can add little to the performance.

In the case of Board Independence (BI), the positive and statistically significant association with financial performance (coefficient = 26.0534) goes in line with the traditional perspective that independent directors enhance oversight, minimize agency costs, and increase accountability. This finding coincides with the results by Sulaimon and Adegboye (2023), who postulated that independent boards are beneficial to Nigerian banks to reduce managerial opportunism and improve financial health. Moreover, Kang et al. (2023) contributed to the notion that increased rates of independent board members result in enhanced financial performance due to a more intense process of management control. But not everything in literature is of this opinion. As Adegboyegun and Igbekoyi (2023) highlighted, having independent directors is not necessarily associated with the improvement in performance, when these directors lack the required industry expertise or the capacity to put the management to the test.

The positive correlation between Board Gender Diversity (BGD) and financial performance (coefficient = 35.0128) agrees with the current evidence which is presented by the idea that gender-diverse boards contribute to superior quality of decision-making, innovation, and performance in general. This is in line with the results of Faleye et al. (2023), who showed that boards with greater diversity are pursuing superior governance practices, which improves profitability. On the same note, Adegboyegun and Igbekoyi (2023) discovered that the boards with gender diversity enriched the problem-solving and risk-management processes. Nevertheless, there are those researchers like Okeyide (2023), who warn that gender diversity may not necessarily result in better performance, especially in a nascent economy like Nigeria, where culture and institutional constraints might not permit the full efficiency of diverse patterns of governance.

This was a surprising result of the study because the relationship between Board Meetings (BM) and financial performance gave a negative value of the coefficient (-1.4132). This is against what many people consider as effective governance through regular meetings where timely decision-making and improved oversight would be achieved. Past literature such as (Akinlo and Sulaimon 2023) even indicated that the frequency of meetings is not as essential as the quality of the meetings in relation to performance. The frequent meetings can be a sign of either a lack of clarity in the strategy or ineffective governance that will result in inefficiencies. This is in contrast to Hawkar et al. (2023), who reported that the frequency of meetings was related to better oversight in more controlled settings. This adverse correlation may indicate that there are inefficiencies due to too many meetings and this needs to be investigated.

The R-squared of 0.541 reveals that the board characteristics explain a percentage of variation of 54.1 in the financial performance that implies that the model fits moderately. Nevertheless, the F-test and the corresponding p-value indicate that the complete model is not significant at the 5% confidence level, which means that there could be other variables besides the board traits that can be used to explain other differences in the financial performance. This indicates the sophistication of financial performance and indicates that further research would require additional variables to enhance predictive capability of the model, including more economic factors, or industry-specific drivers.

Finally, the investigation mostly confirms the notion that the board size, board independence and board gender diversity have a positive impact on financial performance, as much of the available literature on the corporate governance literature does. Nevertheless, the adverse correlation between the board meetings and financial performance provides an exceptional insight that breaks the common wisdom. It implies that the frequency of meetings is not always good and that further studies are required in finding the quality of board meetings and other external aspects, which can influence financial results among Nigerian banks.

CONCLUSION AND RECOMMENDATIONS

This paper has analyzed the effectiveness of board features on financial performance of the Nigerian banks, the aspects that it investigated include the board size, board independence, gender diversity of the board, and the board meetings. The findings show that the board size, board independence, and board gender diversity have a positive impact on financial performance, which is why it is possible to believe that diverse and independent boards can enhance the decision-making process and the quality of governance. But the correlation between board meetings and financial performance was surprisingly negative implying that increased frequency of meeting does not necessarily improve performance and it might be an indicator of inefficiency or poor performance strategy. Although the results correlate with multiple researches in the corporate governance area, they also ensure the vagueness of board dynamics and financial results. The research highlights the fact that the quality of good practice in board practices like independence of directors, diversity of views and effectiveness of meetings is of greater importance than part or frequency.

According to the results, a number of recommendations can be put forward in order to enhance corporate governance in the Nigerian banks:

i. Although bigger boards may lead to a variety of skills, a bank is advised to seek an appropriate size of a board that is not too big to the extent it leads to inefficiency but one that is big enough to offer a diverse range of views and good supervision. This balance could be maintained through regular reviews of board structure.
ii. The impact of independent directors is strengthened with the help of the study. Independence in board composition should still be a priority of the banks and the board need to be constituted in a manner that independent directors may provide an impartial control and serve the best interests of the shareholders. Board independence should also be encouraged where transparency and accountability in finance are concerned.
iii. Board gender diversity is positively related with financial performance, which is why more women should be represented on boards. Banks ought to adopt the policies that promote diversity and inclusiveness in appointment of board members as they appreciate that a gender diverse board is valuable in strategic decision-making and governance.
iv. Since there is a negative connection between the board meetings and financial performance, the banks need to concentrate on quality of the board meeting as opposed to frequency. Well planned meetings, that are well-organized, have an agenda and are strategic are better than the frequent unproductive meetings. Better governance and performance might be a result of enhancing efficiency and concentration of the meetings.

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