

Board Characteristics and Financial Performance of Listed Financial Institutions in Nigeria

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Abstract

The study investigates the relationship between board characteristics which include board size, board independence, board members' qualifications, board commitment and firms' performance. To accomplish the said objective, this study used data extracted from the annual reports of 48 listed financial institutions from 2013 to 2017. The study quantitative as firm performance is measured using return on asset, while Generalised Least Square regression was employed due to presence of heteroscedasticity in the model to test the hypotheses of the study after all conditions for panel data regression is achieved. The finding reveals that only board size has significant positive impact on financial institutions' performance individually; but collectively, board size, board independence, board qualifications and board commitment all have influence on the performance of financial institutions in Nigeria. The study therefore recommends that board characteristics should be assessed jointly and collectively in order to improve performance of financial institutions in Nigeria. This is because the variables can only improve the performance collectively provided the firms want to perform better.

Keywords: Board Characteristics, Firm Performance, Financial Institutions

Introduction

Globally, financial institutions' performance has been on the decline in recent times. This precipitated the global financial meltdown, with a spill-over effects cutting across various economies

across the world. The financial crisis further exacerbated the trend of high profile of corporate failures and scandals which eroded confidence in financial institutions. From the chronological chain of event it was evident that at each stage of corporate crisis there were some form of laxity on the part of the board who supposedly are to provide control mechanism. Board characteristics and performance have of recent received empirical consideration from scholar and practitioners as well (Xu & Goa 2019, Alexia 2018, Kasiewwic 2019, Crotty, 2008; Frank & Hesse, 2009, Kighir, 2009).

It has been established empirically that financial integration among world economies in recent times, especially bilateral trade relationships amongst the developed and emerging economies has promoted the rapid contagion and spill over effect on economies which were rather thought to be insulated. Consequently, the platform for international trade and investment inflows during financial crisis periods provided the avenue for transmitting the crisis into the host economy (Matu 2019, Sinta2018, Maggiulle 2018, Dornbusch, Baron & Xiong 2018, Park & Claessens, 2000; Caporale, Pittis & Spagnolo, 2006; Moriyama, 2010). This led to the spread of the crises to emerging markets like Nigeria.

The Nigeria financial system experienced tremendous decline in it

growth, with stock market losing more than 44.38 percent of its value (Okereke 2009). In addition, listed firms experienced unprecedented decline in their earnings during the period, which culminated in poor performance. It was argued by scholars such as Sinta (2018) and Maggiulle (2018) that the poor performance was as a result of weak governance structure of firms. According to Sunusi (2010) corporate governance principally, contributed to the financial crisis. He further argued that Consolidation exercise specifically brought about the creation of bigger banks but fail to remedy the fundamental weakness in corporate governance of banks during consolidation, the unethical practices in banks became a tradition, board member were appointed without the requisite qualification to enforce the much desired governance ethic on management.

After financial crises of 2008 the issue of weak governance especially in financial sector has persisted. This eventually gave rise to the 620 million naira banking sector bell out, yet issues of corporate governance have persisted. Furthermore the weak governance structure was also tested recently by the Nigeria economic recession of 2014, the most recent however is the case of fidelity /MTN scandal which led to the removal of its managing director and refund of about 46 million due to unethical conduct and Diamond Bank (now Access

Bank) and Sky Bank (now Polaris Bank). Its arguably evident all this cases resulted in deteriorating performance of financial firm in Nigeria.

There has been arguments among researchers on issues relating to the most adequate performance measure, where they argued that among all the performance parameters, that return on asset is pivotal and could easily lead to firm declined performance in Nigeria as argued by Ujunwa (2012) and Supported by Ujunwa, Nwakoby and Ugbam (2012).

Since, the ROA is attributed to firms' performance therefore there is need for the firms to pay attention to ROA issues in their annual reports and accounts among other measures of performance. This is supported by (Rodriguez-Fernandez, Fernandez-Alonso, & Rodriguez-Rodriguez, 2014, Al-Matari, Al-Swidi, Fadzil, & Al-Matari, 2012;) they opined that generally firms are to make a precise statement of performance accomplishments.

Even though many studies were conducted on performance, the consistent failure of firms due to performance issues which are undoubtedly intertwine with corporate governance is yet to be address considering the current trend of banks declining performance as argued by (Ene & Alem, 2016; Ifeanyi, Olagunji, & Adeyanju, 2011) thus, leading to cause of concern in Africa countries in

general and particularly in Nigeria (Blessing & Onoja, 2015; Ene & Alem, 2016; Ifeanyi et al., 2011). As a result, there is need for more inquiries on firm performance (measured as ROA) in Nigeria.

Researchers argued that, to maintain the effectiveness of the firm in terms of their performance, board characteristics which include and not limited to board size, board independence, board members qualifications and board commitment could play an important role (Al-Maghzom, Hussainey, & Aly, 2016; Al-Matari et al., 2012; Allini, Rossi, & Hussainey, 2016; Berger, Kick, & Schaeck, 2014; Fidanoski, Simeonovski, & Mateska, 2014; Inkinen, 2016).

Scholars such as Liu, Miletkov, Wei and Yang (2015), Al-Maghzom, Hussainey, and Aly (2016), Amran, and Ahmad (2016), Ene, and Alem (2016), Zabri, Ahmad, and Wah (2016), Bhatt and Bhatt (2017), Borlea, Achim, and Mare (2017), and Palaniappan (2017) in their attempt to study board characteristic and performance, argued that board size, board independence, board members' qualifications and board commitment are in connection with transparency and the credibility of the financial reporting hence the performance of the firms.

However, these studies did not consider the board characteristics

variables collectively which implies that, some considered only two variables of the board characteristics and some three variables but this study considered four variables. This could be the reason why these studies were not able to address the declining performance in the financial sector. This is considered so because it may not yield the desired outcome if the required board size, board independence and board member qualification is put in place without the required commitment to deliver on basic mandates. Thus, having all the required variables without the required qualifications may not yield the desired performance. Board characteristics variable are interdependent and as such they should be viewed collectively. Therefore, the focus of this study is to investigate the empirical relationship between board size, board independence, board members' qualifications, board commitment and firm's performance separately and collectively in Nigeria.

To achieve the mentioned objectives therefore, the study used data of 48 financial institutions in Nigeria for the period of 2013 to 2017. The period was selected because of its trend of deteriorating performance of financial institutions in Nigeria and this could be seen by looking at the failure of financial institutions within the period of the study for example, the collapse of Skye Bank and that of Diamond Bank that merge with access Bank all took place within the period of the

study. The importance of this research cannot be over emphasised considering the fact that financial institution which include banks are considered to be the engine room for economic growth and development. The study could also address the issues attributed to firm performance and improving academic literature on performance.

The remaining part of the paper is divided as follows; sections starting from the literature to the conclusion of the study. This is in addition to the theories with its framework, the methodology used in the study, the result and data analysis and finally, the conclusion of the study.

Literature Review and Development of Research Hypotheses

Relationship between Board Size and Firm Performance

The structure of the board is important to the characteristics of the board. The higher the number of board members, the more likely it is that the representation of the directors who could have a great experience is better (Leblanc, 2007). With such a board, they are more likely to influence the negative behavior of opportunistic behavior of management changing interest in performance issues (Erhardt, Werbel&Shrader, 2003; Guest, 2009; Jol, Caur& Cooper, 2013; O'Connell & Cramer, 2010). According to agency theory, however, the larger the board, the more the board increases in experience and, therefore, the higher the performance.

The larger size of the board improves the company's ability to understand and address the variety of different costs of revenue-related organizations (Johl, Kaur & Cooper, 2013), which in turn leads to greater transparency and more efficient information on the company (Erhardt, Werbel, & Shrader, 2003; O'Connell & Cramer, 2010). In addition, it allows good performance and, therefore, improves decision making while improving the performance of the company (Guest, 2009 and O'Connell & Cramer, 2010).

The evidence of the existence of a positive relationship between board size and performance is documented by Al-Matari et al., (2012), Bhatt and Bhatt (2017), Ene and Alem (2016) Fidanoski et al., (2014). Based on the Agency's theory, this study argues that a larger board promotes more effective decision-making and improves information processing which increases performance (Erhardt et al., 2003; Guest, 2013; O'Connell & Cramer, 2010). Therefore, the following hypothesis is derived:

H₁ There is a significant relationship between Board Size and firms' financial performance.

Relationship between Board Independence and Performance

The proportion of non-executive directors on the total number board of directors of the firm, also known as board independence, is considered an important aspect that

affects the overall performance of the firm (Liu et al., 2015) and, in particular, ROA (Li, Lu, Mittoo & Zhang, 2015, Zabri, Ahmad & Wah, 2016). Directors who are independent tend to pay more attention to performance, since they are more concerned with the company than with personal gain (Zabri et al., 2016). They tend to focus more on the company's work for more benevolence and continuity. As one of the interested parties, non-executive directors are mainly interested in behavior monitoring mechanism as indicated by Higgs (2003), and Zattoni and Cuomo (2010), where the role can be more difficult. For this reason, Palaniappan (2017) revealed that the more the number of non-CEOs on the board, the greater the effectiveness of the board in monitoring management decisions and, as a result, the efficiency of companies increase. In addition, there may be greater objectivity on the part of non-executive directors who may consider and take into account different stakeholders when making recommendations in their report (Gao & Kling, 2012). However, contrary to the evidence of existing literature on performance studies, empirical studies on the relationship between the independence of the board of directors and company's performance are somewhat limited in Nigeria (OkonAkpan, 2014; Sanda, Garba and Mikailu, 2011; Ujunwa, 2012). Consequently, the following hypothesis is formulated:

H2: There is significant relationship between Board Independence and Firms' financial Performance.

Relationship between Board Qualifications and Firm Performance

Qualification, also known as Education, is one of the vital ingredients in decision making which could lead to improved performance in organizations (Welford, 2007). Hence, there are studies that are conducted on qualifications or education and performance, especially in advanced countries (Amran, 2011; Bathula, 2008; Darmadi, 2013; Nomran, Haron, & Hassan, 2018) with very few and limited studies in Nigeria (Ehikioya, 2009; Garba & Abubakar, 2014; Sanda, Mikailu, & Garba, 2010). As indicated earlier, there are few studies on educational level of directors and performance generally in Africa. The reason could be attributed and not limited to, lack of data availability, weak policy, inadequate publicity and constrain on proper documentations of performance (Amran, 2011; Darmadi, 2013; Nomran, Haron, & Hassan, 2018). Therefore, there need for more studies on level of education and performance in Africa especially in Nigeria. To overcome these problems, so many literatures were reviewed in respect of qualifications or education and performance among financial institutions in Nigeria due to their sensitive nature.

Some studies that attributed

performance to level of education in include Amran(2011), Amran and Ahmad(2016), Amran, Yusof, Ishak and Aripin(2014) and Uadiale(2014) where for example, Fidanoski, Simeonovski, and Mateska (2014) and Berger, Kick, and Schaeck (2014), argued and established that the appointment of well-educated expertise could play an important role in enhancing the innovative mechanisms of the firm as posited by the agency theory. Even though some studies exist on the board educational level and performance these studies can be considered inadequate within Nigeria since the issue of decline in performance still persist. It is therefore imperative to further examine its effect on performance. Based on the foregoing therefore the following hypothesis is proposed.

H3: There is significant relationship between Board Qualifications and Firms' financial Performance.

Relationship between Board Commitment and Firm Performance

Generally Research suggests that the commitment of the board, measured in terms of the meetings held, has significant effect on performance. According to Chen, Firth, Gao and Rui (2006), the frequency of board meetings reflects robust monitoring mechanisms that could solve many problems that bind the company, which in turn can affect the company's business. This means

that activities on board, represented by the frequency of meetings, influence the ability of the council to act as an effective monitoring mechanism to justify conflicts in agencies (Xie et al., 2003, Khanchel, 2007). This is because the increase in monitoring is expected to reduce the asymmetry of the information, which in turn will increase the company's performance (Chou, Chung and Yin, 2013). In this regard, the board increase the frequency of meetings if the situation requires significant monitoring and control (Shivdasani and Yermack, 2014; Vafeas, 1999).

It can be argued that frequent meetings of the board, especially through individual attendance at meetings considered as a commitment based on previous research, would improve board performance (Conger, Finegold and Lawler, 1998). This is in addition to its ability to meet the interest of various parties, which in turn could

positively influence the performance of the company.

That is why the study expects that the number of board meetings that are convened on board will be positively related to the company's results. Therefore, the following hypothesis has been developed:

H4: There is significant relationship between Board Commitment and Firms' financial Performance.

Theory and the Framework

Financial performance can be seen as technique that can be used by firms to fulfil the primary objectives of different stakeholders of the firm which is the growth and the continuity. Firm performance is therefore regarded by this study as ROA (Al-Matari et al., 2012; Amer et al., 2012; Amran et al., 2014; Rodriguez-Fernandez et al., 2014). Base on that, this study proposed the following framework.

Research Framework

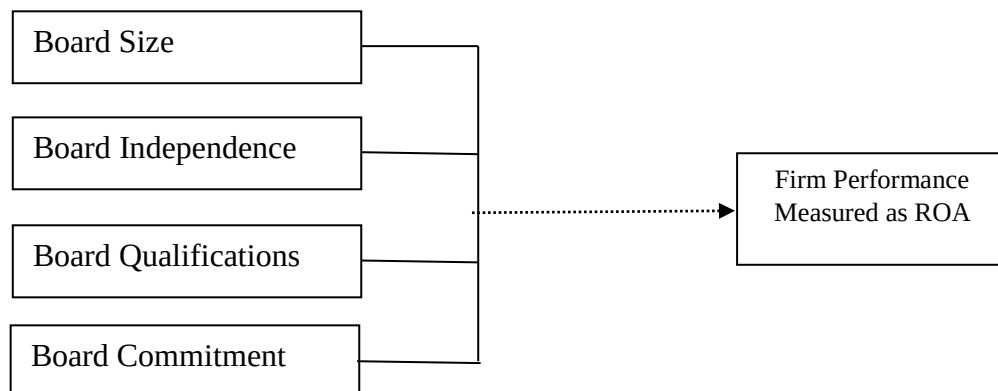


Figure 1: Research Framework

From the framework seen in Figure 1, board size, board independence, board qualifications and board commitment have direct association with performance of a firm (Al-Matari et al., 2012; Amer et al., 2012; Amran et al., 2014; Borlea, Achim, & Mare, 2017; Ghabayen, 2012; Hidayat & Utama, 2017; Mishra & Kapil, 2018; Rodriguez-Fernandez et al., 2014). The framework also indicates a collective influence of the explanatory variables and the explained variable since they are all connected with one arrow. In this respect, board size, board independence, board qualifications and board commitment works as a link between the organization and its stakeholders. Therefore, the board of directors can be a valuable resource of accountability (Eng & Mak, 2003).

In contrast, board size, board independence, board qualifications and board commitment grabs the accountability and financial reporting problems in trying to fulfil the performance data desires for the users of the financial reporting also seen as stakeholders. Therefore, board size, board independence, board qualifications and board commitment are predicted to impact on firm performance be it individually or collectively as seen in the framework

above.

Base on the framework therefore, use agency theory which argued that characteristics and performance of the board of directors allow companies to observe the agents that represent the companies when making decisions that can improve performance. These include the amount of your assets, products and services. Therefore, performance problems are considered an aspect of communication between the company and its stakeholders (Al-Matari, Kaid Al-Swidi, Hanim, Fadzil and Al-Matari, García-Ramos and García-Olalla, 2013).

Methodology

This study examines the relationship between board size, board independence, board qualifications, board commitment and firm performance of financial institutions in Nigeria for the period of 2013 to 2017. The study used audited annual reports and accounts of the firms as its sources. A total of forty-eight (48) financial firms which include 24 insurance companies, 14 banks, 4 Mortgage, 2 micro finance and 4 Estate were studied and multiple regression using panel data regression technique is found to be suitable for this study and thus employed in the analysis of data.

Table 1: Variables of the Study

Variables	Acronyms	Measurement	Source
Financial Performance	ROA	Measured by Net profit divided by total assets	as supported by Borlea et al., (2017) and Utama (2017).
Board size	BDS	Measured as total number of board members	(Garba&Abubakar, 201
Board Independence	BDI	Measured by dividing the total number of non-executive directors by the total number of directors on board	(Bhatt & Bhatt, 2017)
Board Qualifications	BDQ	Measured by the number directors with any financial expertise or qualifications divided by total number of directors on board	(Johl et al., 2013).
Board Commitment	BOC	Measured the summation of the proportion of the meetings attendance by each member to total meetings held by the firm annually	(Johl et al., 2013).

Based on these variables, the empirical results are thus based on the following regression model;

$$ROA_{it} = \beta_0 + \beta_1 BDS_{it} + \beta_2 BOI_{it} + \beta_3 BDQ_{it} + \beta_4 BOC_{it} + \epsilon_{it}$$

The collected data was first analyzed by correlation analysis to establish the nature of the link between the variables. The regression model was initially evaluated by panel regression as a technique that, according to Wooldridge (2011), provides a consistent estimate of β_0 (interruption)

and β (1-4) (pending) in the case of this study, since the data is of a panel nature.

Results and Discussion

In this section, data collected in the course of carrying out the study were presented and discussed. The hypothesis formulates for the study was tested to establish the effect of firm characteristics on environmental disclosure.

Table 2: Summary Statistics

Variable	Mean	St.Dev	Min	Max	Skewness	Kurtosis
ROA	.019	.06	-.2	.16	-1.072	5.118
BDS	10.119	3.514	5	20	.706	2.543
BDI	.704	.134	.36	.93	-.156	2.011
BDQ	.336	.191	0	.86	.346	2.421
BOC	.619	.091	.28	.85	-1.1	5.022

Source: Summary of Stata Output

Table 2 provides a summary of the descriptive statistics of the dependent and independent variables for the sampled listed financial institutions in Nigeria. This shows the average indicators of variables computed from the financial statements. The return rate measured by return on asset (ROA) reveals an average of 0.02% approximately. This picture suggests a poor performance during the period under study. The ROA measures the contribution of net income per naira (local currency) invested by the firms' stockholders; a measure of the efficiency of the owners' invested capital. The minimum and maximum values of ROA were -0.2 and 0.16 respectively. That means the most profitable financial institution earned N0.16 of net income from a single N1 of asset investment and the maximum losses incurred by the financial institution is -N0.2 on each N1 of asset investment. The standard deviation of ROA of 0.06 shows high variability across financial institutions. On the other hand, the mean for board size (BDS) indicates that the average board size is approximately 10 members with the standard deviation of 3.514. The minimum and maximum of members are 5 and 20 respectively. The average

of Board independence (BDI) as measured by the number of non-executive directors to total board size is 70.4%, with the standard deviation of 0.134, which shows that there is low variation of number of non-executives directors to total board size across the financial institution. The minimum and maximum proportions are 36% and 93% respectively. The average of board qualification as measured by the number directors with any financial expertise to total board size is 33.6%, with the standard deviation of 0.191. The minimum and maximum proportions of board qualification are 0% and 86% respectively. Finally, the average proportion of board commitment is 61.9%, with the standard deviation of 0.091. The minimum and maximum proportions of board commitment are 28% and 85% respectively.

In terms of the skewness and kurtosis, the study found all the variables to be normal since all the variable fall within the range of ± 10 in addition the observation of the study is 240 which greater than 150 thus, the normality distribution base on Gaussian theory is expected to be normal.

Table 3 shows the summary of correlations between the dependent and independent variables in addition to the Variance Inflation Factor (VIF).

Table 3: Correlation Matrix of the Variables

Variables	ROA	BDS	BDI	BDQ	BOC	VIF
ROA	1.0000					
BDS	-0.0468	1.0000				1.05
BDI	0.1036	-0.0503	1.0000			1.04
BDQ	0.1175	0.1565**	0.1585**	1.0000		1.03
BOC	0.4282***	-0.0167	-0.1140	-0.0461	1.0000	1.01

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

From the correlation matrix table 3, it can be seen that BDS, BDI and BOC are positively correlated with ROA of the listed financial institution in Nigeria. The implication is that the above variables move in the same direction with the ROA. However, BDS has negative and weak relationship with ROA, implying that they both move in the opposite direction. With respect to association among the independent variables themselves, the table reveals that there is positive correlation between BDQ and BDS. However, BDI and BOC have negative relationship with BDS. More so, positive relationship exists between BDQ, and BDI. Whereas, there exist negative relationship BOC and BDI. Finally, the result shows that there is negative relationship between BOC and BDQ. On the other hand, the relationship among the independent variables is not too strong to warrant

problem of multicollinearity. To consider the collinearity issues, this study conducted Variance Inflation Factor (VIF) test, the results of which provide evidence of the absence of collinearity. This is because the results of the VIF test ranges from a minimum of 1.05 to a maximum of 1.04 which are all less than 5hence the absence of collinearity among the explanatory variables.

Diagnostic Test

Before the conduct of the final regression, this study conducted diagnostic analysis to maintained the un-biasness of the parameters as argued by wooldridge(2011). Among the test conducted in addition to the multicollinearity test are based on the recommendation of wooldridge (2011) are Hausman test which make this study to go for random effect since the test is insignificant. Further test such

as LM test is also conducted and the study found that, the random effect is more appropriate thus, the study considered random effect model. But due to the presence of heteroskedasticity therefore, the study further conduct generalized least square (GLS) model which overcome the heteroskedasticity issues. Thus, this study report GLS model results as

suggested by wooldridge(2011) based on the issues raised on the previous models.

Generalised Least Squares (GLS) Result

The study presents the regression result Generalised Least Square (GLS) regression in Table 4 below.

Table 4: Regression Results

Dependent Variables ROA

IND. VARs	β	Std error	Z	Sig
CONSTANT	-0.0840	0.0513	-1.64	0.102
BDS	-0.3640	0.7045	-0.52	0.605
BDI	0.1550**	0.0661	2.34	0.019
BDQ	0.0864*	0.0451	1.92	0.055
BOC	0.300***	0.0037	7.97	0.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$ %

From the Table 4 There is clear evidence of insignificances between the board size (BDS) and performance if one considered the p-values. Which means the variable is statistically insignificant. From the result of the GLS estimations, the result shows that board size (BDS) has negative and insignificant relationship with financial performance, as indicated with the coefficient and p-value of -0.3640 and 0.605 respectively. Therefore, we fail to reject null hypothesis, which states that board size (BDS) has no significant impact on financial performance.

In contrast, the relationship between board independence (BDI) and financial performance of listed financial institutions is positive as indicated with the coefficient of 0.1550, which is statistically significant at 5% level of significance (from the P-value of 0.019). This implies that increase in number of independent directors will have positive influence on financial performance. This is because independent directors are likely to seek and facilitate (e.g., via information sharing) other channels that aid their monitoring activities. They also play an important role in processing and

interpreting financial disclosures made by the firm and in acquiring additional information to determine the future financial prospects of the firm. while other factors remain constant, this provides basis for rejecting the null hypothesis which states that, board independence has no significant effect on the financial performance of listed financial institutions in Nigeria. This finding support the proposition of agency theory and the findings of Liu et al., (2015), Li, Lu, Mittoo and Zhang (2015), Zabri, Ahmad and Wah, (2016), but contradicts the studies of Okon and Akpan, (2014), Sanda, Garba and Mikailu, (2011) and Ujunwa (2012).

Furthermore, board qualification has no association with performance of a firm at all level of significant. The study could not find enough evidence that increase in BDQ by one will bring about an increase in performance by the parameter seen in the table with the economic assumption of *ceteris paribus*. Finally, the result shows that there is positive and significant relationship between board commitment and financial performance of listed financial institutions as indicated by the coefficient of 0.3 with p-value of 0.003. By implication, it means increase in board commitment will foster concentric effectiveness of board members regarding the firms operation, which in turn will improve financial performance. This provides evidence to reject null hypothesis

which states that board commitment has no significant effect on financial performance of listed financial institutions in Nigeria. This finding support the proposition of agency theory but contradict the findings on Keith and Keith, (2019) and Uriel, (2013).

Since, out of the four hypothesis formulated is only board independence and board commitment that are significant. Therefore, there is need to find out if the parameters shown on the table are individually and collectively not equal to zero as they tend to be zero based on the GLS estimation and that the two hypotheses, which include BDS and BDQ are not significant, hence based on the interpretation of regression analysis, the study have to conclude that there is no relationship. This implies that, the parameters of BDS and BDQ i.e β_{2-4} are all zero. Thus, the study conducts Wald-Statistics analysis.

Test on Parameters of Board Size, Independence, Qualifications and Commitment

Statisticians as well as Econometricians agreed on the parameter of an independent variable to be biased free where if it is significant therefore, a relationship exist provided the assumption of the regression hold and if it is insignificant therefore, the relationship did not exist which implies that the parameter is equal to zero (Keith & Keith, 2019; Uriel, 2013). The argument here is that, even though the

parameter(s) found in the regression is not zero as seen in the result, the study could not established the said relationship provided it is insignificant thus, the parameter is assume to be zero and the one seen in the result is said to happen by chance (Krzywinski & Altman, 2015; Nathans, Oswald, & Nimon, 2012; Pak & Oh, 2010).

In the case of multiple regression, the assumption by econometricians is the parameters of the variables may not be equal to zero collectively even though is found to be zero individually (Krzywinski & Altman, 2015; Nathans et al., 2012; Pak & Oh, 2010) thus, the need for additional test called F test of collective significance where the test assume individual parameters which, in the case of this study include β_{1-4} , is not equal to zero and the null assume the parameters are said to be zero individually (Keith & Keith, 2019; Uriel, 2013).

Consistent with the argument raised above therefore, this study argued that the parameters of Board Size, Independence, Qualifications and

Commitment β_{1-4} are individually and collectively not equal to zero. The study, therefore, expects the parameters β_{1-4} to influence firm performance. Hence, the following hypotheses are developed:

- H5:** The Parameter of Board Size in relation to Firm Performance is Zero.
- H6:** The Parameter of Board Independence in relation to Firm Performance is Zero
- H7:** The Parameter of Board Qualifications in relation to Firm Performance is Zero
- H5:** The Parameter of Board Commitment in relation to Firm Performance is Zero

Wald-Statistics Analysis

Using Wald-Statistics analysis this study assume all the parameters of model β_{1-4} are equal to zero which could be seen in Table 5 below.

Table 5: Wald Chi Statistics Results

Independent Variables	β	Statistics
BDS	= 0	Wald-Statistics 62.68
BDI	= 0	Prob Wald 0.00
BDQ	= 0	
BOC	= 0	

*** significant at 1%, ** significant at 5% and * significant at 10%.

Going by the result shown on the Table 5 therefore, the wald test is significant

which implies that, the parameters of the variables BDS, BDI, BDQ and

BOC β_{1-4} are not equal to zero since the null hypothesis which was formulated earlier said that all the parameters individually are equal to zero. Thus, this study reject hypothesis 5, 6, 7 and 8 of the study thereby supporting the alternate hypothesis that suggest the parameters are not equal to zero. This means that, the variables of the study BDS, BDI, BDQ and BOC influence performance as there parameters of the study is not equal to zero. Based on this findings therefore, this study could not reject any of the hypothesis earlier established as no relationship but the insignificances could be due to time variant or number of observation but the variables could have an influence on the performance. The model of the study is also said to be fitted since the probabilities of wald-statistics is significant at 1% since the value of the probability of Wald chi is 0.00 as seen in Table 5. This means that board size, board independence, board qualifications and board commitment are jointly significant in explaining changes in performance.

Conclusion

The objective of this study in line with the title of the study is to demonstrates beyond reasonable doubt that there evidence of a relationship between Board Size, Board Independence, Board Qualifications, Board Commitment and Firm Performance separately and collectively base on the evidence from Nigerian financial firms in 2013 to

2017 inclusive. Thus, board size, board independence, board qualifications and board commitment is said to significantly impact the firm performance in Nigeria. Based on the objectives of the study, eight hypotheses were developed test for the relationship and Generalised Least Square regression is employed due to presence of heteroskedasticity in the model to test the hypothesis of the study after all conditions for panel data regression is achieved. To be in consistent with the theory therefore, the results found is also support agency theory which explain that the higher the board efficiency the better the firm performance and the higher the performance the higher the stockholders' satisfaction are achieved on the running of the organization favourite to the organization surroundings. This could be seen as the independent variables, Board Size has positive influence on performance and board size, Board Independence, Board Qualifications, and Board Commitment are collectively significant in explaining changes in firm performance among financial firms in Nigeria. Additionally, the positive sign as seen in the parameter of the independent variable board independence and board commitment is an indication of an increase in firm performance due to increase in the explanatory variable. This could be verified by identifying the parameters β_{1-4} in Table 4. Hence, this study concludes that while board independence and board commitment

influence firm performance as an individual explanatory variable, all the independent variables Board Size, Board Independence, Board Qualifications and Board Commitment influenced firm performance significantly since their parameters is not equal to zero based on Wald statistics test of the result.

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