DIVERSITY AND PERFORMANCE: A CASE OF BOARD COMPOSITION OF FIRMS ON THE NIGERIAN STOCK EXCHANGE

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ABSTRACT

This thesis examines the relationship between crucial board characteristics and firm performance in certain industries in Nigeria. We examine the business case for the inclusion of women and ethnic minority directors on the board. Specifically, we investigate the relationship between the number of women directors and the number of ethnic minority directors (Yoruba, Igbo and Hausa) on the board, important board committees and financial performance measured as Return on Assets and Tobin's Q.

Unlike most studies on board which focus on developed markets, this study was conducted in an emerging market and the focus was on diversity using a pragmatic approach. Most study of this kind are pure empirical studies. To have a broader perspective on the subject we employed a mixed method approach. Employing a fixed effects model for our panel data and a semi-structured interview through a snowballing approach, we explore diversity and firm performance.

Different theories such as resource dependence theory, agency theory, and stakeholder theory suggest that gender and ethnic diversity may have either a positive, negative, or no effect on the financial performance of the firm. Our statistical analysis supports the aforementioned effects. Our research results are consistent with what Carter et al. (2010) describe as a contingency explanation because the effect of the gender and ethnic diversity of the board may be different under different circumstances at different times.

We found a positive and significant relationship between some ethnic groups and firm performance. However, we do not find a significant relationship between the gender, important board committees, or non-executive female board member and financial performance for a sample 190 firm on the Nigerian Stock Exchange. The results of our analysis do not support the business case for inclusion of women on corporate boards but it also does not deny it. This is linked to how we found that social networking, regionality, social acceptability, double shifting for women and minorities play important roles in determining the effectiveness of women and ethnic minorities on the Nigerian corporate board in our interviews, which may help to explain the limited numbers and the lack of impact of diversity on board performance in this developing country context. The developing country context also theoretically demanded a more integrated use of corporate governance thinking around agency, stewardship and resource dependence to help explain how governance operates in emerging economies like Nigeria.

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1 Introduction

1.1 Background

For a long time boards have been the subject of management research and the attention paid to corporate boards has increased in recent years (Daily et al., 2003, Rhode and Packel, 2010, Gregory et al., 2013), with a particular focus on the board composition and its relationship to company performance (Pettigrew, 1992, Zahra and Pearce, 1989). With women and (ethnic) minorities continuing to become a larger proportion of the workforce in Nigeria, corporations are beginning to have an increasingly diverse pool of potential candidates for decision-making positions (Burke, 1997, Conyon and Peck, 1998, Erhardt et al., 2003, Carter et al., 2010, Ujunwa, 2012). As a result, these changes in the labour market may influence the composition of boards of directors and subsequently corporate governance (Shrader et al., 1997).

The demographic diversity of corporate directors is receiving increased attention due to the changing cultural, political, and public views of corporate board membership. Furthermore, the worldwide aspiration for better corporate governance is a principal issue. Different corporate governance catastrophes have led to reforms such as the Cadbury Report in the United Kingdom, the General Motors Board of Directors guidelines in the US, the Dey Report in Canada and the Central Bank initiative in Nigeria. Hence, legislative action by, for instance, the US government i.e. the Sarbanes-OxleyAct of 2002. Other countries have passed legislation and guidelines regulating corporate governance as well (Carter et al., 2010). Rose (2007) reports a serious interest in Scandinavian countries to improve the number of women on corporate boards. For instance, the Norwegian government passed legislation requiring 40 per cent of the directors for a company to be women (Rose, 2007). Following after Norway is Spain who also passed legislation requiring a quota for the number of female directors (Adams and Ferreira, 2009). According to the Higgs Report, they opined that demographic diversity increases board performance and encourage firms to increase the number of women on boards (Adams & Ferreira, 2009).

It is often argued that diversity on boards, which may include members from different backgrounds, race, ethnicity, language, skills and experiences, will improve organisational value and performance by providing the board with different initiatives, perspectives, enhanced creativity and innovation resulting in clearer decision-making process and improved performance (Lincoln and Adedoyin, 2012a). According to Carter and Wagner (2011), the gender and ethnic diversity debate in the literature on corporate governance covers two major propositions. The first perspective is that skilled women and ethnic minorities with the human capital, networks, information, and other managerial characteristics are worthy of opportunities to serve on corporate boards. The second suggestion is that gender and ethnic diversity of directors' result in better governance that causes the business to be more profitable.

Ujunwa (2012) claims that a more diverse board is likely to challenge previously held assumptions resulting in a more pro-active board, which leads to an improvement in the firm's image, which causes a ripple effect on performance. In another major study Erhardt et al. (2003), board diversity positively impacted on return on investment and return on assets. Similarly Lincoln and Adedoyin (2012a) argues that board diversity will also help reduce nepotism, promote fairness and ensure various stakeholder interests are well represented in corporate decision making. This view is supported by Nielsen and Huse (2010) and Torchia et al. (2011a) in a survey of Norwegian firms who writes that board diversity indicates that companies are showing an obligation to promoting people from various ethnic backgrounds and a commitment to a policy of non-discrimination against gender or ethnic minority executives. Diversity on board may also lead to a positive impact on the external talent pool for the directorship, i.e. top female managers may influence career trajectory of women in lower roles, provide mentoring and networking opportunities for junior level women staff and possibly contribute to increased retention of women (Bear et al., 2010). This ideology has led to the proponent of the quota system (Hughes, 2011, Teigen, 2012, Terjesen et al., 2013) which has been the most successful way of increasing the number of women and minorities on corporate boards until date.

An empirical study into the relationship between the gender and ethnic diversity of the board and firm financial performance would influence both public policy and the governance of the corporate organisation. If according to empirical finding there is no difference between women and ethnic minority directors and other competent directors so that gender and ethnic diversity on the board is of no consequence on shareholder or stakeholder value, then the allure of gender and ethnic minority diversity is principally a public policy issue. However, if, according to Carter et al. (2010), there is a positive relationship between the gender and ethnic diversity of the board and firm performance, the economic implications of board diversity are important.

Most literature on the subject of gender and ethnic diversity have been written in developed economy context (Carter et al., 2010, Desvaux et al., 2007, Erhardt et al., 2003, Terjesen et al., 2015b, Bourne et al., 2011) ranging from corporate governance issues such as: gender and ethnic diversity among UK corporate boards (Brammer et al., 2007), gender diversity and

financial performance (Campbell and Minguez-Vera, 2008), gender and ethnic diversity and firm performance (Carter et al., 2010), gold skirt (Huse et al., 2012), independent and female directors impact firm performance (Terjesen et al., 2015b), trajectory of careers and identities through various strands of equality and diversity (Bourne et al., 2011). A few have been written in Africa and particularly Nigeria (Ujunwa, 2012, Adebowale, 2012, Adekoya, 2011, Adesua Lincoln and Adedoyin, 2012). However, in most of these studies an essential component – ethnicity - is not empirically studied in the Nigerian context. Approach to the study of corporate governance in Nigeria as either taken a quantitative or qualitative approach. Therefore, this research fills this void in the research design in the Nigerian literature by using a pragmatic approach. Characteristics of corporate governance in developing countries are often different from those of developed countries. As a result, an empirical study of each society is required to understand the effects of diversity indicators (like gender and ethnicity) on corporate board on firm's financial performance and Nigeria presents an interesting case for several reasons (see chapter 4).
The current research focuses on the Nigerian context and can contribute to the literature by constructing a model with established theories like the agency, resource dependence and stakeholder theories to check if they might play differently in the Nigerian context and that diversity (gender and ethnicity) play a prominent role for different reasons on company boards.

Moreover, this research can demonstrate evidence of the impact of ethnicity on corporate boards that empirical study alone cannot provide by employing qualitative techniques to study the experience of Nigerian board members; thereby discovering any points of difference with that found in the developed world. Furthermore, the influence of social issues such as gender stereotypes, regionality, language and ethnicity are thoroughly tested in this research. Finally, this research can verify the impact of various policies or interventions in the Nigerian financial sector regarding gender parity and check for its effectiveness.

1.2 The purpose of the study

The purpose of this research is to explore the relationship between the diversity indicator in board composition and the financial performance of all firms on the Nigerian Stock Exchange.

Our research is unique because we consider both ethnic diversity and gender diversity in this analysis that is not common in the literature. We found only one other empirical investigation that directly measured the link between the ethnicity of the board and financial performance of the firm (Ujunwa et al., 2012), however, the research employed a dummy variable construct, which takes a value of 1 if the board is made up of people from different tribes and 0 if otherwise. There have been more research in the literature on the empirical relationship between the gender of corporate directors and financial performance more than any other aspects of the demographic diversity of corporate directors.

However, we believe like Carter et al. (2010) that gender diversity and ethnic diversity are not the same ideology and will not affect the company in same ways. We consider evidence from the resource dependency theory that suggests significant differences between women directors and ethnic minority directors. We also find previous empirical evidence on the nature of board diversity, which distinguishes gender, and ethnic diversity (Hillman et al., 2002, Carter et al., 2010, Ujunwa, 2012, Brammer et al., 2007, Upadhyay and Zeng, 2014). Finally, we drawn from the evidence presented in this analysis, which suggests a difference between women directors and ethnic minority directors.

Furthermore, our study explores the relationship between the gender and ethnicity of the members of important board committees and financial performance, which has not been done in the Nigerian literature. We investigate the hypothesis of Carter et al. (2010) that an analysis of committee membership and financial performance provides a relationship between board diversity and firm performance. Our third contribution is that we implement a mixed method approach that has not been used in previous investigations, which might apply to other African countries or developing countries with the same demographic construct. As the analysis of board diversity and firm performance has progressed, more and more sophisticated analytical methods are being applied to new data sets. Our research contributes to this research stream by using mixed methods and different ethnic variables, which split the effect of the three major tribes in Nigeria.

One major limitation with current research on diversity and performance is that they have been undertaken in the context of developed economies and the limited research conducted in the Nigerian economy (Ujunwa, 2012, Mikailu, 2005, Lincoln and Adedoyin, 2012a) has not examined the diversity of boards using mixed method analysis, they have not examined the effect of different ethnicity, as forms of diversity, and finally most of the existing research have also employed only one measure of performance. This research also did a sector analysis of the two major sectors (Finance and Oil and Gas) using same parameters given their importance to the economy. We chose the financial sector because of the recent reform in the sector regarding gender diversity on board with the aim to see its effectiveness before and after the reform. We compare the financial sector with the oil & gas sector because Nigeria is an oil dependent nation with the large portion of its budget dependent on proceeds from the sale of oil (see chapter 4 page 47 for further justification). Furthermore, we constructed models to check for a before and after effect of diversity on firm financial performance for the banking sector about the CBN recapitalisation policy and the introduction of gender quota on bank boards.

1.3 Research question

This study aims at raising awareness and understanding of gender and ethnic minority influences on corporate boards for all firms on the Nigerian Stock Exchange. In South Africa, the King III code emerged and in Nigeria, the Securities and Exchange Commission (SEC) code was revised. While these changes were aimed at making corporate boards more effective, there are still challenges as to how these boards are composed, how human capital is fully utilised. This can only be done by using all available resources without biases for gender, ethnicity. Then optimum firm performance can be reached. This research, therefore, explores the following questions:

In summary, our research hypotheses are that:

Hypothesis 1: Ethnic diversity is negatively associated with firm performance

Hypothesis 2: Board gender is positively related to firm performance.

Hypothesis 3: There is a positive relationship between board size and firm performance.

Hypothesis 4: There is a negative relationship between non-executive female director and performance.

Hypothesis 5: The number of women directors on a major board committee is related to the financial performance of the company.

The first research question is to what extent a gender and ethnicity play a significant role in board composition and how does it affect firm financial performance. In other to answer this question we explore the question quantitatively by checking the effect of each gender grouping on firm financial performance in our fixed effect model, and qualitatively we ask interview questions of our research participants to know their personal experience of the firm procedure for appointment to board membership and if gender and ethnicity are crucial.

We also ask the question of the importance of the size of the board. The resource dependency literature argues that the bigger the board, the more the possibility of a diverse board (Hillman et al., 2009). Others argue that a large size could be ineffective in decision-making (Drees and

Heugens, 2013, Xia et al., 2014). We, therefore, test to see how much the size of the typical board in Nigeria affect firm financial performance.
This research explores empirically the effect of non-executive female directors on the Nigeria boards. According to the literature, board appoint a non-executive director to serve or play the monitoring role, thereby representing the interest of the firm's stakeholder (De Haan and Vlahu, 2016). We test for this idea in the Nigerian context and particularly because we see that, the majority of women on the Nigerian corporate boards are non-executive members. We construct a model also to test for the importance of gender and ethnic minority on a major board committee.

Several related theories of social groups examine how people seek to have people with the same demographic profiles, perspectives, and values, which are then reinforced in intragroup communication (Terjesen et al., 2015b). We, therefore, ask the question of how social network affects the performance of women and minorities on board.

Finally, using semi-structured interview question and a snowballing approach, we ask further questions about the influence of politic on board and how government monitoring agencies affect the board composition of Nigerian firms. Also we as our interview respondent about the following topics: regionality and local content, work/life balance, double shifting for women and the importance of the leadership structure on firm performance.

1.4 Organisation of the study

This thesis consists of eight chapters. This chapter, chapter one, gives an overview of the research and explains the importance of the study. The research is discussed in brief and the contributions that this research hopes to achieve to contribute to the knowledge in the corporate governance literature.
The literature review presented in Chapter 2 starts off by explores the different models of board directors. We further explore existing literature concerning the formation of corporate boards and how these characteristics affect firm performance.
Chapter 3 explains the theoretical framework used in this research. It clarify the model formulated with the Nigerian context in mind but with the idea that, using this model, further studies could be replicated in other developing economies with similar socio-economic characteristics like Nigeria.
Chapter 4 gives a comprehensive description of Nigeria as a means of having a sound understanding of the research context. This research starts by explaining the concept of corporate governance in Nigeria. This study further looks at the history of corporate governance in Nigeria, the background and the socio context in which it operates. There is a

section comparing other African countries and how corporate governance works. The chapter ends with recent initiative and policies already implemented and proposed or prospective policies.

Chapter 5 gives the pragmatist approach as the research methodology adopted for this research, along with the research design. It describes the sample, data sources, data collection, variables and the statistical tools used for data analyses. The pragmatism paradigm is employed in this study to investigate the diversity and its effect on Nigeria's boards because of its ability to examine a range of micro and macro phenomena in which women and minorities operate in the Nigerian context. The chapter ends by confirming that all ethical consideration have been met undertaking this research.

Chapter 6 presents the descriptive statistics for all variables employed in this research. The chapter goes on to report the results of the correlation and regression analyses of the data and implications of all-sector analysis, comparative analysis of the banking and the oil and gas sector and finally, the pre and post 2009 analysis of the banking sector. This chapter discusses the result by trying to explain how the result reflect and affects corporate governance in Nigeria. The chapter ends by summarising hypothesis tested and our research findings and questions explored in the qualitative research.

Chapter 7 explored qualitatively, using semi-structured interviews and snowballing techniques, the characteristics of board members. The chapter analyses the responses of our interviewees. It looks at the experiences of board members and how these experiences answer our research questions about firm performance.

Finally, Chapter 8 concludes the thesis by summarising the main findings and the contributions for practitioners and academia. This chapter also identifies the strengths and limitations of the current study and ends with a set of recommendations for future research and policy implementation.

2 Literature review

2.1 Introduction

This chapter reviews the literature relating to corporate boards, different forms of diversity, the various board models and their effectiveness. The literature review has been divided into the following sections. The first section discusses the various models of boards and the corporate governance implications, then a review of previous studies that have been undertaken on boards of directors in the second section. In addition, this chapter discusses boardroom characteristics such as leadership structure, quota system and diversity on boards.

2.2 Models of Board of Directors – Governance Structure

In literature, there are three top methodologies to the organisation of corporate boards: the Anglo-US one-tier board model, the continental European two-tier board model, and the Japanese model (Yermack, 2006, Yermack, 1996). The Anglo-Saxon model is used in the US, the UK and Canada (also adopted by Nigeria), while the continental European model is employed in European countries such as Germany, Switzerland, Austria, Finland and Netherland. The Japanese model is used mainly in Japan and some other Asian countries such as Korea. Each type decides the number and size of the board, the ownership structure and business structure, which are part of corporate governance. The differences in legal and political institutions of these corporate governance systems will affect managerial behaviour.

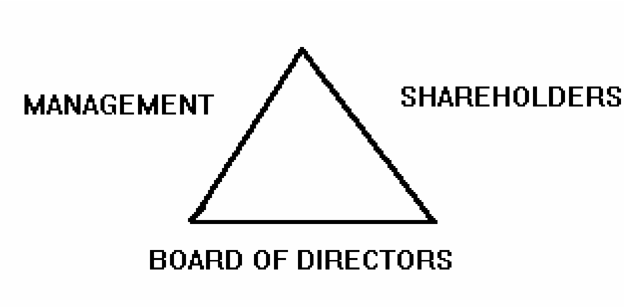
2.2.1 Anglo-US Model

Share ownership of persons is the identity of the Anglo-US model, and increasing institutional investors that are not affiliated with the corporation. The model also includes a well-developed legal framework defining the rights and responsibilities of three key players, which are management, directors and shareholders and an uncomplicated procedure for synergy between shareholder and firm as well as among shareholders during or outside the annual general meeting (AGM) (Aguilera and Jackson, 2003).

An attractive means of raising capital in the UK and US is equity financing (Hall, 2002). Hence, it is little wonder that the US is the largest capital market in the world, followed by Tokyo and third in rank is the London Stock Exchange (regarding market capitalization). According to the literature, "there is a determinant relationship between the significance of equity financing, the proportion of the financial market and how a corporate governance system (Porta et al., 1997). This is evident in the US as it is both the world's largest financial market and has the world's most advanced system of proxy voting and shareholder activism by institutional investors. In the UK also, institutional investors play a significant role in both the financial market and corporate governance.

Major participants in the Anglo-US model include management, directors, shareholders (especially institutional investors), government agencies, stock exchanges, self-regulatory organisations and consulting firms which advise corporations and shareholders on corporate governance and proxy voting. Of all those mentioned above, the three top players are management, directors and shareholders. They form what is typically referred to as the "corporate governance triangle" as seen in figure 1 (Tricker, 2015). The interests and intercommunication of these players may be depicted as follows:

Figure 1: Corporate governance triangle



The Anglo-US model, from which many elements of governance are taken and imitated by others (Aguilera and Jackson, 2003), emphasises the primacy of shareholders and presumes that top executives‘ primary responsibility is to maximise shareholder wealth (Jensen and Meckling, 1976). This Anglo-US model focuses on some governance mechanisms including the separation of ownership from control, financing through the stock market, and the use of independent directors (Dalton et al., 1998).

In this system, the board of directors' main tasks are to appoint and dismiss the managers, approve payments and acquisitions and decide on important strategies. Executive directors (who are members of management) and non-executive directors (who are outsiders) operate together in one organisational layer that constitutes the board. The shareholders at their annual general meetings elect boards. As a result of the various corporate governance regulations in these countries, the non-executive directors constitute the majority on the board. However, many of the companies still have boards that operate with a board leadership structure that combines the roles of the CEO and the chairperson (called CEO-duality). While most businesses in the UK have board leadership structure that separates both positions, there still a few boards in the US that practice CEO-duality. One-tier boards also make use of board committees such as audit, remuneration and nomination committees. In addition, the board of directors is in charge of both decision management and decision control.

This system of corporate governance is also referred to as stock market capitalism, and it relies on external monitoring mechanisms. However, the Cadbury-type scandals[1] have shown that these external control mechanisms are not sufficient for controlling the discretionary power of top executives (Lincoln and Adedoyin, 2012a). Managers tend to be disciplined by market-based rewards and punished through capital markets in this system.

2.2.2 German Model

There are vast differences between the German corporate governance model and both the Anglo-US and the Japanese model, although some of its components may be applicable to the Japanese model.

There are three unique features of the German model that distinguish it from the other models of corporate governance. Two of these functions are concerning board composition**,** while the other is about shareholders' rights. First, the German model is split into two separate boards with different members. German firms adopt a two-category board structure consisting of management or executive board members and supervisory or non-executive board members (composed of labour/employee representatives and shareholder representatives). The two boards are entirely distinct; no one may serve simultaneously on a corporation's management board and supervisory board. This form of corporate governance is also referred to as welfare capitalism (Buck and Shahrim, 2005). Second, the size of the non-executive board is set by law and cannot be changed by shareholders.

Third, in Germany and other countries following this model, voting right limitations are legal; this means shareholder can only vote a certain percentage of the corporation's total share capital, regardless of share ownership position.

The supervisory board plays the role of outside directors of U.S. and UK companies, and it has a limited range of rights. It can only control managers of the corporation in extreme circumstances by not renewing their contract or block proposed mergers.

In countries that practice this model, bank financing is traditionally preferred to equity financing, and so banks and corporations are the dominant shareholders. The major players in this model are banks, corporate players and labour unions. In Germany, the banks have a

[1] For example, the exposure of financial accounts manipulation perpetrated by executives in Cadbury Nigeria Plc. in 2006 leading to over N13 billion balance sheet overstatement and profit to shareholders over a number of years and an operating loss between N1billion and N2billion in 2006. Investors and other stakeholders were severely affected as the exposé of unethical practice of the executives led to panic in the Nigerian stock markets as investors began to dump their shares on the stock exchange OKARO, S. & OKAFOR, O. 2009. Creative Accounting. *Corporate Governance Watch dog Institutions and Systems-The Case of Cadbury (Nig.) Plc. SSRN*, 1-12.. Market information showed that there was a N7.56 fall in Cadbury share prices between the 22nd of November 2006 and the 15th of December 2006. The company executives responsible for this unethical behaviour, including the auditors involved in the account manipulation were not prosecuted and no sanctions taken against many of them under the Nigerian legal system. In fact, the sacked CEO of Cadbury Plc. was successfully able to sue Cadbury for unlawful termination from office.

strong influence within firms as they carry out lending activities and sometimes act as agents for other shareholders (Vitols, 2005). According to Vitols (2005), German banks, therefore, play an important monitoring role in corporate governance, at least when compared with the UK or the US. This prominent role by banks is attributable to their importance in corporate financing, particularly for capital-intensive manufacturing, significant direct share ownership in nonfinancial firms, proxy voting on behalf of their customers, and to the nomination of bank managers as directors to the supervisory boards of nonfinancial firms. However, such a role may not be in the interest of shareholders as the bank's main interest is not likely to be the maximisation of shareholder value. This is a very important difference between the German model and the Anglo-US model.

2.2.3 Japanese Model

Corporate ownership in Asia is typically concentrated, with controlling owners (Porta et al., 1997) who usually have voting rights over cash flow rights. The Japanese model is denoted by a sizable level of stock ownership by her patronising banks and firms.
According to the literature this banking is identified "by secure, long-term connection with bank and corporation; a legal and industrial policy structure designed to support and promote **"***Keiretsu***"** (a conglomeration of businesses linked together by cross-shareholdings to form a robust corporate structure); boards of directors composed almost solely of executives; and a comparatively low level of input of outside shareholders, caused and exacerbated by complicated procedures for exercising shareholders' votes" (Tricker, 2015, pp. 154)

In Japan, conglomerates, called *Keiretsu***,** are important and the companies that make up a conglomerate are linked together through interlocking directors. These companies are supported by cross-holdings of one another's shares. Financial institutions or banks belong to the conglomerates that hold shares in those companies. Furthermore, the main bank and some other financial institutions are represented on the conglomerate's supervisory board. An important aspect is a multi-directional control, where each company belonging to the *"Keiretsu"* can exercise some control over the companies that control it (Rychlewski, 2010). Additionally, there is a single board of director that is dominated by managers. Over three-quarters of a board's members are managers.

In this model, the four major players are the main bank (a major inside shareholder), affiliated company (a major inside shareholder), management and the government. The conglomerate's (*keiretsu's*) main bank will become important when a company of this conglomerate has a problem, with a cash infusion, restructuring plan, or engineering management change (Gugler et al., 2004). The same model is also found in South Korea, where the business groups are characterised by controlling owners known as *chaebols*, which are legally independent sets of firms that are bound together by formal and informal ties (Aguilera and Jackson, 2003). The global performance of big Korean companies such as Samsung, LG, etc. has generated more interest in the Korean model.

Gugler et al. (2004) describe the Korean model as being *"a hybrid between the German corporate pyramid and the Japanese keiretsu"*. The top position of the structure consists of the founding family, who can perpetuate their empires through cross-shareholdings among the member companies that result in an imbalance between control and ownership rights. Furthermore, the founding families can maintain their power, thus control by the fact, that banks and other financial institutions do not play a monitoring role in the company. In such firms, the controlling owners tend to exploit minority shareholders (Young et al., 2008) and this constitutes a serious governance problem. Claessens et al. (2000) found that in over 80 per cent of the major Korean firms, the largest and controlling shareholder or family members were also represented among top executives. Controlling shareholders also selected most of the directors on the board (Young et al., 2008), thereby rendering the internal governance system ineffective. The selected directors are not likely to oppose the views of the controlling shareholders.

Before the Asian financial crisis of 1997, the popular ownership structures in the region - the *chaebol* ownership structure - and Korean legal institutions supported functional corporate governance. According to Kim and Kim (2008), in 1996, the controlling shareholders of the large *chaebol* owned an average of 23% of the outstanding shares, but actually controlled 68% of the votes through various forms of cross- and circular-holdings in subsidiaries and related firms (Young et al., 2008). Such disproportionate control gave the *chaebol* owners the power to appoint the top managements and boards of their affiliated firms. This meant that minority shareholders could not be protected and insider trading was more likely to take place. Chizema and Kim (2010) found that Korean firms, which are known for adopting the Japanese board-model, now appoint outside directors to the boards. They also found that larger firms that are under stricter control by the government have a more significant representation of outside directors on the board. This is an example of corporate governance confluence on the Anglo-American model, where higher levels of non-executive director representation on the board are the norm.

The idea of non-executive directors has been mostly questionable in Korea, particularly whether it is effective (Kato et al., 2007), others arguing that non-executive' directors help to monitor owner-managers and to minimize agency problems (Kato et al., 2007) of the principal–principal form (Young et al., 2008). Opponents of this innovation have argued that because Korea has a different institutional environment to the USA or the UK, outside directors would be ineffective in Korea (Aguilera and Jackson, 2003).

2.3 Research on Board of Directors

The global financial crisis that began in 2008 brought into question the effectiveness of the governance mechanisms in many large companies. Less than ten years after Enron scandal, the world was faced again with the fallout of bad corporate governance, particularly in the financial services industry. The consequences of poor governance practices in the financial services industry had a harmful effect on many other industries. This was not a surprising outcome as the financial industry is a cornerstone of the economy of most countries (Gray et al., 2007). These corporate failures have often been blamed on the board of directors, and many governments and investors have put the board on their search light. The board of directors is at the apex of the organisation and plays an important role in the affairs of a company.

According to Nicholson and Kiel (2004), the board of directors is the organ of a company vested with the complex task and power over overseeing a company‘s strategy and leadership, monitoring its financial results and ensuring compliance with regulations. The board of directors is undoubtedly one of the main mechanisms for controlling a company. It has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company. How boards interpret their roles and how they operate are key to their effectiveness (Carter et al., 2003, Adesua Lincoln and Adedoyin, 2012).

Corporate governance codes, governance experts, institutional investors, and activists have long advocated changes in the board structure (Yermack, 2006) that will enable them to be more effective as governance agents. The changes include, among others, the appointment of independent directors, having board committees that could check conflicts of interest, and a separation of the roles of CEO and chairperson of the board (Van den Berghe and Levrau, 2004). These structural measures are presupposed to be important ways of enhancing the power of the board, protect shareholders‘ interest and hence increase shareholder value (Becht et al., 2003).

Boards of directors are of interest to scholars, the investment communities, the business world, regulators and society as a whole. According to Cadbury (1999), this notice is understandable, given the fact that boards of directors serve as a link between the shareholders, who provide capital, and management in charge of running the company. At the heart of the corporate governance, the argument is the perspective that the board of directors is the custodian of shareholders‘ interest (Dalton et al., 1998). However, over the years, boards are being criticised for failing to meet their governance responsibilities. Major institutional investors put pressure on directors they perceive to be incompetent and have long advocated changes in the board structure that will ensure better performance (Yermack, 2006). Their voice has been amplified by many corporate governance policies resulting from major corporate collapse. These policies put great emphasis on formal issues such as board independence, board leadership structure, board size and committees (Van den Berghe and Levrau, 2004, Yermack, 2006, Ujunwa, 2011).

These structural measures are assumed to be necessary ways to boost the power of the board, protect shareholders' interest and hence increase shareholder value (Becht et al., 2003, Carpenter and Westphal, 2001). The executive remuneration scandals that emerged from the 2008/09 global economic/financial crisis were to some extent blamed on the ineffectiveness of boards. Over the years the performance of boards of directors has been studied extensively from an agency theory perspective (Fama and Jensen, 1983; Dalton et al., 2007) and also from resource dependence perspective (Pfeffer and Salancik, 2003, Salancik and Pfeffer, 1978). However, some empirical works are available on the governing performance of boards. Most of them measure board performance by the company‘s financial performance using different financial indicators (Erhardt et al., 2003, Daily et al., 2003, Carter et al., 2010, Carter et al., 2003). It is therefore not likely that a company’s financial performance is dependent solely on board performance as there are numerous endogenous and exogenous factors that influence a company’s financial performance.

The interest of the investment and business community and regulators in the effectiveness of corporate boards has stimulated academic research in this area. Empirical studies on boards of directors are largely driven by the need to find out whether the board of directors can influence a firm’s performance. These, however, have been met with mixed results (Daily et al., 2003, Kang and Sorensen, 1999). Early research on US boards concluded that boards of directors were rather passive and dominated by management and as such had minimal impact (Zahra and Pearce, 1989, Lipton and Lorsch, 1992). Some researchers have examined the direct impact of board attributes on firm performance by using a firm’s financial performance as a proxy. However, many of these studies have shown inconclusive results (Dalton et al., 1998, Brickley et al., 1997, Coles et al., 2008). Another group of researchers has investigated the impact of board characteristics on the performance of board functions, suggesting an indirect causal relationship between boards of directors and company performance (Yermack, 1996, Deutsch, 2005). A typical feature of all these studies is the focus on some characteristics related to board composition namely outside directors, board size, board diversity and CEO duality. There are other studies which try to examine the impact of board committees (Dalton and Kesner, 1983, Carter et al., 2010, Klein, 2002), director characteristics (Klein, 2002), ethnicity on board (Carter et al., 2010), gender on board (Boulouta, 2013) board processes (Joseph et al., 2014, Denis et al., 2012). More of the literature focuses on structural factors and only a few on process factors.

There seems to be some agreement in literature, over the years, that progress in the field will largely depend on a greater understanding of the inner workings of a board of directors (McNulty et al., 2013, Hermalin and Weisbach, 2001). Already a small number of empirical studies have attempted to understand actual board conduct by exploring the dynamics of power and influence as well as the behaviour of board members and their relationship with management (Huse et al., 2012, Huse and Solberg, 2006, Iannotta et al., 2015, Johannisson and Huse, 2000).

Researchers have made efforts to gain sufficient insight into the complex web of criteria, which enables boards of directors to be effective in performing their roles and ultimately ensuring positive firm performance thereby creating shareholder wealth. In this respect, Zahra and Pearce (1989) contend that there is an emerging consciousness of the need to understand better how boards can enhance their effectiveness as an agency of corporate governance. There is the need for more research that entails extensive fieldwork to understand better, document and operationalize board variables.
A review of the various theories that attempt to explain the operations of boards could provide real insight into how to tackle the research questions.

2.4 Board Characteristics

Researchers over the years have established that the performance of a board is influenced by the characteristics of the board. These characteristics include board size, CEO duality (leadership), board composition (independence), board committees and diversity.

2.4.1 Board Composition (Board Independence)

Board composition, in this case, refers to the distinction between executive and non-executive directors, and this is traditionally measured as the percentage of non-executive directors on the board (Goergen et al., 2005). For Gompers et al. (2001), the composition may be easily differentiated into executive directors, affiliated directors and non-executive directors. This distinction is derived from the extent of their participation in firm management. Executive directors are those directors that are also managers and current officers in the company while non-executive directors are non-manager directors. Among the executive directors, some directors are affiliated, and others are independent. According to Ogbechie and Koutopoulos

(2010), executive directors are board members with vested interest in the company while non-executive directors are board members that have no personal nor business allegiance to the enterprise.

Although executive and non-executive directors have their respective merits and demerits, most authors favour boards that are dominated by non-executive directors (De Andres et al., 2005). It is argued that non-executive directors provide superior performance benefits to the firm as a result of their independence from firm‘s management (Gompers et al., 2001). They can bring the board a wealth of knowledge and experience, which the company's management may not possess (Daily et al., 2003, Dalton et al., 1998). Guest (2009) examined the impact of board size on firm performance for a large sample of 2746 UK listed firms over 1981–2002 and found that board size has a substantial negative impact on profitability, Tobin's Q and share returns. They can increase the element of independence and objectivity in board‘s strategic decision-making, and also help in providing independent supervision of the company‘s management (Fama and Jensen, 1983a). Table 2.1 below shows a compilation of studies on the effect of board independence on firm performance.

Proponents of executive directors have posited that a board that is dominated by executive directors has some advantages, which include having access to important and relevant information about the operational activities of the company and industry environments in which the firm operates. Also, their vast industry experience can help improve firm‘s performance (Bhagat and Bolton, 2008).

While the independence of the board is considered a key criterion in the governance of firms, there is no robust evidence that board independence improves firm performance (Adams, 2012). (Larmou and Vafeas, 2010), Dalton et al. (1998), and Zahra and Pearce (1989) each found that board composition is not significantly associated with firm performance. Randøy and Jenssen (2004) found that board independence (board compositions) is not associated with firm performance based on accounting measures. However, in a difference-in-differences estimation, Duchin et al. (2010) found that increases in director independence improve performance in those firms in which the costs of obtaining information are low, while performance worsens in firms in which information costs are high.

An important issue that is highlighted in recent research on board independence is that increased independence also comes at a cost – the possibility of breakdowns in communication between the CEOs and directors (Adams and Ferreira, 2009).

A few recent papers also challenge the notion of independence, and document that boards that are independent on paper can be ineffective monitors when the directors are socially or professionally connected to the CEO (Otusanya et al., 2013, Ujunwa, 2011).

Table 2.1: Board independence and performance

Study	Country	Time Period	No. of Firms	Results
Hashim and Devi, 2008	Malaysia	04	200	Find a positively significant result of board independence when firms undershoot target earnings
Khan and Awan, 2012	Pakistan	10	91	Find that having independent directors in board composition ensures greater ROA and ROE (firm performance).
Sarkar et al., 2008	Indian	03	500	Find that board independence has a significant influence on opportunistic earnings management
Bhabra and Li, 2009	China	01-03	929	Find positive relationship board independence between firm performance for both SOE and non-SOE
Kajola, 2008	Nigeria	00-06	20	Finds no significant relationship between ROE and board composition (independence)
Bermig and Frick, 2010	Germany	98-07	294	Find that board composition have no pronounced effect on firm valuation and performance
Vafeas, 2000	US	90-94	307	Finds that board composition is not significantly associated with firm performance
Randoy and Jenssen, 2004	Sweden	96-98	120	Find that board independence is not associated with firm performance based on accounting measures
Dey and Liu, 2011	US	97-06	200	Find that firms with directors on the board and audit committee who have social and professional connections to the CEO are associated with lower operating performance, lower value relevance, lower accruals quality and higher probability of restatements
Singh and Davidson III, 2003	US	92-94	118	Firm performance is increased by smaller boards
Yermack, 1996	US	84-91	452	Positive relationship between board size and a firm‘s market value
Zahra and Stanton, 1988	US	80-81	100	Board size was not significantly associated with financial performance

Source: compiled or adapted the catalyst, (Terjesen et al., 2013).

Prior research finds evidence consistent with the influence of CEO bargaining power over board independence: Gompers et al. (2001),Boone et al. (2007) and Ryan and Wiggins (2004) find that successful CEOs can bargain for less independent boards.

A reliable and meaningful measure of board independence is difficult to obtain. Some previous studies consider the proportion of outside directors on the board as only a proxy for independence. Given the importance of board composition according to the various literature reviewed, we hypothesise that:

Board size is positively related to performance

2.4.1 CEO Duality (Board Leadership)

CEO duality exists when a firm's CEO also serves as the chairperson of the board of directors. Holding the highly symbolic position of board chair would provide the CEO with a wider power base and locus of control (Boyd, 1995). A couple of decades ago, organisations across the globe usually combined the position and functionality of the chairperson and CEO of the board of directors but now some firms favour the CEO and chairperson as the same person.

In the UK for instance, it was commonplace for leading firms to have a chairperson on the board who also doubles as the CEO until recently. While some organisational scholars advocate the combination of both positions (Elsayed, 2007, Chen, 2014, Finkelstein and D'aveni, 1994), others propose the separation of both positions (Adams et al., 2005, Krause et al., 2014). The proponents of this duality role believe that allowing just one person to function as the chairperson and CEO of the board will provide a beneficial platform that is not potentially detrimental (Krause et al., 2014). For example, the greater levels of information and knowledge possessed by a joint CEO/Chairperson will enable him or her to better manage and direct the board's discussions and agenda (Adams et al., 2005). Studies have found out that such strong and unambiguous leadership can help a firm to easily adapt to changes in environmental demands (Rechner and Dalton, 1991, Guo et al., 2013). Others have suggested that this duality role is more efficient and therefore, a more sensible form of governance ((Tuggle et al., 2010).

Because of the recent corporate scandals, regulators and reformers are increasingly demanding that the role of the CEO be separated from that of the Chair (Wilson (Wilson and Altanlar, 2009a). This demand had been on for over 20 years, for moves aimed at separating the roles and functioning of these two positions had received considerable attention (Lipton and Lorsch, 1992, Daily et al., 2003) in the UK, US and Australia. In the UK, the Cadbury Committee report of 1992 recommended that there should be a clear division of responsibilities at the head of the company, implying that the roles of chair and CEO should not be combined. As Jensen (1993) noted, for the board to be effective, it is very important to separate roles, as it avoids CEO entrenchment. It establishes independence (autonomy) between the board and corporate management. Without an independent chair, a board will not be able to perform its monitoring role effectively (Finkelstein and D'aveni, 1994, Wilson and Altanlar, 2009a).

Advocates claim that CEOs become more effective leaders when the two positions are separated because it allows them to concentrate on the firm‘s operations while empowering the board Wilson and Altanlar (2009b). Kajola (2008) also argued that concentration of decision management and decision control in one individual hinders boards’ effectiveness in monitoring top management. Stakeholder theory holds that duality seriously impedes the overall stakeholder orientation of Board members (Elsayed, 2007). Separating the functions of CEO and Chair of the Board may enhance the Board of Directors‘ monitoring and control ability, and improve Directors‘ information processing capacities (Carpenter and Westphal, 2001). CEO duality may reduce the effectiveness of the board and may create a conflict between management and the board (Brennan et al., 2008) and hence reduce the board‘s ability to exercise its governance function. Upadhyay and Zeng (2014) found that firms separating the positions of chief executive officer (CEO) and board chair perform better and are more highly valued by the market. It is likely the benefits, if any, of having a separate board chair depends on the characteristics of the firm. For example, Palmon and Wald (2002) find that small firms benefit from the transparency and purposeful of decision-making under one executive, while “large firms benefit more from the checks and balances of separating the CEO and Chair positions” (Li and Naughton, 2007).

2.4.2 Board Committees

The effectiveness of boards will also depend on the quality of board committees that are operational. Corporate governance best practices suggest that at least the following board committees should be in existence in a firm: Audit Committee, Corporate Governance or Nomination Committee, and Remuneration or Compensation Committee. In addition, any business exposed to the high risk that could quickly destroy it can make a case for a specialist board committee to focus on that risk.

Audit Committees

In the USA, the Security and Exchange Commission (SEC) first suggested in 1940 that all public companies should have audit committees (SEC, 1985). In 1972, the SEC endorsed the establishment of audit committees in all public companies (SEC, 1972), and in 1978 the New York Stock Exchange (NYSE) recommended that its member firms establish audit committees made up of outside (non-executive) directors. This is also established in the Company and Allied Matters Act (CAMA, 1990) in Nigeria.

An audit committee has been defined as a subcommittee of largely non-executive directors whose work encompasses matters relating to audit, financial reporting and internal control (Spira, 1999). The audit committee's role is perceived as undertaking a detailed review on behalf of the main board of directors, both to free up main board member's time and to enable the particular expertise of non-executive directors to be usefully employed. During the last two decades, audit committees have become a common mechanism of corporate governance internationally. The audit committee has been looked upon as the body that can check the excesses of top management and ensure accurate financial reporting. According to Reinstein and Weirich (1996), many large firms use audit committees as protection against fraud, mismanagement and financial liability.

Two monitoring advantages can be gained from having audit committees, namely, independence and board efficiency. Independence is achieved by having both the external and internal auditors report to the audit committee. This reporting relationship will ensure that management will not have undue influence on the internal and external auditors and so are likely to be more objective in discharging their duties. The efficiency of the board of directors can be improved by assisting the board in monitoring management performance.
The spate of financial reporting scandals in the US in the early 2000s led to the passage of the Sarbanes-Oxley Act, a sweeping federal law with broad corporate governance implications (Sarbanes, 2002).

2.4.2.1 Remuneration Committee

The remuneration committee is one of the powerful monitoring mechanisms for controlling the excesses of dominant CEOs and fostering good corporate governance (SEC, 2011). Its absence throws up an avenue or opportunity for senior executives to award themselves pay raises that are not congruent with shareholders' interest. The absence of this committee according to Williamson (1988) is akin to the chief executive writing his employment contract with one hand, and then signing it with the other. The role of remuneration committee is basically, to determine the appropriate design of reward structures for management and aligning management and shareholders' interests (Council, 2013).
To protect shareholders from managerial self-interest, the members of the remuneration committee should be independent directors who are not managers of the firm (Dalton and Kesner, 1983). These non-management board members are expected to act as objective decision makers who will ensure that the CEO and the other directors' compensation are set at appropriate levels (Singh and Vinnicombe, 2004). Indeed, the argument by many analysts that the remuneration committee should be composed largely of non-executive directors is

consistent with Agency Theory, which advocates the separation of management from control (Fama and Jensen, 1983a).

On the contrary, however, Finkelstein and D'aveni (1994) posited that the number of outside directors in the remuneration committee has no bearing with the structuring of the pay package for the top executive officers in an organisation. To them, chief executive's compensation is not related to the percentage of outside directors on the remuneration committee or even the board as a whole. Many authors and analysts have however posited that the effectiveness of the remuneration committee could still be undermined even if it is largely composed of non-executive directors. For instance, Singh and Vinnicombe (2004) noted that the CEOs might offer non-executive directors attractive contracts and consulting agreements so as to build personal relationships with a stronger sense of obligation with these directors. Elson (1992) opined that remuneration committee's objectivity might be undermined when the component directors feel as if they owe their board seats to executive privileges, as may be the case with independent directors. Elson (1992) clearly asserted that non-executive directors feel some sense of loyalty to CEOs because they feel that these CEOs largely influence their nomination to the board. Indeed, some CEOs are taking advantage of their position to influence boards to award excessive salaries (Finkelstein and D'aveni, 1994). Such an action is likely to set back the oversight function of the board.

2.4.2.2 Nominating Committees

Having the right calibre of directors regarding skills, knowledge, experience, and social capital is essential for the effectiveness of the board in adding value to the firm. The nominating committee is the body that can make this happen. The nominating committee, through its selection of directors, will also provide checks and balances and avoid any flawed and self-fulfilling CEO-led selection process. This will inject a greater degree of independence in the board itself. The process of nominating and selecting directors is one of the critical factors in determining how effectively a corporation is governed. If the process is handled well, an active board will be built, and the organisation's long-term interest will be well served. But if the process is poorly handled, as it too often is, the organisation ends up with a weak, insulated and self-perpetuating board that leaves the organisation vulnerable to catastrophic decisions and losing strategies (Ogbechie and Koufopoulos, 2007).

The independence of the nominating committee is the key to this process. In recent times, some US State laws have come up with provisions that allow shareholders to affect board‘s composition of the nominating committee by conducting an election contest, upon which a candidate is recommended by the nominating committee or nominated at the Annual General Meeting (SEC, 2011). The composition, mandate and operation of the nominating committee should, at all times, be subject to transparent and open terms of reference. This is because the nominating committee is a key board committee and a key to sound corporate governance. Firms benefit more from the checks and balances of having two executives.

It therefore, could be argued that the combination of the role of the Chairperson and the Chief Executive is a considerable concentration of power that could endanger the effectiveness of the Chairperson and whole board, with the potential adverse effects on the interests of the other stakeholders. In this regard, many codes of corporate governance, including the Nigerian code, recommend that the two roles should be separate, and where the Chairperson is also the Chief Executive, it is important to have a strong independent element on the board. Finkelstein and Hambrick (1996) found that homogeneous top-management teams outperformed mixed ones. They also reported that diverse teams were slower in their actions and responses and less likely than homogeneous teams to respond to competitors' initiatives. The explanation they offered was that in a heterogeneous group individuals were more likely to disagree, thereby weakening the team consensus. The board of directors can, therefore, be regarded as a top management team and so Finkelstein and Hambrick (1996)‘s findings can apply to the board. The implication of this result for boards is that a highly diverse board might not lead to better board effectiveness.

Erhardt et al. (2003), in their research with Fortune 1000 companies in the United States of America, concluded that diversity was associated with effectiveness in the oversight function of boards of directors. They opined that the supervisory role might be more efficient if a conflict emerges which allows for a broader range of perspective to be considered.

Boards exhibit a considerable degree of diversity on the dimensions of functional background, industry background, and educational background. In their review of the literature on the effects of diversity in organizational groups, Huse (2005) note that diversity is a double-edged sword for groups; although it increases the aggregate level of resources at the group‘s disposal, it is also associated with higher levels of conflict interaction difficulties, and lower levels of interaction. Table 2.3 below shows a compilation of various studies on the impact of board diversity on firm performance.

Several scholars have emphasised that one of the primary functions of the board of directors is to provide quality support and counsel to the CEO otherwise unavailable from other corporate staff (Hillman and Dalziel, 2003, Daily et al., 2003, Zahra and Pearce, 1989). The effectiveness of the role of the board depends on the board’s cumulative human capital that is often linked to various board demography characteristics, such as tenure, professional diversity, etc. Boards that are composed of directors with different backgrounds may be more efficient regarding bringing significant expertise and skills to facilitate advice and counsel.

Some studies argue that board diversity regarding directors‘ professional skills should lead to more effective service and counsel roles of the board and, as a result, to better performance (Carpenter and Westphal, 2001, Carter and Wagner, 2011).

Given that, most studies in the literature provide some evidence that board committee have an impact on company performance, either negatively or positively, we also hypothesise that:

Women directors on major committees is related to firm performance

2.4.3 Quota System

There has been a concern about the failure of women attaining equal representation on corporate boards of directors, and this has attracted considerable practitioners, policy and scholarly interest (Adams and Ferreira, 2009, Africa, 2012, Hughes, 2011, Lord Davies of Abersoch, 2014).

According to (Terjesen et al., 2013), across 67 countries, females comprise only 10.3% of board directorships, with some of the lowest rates in Morocco (0%), Japan (0.9%), and Chile (2.4%) and some of the highest rates in Norway (42%), Sweden (28%), Finland (27.2%) and France (22%). The low level of female board representation is surprising giving various studies linking women on board to higher return on equity increased operating profit, share prices, better governance, etc. To this end, most countries have enacted the quota system into legislation. The quota system since its implementation has generated the most substantial change to the representation of women on boards (Adams and Kirchmaier, 2013).

Across countries, the enacted legislation takes a variety of forms but generally consists of a set gender quota (usually 33–50 %), time period (often 3–5 years), and penalties for non-compliance (e.g., in Spain, any board appointment that violates the quota is considered null; in Norway companies are dissolved). The Norwegian government was the first to establish a 40% female quota in 2003, for compliance by 2006 for state-owned firms and 2008 for publicly traded firms. Spain established a 40 % female quota in 2007 for compliance by 2015, and only for publicly traded companies with more than 250 employees. Eight other countries/regions with recent quota legislation are Belgium, Finland, France, Iceland, Israel, Italy, Kenya, Nigeria (banking sector) and Québec.

Table 2.2: Countries with gender quota

Country	Quota	PTFs	SOEs	Passage date	Compliance Date	Sanction
Norway	40%	Yes	Yes	December 19,2003	2006: SOEs; 2008: PTFs[2] (40%)	Refuse to register board; dissolve company; fines until compliance
Spain	40%	Yes	No	March 22, 2007	March 1, 20015: PTFs (40%) with 250+ employees	Lack of gender diversity will impact consideration for public subsidies and state contracts
Finland	40%	No	Yes	April 15, 2005	June 1, 2015	
Quebec (Canada)	50%	No	Yes	December 1. 2006	December 14, 2011	
Israel	50%	Yes	Yes	March 11, 2007: SOEs; April 19, 1999: PTFs	201: SOEs; None for PTFs	
Iceland	40%	Yes	Yes	March 4, 2010	September 1, 2013: 40% for firms with 50+ employees	
Kenya	33%	No	Yes	August 28, 2010		
France	40%	Yes	No	January 13, 2011	January 1, 2017: 500+ employees or €50m revenues	Fees will not be paid to directors
Italy	33%	No	Yes	June 28, 2011	Not set	Fines; directors lose office
Belgium	33%	Yes	yes	June 30, 2011	2011-2012: SOEs; 2017-2018: PTFs	Void the appointment of any directors who do not conform to board quota targets; suspend director benefits

Source: Compiled by the researcher from the website of International Institute for Democracy and Electoral Assistance

The debate over board membership, however, is mainly about whether quotas will reduce efficiency. That is if the presence of women on company boards will enhance share value if women bring an additional perspective to board decision-making; otherwise, women may have a negative impact if the decision to appoint female board members is inspired by public scrutiny of top corporations to ensure greater equality of the sexes.

While quotas may help to increase the number of women on the board over time, they do not necessarily result in improved numbers of women in senior management roles. For example, Women currently hold 4.8 percent of Fortune 500 CEO positions and 5.1 percent of Fortune 1000 CEO positions (Catalyst 2014). Various writers, however, suggest that having women in top management can result in higher earnings, greater shareholder wealth, better corporate governance and increased competitive advantage (Bernardi et al., 2002, Wilson and Altanlar, 2009b). Furthermore, research in the UK shows that having at least one female on the board

[2] Notes PTFs publicly traded firms, SOEs state-owned enterprises, adapted or directly quoted from TERJESEN, S., AGUILERA, R. V. & LORENZ, R. 2013. Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. *Journal of Business Ethics*, 1-19, TERJESEN, S., AGUILERA, R. V. & LORENZ, R. 2015a. Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. *Journal of Business Ethics,* 128**,** 233-251.

of directors helps reduce the risk of bankruptcy, enhances accountability and ensure more effective communication between the board and stakeholders (Wilson and Altanlar, 2009b). Research carried out by Carter et al. (2010), (Carter et al., 2003) show that female presence on the board leads to better performance of Fortune 500 companies, primarily through the effect on the audit function of the board.

2.4.4 Diversity on Board

Gender Diversity

The empirical evidence on the link between female representation on the board and firm performance is controversial. While some studies find the relation between women on boards and firm performance to be positive, others provide evidence of a negative link, and still others do not find a link at all. Differences is results may be due to the data stemming from different countries (with differing board systems) and different time periods Campbell and Vera (2010) or the use of different performance measures and estimation methods (Campbell and Mínguez-Vera, 2008, Rhode and Packel, 2010). Furthermore, study results may be affected by differing ratios of women on boards, i.e., there may be studies with overall rather low female representation and others with rather high female representation. If the link between gender diversity and performance was non-linear and, e.g., U-shaped, the first group of studies would most likely find the relation between gender diversity and performance to be negative, the latter group would find it to be positive. To the contrary, a study that covers boards with very low and very high female representations and that searches for a linear relation between gender diversity and performance would most likely find no link between the two.

In Kanter (1977a)'s seminal work concerning gender diversity in groups: critical mass theory she constructs four different categories of groups according to their composition: uniform groups, skewed groups, tilted groups, and balanced groups. Uniform groups are groups in which all members share the same (visible) characteristic. That is, concerning gender, all members of the group are either male or female (Kanter, 1977a). Skewed groups are groups in which one dominant type (e.g., the males) controls the few (e.g., the females), and therefore controls the group and its culture. The few are called ‘‘tokens." Tokens are not treated as individuals but as representatives of their category (Kanter, 1977a). Kanter (1977a) suggests that a male dominated skewed group consists of up to 20 % women. Tilted groups are groups with a less extreme distribution. Unlike in skewed groups, minority members can ally and influence the culture of the group. They do not stand for all of their kind. Instead, they represent a subgroup whose members are to be differentiated from each other in their skills and abilities (Kanter, 1977a). According to (Kanter, 1977a), a male-dominated tilted group consists of 20–40 % women. In a so-called balanced group, majority and minority turn into potential subgroups where gender-based differenced become less and less important. The focus turns to the different abilities and skills of men and women (Kanter, 1977a). A balanced group concerning gender representation has 40–60 % women.

Concerning group interaction processes, Kanter (1977a) regards skewed groups to be especially problematic: Either the tokens are in focus, or they are overlooked, and they may be subject to stereotyping (Kanter, 1977a). For women, there are different strategies to cope with a token status (Kanter, 1977b). Either they pretend that differences between women and men do not exist, or they hide their individual characteristics behind stereotypes (Kanter, 1977b). The incumbent men, too, will also behave differently in skewed as opposed to uniform groups leading skewed groups to be outperformed by uniform ones. With an increase in their relative numbers from a skewed to a tilted or even a balanced group, women are more likely to be individually differentiated from each other. Consequently, they might then also bring in their different knowledge bases and perspectives. As is well documented in the literature, men and women differ in a whole range of respects. Women are more risk averse than men (Matsa and Miller, 2013, Adams and Ferreira, 2009, Campbell and Mínguez-Vera, 2008, Campbell and Vera, 2010), they are less aggressive in their choice of strategy, and

Table 2.3: Gender diversity and performance

Study	Country	Time Period	No. of Firms	Performance measure	Results
Ahem and Dittmar, 2011	Norway	01-09	248	Tobin's Q	Negative link
Lindstaedt et al., 2011	Germany	2002-2010	160	ROA, ROE, price to book value	Positive link for firms with a high ratio of female employees and for B2C- business
He and Huang, (2011)	US	2001-2007	530	ROA	Negative link
Haslam et al., 2010	UK	2001-2005	126	ROA, ROE and Tobin's Q	No link (ROA and ROE); negative link with at least one woman on board (Tobin's Q)
Miller and del Carmen Triana (2009)	US	03	326	ROI, ROS	No link
Smith et al., 2006	Denmark	93-01	2500	Gross profit, net sales, contribution to margin sales, operating income/net assets, net income after tax/net assets	Positive link depending on education of women and performance measure
Carter et al. 2003	US	97	638	ROA, Tobin's Q	Positive link (Tobin's Q)
Erhardt et al., 2003	US	98	112	ROA, ROI	Positive link
Ujunwa	Nigeria	91-08	122	ROA	Negative link
Boulouta	US	99-03	275	ROE	Positive link

Source: compiled and adapted from various literature more likely to invest in a sustainable way (Apesteguia et al., 2012, Joecks et al., 2013). Women may hence, add value to a male-dominated boardroom by providing new perspectives and by asking different questions (Farrell and Hersch, 2005, Burke, 2000). While in a skewed group, these new perspectives may not be either adequately expressed by the female tokens or not spotted by the dominant males. In a tilted or balanced groups, the combination of female and male attributes will more likely allow for productive discussions and will hence positively affect team performance (Apesteguia et al., 2012, Yap and Konrad, 2009).

Resource dependence theory does not explicitly predict a link between board diversity and the financial performance of the firm, but they are highly suggestive of a positive relationship (Hillman et al., 2002, Hillman et al., 2009). According to agency theory, there may be a link between female directors on board and firm performance (Carter et al., 2010, Erhardt et al., 2003, Terjesen et al., 2015b). Traditionally, women compared to their male counterparts are said to have fewer investments in educations and work experience, and this reflects in their lower pay band and their ability to progress in the workplace (Chovwen, 2007). Terjesen et al. (2009) argue that evidence from the US and the UK refutes such claims that women lack the right human capital for board positions.

In summary, different theories incline us to believe there is a link between board diversity and firm financial performance although the relationship may be mixed. Furthermore, the limited amount of empirical evidence on the relationship does not provide clear support for the direction of the link being either positive or negative. As a result, hypothesise that:

The number of women on board is positively related to firm performance

2.4.4.1 Ethnic Diversity

Resource dependence theory and human capital theory do not specifically predict a link between board diversity and the financial performance of the firm, but they are highly suggestive of a positive relationship. Furthermore, the type of diversity should be important based on resource dependence theory and human capital theory. Because women and ethnic minorities have different human capital and external connections to the environment, we expect that they will not have the same effect on board functions and, ultimately, firm performance. Brammer et al. (2007) analyse the gender and ethnic diversity of a sample of UK companies and conclude, "Board diversity is influenced by a firm's external business environment and particularly an imperative to reflect corresponding diversity among its customers". Brammer et al. (2007) found significant cross-sector variation in gender diversity across industries while variation in ethnic diversity is much less pronounced. The empirical evidence developed by Hillman et al. (2002), Peterson Carter et al. (2010) supports the idea that women directors and ethnic minority directors may have different functions on the board.

According to Erhardt et al. (2003) studying the relationship between demographic diversity on boards of directors with firm financial performance using 1993 and 1998 financial performance data (return on asset and investment) and the percentage of women and minorities on boards of directors for 127 large US companies. Correlation and regression analyses indicated that board diversity is positively associated with these financial indicators of firm performance. Carter et al. (2003) examined the relationship between board diversity and firm value for Fortune 1000 firms where board diversity is defined as the percentage of women, African Americans, Asians, and Hispanics on the board of directors. After controlling for size, industry, and other corporate governance measures, they found significantly positive relationships between the share of minorities on the board and firm value.

In the Nigerian context, the empirical research presents mixed findings on the value of ethnic diversity. Ujunwa et al. (2012) research, using panel data from 122 firms on the NSE between 1991 and 2008, they found a negative relationship between board size, CEO duality, gender diversity and firm performance, although board nationality, board ethnicity and the number of board members with a PhD qualification were found to impact positively on firm performance. Watson et al. (1993) report that homogeneous board is better in the short-term, while the heterogeneous board is better in the long-term regarding achieving corporate goals. However, Pelted et al. (1999) found that heterogeneous board results in emotional conflict that ultimately harmed firm performance. In Nigeria, according to Chovwen (2007), (Adesua Lincoln and Adedoyin, 2012), the majority of board composition is homogeneous (male dominated). However, extensive research has examined gender diversity as it relates to different measures, not much research has been undertaken involving an empirical study that examines diversity along ethnic tribes in Nigeria.

Agency theory offers the possibility that diverse directors may be better monitors of management. While agency theory suggests a link between board diversity and firm performance, the nature of the link is not clear. More and tougher controls may be either positive or negative as suggested by Adams and Ferreira (2009). Theories from social psychology indicate that diverse (out- group) directors may not have an influence on board decisions due to the internal group dynamics of the board. Furthermore, more diverse members on the board may promote creative and innovative ideas, but decision making may be slower and more conflicted with diverse directors.

In summary, an interdisciplinary set of theories provides a reliable indication that a link between board diversity and firm financial performance is a realistic possibility. However, the relationship may be either positive or negative based on the theory. We believe that there is a positive link between ethnic diversity on board and firm performance. Given the cosmopolitan cities of Lagos (former capital and economic capital of Nigeria) and Abuja (capital) are the centre of most companies in Nigeria it would be important to have key resource personnel from various key states in the federation as most resources are not concentrated in Lagos or Abuja. We, therefore, hypothesise that:

The number of ethnic directors on board is positively related to firm performance

2.5 Summary

This chapter looks at the three types of governance models- Anglo-Saxon, European, and Japanese and explores the various empirical studies on the performance and effectiveness of boards. It shows that the board of directors performs the pivotal role in any system of corporate governance, which makes its composition imperative for the overall performance of the firm. The corporate board is accountable to the stakeholders, governs, and controls the management. It leads the company, sets its deliberate and calculated aim and financial goals, and oversees their execution, puts in place adequate internal checks and periodically reports the activities and progress of the company in a transparent fashion to the partners and associates.

The chapter further covers the various theories that explain board performance such as, agency, resource dependency and stakeholder theories. Its goes on to look at how different countries have employed quota system and how it had improved performance.

It goes on to review the impact of diversity on board and how it affects firm performance by analysing literature side by side theories.

3 Theoretical Framework

Several theories have been developed by researchers over the years to explain the roles of boards and performance of the board. The theories discussed in this research include agency, stewardship, stakeholders, and resource dependence.

3.1 Agency theory

In the early literature, classical economics considered that the majority of corporations were not only owned but also controlled by the shareholders who have funding proprietors. With respect to the standpoint of separation of ownership and control, this was firstly pointed out by Adam Smith in 1838. In the later work of Berle and Gardiner (1968), they hold the view that as countries industrialized and their market developed, the ownership and control of corporations has become separated. The purpose of this chapter is to give an important explanation for corporate behavior and the problems confronting owners (fragmented and dispersed shareholders) who attempt to exert their rights over the managers who have gained control in the 'modern' corporation.

According to Arrow (1971), the origins of agency theory can be traced back to the 1960s and the early 1970s was a time when more economists detected and paid attention to the risk among individuals or groups. Jensen and Meckling (1976) defined an agency relationship as "a contract under which one or more persons (the principals) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent". For example, it is widely accepted that the agency relationship is between the owners (as the principal) and the managers (as agents).

The focus of Agency theory is to find ways to make the governance system of corporations more efficient so that shareholders' interests and performance expectations are given every chance to be realized by the Chief Executive Officer (CEO). An agency problem may arise between managers and shareholders because the shareholders cannot adequately monitor the actions taken by the managers. Subsequently, the agent can have an incentive to pursue his or her own interests, rather than the best interests of the principal. Most business concern is focused on profit maximization. However, profit maximization fails for a number of well-known reasons, it ignores the timing of returns; the cash flows available to shareholders; and risk, which shareholders may not be willing to bear thereby creating friction between the manager and shareholders.

Table 3.1: Agency Theory Overview

Key idea	Principal agent relationships should reflect efficient organization of information and risk bearing costs
Unit of analysis	Contract between principal and agent
Human assumption	Self-interest, Bounded rationality, Risk aversion
Organizational assumption	Partial goal conflict among participants assumptions Efficiency as the effectiveness criterion Information asymmetry between principal and agent
Asymmetric Information	Information as a purchasable commodity Agency (moral hazard and adverse selection)
Contracting problem	Risk sharing
Problem domain	Relationships in which the principal and domain agent have partly differing goals and risk preferences (e.g., compensation, regulation, leadership, impression management, whistle blowing, vertical integration, transfer pricing)

Source: compiled and adapted from (Terjesen et al., 2013).

Damodaran (2003) explains that, in the real world, managers perform the decision-making function with four factors or linkages in mind: shareholders, bondholders, society and financial markets. Competitive market conditions place significant pressure on agents and managers who may be tempted to resort to unethical means to portray a positive picture. It is acknowledged that the profit maximization objective is not always compatible with a firm's social obligations, and it usually involves an agency problem which arises when the managers fail to act in the best interests of the shareholders and stakeholders, preferring instead to benefit themselves (Jensen and Meckling, 1976). Differences in the objectives of ownership and management lead to agency costs[3]; if these are to be controlled, the shareholders must maintain a strict watch over the functioning of the company. The managers should be rewarded for acting in the interests of the shareholders and the managers should maintain a balance between the interests of the shareholders and other stakeholders. In this context, the global financial crisis highlighted the important influence that board composition and stakeholders have on risk-taking and financial performance of a firm. According to Claessens

[3] Agency costs are internal costs incurred from asymmetric information or conflicts of interest between principals and agents in an organization. There are three common types of agency costs: monitoring (appointing board of directors), bonding (committing to contractual obligations that limit or restrict the agent's activity), and residual loss (costs incurred from divergent principal and agent interests despite the use of monitoring and bonding). CHEN, C. X., LU, H. & SOUGIANNIS, T. 2012. The agency problem, corporate governance, and the asymmetrical behavior of selling, general, and administrative costs. *Contemporary Accounting Research,* 29**,** 252-282.

et al. (2010) during the great recession of 2008 there was large reliance on wholesale and short-term funding in many advanced countries and emerging markets which created systemic fragility. A relatively small shock quickly triggered severe liquidity shortages; a cost that a properly monitored board could have thwarted. Supporters of agency theory underscore among its positive features, the realism with which it describes relationships among individuals in a company (Eisenhardt, 1989). The firm is now presented as a nexus of contracts between principals and agents (Steger, 2010, Shankman, 1999).

Typically, there are different goals and interests among individuals involved in an agency relationship. Agency theory presupposes that individuals are opportunistic, that is, they constantly aim to maximize their own interests (Bøhren, 1998). Thus, there is no guarantee that agents will always act in the best interests of principals. Rather, there is a constant temptation for agents to maximize their own interests, even at the expense of principals. For example the agency problem as it arises in the Nigerian context is exemplified by the case of Lever Brothers Nigeria Plc. (hereinafter "LBN"). LBN is a public listed company in Nigeria. According to Ahunwan (2002) the Unilever Group U.K. had a 52% stake in the company. Between 1996 and 1998, there were reports of abuses by senior management, including insider dealings, shares racketeering and the awarding of supply contracts to companies in which senior management had interests (Ogbu, 1998). Sources also disclosed that one of the key officers of the company had up to 18 official cars, while a company registered in his wife's name handled almost all of the company's major contracts. The reports further revealed that employment and other management decisions were based more on ethnic solidarity than efficiency considerations (Ogbu, 1998). Corporate abuse in Lever Brothers culminated in serious financial irregularities. The Nigerian Stock Exchange suspended the company in 1998 for submitting an annual return with irregularities.

This divergence between the interests of the principal and the agent unavoidably generates costs. Agency costs are residual costs that result in a failure to maximize the principal's goal. These may be incurred by the principal - through measures to control the agent's behavior - or by the agent - through efforts to demonstrate his or her commitment to the principal's goals. The whole point behind agency theory is to identify mechanisms that ensure an efficient alignment of interests between agent and principal, thereby reducing agency costs (Shankman, 1999). One of the key elements of an agency view of the board is that outside board members will not collude with inside directors to subvert shareholder interests because the directors have incentives to build reputations as expert monitors. Board independence is critical for boards to function in the best interests of shareholders. The central question for our analysis is the impact that board diversity would have on board independence. In other words, should we expect a more diverse board to be a better monitor of management and less likely to subvert the interest of shareholders?

One argument is that diversity increases board independence because people with a different gender, ethnicity, or cultural background might ask questions that would not come from directors with more traditional backgrounds. In other words, a more diverse board might be a more activist board because outside directors with nontraditional characteristics could be considered the ultimate outsider. However, a different perspective may not necessarily result in more effective monitoring because diverse board members may be marginalized. We can see no a priori reason to expect diversity to affect the incentives for directors to build their reputations as expert monitors.

The failure to find a consistent link between executive compensation and a firm's performance has motivated some authors to supplement agency theory with other theories originating in psychology and sociology (Filatotchev and Wright, 2011, Gomez-Mejia et al., 2005, Wiseman and Gomez-Mejia, 1998). Jensen (1993) argue that high equity ownership by directors is a more important factor in increasing the willingness of directors to monitor than independence while Ozkan (2011) concluded from comparison to findings for US CEOs (Bell and Van Reenen, 2016, Albuquerque et al., 2018), pay-performance elasticity for UK CEOs seems to be lower. Thus, recent corporate governance reports (Perryman et al., 2016, Fortin et al., 2017) emphasizing the link between CEO pay and corporate performance do not seem to be totally effective in practice which could be as a result of context specific conditions. In general, we can conclude that agency theory on its own does not provide as strong support for the financial benefits of board diversity as does a resource dependence perspective (below) but agency theory does not rule out the possibility that board diversity is beneficial.

3.2 Stakeholder theory

A useful way to begin the discussion of stakeholder theory is to reflect briefly on the limitations of agency theory. In agency theory, the key players are the principals (shareholders), agents (mangers), and the board of directors (who represent the principals). This conceptualization applies primarily to corporate governance and restricts the governance relationship to these three groups. Aguilera et al. (2008) view this approach as narrow and restrictive, noting that governance should incorporate wider inter-dependencies that capture other groups in both the internal and external environment. Therefore, agency theory, when viewed strictly as an agency-shareholder relationship, is bereft of the full range and complexity of relationships around which governance should be structured (Clarke, 2004). It is advocated that a wider environmental set of claims exists, built around social obligations, and also that third party interests impact on the governance of organizations (Christopher, 2010). The recognition of this extended group of parties/claimants has led to an emphasis on stakeholders rather than just shareholders.

Executives and managers are now more acutely aware of the importance of stakeholders to organizations. The emergence of stakeholder theory, according to Harrison and Wicks (2013) was prompted by the growing recognition by boards of the need to take account of the wider interests of society. They know that stakeholders can impact the organization negatively or positively and these stakeholder groups have to be managed carefully. Much of this awareness came following landmark book, Strategic Management: A Stakeholder Approach (1983). According to Freeman, to manage their organizations effectively, managers must become more aware of the multiple constituents on whose support the organization depends and attempt to satisfy their demands or build relationships with them. The importance of stakeholders to organizations has become a quite commonplace assumption in the management literature.

Freeman (1983) defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (p.46). Stakeholders have a legitimate claim on an organization but are also affected by the organization’s actions. Theses stakeholder groups can be internal, external, or an interface group (Savage et al., 1991). In a university, the internal stakeholders are faculty and staff. External stakeholders are the government, nongovernmental organizations, students, and private citizens. There are also private enterprises with a legitimate stake in a university, including entities that fund research or make other contributions to the university. An example of an interface group would be a board of directors or, in the case of a university, a board of governors who serve a bridging function between the organization and its external environment. Hence, stakeholder theory helps to define influencing and influenced groups and the extent of accountability that will be recognized and discharged by an entity (Gray et al., 1997).

Groups or individuals in the corporation, whose interests and benefits have a close relationship (gains or loss) with the corporation action, are called stakeholders. Sometimes, the concept of stakeholders is a generalization of notion of stockholders who can propose some special claim on the firm (Freeman et al., 2004). Stockholders are given the right to demand certain actions by management; similarly, stakeholders can also make claims.

According to Charron (2007), it is imperative for managers to observe the following principles: (1) Monitor and respond to concerns and interests of all legitimate stakeholders. (2) Communicate with stakeholders about their concerns, contributions, and risks. (3) Act with sensitivity to each stakeholder group. (4) Attempt to achieve a fair distribution of benefits and burdens. (5) "Insure" that risks are minimized and harms are compensated.

(6) Never jeopardize "inalienable human rights" or deceive concerning risks. (7) The Value Based Management theory pointed out the effects of stakeholders toward the firms cannot be ignore and more importantly, there is a positive relationship between the wealth of stakeholders and that of shareholders. Therefore, this approach is different from agency theory, which focuses exclusively on interests of shareholders. The stakeholder theory concentrates on the interests of all the parties in the corporation. Stakeholder theory is considered a theory of organizational management and ethics. Under this theory, what the managers should do is to not only maximize shareholder value, but also meet the objectives of the stakeholder group.

The assumption of stakeholder theory is that value is imperative and a tangible part of doing business. Freeman et al. (2004) propose that stakeholder theory is managerial, and it reflects and directs how managers operate rather than primarily addressing management theories and economics. Two key questions of stakeholder theory are mentioned in Freeman's article. The first question is the purpose of the organization. This is very helpful and useful for managers in making them aware of the value they create and what brings its major stakeholder together. The second question posed in stakeholder theory is what responsibility management has to stakeholders. These responsibilities clarify how managers want to do business. In particular, they are looking for an appropriate kind of relationship with stakeholders to achieve their own interests. The core of stakeholder theory, that economic value is generated by the large numbers of people who come and work together to advance their situation, is in accordance with fundamental modern economic realities. In order to motivate workers to do their best for the firms, it is necessary and crucial for managers to develop relationships and create communication with stakeholders (Freeman et al., 2004, Freeman, 1983). It is widely accepted that stakeholders are a significant party in the firm and their interests are a critical characteristic. However, in terms of profits, meeting all stakeholders interest are not necessarily drivers in the process of value creation.

The pressure on firms to have gender parity in director or senior management positions comes from a broad set of stakeholders, which includes shareholder activists, large institutional investors, politicians, and consumer groups (Fields and Keys, 2003). The emergence of stakeholder theory, according to Harrison and Wicks (2013) was prompted by the growing recognition by boards of the need to take account of the wider interests of society. Jones and Wicks (1999) believes that the key assumption upon which the stakeholder theory is founded is that the firm has links or association with many stakeholders that affect, and are impacted by its resolutions. They believe that the theory is concerned with the nature of these relationships concerning both processes and outcomes and focuses on managerial decision-making – to which the interest of all stakeholders has inherent value and no such value is imagined to subjugate the other.

The stakeholder approach according to Phillips et al. (2003), holds that a range of corporate constituencies – customers, employees, suppliers, creditors, communities – should have a say in the running of the firm. A stakeholder, according to this point of view, is one who has an interest in the enterprise and is at risk if the firm fails. The corporate enterprise cannot be maintained without the inputs of a series of constituencies i.e. investors, lenders, suppliers, managers, workers, unions, communities. Thus corporate governance is an exercise in "team production, in which the issue is how voluntary cooperation between the different stakeholder groups is to be achieved" (Blair and Stout, 1999). This theory maintains that the objectives of the firm should be derived by stabilising the different goals of the various stakeholders in the company: managers, workers, stockholders, suppliers, vendors. This theory implies that a board will be mainly interested in the performance of the company in terms of pleasing all stakeholders. Such board composition should include directors with the right background and experience for the effectiveness of their service function. Consequently, both human and social capitals of a board become imperative with the stakeholders' theory approach to corporate governance.

Stakeholder theory breaks through the traditional framework. The maximization of the interests of shareholders does not mean the maximization of corporate value, which may even damage the interests of other stakeholders, for instance, a hostile takeover. Stakeholder theory suggests that the other characters should also be considered stakeholders, such as creditors, employees, suppliers, customers, government and community, corporate governance duty therefore is to balance and coordinate conflict of interest to all stakeholders to maximize the benefits (Jensen, 2017).

From this viewpoint, the central proposition to be tested is that if firms are conscientiously undertaking stakeholder management - by giving more voice to women, for example – will, other things remaining the same, that firm be relatively successful. Exploring this rationale, Dallas (2001) surveys some psychology research considering the effect of group member characteristics, such as gender diversity, on group decision-making. He concluded that to enhance the quality of decision making, the advantages related to the knowledge, perspective, creativity, and judgment brought forward by heterogeneous groups may be superior to those related to the smoother communication and coordination associated with less diverse sets of people. Dallas (2001) further argues that gender diversity would remain a sensible objective even if it does not necessarily lead to improved financial performance. Hence, even if no significant relationship – neither negative nor positive – were found between gender diversity and financial results, the promotion of women in business can still be viewed as a good policy.

A few authors have criticised stakeholder theory. For instance, Slinger (1999) posited in his work that: "Stakeholder theory discards the objective basis for evaluating business action. It provides no guidance at all as to how competing interests, are to be ranked or reconciled. And it consequently provides no adequate standard against which business can be judged". Accountability is one of the most important concepts in corporate governance. It consists of directors being accountable to shareholders, firm workers and other corporate agents being accountable to the corporation as well. The notion that the owner of a firm is sole responsible for their corporation is questioned in stakeholder theory. On the other hand, what stakeholder theory calls for is that all stakeholders are responsible for corporations. Such a key principle is not necessarily realistic nor does it work out wholly. Everyone taking charge of company runs the risk that no one will take charge of company. Critics argue that various accountability with a company hierarchy only makes sense if all the stakeholders have clear similar goals.

Modern companies are characterized by separation between ownership and control; thereby a principal agent relationship is formed between the principal and the agent. Unfortunately, the interests of these two parties are not always consistent. The managers tend to misuse their power, which may lead to unfulfilled promises to shareholders by the reason of their ‘insider’ status. The agency cost problem occurs when an efficient monitoring system is needed. The main purpose of corporate governance is not only monitoring managers effectively but also minimizing agency costs. The traditional way to adjust the dimension of the structure of the board of directors are enhancing the independence of the board of directors; improving the control of shareholders in order to strengthen their position and develop institutional investors (Jensen, 2017). However, these ideas only deal with the problems partly. It is difficult to change the level of corporate governance fundamentally. Stakeholder theory suggests that the key point of corporate governance is as follows: it is unavailable to deliver much more rights and control to shareholders. On the contrary, managers should be separated from shareholders who usually give pressure and leave enough rights and interests to other stakeholders such as employees, creditors and so on. For instance, one important program is allowing the key stakeholders become the company’s board of directors and supervisors by increasing the ownership and control of the company (Jensen, 2002).

The highlight of human capital is advocated in stakeholder theory. Traditional theory holds that the owner of firms is the investors who provide capital for firm; accordingly, the ultimate goal of company is to safeguard the interests of investors. Here the word “capital” is limited to physical capital, but not human capital. This argument is acceptable and suitable in the early era of large-scale industrial machinery, while not appropriate and outdated in current era of knowledge economy. The existence and development of the organization is increasingly affected not only by the management degree of managers but also by the advanced technology of workers. Technology and other human capital contribution to the enterprise are far more than physical capital (Freeman, 2001).

3.3 Resource dependence theory

According to Pfeffer and Salancik (2003), 'Resource dependence was originally developed to provide an alternative perspective to economic theories of mergers, and to understand precisely the type of inter-organizational relations that have played such a large role in recent 'market failures' (Pfeffer and Salancik, 2003)p.25). The motivation of those running the organization was to ensure the organization's survival and to enhance their own autonomy, while also maintaining stability in the organization's exchange relations. These were the drivers behind many of the organization's observed actions.

Pfeffer and Salancik (2003), argue that boards serve to link the corporation to other external organisations that is to address environmental dependencies. They believe that a firm gets the following benefits from the external linkages: (1) provision of resources such as information and expertise; (2) creation of channels of communication with constituents of importance to the firm; (3) provision of commitments of support from important organizations or groups in the external environment; and (4) creation of legitimacy for the firm in the external environment. In resource dependency theory, organisations attempt to exert control over their environment by co-opting resources needed to survive. This implies appointing directors that can bring their social capital and competence to the firm, which is one of the most valuable characteristics that a director can bring to a board (Hillman et al., 2002, Hillman et al., 2009, Stevenson and Radin, 2009).

Social capital refers to a person's socially valuable attributes and network connections (Tsai and Ghoshal, 1998). These attributes and connections benefit the firm (Payne et al., 2009, Hillman et al., 2009). Proponents of resource dependence theory argue that organisational survival is dependent on the ability to access critical resources from the environment (Pfeffer and Salancik, 2003, Casciaro and Piskorski, 2005). Firms actively manage their resource environments by maintaining external linkages to organisations on which they depend for critical resources (Hillman et al., 2009, Kiel and Nicholson, 2003). Boards also react in the same way, for example by adding a representative of a critical resource to the board constitutes a way of managing this dependence and benefiting the firm. According to (Hillman and Dalziel, 2003), after the global financial crisis of 2008, most banks needed to include directors with risk management expertise on their boards. After appointment to a board, the directors will support, identify with, and work to assist the firm.

Researchers argue that managers with high social capital can bring information about the external environment, other firms' strategies, and prospective managerial talent to the firm (Beckman and Haunschild, 2002, Certo, 2003). Hillman and Dalziel (2003) in supporting this theory postulate that different types of directors will provide different beneficial resources to the firm. As a result, a more diverse board will provide more valuable resources, which should produce a better firm performance. In other literature, this is known as the access and legitimate paradigm where firms employ directors on boards to improve their standing in the market they represent (e.g. employing Yoruba indigene to the west of Nigeria). Differences in gender and ethnicity will very likely produce unique information sets that are available to management for better decision-making. This important link is crucial because in Nigeria the pool of human capital available to the firm is composed of men and women with three major tribes, other minority tribes and people with over 250 languages. Hence, a more diverse organisation has access to more talent, more market penetration potential and an increased share value. Ultimately, these ties can impact on the performance of the board and hence of the firm (Tsai and Ghoshal, 1998). Modern boards are therefore composed on the basis of the resources the directors will bring to the board, and that is why diversity has become an important board characteristics.

Another aspect of resource dependency theory is the level and use of human capital on the board. The standard of human capital on the board is also a resource that is available to the firm. Boards use their human capital to perform their roles of monitoring and resource provision. The resource provision role includes a variety of activities such as providing advice to management on the central strategic actions. Resource dependency theory also takes a broader view of organisational resources focusing on the firm's abilities to coordinate productive resources that are not transaction-specific (Poppo and Zenger, 1998, Rasheed and Geiger, 2001, Xia et al., 2014). Resource dependency theory implies that the skills and knowledge of directors are resources that could be used to help the firm perform better. They, therefore, have some impact on the effectiveness of the board.

Resource dependency theory implies that for effectiveness a board should be composed of directors with the right background and experience, have the right social capital and are on other boards. Hillman and Dalziel (2003) propose a model that integrates agency and resource dependence perspectives. They argue that greater levels of board capital (a combination of directors' human capital and social capital) not only should enable boards to secure more resources and provide superior advice but also enable boards to be more effective monitors of the company. However, they contend that the extent to which boards exercise these capacities will depend upon the incentives given to directors, with greater pay in stock and more board independence predicted to generate increased attention to both monitoring and providing resources to the firm.

3.4 Rationale for theories

Each of the theories gives credence to aspects of the board's activity or role. Table 3.2 below presents a summary of the three theories discussed above.

Agency theory contends that an essential activity of the board is supervising management for shareholders and that adequate supervision can enhance firm performance by reducing agency costs. Resource dependence theory sees the board as a provider of resources, such as advice and counsel and links to other organisations, to management and the firm, for better performance. Stakeholder theory explores the dilemma regarding the interest of different groups of interested parties and it encourages the board to take account of the wider society.

Among the various theories discussed, the agency theory is the most popular and has received so much attention from academics (Jensen and Meckling, 1976, Fama and Jensen, 1983b) as well as practitioners. It provided the basis for governance standards, codes and principles developed by many institutions (OECD, 2004, OECD, 1999, SEC, 2008). The shareholders appoint board members to monitor and control managerial decision making to protect the shareholders' interest. In particular, this monitoring role is supposed to be carried out through independent non-executive directors and the seat of Chairperson and CEO should be held by different persons (SEC, 2008, Cadbury, 1999, OECD, 2004). An agency problem may arise between managers and shareholders because the principals (the shareholders) cannot adequately monitor the actions taken by the agent (the managers). Subsequently, the agent can have an incentive to pursue his or her own interests, rather than the best interests of the principal.

Given the body of evidence, it would be naive to claim that agency theory has not made a significant contribution to the principal-agent literature. However, it does have its limitations. Broadly speaking, it does not provide as strong support for the financial benefits of board diversity as does a resource dependence perspective but agency theory does not rule out the possibility that board diversity is beneficial. Also, while the logic of improving firm

Table 3.2: Summary of theories

	Agency	Stakeholder	Resource Dependence
Board Role	Ensure match between managers and shareholders' objective. Managerial control	Inclusive pursuit of all stakeholder interests	Reduce uncertainty; boundary spanning Co-optation
Representative Studies	Jensen and Meckling (1976) Fama and Jensen (1985) Kosnik (1987) Ang et al. (2000) Fosberg and Rosenberg (2003) Levrau and Van den Berghe (2007)	RSA (1995) Blair (1995) Babic (2010)	Pfeffer (1972) Pfeffer and Salancik (1978) Hilman and Dalziel (2003) Davis and Cobb (2010) Pugliese, et al. (2009) Nicholson and Newton (2010)

Source: compiled or adapted from the catalyst, (Terjesen et al., 2013).

performance by aligning the goals of the agent with the owner seems unassailable, a partial financial ownership stake does not seem to necessarily spur an agent to behave in ways that an owner would (Arthurs and Busenitz, 2003). In Nigeria Ehikioya (2009) also concluded that his study does not show any link between board composition and firm performance. Hence, a new approach is needed to use the benefits of agency theory to its fullest. It is well documented that executive compensation packages should be designed to align the interests of senior management with those of the shareholders and thereby reduce the dysfunctional behavior of managers; this is typically done by rewarding executives for taking decisions and actions that increase shareholder wealth (Abernethy et al., 2014). Unfortunately, the shareholders (and directors) may have neither complete information about the actions of executives or the expertise to evaluate those actions, making it difficult to base compensation on actions alone. Instead, compensation in practice is often linked to measures that are positively correlated with managerial performance, for instance market share, share price or accounting profit. Given its limitations, we can determine that agency theory on its own does not provide strong support for the financial benefits of board diversity hence, we complement this research with resource dependence and stakeholder perspectives.

Figure 2 shows how our research depicts the relationship between the agency, stakeholder and resource dependency theories. It explains how the agency cost is incurred by the conflict of interest between all key stakeholders in an organisation. It further shows how other key influences such as the government, unions, etc. influence the direction the firms go on key issues like shareholder value, gender equality, board representation etc.

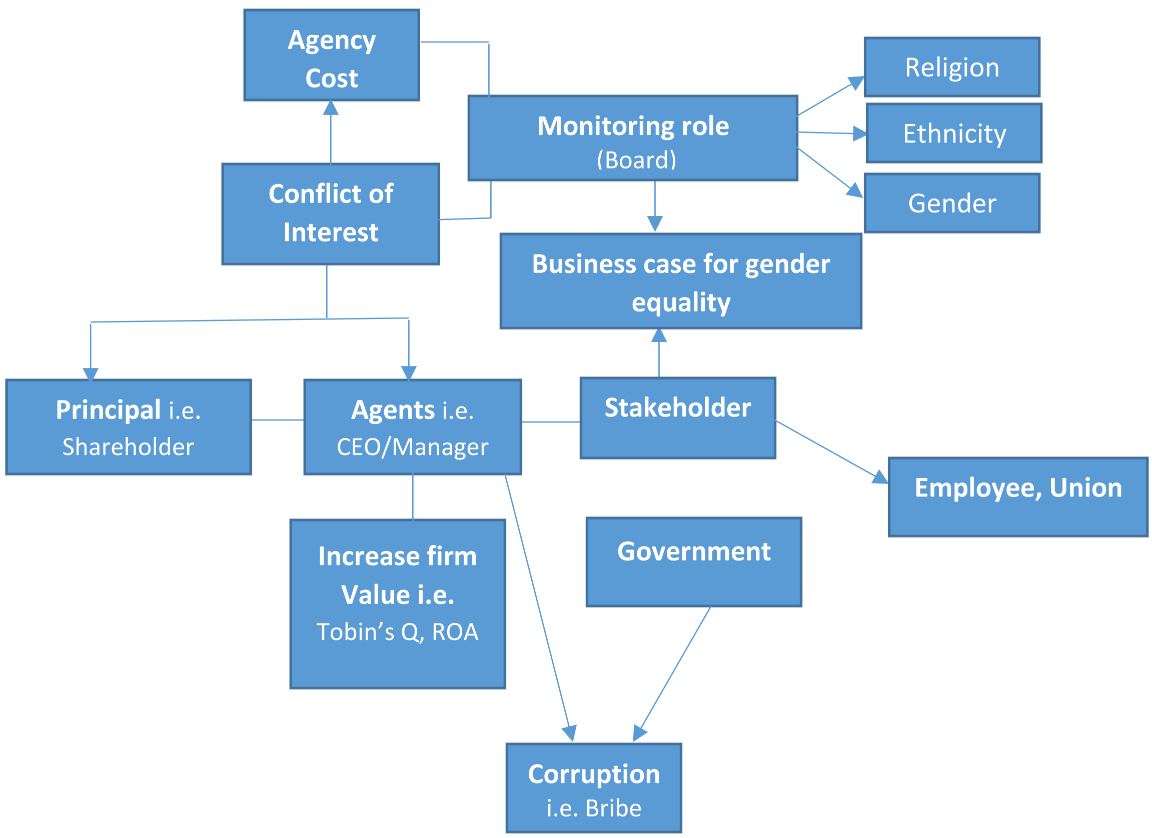


Figure 2: Relationship between Agency, Stakeholder and Resource Dependence theories

Another deterrent to the efficacy of the agency theory in most developing economies is corruption as shown at the base of figure 2. Companies incorporated in any economy differ in size and structure. They range from multinational company that depends on funds from the capital markets that are then traded on the Stock Exchange platforms, to small enterprises with only one or two shareholders. Regardless of size and structure, there is the need for checks and balances to regulate firms to ensure they operate in the best interest of the various stakeholders. According to Okike (2007) governments are able to manage and control business enterprises through the declaration of various laws. Whilst the corporate governance legislation promulgated by the government may appear to be quite comprehensive, the mechanisms for enforcement and compliance are very weak or ineffective. The Report on the Observance of Standards and Codes (ROSC)(ADB, 2014) prepared by a team from the World Bank arrived at a similar conclusion. The Report notes, "The accounting and auditing practices in Nigeria suffer from institutional weaknesses in regulation, compliance, and enforcement of standards and rules".

Rotimi et al. (2013) presents Kpakpin's corruption model comprising trio (Pressure, Opportunity and Action). According to them, the nexus within the trio is the channel through which fraud or corruption practices manifests and that for any form of corruption or corrupt practice to manifest, the trio channel must come to being and be realized (Figure 2).

Figure 3: Kpakpin's Corruption Model. Source: (Rotimi et al., 2013)

For example, the Corporate Affairs Commission (CAC) is one of government's monitoring agencies. The CAC require that all firm publish all financial statements no later than 42 days after the annual general meeting. However, small companies may deliver modified statements and balance sheets to the CAC. In practice, the role of the CAC has remained perfunctory and ineffective. There is evidence (ADB, 2014, Wallace, 1987, Okike, 2007), that some companies and even auditors do get away with flouting company legislation. The Report on the Observance of Standards and Codes (ADB, 2014) came to the conclusion that the CAC lacks the capacity to effectively fulfil its monitoring function. Although there is the requirement for companies to file a copy of their audited financial statements and directors' report with the Commission, most companies do not comply with this requirement, and the CAC does not apply any sanctions. There is no rigorous enforcement of timely filing and the financial statements of non-listed public companies are not readily available. According to the ADB (2014), "there are significant weaknesses in the enforcement mechanism, which is accentuated by a degree of corruption and poor record keeping by the CAC" (p. 8). If the CAC is to fulfil its role of adequately promoting good corporate governance, its monitoring role needs to be strengthened, and sanctions that are more realistic applied to erring companies. This might require a revision of existing legislation.

Wu (2005) believes that policy makers around the world have another important reason to be concerned with corporate governance: poor corporate governance also breeds corruption. While much of the attention to the global anticorruption campaign has been directed toward the demand side of corruption, that is corrupt government officials, the supply side of corruption is just as important, and the role of corporations as the main contributors of bribe payment should not be underestimated as depicted in figure 2 above. Rules of corporate governance, such as accountability, transparency, and fairness, have profound impacts on the motives and constraints of both the bribe takers and bribe payers involved in corrupt practices. On the surface bribery seems to be cost effective for the firms because a bribe payment is often a fraction of the monetary value of the services rendered by the corrupt officials. However, bribery exposes the firms to substantial legal and financial risks in the future, second, firms opening their doors for corruption may find it difficult to resist demands for bribery payments in the future (Rose-Ackerman, 1999). Perhaps the most indictable consequence of bribery for the firms is that it undermines the firms' drive in developing long-term competitive advantages. It is no coincidence that on average, Nigerians pay six bribes per year, or one every two months (Ujunwa et al., 2012). The United Nations Office on Drugs and Crime estimates the total amount of bribes paid to public officials in Nigeria amount to $4.6 billion in purchasing power parity terms—the equivalent of 39% of the country's federal and state budgets for education last year (UNODC, 2017).

Resource dependency theory is concerned with the relationship between an organization and a set of actors in the environment. Agency and resource dependency theories assume organizational choice is constrained by multiple external pressures and that organizations are concerned with building legitimacy and acceptance vis-a-vis external stakeholders. Resource dependency theory focuses on a firm's need to access resources from other actors in the environment and describes how resource scarcities force organizations to pursue new innovations that use alternative resources (Pfeffer and Salancik, 2003, Salancik and Pfeffer, 1978). Consistent with the resource-based view of firms as bundles of unique resources that lead to competitive advantage, resource dependency theory focuses on the firm's ability to establish relationships to access resources (Van Witteloostuijn and Boone, 2006). Resource dependency theory assumes that the organization makes active choices to achieve objectives. A major tenet of resource dependency theory is resource scarcity, resulting in multiple organizations competing for the same or similar sets of scarce resources. To survive, firms need to obtain resources from (actors in) the external environment. The focal organization will act to reduce or increase its level of reliance on those actors, through actions such as alliances or joint ventures. For example, as customers increasingly seek coordinated sourcing (Drees and Heugens, 2013), firms respond by creating alliances to strengthen relationships with key customers (Pfeffer and Salancik, 2003, Xia et al., 2014) and suppliers. This is why many of Toyota's Japan-based parts suppliers set up operations in the proximity of Toyota's automobile manufacturing facility in Kentucky. In Nigeria, for instance most of the top Oil and Gas companies set up operation in the Niger-Delta region of the country because most of the crude oil is extracted in this region of the country. One of the major concerns of the resource dependence theory efficacy in Nigeria however is the large concentration of its board composition skewed to directors from the Niger-Delta region which makes for an unbalanced board, over reliance in the catchment region and reduces the ability of such firms to understand how their products performs in other regions in the country. A more ethnically diverse board can easily solve this problem. Resource dependence theory and agency cost can be mitigated for by a gender inclusive board. According to the human resource literature and the business, case for gender equality a gender balanced board is likely to make better decisions than a gender skewed board thereby reducing agency cost and the reach of a gender/ethnically inclusive board into different market of interest of a firm is greater (Maume, 2016, Cornwall and Rivas, 2015, Ujunwa, 2012).

According to (Sternberg, 1997) stakeholder theory is not a model of, or even compatible with, business. Although it was originally proposed as a way of improving strategic planning in business, and more recently as a way of making business conduct more ethical, stakeholder theory in fact wholly precludes the activity of business as it has traditionally been understood. That is because the definitive stakeholder aim, balancing benefits for all stakeholders, precludes all objectives, which favour particular groups. Business understood as the activity of maximising long-term owner value is automatically ruled out. He also argues that balancing stakeholder benefits is itself an unworkable objective. First, since stakeholders are all those who can affect or are affected by the organisation, the number of people whose benefits need to be taken into account is infinite. For a balance to be struck, their numbers must somehow be limited. However, stakeholder theory offers no guidance as to how the appropriate individuals or groups should be selected. Sundaram and Inkpen (2004) write a great deal about the difficulty of resolving conflicts among stakeholders and figuring out how to treat different people in an organisation.

However, (Freeman et al., 2004) believes that not only is this concern overblown, it is not unique to the stakeholder view. On what terms are we going to get stakeholders to sign on and give their best for the firm? Ironically, we would argue that stakeholder theory gives managers more resources and a greater capability to deal with this challenge, because they can offer not only financial reward, but also language and action to show that they value relationships with other groups and work to advance their interests over time. In an era when firms are relying on committed value-chain partners (e.g., employees and a whole range of suppliers in the supply chain) to create outstanding performance and customer service, stakeholder theory seems to provide managers with more resources to find success.

Stakeholder theory claims that whatever the ultimate aim of the corporation or other form of business activity, managers and entrepreneurs must take into account the legitimate interests of those groups and individuals who can affect (or be affected by) their activities (Donaldson and Preston, 1995). It is quite natural to suggest that the very idea of value creation and trade is intimately connected to the idea of creating value for stakeholders. Business is about putting together a deal so that suppliers, customers, employees, communities, managers, and shareholders all win continuously over time. In short, at some level, stakeholder interests must be joint—they must be traveling in the same direction—or else there will be exit, and a new collaboration formed.

Other scholars (Hillman and Dalziel, 2003, Boyd, 1995) have taken a different approach and have not limited themselves to a particular distinctive perspective. Hillman and Dalziel (2003) combined the agency and resource dependency points of view and argued that each board has board capital which affects both board supervision and the supply of resources, also that board incentives moderate these relationships. Nicholson and Kiel (2004) explain that a researcher's choice of a theoretical standpoint depends on conditional factors such as board power, environmental uncertainty and information asymmetry. Though there are different points of view concerning the company, many of these theoretical directions are used to support, but are not substitutes for, agency theory (Daily et al., 2003). A study of different theoretical standpoints elucidates the need to take a cohesive approach rather than a single perspective to understand the impact of corporate governance on board performance. As the literature suggests, agency theory primarily emphasises shareholders' interests, while the stakeholder theory takes cognisance of the benefit of all interested parties and not just the shareholders. To have a better understanding of board process and dynamics, as discussed in this section, there is a need to integrate different theories rather than consider any single theory. Such an approach was supported by Stiles (2001) who calls for multiple theoretical perspectives and Roberts (2005) who suggests theoretical pluralism.

4 Corporate Governance and Gender/Ethnic Equality: The Nigerian Context

4.1 Introduction

Nigeria gained her independence from Britain in 1960 and became a Republic in 1963. Nigeria is located on the Gulf of Guinea, and her main cities are located in the southern lowlands. Nigeria is divided roughly into three by the Niger and Benue rivers, which flow through the country from the northeast and north-west, meeting roughly in the centre of the country near the new capital city of Abuja (Gibson, 2012).

The oil-rich Nigerian economy, strangled by political instability, corruption, and poor macroeconomic management, is undergoing substantial reform under a new civilian administration. According to the corruption perception index, Nigeria ranked 136 of 167 countries (International, 2013). The former military rulers of the country failed to diversify the economy away from overdependence on the blue-chip oil sector, which provides 20 percent of GDP, 95 percent of foreign exchange earnings, and about 65 percent of budgetary revenues. The mostly subsistent agricultural sector has not kept up with fast population growth, and Nigeria, a former significant net exporter of food, now has to import it.

Nigeria is the most populated African Country and the 8th most populous country in the world and has over 500 languages of which there are three main languages: Yoruba, Igbo and Hausa (as shown in Figure 2 page 42). Persons of different language backgrounds communicate in the common language of English, although knowledge of two or more Nigerian languages is widespread (Ayeomoni, 2012)

In the post-colonial period Nigeria, like many developing countries adopted an interventionist development strategy that involved restrictions on foreign ownership and an active role for government in key economic sectors, especially infrastructure and oil and gas. This development plan, operating in a context of weak market institutions and a lack of robust political democracy, did not result in responsible corporate governance. In recent years, international economic pressures from the IMF and World Bank have induced the country to adopt a program of economic liberalisation and deregulation (Okonjo-Iweala and Osafo-Kwaako, 2007). Advocates of the reforms tout their potential not only for generating greater economic growth but also for contributing to more responsible corporate governance.

One of such reform is the 2004 National Economic Empowerment and Development Strategy (NEEDS), which focuses on Nigeria's commitment to rapid and sustainable growth and poverty reduction. NEEDS is based on three pillars: (i) empowering people and improving social service delivery; (ii) fostering economic growth, particularly in the non-oil private sector; and (iii) enhancing the effectiveness and efficiency of government and improving governance. This Joint Staff Advisory Note (JSAN) was prepared in response to two recent events: (i) the e-classification of Nigeria as an IDA-only country on June 2, 2005, and (ii) the authorities' request for the IMF to support their reform program under a proposed non-borrowing instrument (World Bank 2005).

In 2010, the Government of Nigeria and the World Bank launched the Assessment of Core Competency for Employability in the Service Sector (ACCESS) program in Nigeria with the long-term goal to break into the international market for information technology enabled services. The objective of the program was to equip recent university graduates with sufficient skills to work in Nigeria's ICT sector, and to certify these skills. They expected the training to improve skills in three competency areas: communication (oral and written), computers, and cognitive skills, which are considered "foundational competencies" for employment in the business processing outsourcing (BPO) sector. The program induced switching into the emerging ICT sector in Nigeria. Given the government's focus on developing this sector and its identification of a skills gap as a major constraint to sectoral growth, this policy lever has proved somewhat effective in increasing the employment of people with relevant skills in ICT. The switching was more pronounced for women who held deep-seated biases against women's professionalism and it induced their movement into a currently male-dominated sector, indicating the potential for this program to substitute for confidence in one's place in the professional world. After the training, these women were three times more likely to find an ICT-enabled service job than women who has their roles in Nigeria to give them confidence to work in areas dominated by men such as it has been successful. This also shows the importance of challenging cultural stereotypes of women's involvement in work (Corbett, 2016, Adams, 2016).

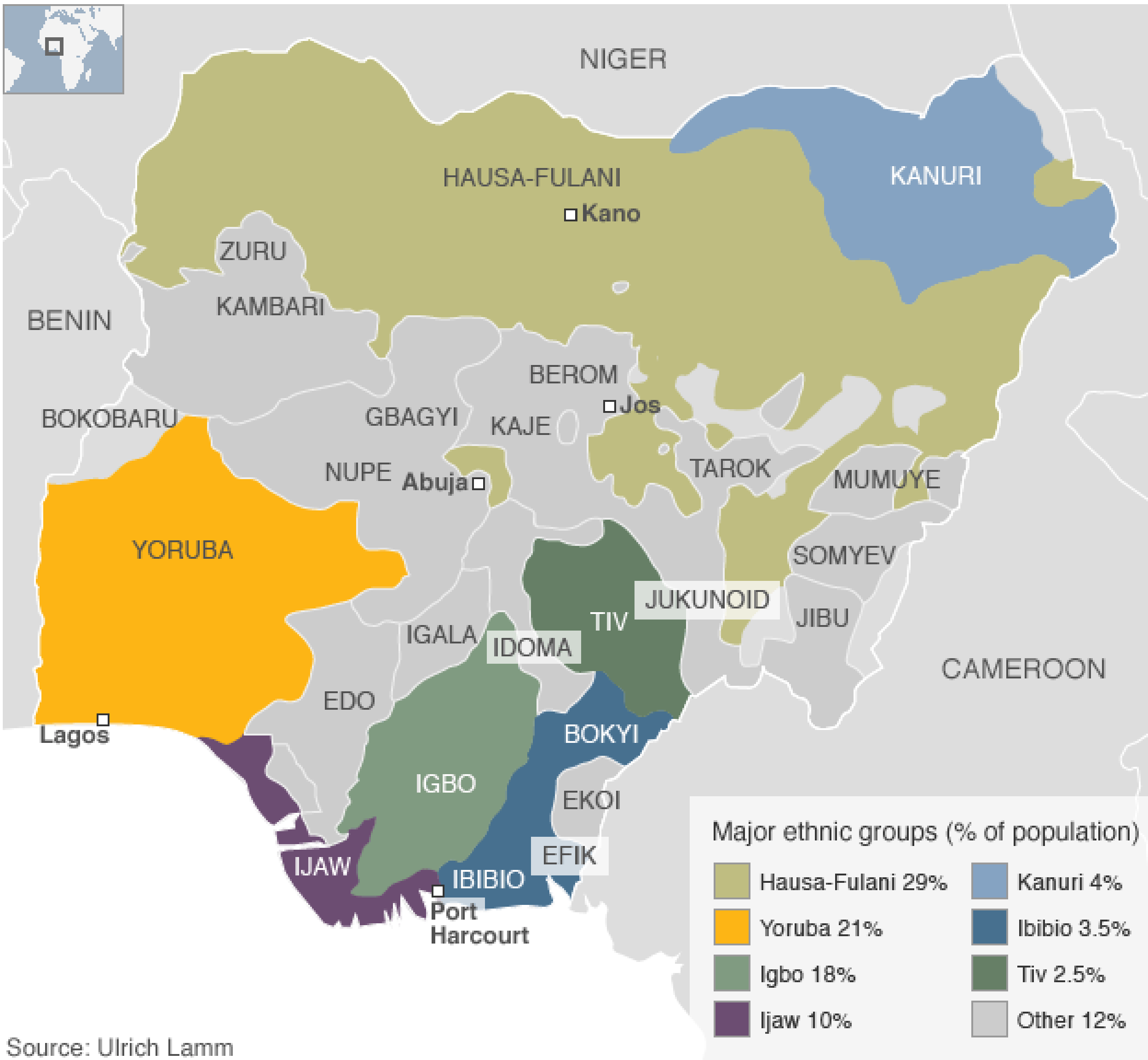


Figure 4: Map of Nigeria with Major ethnic groups Source: BBC News Africa

The recently released Nigeria Biannual Economic Update: Connecting to Compete, says economic gains were largely driven by an expansion in oil output and continued steady growth in agriculture. However, the report notes, labour-intensive sectors remained weak, which contributed to an increase in the rate of unemployment and underemployment in 2017. Poverty is also believed to have increased slightly. Gross domestic product (GDP) growth, which reached 0.8% in 2017, is expected to hover just over 2% in 2018, according to the report. The report also notes that the federal government's Economic Recovery and Growth Plan (ERGP) is a positive step towards macroeconomic growth efforts, if properly implemented. In recent times, the government's focus on business regulations has paid off; Nigeria has moved up in the World Bank Ease of Doing Business 2018 report; however, the report says more intensive effort needs to be made to get the private sector energized. The report says that most of the structural reforms outlined in the ERGP need to go beyond the preliminary stages to ensure the economic growth targets envisaged (World Bank 2018).

This chapter provides an account of the nature of corporate governance in Nigeria and investigates the likelihood that recent reforms will contribute or lead to management that is more responsible. In taking up these tasks, I adopt a broad understanding of corporate governance, which includes not only the smooth running of corporate boards but also other key factors (e.g., the financial and banking systems and macroeconomic policy) which comprise the context in which boards make decisions. Underlying the investigation of this issue, of course, is concern about whether the reforms will have any significant impact regarding fulfilling the aspirations of the Nigerian people for economic, political and social development. This chapter also investigates gender and ethnic equality and the current corporate governance structure in Nigeria.

This chapter is written in the following manner. The first section provides a short account of the context in which corporate governance occurs in Nigeria. The second section examines the ownership structure of the corporate sector. Next, an account of the problems of ownership and control, especially as they relate to minority shareholders, is provided. The following section investigates the role of gender and ethnic diversity in corporate governance. Finally, the nature of recent reforms in Nigeria is examined, including their prospects for contributing to a more responsible governance.

4.2 Concepts of corporate governance in developing economies

Opinions differ regarding the content and boundaries as well as the relevance of the theory of corporate governance in developing countries, more so because of the underdeveloped, unstructured and informal nature of their economies (Ibrahim, 2016a). Yet, the issues of corporate governance, investor protection and ethnic and gender inclusion are critical elements in the development and economic prosperity. Wherever there is a weak corporate governance environment such as in the developing countries (DCs), economic growth will be hampered but as most of them, such as Nigeria, attempt to formalise their underground economy, the clamour for tighter rules and sanctions becomes louder (Ahunwan, 2002). The divergence of the perspectives on corporate governance in DCs evidently derives from the numerous theories of the subject (Tricker, 1996) which includes the following:

- Stewardship hypothesis with the requirement that directors show a fiduciary duty towards the owners of the company. Implied in this theory is the fact that the power of directors over the enterprise is derived from their democratic appointment by shareholders at the Annual General Meetings (AGMs). In most less developed countries today, this largely remains a theory that has not and might not ever be practised especially in those nations with dictatorial regimes. In Nigeria, until recently, the AGMs of many of the large corporations were "fait accompli" (Yakasai, 2001, Hopkins, 2014) just to rubber stamp government appointments and directives.

- Organisational theory, which traditionally recognises the peak of organisational structure as the chief executive officer (CEO) and that the board of directors (BOD) is a mere imposition on such a structure. As long as functional reporting obeys such a structure, the BOD will remain a mere rubber stamp of the CEO's decisions. This theory draws its predominant application in developing countries due to the ownership and control structure of enterprises most of which are family businesses and too small in size to warrant the type of corporate democracy witnessed in multinational companies (Hopkins, 2014).
- Stakeholder hypothesis, which gathered momentum in the 1970s reflecting a societal fear that the large multinational corporations (MNCs) had become too imperialistic and powerful to be held accountable solely through the classical stewardship hypothesis. The role of environmentalists in the oil-producing areas of the world such as the Niger Delta region in Nigeria is a classic example. Furthermore, the genesis of government's domineering investment in the oil sector in Nigeria is derived from the theory that oil was so strategic to the country that the whole nation became the all-important stakeholder. The same arguments were proposed as the premises for promulgating Nigeria Enterprises Promotion Acts of 1972, 1977 and 1989 (NNOROM, 2015).
- Agency theory presupposes a different perspective of the nature of man seeking self-interest rather than an altruistic goal and as such cannot always be trusted. This is a real problem in any un-transparent developing nation whereby corporate executives exploit their companies while the investors become anaemic, a situation very prevalent during the Structural Adjustment Programme (SAP 1986-2008) years in Nigeria (Ifeanyi Chris et al., 2016).
- Proponents of the theory of gender inequality maintain that gender is an important macroeconomic variable and that gender relations can affect economic development and growth. The state of gender relations, which frequently results in divergent outcomes by gender, is readily observable in several economic areas: (i) job segregation within the paid labour market (Kolade and Kehinde, 2013), (ii) the division of labour between paid and unpaid labour (Fapohunda, 2012), (iii) the distribution of income and resources within the household (Bobonis, 2009), (iv) access to the redistributions by the state, such as access to education and social safety

net programs, and (v) credit in financial markets (vi) board composition. Nigeria has a National Gender Policy that focuses on women empowerment while also making a commitment to eliminate discriminatory practices that are harmful to women (NCAA, 2006). However, significant gender gaps in education, economic empowerment and political participation remain in Nigeria. Unfortunately there are no United Nations figure for Gender Inequality index for Nigeria but the closest African country ranked to Nigeria is Zimbabwe which has a ranking of 128 with a value of 0.534 while Algeria is ranked 100 the highest in Africa with a value of 0.442 (UNDP 2017).

4.3 The context of governance

The concept of the corporation was unfamiliar to the indigenous customary business practices of precolonial Nigeria. British companies chartered in England were the first organisations to arrive in Nigeria in the second half of the 19th century. One of first and most powerful of these was the National African Company (later renamed the Royal Niger Company), which was chartered in 1886 (Akanbi, 2012). Between 1862 and 1912 - the foundation of colonial rule in Nigeria - most firms in operation in Nigeria were foreign companies registered in England and conformed to the law and ideology of the British corporate governance system (Ahunwan, 2002). The first corporate statute in Nigeria was enacted in 1912.

However, the standard of corporate governance in Nigeria during the period of colonial rule was mostly of the British template. It is only in the post-independence period that we can begin to speak of "Nigerian" corporate governance.

4.3.1 The post-independence development strategy

Following independence in 1960, several factors affected the direction of corporate governance in Nigeria. Perhaps, most important among these were the dominant ideological convictions of the post-colonial period, which stressed economic self-dependence. Economic self-dependence was primarily understood regarding indigenous ownership and control of the means of production and was operationalized into two basic broad areas. First, the government imposed absolute control over public utilities, infrastructure and social service provision by establishing state-owned corporations (Adeyemo and Salami, 2008). While there was significant interest among foreign investors, especially British corporations, in many of these areas, the state prohibited foreign ownership. In most cases, the state did not even permit participation by private, domestic companies. Activities in such areas as electricity generation and distribution, telecommunications, postal and telegraphic services, shipping and ports, and air travel, among others, were restricted to exclusively owned state corporations which is not uncommon to developing economies as government monopolises element seen to be key to national security (Ahunwan, 2002).

Second, the government promoted indigenous ownership in other sectors of the economy. Two pieces of legislation were key to this strategy, viz., the Foreign Exchange Control Act of 1962 (FX Act) and the Nigerian Enterprises Promotion Decree, No. 4 of 1972 (Odubogun, 1995), often referred to as the "Indigenisation Decree" (NEPD). The FX Act prohibited the creation or transfer of any security or interest in security in favour of a person resident outside Nigeria except with the permission of the Minister of Finance. For its part, the NEPD Decree restricted foreign ownership by creating three dimensions of enterprises. The three dimensions are as follows:

(i) Businesses solely reserved for Nigerians

(ii) Companies in respect of which foreigners cannot hold more than 40% of the shares, and

(iii) Enterprises in which foreigners cannot own more than 60%.

This classification was based on the perceived financial and managerial needs of the country at the time. The second schedule was comprised of manufacturing companies where foreign participation was expected to bring foreign capital and managerial expertise. The third schedule included capital-intensive enterprises (Yerokun, 1992, Ahunwan, 2002).

4.3.2 The social context

Although there was a great deal of optimism in 1960 about the development prospects of the newly independent country, forty years in Nigeria is still largely underdeveloped. The country still lacks an efficient infrastructure (e.g., communications and transportation systems, electricity, water, etc.), unemployment rates are high and social needs far outstrip social programs. Also, the country is rife with corruption and divided by ethnic and tribal tensions (Statistics, 2016), religious rites, gender inequality, etc.

These features of Nigeria socio-economic development have major repercussions for business, both in the private and public sectors (Akanki, 1994a). Citing Yakasai (2001) a former Governor of Central Bank of Nigeria expresses a frustration felt by many as regarding problems of the Nigerian economy:

> *"There appears to be a certain built-in stubbornness in the attitude of the typical Nigerian economic agent. It manifests itself in a high propensity to circumvent laid-down rules of economic behaviour and to resist control and regulation. It tends to encourage a kind of softness and Luke warmness in the application and implementation of legal rules of*

economic conduct. Hence it provides a fertile ground for bribery, corruption, idleness and the contrivance of get-rich-quick attitude which are antithetical to hard work and discipline" (Ahmed, 1996, p. 14).

In investigating two cases of corporate failures[4] in Nigeria, Okaro and Okafor (2009) identified a collusion of interest between the CEO and the owners resulted in syphoning off the company's assets thereby questioning the effectiveness of the board composition. In further investigation, interviews were conducted, and 20 employees confirmed that they respected and feared their managers in response to conjunctions in the Holy Koran and the Holy Bible. They averred that they had no need to disagree with them as the managers owe their appointments to God and can only be removed in God's appointed time. This shows that although corruption is not condonable, culturally it is not acceptable to question authority.

Another key issue is that Nigerian culture assures men as the head and breadwinner of household who is prepared and groomed to take over from their fathers, while women are considered to be properties of men (Omotola, 2007a, Agbalajobi, 2010). Women had many social/political challenges from an early age as they were introduced into ‘female' roles. Women within their families were deterred as well as in public, at school and even in the workplace from reaching their potential and rising to top positions in a traditionally ‘male' world (George and Ogunniyi, 2014, Lincoln and Adedoyin, 2012a). This is consistent with social identity theory, which explains the exclusion of women from boardrooms because of many corporations' replication of male-dominated power structures. As such members seek to surround themselves with people who share similar demographic profiles (old boys club, same language, ethnicity, religion, etc.), perspectives and values, which are later reinforced in their group communication.

This is linked somewhat to social network and cohesion, which views board membership as a privileged closed-group with its rules and ways of thinking. This has led to issues like nepotism, tokenism, golden skirt, etc. Vinnicombe et al. (2015) report that in the UK following the implementation of the Davies Report all-male boards have been discouraged leaving only Glencore, the last, nominating a woman to its board. The percentage of women on FTSE 100 boards is 23.5% with the percentage of women in executive directorships on FTSE 100 boards is at an all-time high of 8.6% with 24 women holding such roles

[4] Case 1: Five banks failed the CBN stress test in 2009, Afri- bank, Fin Bank, Union Bank, intercontinental bank and Oceanic bank. The banks had one thing in common. They were certified distressed by CBN barely few months after their auditors had given them a clean bill of health. Case 2: Perhaps, the greatest audit failure in Nigeria in recent times is that associated with the Cadbury (Nig.) Plc. accounting scandal, which came to the fore in 2006. This scandal has since been euphemistically dubbed Nigeria’s Enron equivalent OKARO, S. & OKAFOR, O. 2009. Creative Accounting. *Corporate Governance Watch dog Institutions and Systems-The Case of Cadbury (Nig.) Plc. SSRN***,** 1-12..

(Vinnicombe et al., 2015). A World Development Report (Pande, 2012) also show a very high percentage of companies with woman directors in some countries (18.3% in France, 17% in the U.S., and 14% in South Africa) compared to the percent of women directors overall in the other African countries (Egypt 7.1%, Morocco 0%, Nigeria 9.7%). However, this data reflects a large number of companies with only one woman on the board, which shows an alarming gender disparity on corporate boards and may indicate tokenism rather than substantive leadership success of women in most African companies, so the extent to which women have become involved can be questioned.

Many developed economies have implemented quota systems or a voluntary approach (Terjesen and Singh, 2008) to increase gender diversity on the board. In the UK for instance, using a voluntary approach (Lord Davies of Abersoch, 2014, Vinnicombe et al., 2015), there has been a steady growth in gender diversity. In 2015 women make up 27.7% of the members of the corporate boards of FTSE 100 companies; up from 12.5% in 2011 when the first Women on Boards report was published (Vinnicombe et al., 2015). According to the former Governor of the Central Bank of Nigeria, Mallam Lamido Sanusi, it was agreed that by 2014 at least 30 percent of the board seats in Nigerian banks would be occupied by women and at least 40 percent of senior management positions will be held by women in 2015 (Sanusi, 2012). The then Governor of the CBN, Governor Sanusi, revealed that since the establishment of the CBN's only four women have held the position of the director even though there were women capable and qualified to fill directorial roles. However, since 2017, there are about seven female directors. This comes from a conscious policy of looking for qualified women to take these positions. One drawback identified in the literature, however, is that organisations only adhere to the quota system because of complying with legislation not because they want to improve the number of women and other minorities on boards. One consequence of this may be the 'Golden Skirt' which means a lot of multiple directorships for a small number of women (Terjesen and Singh, 2008, Hughes, 2011).

Of course, the nature of Nigeria's problems is not only rooted in the attitudes of individual Nigerians but are also related to larger political and economic structures and practices. In what follows, one of these key structures, the ownership pattern in the corporate sector, is examined.

4.4 The ownership structure of Nigerian corporations

In Nigeria, as in many former colonies, the government of the newly independent country perceived need for greater local control over productive resources, which during the colonial period were largely dominated by foreign owners. It was in this context that the government enacted the Foreign Exchange Act of 1962 known as the FX Act and the Nigerian Enterprise

Promotion Decree (NEPD) in 1976 with the plan to effect a change in the ownership structure of Nigerian corporations. Some Nigerian scholars have expressed doubts as to whether the NEPD had any significant impact on corporate governance and, in particular, whether there were any effects on the ownership structure of Nigerian corporations (Yerokun, 1992). Such scepticism about changes in ownership is not completely unfounded as there have been many reported cases of Nigerian citizens endorsing foreign entrepreneurs to satisfy the ownership requirements of the NEPD (Ahunwan, 2002). It would appear to most commentators, however –the various efforts to circumvent the provisions of both the FX Act and the NEPD notwithstanding – that the enactments did have significant effects on the ownership structure of Nigerian corporations and corporate governance.

The major way in which ownership structure was affected was through the provision that prohibited 100% foreign ownership in a variety of sectors. Many foreign corporations had to divest their shareholding to satisfy the new requirements. It was the Nigerian government that ended up buying a majority of the divested shares, as there were not sufficient domestic investment funds available (Yerokun, 1992). This further entrenched government participation with foreign partners in industrial and commercial ventures. Most of the divested shares that were not purchased by the government were bought up by a small number of very wealthy Nigerians (Akinsanya, 1983). The combined effect of the government's macro-economic policy objectives and its legislation on foreign ownership resulted in greater government involvement in the economy are easy to imagine. In many instances, the government became proactively involved in productive activities, owning industrial, commercial and service provision corporations, either solely or in joint ventures with other foreign or local investors. In other cases, foreign investors continued to operate as majority (or controlling) partners with the government and other local investors. Other local investors served either as (minority) partners with foreign investors or through small family-owned corporations. The ownership structure resulting from government policy can be best classified under four categories.

Type "A" can be conceived as composed of corporations wholly owned by the government. Both the federal government and state governments operate wholly owned corporations, including four major petroleum refineries (owned by the Federal Government), petrochemical plants, insurance companies, banks, hotels and a range of other enterprises.

Type “B” comprises joint venture arrangements between the federal government and foreign crude oil producing corporations. Although the government operates joint venture arrangements in other sectors, it makes sense to include this sector as a separate category due to its immense importance to the national economy. A key indicator of the importance of this sector is the fact that the government of Nigeria derives about 97 percent of its total revenue from joint ventures in oil and gas (Statistics, 2016).

Type "C" consists of publicly listed corporations. Here foreign investors operate with local investors in the industrial and commercial sector. The foreign investors are mostly subsidiaries of multinational enterprises. Here the biggest nine most capitalised corporations in the Nigerian Stock Exchange consist of: Nigerian Breweries Plc, First Bank of Nig. Plc, Union Bank of Nigeria Plc, Guinness Nig. Plc, West African Portland Cement, United Bank for Africa Plc, Nestle Foods Nig. Plc, Mobil Oil Nigeria Plc, and Total Nigerian Plc.

Finally, Type "D" consists of privately owned corporations that are not listed in the stock market. Most of the corporations are family owned. Most them are small companies, owned and operated by relatives and friends and lacking business sophistication. Some of these enterprises, however, are quite large, with a capital base comparable to many listed corporations. Banks, insurance and various industrial corporations come under this category. Both foreign and local entrepreneurs operate in this category.

As the discussion above indicates, a prominent feature of the ownership structure of Nigerian corporations is majority (or substantial minority) ownership. Even apart from the 100% government- owned businesses in type "A," in groups "B," "C" and "D" majority (or strong minority) ownership is the norm. In-group B, majority ownership is exercised by the government. In the publicly listed corporations in Group "C," majority ownership may be vested in the government, foreign investors (especially TNCs) or local entrepreneurs. In group "D" corporations, family-control is the norm for domestic firms.

4.4.1 Problems of ownership and control

Traditionally the study of corporate governance has been closely linked with the abuse of shareholder rights. Initially, this issue was conceived of regarding a principal-agent problem in which the management (agents) of widely held companies were increasingly able and predisposed to maximise its interest rather than those of shareholders (principals). It has also been argued, especially in relationship to the analysis of developing countries, that a similar problem exists between majority and minority owners in which the former are largely able to ignore the interests and rights of the latter. A variation of this question involves government participation in the economy, where government, as an owner (or regulator) can adversely affect the interests of shareholders. In what follows, we will examine the nature of these three problems as they arise in the Nigerian context, characterised as it is by the concentrated ownership structure discussed above.

Management vs. Shareholders

Although the recent literature correctly suggests that the predominant problem in most developing countries is a conflict between majority and minority shareholders, this does not mean that the classical principal-agent problem (Jensen and Meckling, 1976) does not arise. In Nigeria, the problem occurs in and is exacerbated by the context of a political culture of corruption and bribery, ethnic tensions and rivalries, poorly functioning markets (e.g., information asymmetries) and a lack of adequate infrastructure. In this context, many managers and directors have been able to use corporate opportunities and resources for their benefit at the cost of the firm and its shareholders.

The agency problem as it arises in the Nigerian context is exemplified by the case of Lever Brothers Nigeria Plc. (hereinafter "LBN"). LBN is a public listed company in Nigeria. The Unilever Group U.K. has a 52% stake in the company. Between 1996 and 1998, there were reports of abuse by senior management, including insider dealings, shares racketeering and the awarding of supply contracts to companies in which senior management had interests (Ogbu, 1998). Sources also disclosed that one of the key officers of the company had up to 18 official cars, while a company registered in his wife's name handled almost all the company's major contracts. The reports further revealed that employment and other management decisions were based more on ethnic solidarity than efficiency considerations (Ogbu, 1998).

Corporate abuse in Lever Brothers culminated in serious financial irregularities. The Nigerian Stock Exchange suspended the company in 1998 for submitting an annual return with irregularities. The company's turnover in the first quarter of 1997 before adjustment stood at N4 billion, with a profit before and after tax at N791.3 million and N554.7 million respectively. After adjustment, there was a N5.8 billion turnovers, while profits before and after taxes were N351 million and N244.95 respectively (Yerokun, 1992, Ogbu, 1998, Ahunwan, 2002).

The Lever Brothers case raises several issues, but most important for our concerns here is the inability of majority shareholders to monitor management in the Nigerian context. While the Unilever Group, U.K. exercised majority ownership, this did not ensure efficient monitoring of local management. Shleifer and Vishny (1997) have argued that the effectiveness of large shareholders' control of the directorate is connected to their ability to enforce voting rights to remove management. In the Nigerian context, this factor is of minimal importance. The majority shareholders have the votes to remove local management without much resistance. The problem is that they are not able to monitor effectively management as a situation of endemic corruption, ethnic loyalty, and infrastructural problems make corporate abuses difficult to detect.

Many Nigerian commentators have argued that the Lever Brothers situation was further compromised by the inability of regulatory bodies to monitor the activities of listed companies. It is noted for instance, that for more than one year after the discovery of the financial irregularities, the Nigerian Securities Commission still had not commented on the case (Adegbite and Nakajima, 2011).

Government ownership

Another problem associated with majority ownership in Nigeria is government ownership (and influence). In corporations, wholly owned by the government, corporate governance and partisan political considerations merge. Several years of military rule and unimaginable levels of corruption have adversely affected the management of public sector corporations. Appointment to the board, senior leadership positions and even lower cadres is often based on political connections, ethnic loyalty and religious faith as opposed to considerations of efficiency and professional qualifications (Akanki, 1994b, Yerokun, 1992). Furthermore, coming under the authority of government ministries, these corporations are also subject to the rent-seeking behaviour (Bhagwati and Srinivasan, 1982) of politicians and bureaucrats, which further reduces the level of professionalism and productivity in these enterprises. In the Nigeria, political sphere those in power have used the machinery of the state both to enrich themselves personally and to aid the groups that support them. This was alluded to by the president Buhari who said we could expect those who supported his mandate to get more attention (Sahara Reporters 2015). Patron-client relationships have characterized all post-colonial regimes, military and civilian (Herbst and Olukoshi, 1994). Herbst and Olukoshi (1994) argues that clientalism in Nigeria is not merely theft by individuals seeking “to raid the coffers of the state,” but is legitimated by political norms that view it as satisfying the short-term objectives of the winning coalition.

These problems are also reflected in the Group B (and some group C) corporations where the government operates in a joint venture with foreign multinational corporations. Whether the extent of the problem is significantly mollified by the presence of private sector actors is unclear.

4.5 Corporate governance in the Nigerian banking industry

The main issues in corporate governance in any country are the composition of its board of directors (BODs), gender and ethnic diversity, the activities/responsibilities of members, the roles of nominal directors and the use of independent auditors. According to Ahunwan (2002), “the problem with most firms in Nigeria is that the managers work to the answer, mark their examination scripts, score themselves distinctions and initiate the applause” (pp

240). However, to the stakeholders (especially the equity owners), the pass report sheets are openly fudged or at best engineered and indeed, the activities of boards are so varied and deceptively intractable that the more critically you look, the less you see. "It becomes more elusive considering the corporate concept which assigns to the company, a status of a legal entity with statutory rights and responsibilities separate from the owners and executives" (Yakasai, 2001). Further problems arise when a comparison is made between the vastly unstructured private limited liability companies in Nigeria and the public liability companies. Whereas the former is known for its simplicity and efficient management, facilitating the provision of capital, encouraging business growth, inducing innovation in industry/commerce and creating wealth, the latter is fraught with lethargy, nonchalance and lack of personal touch due to the legal separation of ownership from management.

In spite of this legal complexity, it is often the case even in Nigeria that ownership is the basis of power exercised through the annual general meetings of plc companies. This is an occasion where the shareholders wine and dine, nominate and elect their directors who, in the conventional wisdom and legal fiction provided by Company and Allied Matters Act (CAMA), reciprocate through accountability as mirrored in their regular reports and audited financial statements (Okike, 2007). It is true today in developing countries and globally doubtful if the maxim of shareholder democracy is achievable in spite of the normative appeal. Particularly in Nigeria, the concept of shareholder democracy is an impossible concept in that individual shareholders are hardly able to exercise any influence unless they have sufficient and dominant shareholdings. Thus, the conventional wisdom that shareholders determine board membership and influence corporate direction is, by and large, false in spite of the constant call on shareholders by Nigerian media commentators and the various Shareholders' Associations to exercise their rights and power (Amao and Amaeshi, 2008). Inference can then be made that given the Nigerian context, it is only the institutional and relationship investors that appear to have some influence on boards especially if several of them collude or act in congruence.

Although corporate governance in the private sector is of public interests to the Nigerian people, the situation of the banking industry is of unique fascination because of the published figures and affairs of the financial corporation. Because most economies of the world have moved to a ``money and exchange" economy, the primary tool to facilitate exchange and lubricate international trade is money. Due to the prominent place of financial institutions in any economy, how they operate is crucial to all stakeholders, which include government, depositors, shareholders and the public. While government and the public want a safe, sound and stable banking industry (Brownbridge, 1996), investors are keen on the safety and returns on their deposits as well as the quality of services rendered by their banks. On the other hand, shareholders are more interested in their banks' profitability, soundness and good health while the workers are interested in their continued employment through the continued existence and profitability of their employer banks. Given this myriad of interests, it is not surprising that the governance of Nigerian banks has become very political and volatile. Management of any banking institution in Nigeria is centrally placed in the hands of the board of directors. Given the multiplicity of interests in any bank, much is expected of the board members, a situation which partly informs their sanctioning and approval by the Central Bank of Nigeria. It must be noted that although this research focuses on the banking sector it can be replicated with other sectors in Nigeria. The oil and gas, manufacturing, agricultural sectors, to name a few, are examples that face similar circumstances in the Nigerian context. Therefore, most points addressed in the banking sector can be generalised regarding other sectors in the Nigerian economy.

In Nigeria, the economy faltered and was hit by the second-round effect of the global financial and economic crisis as the stock market collapsed by 70 percent in 2008-2009. This led to massive losses by Nigerian banks, mostly because of significant investment in the stock exchange and downstream oil and gas sector. Consequently, the Central Bank of Nigeria (hereafter CBN) came to the rescue of eight Nigerian banks through capital and liquidity injections. This also led to the termination of their top executives by the then governor Sanusi and hence, prosecution of those who committed some infringement. These actions were appropriate to regain and restore confidence in the banking system (Sanusi, 2012).

To this extent, appointment to the board of any Nigerian bank differs markedly from those of other private sector corporate institutions. To satisfy various stakeholders in the banking industry, there is little argument about the responsibilities of banks' boards of directors which include, amongst others, the following (NDIC, 2016):

- Development of corporate vision, mission and business strategy
- Ensuring that a strategic planning process is in place and producing sound choices.
- Monitoring and supervising the implementation of current strategic initiatives to ensure effective results.
- To ensuring that the bank has the highest calibre of CEO and management team. In this case, the board must find and groom the appropriate chemistry between the rare, critically important breed of internal entrepreneurs and the experienced operators to assume governance of the organisation in a succession plan.
- Being the ultimate oversight body, it must be satisfied that adequate information, control and audit systems are in place in addition to its responsibility for corporate

compliance with legal and ethical standards imposed by the law and the bank's statement of values.

- Preventing and managing crisis i.e. responsibility for risk management.
- Must have a clear idea of how to differentiate the role of BOD from that of bank management.
- It is the ultimate decision maker although from all practical purposes, much of the authority is delegated to senior and general management staff and in fact, amongst some new generation banks, this power has been completely abdicated.

It is tempting, though premature to examine and present a straightjacket proposal about how a bank's board should fulfil its responsibilities. There currently exists very scanty if any official reports of what a Nigerian BOD does (should do) regarding their specific functions and tasks. The NDIC (2016) pocket guide only provides a ``quick" manual. However, what can be done is to give the conceptual but feasible profile of members of Board, which must be composed of people of integrity and good judgement, whose knowledge/background and experience must match the strategic demands facing the bank (Ahunwan, 2002, Ujunwa, 2011, Ujunwa, 2012).

4.5.1 Processes and problems of corporate governance in the Nigerian banking industry

There is no doubt that the Companies and Allied Matters Act of 1991 (CAMA) places enormous responsibilities in the hands of board members of any company. Similarly, the Nigeria Deposit Insurance Corporation (1991) has put additional responsibilities by spelling out the do's and don'ts of bank directors. The primary process of governance in Nigerian banks is three-fold:

- composition regarding competence, knowledge, experience and business network
- strategy concerning organising the board, running the board, teamwork and tenure of BOD members
- action regarding responsibility, commitment, performance indicators, monitoring and evaluation.

Regarding composition, the usual practice in nominating executive directors is to look for highly qualified and experienced people with business connections, initially from amongst the staff, if there are no suitably qualified candidates an external executive search is undertaken. This is commonplace for the big and medium-sized banks. As for the new generation banks, the composition is more aligned with ownership, including family relations and acquaintances.

Concerning organising and running the board, the process is first to determine the ratio of executive to non-executive directors. In the Nigerian setting, the big banks tend to have larger boards than small and medium size banks. Secondly, boundaries are set for the non-executives; thirdly, they determine the committee system and decide which of the committees are not privy areas for the nominal directors including the chairperson. In other words, the managing director/chief executive officer leads the executive directors and the members of general management while the chairperson only leads the BOD. In some cases especially in the new generation banks, the chairperson is also the chief executive even though there is a managing director in place. In addition, part of the process strategy is the conduct and frequency of BOD meetings.

According to Ahunwan (2002) for the top banks i.e. Union Bank of Nigeria Plc, First Bank of Nigeria Plc, United Bank for Africa Plc and Afribank Plc, the BOD meetings are entirely regular (at least once in two months). These frequent meetings are completely understandable given their network and the total share of the market, while the medium-sized and small banks meet less frequently. Recent development in the banking industry includes an efficient and enduring tenure system based on such parameters as age, length of service and a maximum number of terms on the board. Three of the biggest banks in Nigeria have introduced a tenure system of six years with a statutory age limit of 60 years for executive directors and 70 years for nonexecutive directors.

A critical assessment would reveal that both endogenous and exogenous problems became institutionalised in the banking system as well as the society's core values which impinge on the proper governance of banks in the 1990's and such major problems include the following:

- Pressure from the environment: There were two types of constraints, namely those from friends and relations and those from the underground or informal sector. On the one hand, it was usual to find friends and relations putting pressures on board members for favours such as business contracts, employment of incompetent and sometimes unqualified personnel as well as seeking loans/advances (Lincoln and Adedoyin, 2012a, Ujunwa, 2011, Ahunwan, 2002). This is linked to Nigerian cultural norms of kinships, which influence business relationships where family obligations are used to find employment, or favours within business (ref).
- The other source of pressure was from business influencers who sometimes insisted on a ``price" from a business relationship that developed between the bank and the third-party company. In this case, the agency fee was paid, though inconsistent with the bank's core values and practices. The lessons of experience in the Nigerian environment was that these types of rent-seeking quickly degenerated the level of

corporate governance of our banks which is indicated by our standing at the Transparency International which sits at 136 out of 168 for corruption perceptions index (International, 2015).

- Government action: It was inconsistent whilst the government through its agency (NDIC) was interested in ensuring stability, safety and soundness of banks, their actions usually portended the opposite. This was particularly so when considering the massive amount of sovereign debts emanating from governments' direct loans while also guaranteeing several others for parastatals (Sanusi and Governor, 2011), all of which went sour and lingered for a long time before the resolution in 1998 which authorised the payment of only the principal sums. The real issue was the mismatch experienced in banks' asset/liability management and the consequent loss suffered by the industry for as long as the sovereign debt lasted(Ahunwan, 2002).
- In addition to the unpaid sovereign debts, many state governments and sometimes-federal governments too, were known for their over-bearing influence on the management and boards of banks particularly in controlling appointments. They also direct a percentage of banks' loans/advances or a percentage of their profit before tax to government's priority sectors, often contrary to the banks' profitability objectives. Furthermore, it is known that in the past, states influenced the appointment of incompetent personnel to management positions, based on affirmative action based on ethnicity rather than competence. The consequences of all these actions are evident, leading to a vast accumulation of bad debts owed by the governments, lack of commitment on the part of directors, the ineffective output from incompetent workers, fraternising BOD members, etc. The corollary to government action is its inaction to the extent that at the point when either the NDIC or the CBN wanted to act to prevent a bank's wilting governance, they never got the acknowledgement of the government ostensibly because the situation was purportedly being studied (Sanusi, 2012, Sanusi and Governor, 2011).
- Board/management relationship: The relationship between the board and management should be mutual and complementary to flag the right signals to the investing and consuming public (Warther, 1998). At the same time, the policing role of the BOD cannot be relinquished so as to ensure accountability (Lipton and Lorsch, 1992). A conflict between these two important governance functions would lead to waste of energies of the board and management and lead to operational and tactical problems. A rivalry may develop between the chairperson and managing director, between board and management as well as between executive directors and other directors whereby the executives see the non-executives as inter-loggers rather than

teammates and confidants. All these rivalries would lead to as many divergent opinions and behaviours as there are camps. This was the case in state-owned banks in the 1990's and continued until the year 2000 even though such banks have been completely privatised (Yakasai, 2001).

- Insider dealings: In banking, a major component in the balance sheet is the loans/advances portfolio, and the occurrence of reckless approvals can easily lead to problematic governance by the board. By the provisions of Banks and Other Financial Institutions Decree (BOFID), Section 18(9) (FGN, 1991), bank directors are expected to declare to other colleagues on the board, their direct or indirect interests in any credit facilities being granted. The BOFID provision is to forestall conflict of personal interest with that of the bank. According to (Lincoln and Adedoyin, 2012a), there is no longer controversy regarding the bitter lessons of the 1990s from the Nigerian banking industry when bank directors influenced the approval of credit facilities to their private and connected companies without declaring their interests and worse still with the expectation of defaulting in payment. Unfortunately, this is still the practice today. Furthermore, several companies were hurriedly floated by Chief Executives of some new generation banks for the primary purpose of passing several bank businesses through such enterprises (Okike, 2007). The consequence of all these was that in banks with very fragile governance processes and little or absent checks and balances, widespread distress ensued, the cost of which is enormous from the perspective of public finance.
- The quality of bank directors: Literature suggests a correlation between the quality of directors and the board performance (Yermack, 1996, Lückerath-Rovers, 2013, Ujunwa, 2012, Carter et al., 2007, Carter et al., 2003). During the banking boom of the post-Structural Adjustment Programme in Nigeria, it was fashionable and rewarding to be called a bank director. Moreover, the government which then controlled the shareholding of the big players used the appointment of bank directors for patronage (Ujunwa, 2011, Ujunwa et al., 2012). The law stipulates that bank managers should be people of unquestionable integrity, knowledgeable with a considerable degree of experience in their professions and committed to excellence (Ahunwan, 2002, NDIC, 2016). Evidence from the industry of cronyism in appointments revealed that “unfit" persons were appointed to boards of banks. Apart from the fact that they did not possess the analytical background, even where they were professionally sound on paper, the society was to learn very belatedly through their professional misconduct, about their lack of integrity despite the so-called quality control via their appointment sanctioning by the Apex institution i.e. the CBN. The consequence was the directors' lack of capacity to contribute to board and

board committee meetings, and at occasions when they did, such contributions were either pedestrian, below par or not relevant at all. These had a further consequence on the quality issues of governance and leadership by the board, a situation that further worsened the remaining fragile reputation of bank directors irrespective of their boards.

4.6 Gender and board diversity

There is agreement among stakeholders in various countries around the world that board diversity leads to transparency and improved corporate governance practice (Adams and Mehran, 2012, Adesua Lincoln and Adedoyin, 2012, Ahunwan, 2002). Many countries in trying to improve the number of women in top management positions and board level roles have introduced various forms of affirmative action, legislations and quotas (Terjesen and Singh, 2008, Ujunwa et al., 2012, Vinnicombe et al., 2015). For example, the Davies Report (2014) and Cranfield report (2015) highlight the significant role women play in board diversity (Lord Davies of Abersoch, 2014, Vinnicombe et al., 2015) and plans to increase gender diversity on the corporate board further. Even more recently, the Hampton-Alexander Review 2016 showed that the UK have come a long way since 2011 when women held only 12.5% of board positions in the FTSE 100, compared with 27.7% of women on FTSE 100 boards today. Also, legislation enacted in Norway in 2008 required all listed companies must ensure that at least 40 percent of their board of directors are women or face dissolution (Machold et al., 2013). In addition the Spanish government in a bid to promote women on boards enacted a new law requiring companies to increase the number of female directors to 40 percent by 2015 (Terjesen et al., 2015a) however, women's presence in economic decision-making in Spain shows an extremely slow and small increase. In 2015, women only represented 17 per cent of corporate members of the publicly listed companies, below the EU-28 average of 21 per cent. This underrepresentation is mostly because gender quotas in the economic sphere in Spain have been advanced through weaker policy measures than those adopted in the case of electoral quotas (Lombardo 2016).

While there is support in the academic literature about enhanced gender diversity, the use of quota systems and their effect is questionable. For example, Mychasuk, as cited by Lincoln and Adedoyin (2012a), casts doubts on the effectiveness of quotas in helping women climb the corporate ladder. Consequently quotas may help increase the number of women on the board over time, they do not necessarily result in improved numbers of women in senior management roles (Huse et al., 2012).

While women in Nigeria are regarded as independent beings, they are not well represented on decision making panels. However, when women make around 70 percent of consumer purchasing decisions then being able to connect with the female workforce and consumer base can afford more opportunities for firms to understand their customer base and drivers of the decision-making process (Adams and Ferreira, 2009) so there is a business case for women's involvement. Various writers suggest that having women in top management can result in higher earnings and greater shareholder value and improved corporate governance and increased competitive advantage (Hillman and Dalziel, 2003, Terjesen et al., 2009). Furthermore, research in the UK shows that having at least one female on the board of directors helps reduce the risk of bankruptcy, enhance accountability and ensure more efficient communication between the board and stakeholders (Wilson and Altanlar, 2009a).

Research carried out by Carter et al. (2010) show that female presence on the board leads to better performance of Fortune 500 companies, primarily through the effect on the board's audit function. Empirical research carried shows companies with more women on their boards outperform with a 42 percent return on sales, 66 percent return on invested capital and a 53 percent return on equity (Carter and Wagner, 2011). Evidence suggests that boards with better gender balance pay more attention to audit, risk oversight and control. Adams and Ferreira (2009) suggest that women give more attention to monitoring firms and appear to be better at explicitly identifying criteria for measuring and monitoring the implementation of corporate strategy as compared to all male boards. Also, they play a more active role in setting the strategic direction and weighing long-term priorities of the company (Nielsen and Huse, 2010, Campbell and Vera, 2010). The main impact includes greater attendance and better board monitoring and increased diversity in the company's top management team (Post and Byron, 2015, Erhardt et al., 2003, Lincoln and Adedoyin, 2012a).

4.6.1 Cooperate Governance in Nigeria and gender discrimination

There is evidence in the academic literature to suggest that effective corporate governance strategies positively impact on shareholders and the broader society. This is of vital importance especially in a country such as Nigeria where prevalent socio-economic turbulence coupled with an endemic culture of bad governance from both corporate and public entities has led to a widespread custom of unethical conduct (Ujunwa et al., 2012, Okike, 2007). This state of affairs has resulted in numerous corporate scandals affecting all investors and stakeholders. For example, the exposure of financial accounts manipulation perpetrated by executives Cadbury Nigeria Plc in 2006 leading to over N13 billion balance sheet overstatement and profit to shareholders over some years was in reality associated with an operating loss between N1billion and N2billion in 2006 (Amao and Amaeshi, 2008).

Investors and other stakeholders were severely affected as the exposé of unethical practice of the executives led to panic in the Nigerian stock markets as investors began to dump their shares on the stock exchange (Chukwunedu and Okafor, 2011). The market information showed that there was a N7.56 fall in Cadbury stock prices between the 22nd of November 2006 and the 15th of December 2006. The company executives responsible, including the auditors involved in the account manipulation were not prosecuted and no sanctions taken against many of them under the Nigerian legal system. In fact, the sacked CEO of Cadbury Plc was successfully able to sue Cadbury for unlawful termination from office (Chukwunedu and Okafor, 2011, Okaro and Okafor, 2009).

Such corporate scandals are further aggravated by the prevalent culture of institutionalised bribery and corruption in Nigeria. This culture has extended to the business sphere and MNC's operating subsidiaries in Nigeria are obligated to participate in the culture of corruption that exists within the country. The situation is worsened by recorded incidents where representatives of foreign companies have been exposed for exploiting the system of bribery and corruption in securing government contracts. For example, the N21 billion bribe offered by Halliburton's subsidiary, Kellogg Brown and Root, to government officials so as to ensure the continued existence of the Nation's liquefied natural gas plant in Bonney (Lincoln and Adedoyin, 2012a).The implications of such systematic unethical practices have profound effects on the economy as the cost of doing business in Nigeria and the associated risk involved remains high. Various policy initiatives in Nigeria highlight a commitment to removing gender discrimination and guaranteeing equal access to political, social and economic wealth creation opportunities for both sexes. As a member of the United Nations, Nigeria has ratified various international agreements, which have emphasised the adoption of mechanisms needed to eliminate gender discrimination in national and state statutes, customary and religious law. Also, in recognition of the unique role played by women, a National Gender Policy was developed in 2006 which aims to ‘build a just society devoid of discrimination and harness the full potential of all social groups regardless of sex or circumstances' (Chovwen, 2007). In-spite of such open commitment to equality the practical situation is different, and discriminatory traditions, customs sexual stereotyping of social roles and cultural prejudices continue to militate against the enjoyment of rights and full participation of women in national development (NCAA, 2016). Nigeria is a highly patriarchal society, and men still dominate all spheres of women's lives, and women are considered to be in a subordinate position to men (Chovwen, 2007).

Women in Nigeria form an underclass and lack equality of opportunity both concerning their contributions to economic development and benefits received from it. They are confronted with a host of challenges due to systematic pervasive and deeply entrenched discriminatory practices coupled with the practical impact on behaviour and outcomes of complex social institutions and formal and informal rules that reflect kinship patterns, constitutional laws and policies (Nigeria, 2012).

Nigeria is some way short of gender parity as evidence suggests Nigeria is ranked 79 out of 86 in the 2014 Social Institutions and Gender Index (Branisa et al., 2014). The attitude towards women can be regarded as a traditional African attitude, which saps women's initiation in Nigeria. Also, access to equal opportunities between men and women are often hampered by socio-traditional constraints, religion, unemployment as well as the never-ending household chores and responsibilities to which women are bound (Chovwen, 2007, Udegbe and Udegbe, 2003). Women are subjected to repressive poverty policies and are considered to be weak economic agents due to lack of employment opportunities, access to financial resources and lack of assets and property, legal discrimination, socio-cultural and religious issues (Woldie and Adersua, 2004, Aluko and Amidu, 2006). The Nigerian labour market is gendered, with women reported to earn consistently less than their male counterparts, in some cases, well-educated women are reported to earn less than men who have lower qualifications (Woldie and Adersua, 2004). According to the World Economic Forum's gender gap report 2017, Nigeria ranks 122 out of 144 for the overall gender gap in the economy. Kenya ranked 96, South Africa 19 (Weforum, 2015). This state of affairs is confirmed by Okpara (2006) who identifies significant pay gaps between male and female managers within the banking sector.

4.6.2 Barriers to Gender and board diversity in Nigeria

There is evidence to suggest a significant correlation between the number of women on boards and financial performance (Carter et al., 2007, Carter et al., 2010, Lord Davies of Abersoch, 2014, Vinnicombe et al., 2015). Failure of any firm or economy to maximise the full potential and talents of its entire human resource, including women, results in limited performance.

Consequently, tapping into the underutilised pool of female talent at board level is vital if corporations in Nigeria are to be competitive and respond to rapidly changing expectations and market demands. More men than women feed through the corporate pipeline to the top executive levels, and Nigerian women are sparsely represented in corporate boardrooms. Some of the reasons for the disproportionate number of men on corporate boards stems from the fact that men in Nigeria often tend to occupy the senior managerial positions deemed a prerequisite for board membership. Cultural views and values as to women's participation in economic activities are contributory factors which account for the lower numbers of women in employment or executive positions (Kaufman, 2000, Norris and Inglehart, 2001). Social norms about the role of the sexes in business circles also impact women's employment outcomes and their progression (Chovwen, 2007, Mordi et al., 2010). The supply challenge is connected to women's double shift as wives, mothers and career women, as well as the higher geographical mobility demanded at higher executive levels.

Women tend to have different needs and orientation to work (Burgess and Tharenou, 2000), and they are more willing to move to new jobs that promise more fun and fulfilment (Chovwen, 2007). Studies have shown that despite the growing evidence that firms with high numbers of women executives tend to outperform their industry (Neck, 2015), women continue to leave their corporate positions and more women than men are leaving corporations (Mulcahy and Linehan, 2014). According to Neck (2015) in a research of finance sector in Australia, he opines that the decision of women to leave is related to be a combination of *frustration, change* and *choice*. Most women experience some form of frustration with her job, but this alone was not enough to cause a decision to leave. Women tend to leave at a time when they experienced some form of change - personally or seeking change in her life - at which time she considers her options. Choice was also important. It seems women have the option of leaving a senior role for a lesser paying one, or for a position with more flexibility – or even not to work at all (Neck, 2015). Nigerian women are reported to avoid promotion to executive positions if these involve working anti-social hours or frequent travel away from their families (NCAA, 2016). This is not surprising as Nigerian women endure the most of household chores and care responsibilities. To bring about real and practical change in this area, there is a need for a cultural shift in many corporations in Nigeria and in the home. Self-regulation or voluntary business-led strategies are largely vital to improving the situation and increasing the number of women reaching top executive and board positions. However, this may prove difficult in a country like Nigeria with weak and ineffective legal, regulatory systems and lack of accountability and transparency. Consequently, it seems more appropriate to adopt mandatory requirements like those passed in Norway and Spain. There is a need to ensure that selection of women on boards is based on merit and not tokenism (Kanter, 1977b). Women should be selected to reflect board strength and weaknesses and because they have the required skills and experience to do an effective job (Carter and Wagner, 2011).

The Central Bank of Nigeria (CBN) advocates for the inclusion of more women in top executive positions and the importance of gender diversity in board positions. Statistics from the CBN shows that women occupy 27 percent of senior management positions and 15 percent of board seats (All Africa, 2012). In a bid to deal with the gender imbalance, the CBN has set a mandatory target requirement through the Banker's Committee; the goal is said to increase the number of women on the boards and ensure that women hold 40 percent of top management positions and 30 percent of board seats by 2014. Many corporations in Nigeria have set up committees tasked with oversight of the CBN Directive in a bid to ensure that they can meet the target and address the gender imbalance in their organisations. The CBN is also encouraging corporations to make sure that they monitor and report on the number of women and include in their annual report a summary of how they have complied with the policy initiative. Four years after the Central Bank of Nigeria (CBN) directed that women occupy 40 per cent of top management positions, and 30 per cent board positions across banks from 2014; only 22.3 per cent of women have attained that according to the Daily Trust.

4.7 Ethnicity in Nigeria

Between 1967 and 1970, a civil war ravaged Nigeria's eastern region after a failed attempted split by the Igbo people to become the "Republic of Biafra"(Horowitz, 1985, Osaghae and Suberu, 2005). In the years since the ethnic-motivated massacre and consequent bloody civil war, ethnicity and abuse of fundamental rights and freedom continue unabated. The permanent state of militarism that lasted for more than three decades in Nigeria worsens the situation. Even now, the ethnic segregation, sectionalism, and bitterness resulting from the civil war remain (Orji, 2001). It has become a way of life.

Ethnicity refers to an adopted cultural and physical characteristic used to categorise people into groups considered to be significantly different from others (Lee, 1993). Defined as a subgroup that shares a common ancestry, history, or culture, ethnicity is determined by some factors: geographic origins, family patterns, language, values, cultural norms, religion, literature, music, dietary patterns, gender roles, and employment pattern (Kittles and Weiss, 2003). Often, an ethnic group is oppressed, exploited, marginalised, or treated unfairly by leaders from the ruling ethnic groups politically, economically, or in social position. Resentment to such disadvantage, the resultant desire for justice and an ensuing struggle to have ethnically manifested wrongs righted is not ethnicity.

The problems that result from the ethnic divide in Nigeria have been of immense concern to Nigerians both at home and away. Douglas as cited in (Orji 2001) outlines the theory of scapegoatism, which is the doctrine that a particular geopolitical group is responsible for the political problems of Nigeria whereas another group has been, at best, the victim of deliberate marginalization by the dominant group (Orji, 2001).

The on-going agitations by various ethnic groups are a direct result of what has widely became known in Nigerian lexicon as "marginalisation." The Hausa/Fulani of the North complain about exclusion in the areas of education and economic development. The Igbo are arguing that they are marginalised in almost every aspect of national endeavour, including political, military, appointments and promotions in the civil service, as well as economic and social development. The Igbo also believe all agreements after the civil war in 1970 about Reconciliation, Reconstruction, and Rehabilitation program have not been met. The Yoruba people are displeased, among other things, with the early retirement of their qualified and experienced nationals from the civil services during the military dictatorships. The South-South, which comprises the oil-rich states of Nigeria, are pushing for full control of their natural resources (Ukiwo, 2003).

Nigeria is an interesting setting in which to study board diversity in the context of an emerging market because Nigerian society is culturally diverse. The Nigerian society comprises of more than 200 ethnic groups divided along three prominent groups, namely, Hausa, Yoruba and Igbos.

4.7.1 Ethnicity and corporate governance

The fundamental law that guides the operations of companies in Nigeria is the Companies and Allied Matters Act (CAMA) of 1990. It clearly specifies the duties and responsibilities of directors and recognises the board of directors as the most significant body that can ensure good corporate governance practices in a firm. The CAMA 1990 requires every private company registered in Nigeria to have at least two directors on its Board (Kajola, 2008). The directors have a statutory duty to act at all times in what they believe to be the best interests of the firm as a whole so as to preserve its assets, further its business and promote the purposes for which the company is formed (Okike, 2007). They must prepare financial statements, which reflect a true and fair view of the company's affairs during the fiscal year and must be presented to shareholders for their approval at the annual general meeting (AGM).

The directors must also prepare a director's report providing an overview of the company's development, its primary duties during the year and any significant changes in those activities. These provisions are aimed at ensuring the effectiveness of boards and their accountability to shareholders and other stakeholders. An interesting thing about boards in Nigeria is the degree of diversity arising from the need to reflect a national character. In Nigeria, the agitation for even and fair distribution of state resources amongst the various ethnic groups transformed into the entrenchment in the constitution of the country the Federal Character concept. The concept implies that appointments in government organisations and institutions should reflect the diversity of the country as a whole, so all sections should be represented. Federal character and quota system in Nigeria is similar to the affirmative action policy in America (Sowell, 2004).

The spirit of Federal Character implies the composition of the government or any of its Bureau and the conduct of its affairs must be done in a way as to display the federal character of Nigeria and the importance of promoting national unity. It must also command national loyalty, thereby ensuring that there shall be no predominance of individuals from a few ethnic groups in that government or any of its agencies. This should also be extended to the states of the country (Ekeh and Osaghae, 1989). This concept has also filtered into the private sector even though the constitution does not demand it (Adamolekun and Kincaid, 1991). The importance of valid and effective enactment of federal character in government nominations to reflect the diversity of a multicultural, multilingual, multi-religious Nigeria's national development cannot be exaggerated. It is imperative, particularly, in a diverse society such as Nigeria, that all inhabitants feel that they have an equal voice, representation and involvement. No one or group of citizens should feel marginalised. The sectional polarisation has in recent times manifested itself in what is now known as ―ethnic militias that have led to several social unrests in the country (Imobighe, 2003). These groups emerged to protect their collective ethnic or regional interests.

The adverse effect of Federal Character is the promotion of mediocrity or neglect of merit in board appointments (Gberevbie and Ibietan, 2013). This is because professionals and experienced individuals could be overlooked because there is more of their kind in one part of the country than the other. In addition, ethnicity and religion are two issues that have also played dominant roles in the way of life and governance in Nigeria and Africa in general. The corporate governance implications of Federal Character in board appointments include having directors that are not competent and knowledgeable, and allegiance to shareholders that are responsible for their selection.

Traditionally, in Nigeria, ethnic affiliation plays a significant role in the survival of any business. Though in the code of corporate governance conduct of 2005 there is no established grounds or emphasis made for the recognition of it (i.e. ethnicity), the fact, however, is that it diminishes the impact. For instance, in Nigeria, there are some companies in the East that no matter how much money they spend in the North, it may still not find its way in the market and vice-versa in the southeast, south south, and south-west. The reason thus lies in the composition of boards. If a particular ethnic group dominates a board, others may see it as a firm meant for that tribe and this makes it impossible for it to sell through in another tribe.

4.8 Corporate governance and the business environment in Africa

Africa is traditionally viewed as a high-risk continent by international investors. Studies find that cross-country differences in laws and their enforcement affect ownership structure, dividend payouts, market valuations, and the availability and cost of external finance (Kajola et al., 2015, Renneboog and Szilagyi, 2015, Travlos et al., 2015). Many provisions in country-level investor protection laws may not be binding, however, firms have the flexibility in their corporate charters and byelaws to either choose to 'opt-out' and decline specific provisions or adopt additional provisions not listed in their legal code. Furthermore, using data on firm-level corporate governance rankings across 14 emerging markets, including South Africa, past research indicates that there is wide variation in firm-level governance across countries and that the average firm-level governance is lower in countries with weaker legal systems (Nakpodia et al., 2016, Okeahalam, 2004). It was also found that better corporate governance is highly correlated with better operating performance and market valuation. Along similar lines, other research made a comparative evaluation of good governance in several countries and included Kenya, Nigeria, South Africa and Zimbabwe in their data sample (Porta et al., 1998, Okiro et al., 2015, Adegbite and Nakajima, 2011, Nakpodia et al., 2016).

According to Okeahalam (2004), in terms of shareholder rights, South Africa scored five points[5] as against four. The other African countries in the list scored less than average (three out of X). In terms of creditor rights around the world, all the African countries included in the sample scored four, which is higher than the average (3.11), except for South Africa, which scored three. In terms of the rule-of-law, Kenya scored 5.42, Nigeria 2.73, South Africa 4.42 and Zimbabwe 3.68 all of which fall below the average for the English origin group (6.46). There are several other key factors, which broadly characterise the business environment in Africa. One is that in most African countries there is a preponderance of closely held family owned and managed businesses. This is significant because, for example, in Nigeria, the informal nature of most businesses and the high level of government ownership of enterprises pose challenges to the practice of corporate governance. Indeed, past research indicates that in a survey of enterprises in six randomly selected states in Nigeria conducted by the Development Policy Centre in 2011, only 13.3 per cent of Nigerian companies were listed on the stock exchange, and only 48.5 per cent were limited liability

[5] The International Country Risk Guide (ICRG) is used to build a measure for the regulatory state. The ICRG began in 1982, covers over 100 countries. It contains five variables that provide information about key aspects of the regulatory state, its professionalism, stability and reliability: Government Repudiation of Contracts, Rule of Law, Risk of Expropriation, Corruption in Government, and Bureaucratic Quality etc. These are scored on 0-6 or 0-10 scales with higher scores indicating lower risk to private economic activity.

companies (Oyejide and Adewuyi, 2011). Based on these figures, therefore, close to 38 per cent of businesses may be operating outside the purview of the company law provisions (by operating as partnerships or sole proprietorships), while close to 87 per cent of businesses operate outside the scope of stock exchange regulations. A second key factor is that the 66% of Africa's enterprises are still informal (Angus 2018).

4.8.1 Internal and external monitoring of the corporate governance in Africa.

As mentioned earlier, integrity in modern corporations is induced by both internal and external factors. In this section, some key issues are explained.

The role, size and diversity of the board of directors

A board of directors is an essential mechanism that can enhance and create the coalitions with the stakeholders controlling resources required by a firm. Each director brings a collection of unique and different experiences, attachments and points of view to a board (Terjesen et al., 2016, Harjoto et al., 2015). A number of studies suggest a diversified and well-balanced board of directors can significantly enhance a firm's performance. For example, empirical results from a study of 84 South African publicly listed firms indicated a positive association between the percentage of female and non-white directors on the boards of directors of South African publicly listed status and a firm's intellectual capital performance (Williams, 2001). In 2017, 31% of South African companies have no female representation in senior leadership1 roles. The latest Businesswomen's Association of South Africa (BWASA) census on women in leadership indicates that 22% of board directors are women, but only 7% are executive directors. Furthermore, only 10% of South African CEOs are women, and if we look solely at companies listed on the Johannesburg Stock Exchange (JSE), this number drops to 2.2% according to the BWASA census.

A research study finds that boards which have a more diverse mix of members will be more able to address the challenges of an uncertain and dynamic business environment (Sila et al., 2016, Terjesen et al., 2016). Directors with diverse backgrounds (gender or ethnicity) can make different valuable contributions to the decision-making process (Ujunwa et al., 2012, Carter et al., 2010). As a result, a board is better able to instigate comprehensive policies, strategies, activities and projects. Greater ethnic and gender diversity enhances the board's flexibility in its decision-making process. This enables firms to better facilitate strategic change. Okeahalam (2004) showed that the average size of board directors varies from four for South Africa to 12 in Botswana and Namibia respectively. The average number of board directors in the other countries was as follows; eight in Côte d'Ivoire, seven in Ghana, eight in

Kenya, ten in Mauritius and Nigeria respectively, eight in Zambia and nine in Zimbabwe (Okeahalam, 2004). The relatively small size of board of directors in South Africa is particularly highlighted by the fact that on average companies in South Africa are larger than companies in other African countries. Accordingly, the difference in the size of the board raises issues about the correct number of directors on a board and whether it should reflect the size of the company. (Bergh et al., 2016, Huang and Hilary, 2018). In addition, the significance, which has been attached to board size, has perhaps dissipated the importance that should be placed on independence. The independence of directors and boards of state enterprises, in their various forms, in many emerging and transition economies, especially those in Africa, remains a challenge — not only for the directors themselves but also for those with whom such enterprises contract. There is a problem associated with the shortage of skills and lack of familiarity with board functions and fiduciary responsibilities. Board members in some parts of Africa, especially those on the boards of state-owned companies have limited understanding of their roles, and are usually open to manipulation by the management, chairperson or principal shareholders (Rotimi et al., 2013, UNODC, 2017). While non-executive directors in Africa need to play a more meaningful role in the governance of business enterprises, many simply act as rubber stamps for decisions taken outside the board.

Internal and external audit

The Audit Committee plays a vital role in financial and operational controls in the whole system of corporate governance. It performs its role by making recommendations to the board concerning the appointment and remuneration of external auditors, reviewing auditors' evaluation of the system of internal control and accounting, and considering and making recommendations on the conduct of any aspect of the business of the company which should be brought to the notice of the board (Rossouw et al., 2002, Cohen et al., 2002). The establishment of an audit committee is a listing requirement of many stock markets in Africa including the Ghana Stock Exchange, the Nigerian Stock Exchange and the Johannesburg Stock Exchange. In practice, the nature of internal auditing functions can differ by the size of the firm. Most African listed companies are too small to sustain their own internal audit department. In such circumstances, services provided by third parties may be the only means of obtaining auditing support. Internal auditors may fail to expose wrongdoing in the company for fear of losing their jobs or incompetence.

4.8.2 The financial system and external monitoring of corporate governance in Africa

As noted earlier, the external drivers of good corporate governance are laws, rules and institutions that provide a competitive playing field and discipline the behaviour of managers and shareholders. Experience from developed market economies indicates that the legal framework for competition policy, the legal framework for enforcing shareholders' rights, systems for accounting and auditing, the bankruptcy process, the market for corporate control and an efficiently regulated financial system are among the institutions that discipline corporations. Some branches of the financial economics literature have focused on examining the relationship between how financial development stimulates economic growth and concludes that financial development enhances efficiency in the allocation of resources and thus stimulates economic growth (Valickova et al., 2015, Menyah et al., 2014). This evidence also suggests that an efficient financial system reduces liquidity risk and facilitates the management of risk by savers and investors. Yet the corporate governance benefits which an efficient and well-regulated financial system can provide at present do not fully accrue to many economies in Africa because their financial systems and capital markets are still illiquid and do not convey information efficiently (Allen et al., 2011, Okeahalam, 2004). This makes external monitoring more costly and prone to error (Laoworapong et al., 2018). According to an analysis by Okeahalam (2004) from seven stock exchanges in the 1980s, there are now about 20 stock markets at various levels of development in Africa. Data by Nairametrics (2017) show that the Johannesburg Stock Exchange accounts for nearly 90 per cent of the total value of the region's market capitalisation ($987bn). Even the Nigerian Stock Exchange, ranked second among sub-Saharan exchanges in 2017, had a market capitalisation of just US$44bn. In the case of West Africa's other exchanges the eight-country regional exchange in 2018 Côte d'Ivoire and the Ghana Stock Exchange had market capitalisation of just US$12bn and US$15bn, respectively. In 2018 only 38 companies are listed in the Botswana Stock Exchange (African'xchanges, 2018). The issue of size is not the only problem because, until the early 1990s, capitalisation and turnover on the Johannesburg Stock Exchange (JSE), the largest exchange on the continent, was 'dominated by a small set of very large companies whose principal assets are shares in other listed subsidiaries and associate companies' (Barr et al., 1995). In South Africa with its pyramid or group system a few key shareholders are often able to control companies via a series of 'holding companies'(Gerson and Barr, 1996). While ownership is now more widely diffuse, control of companies that account for a large proportion of the capitalisation remains fairly concentrated in the hands of a number of founding families of large companies. Where ownership and voting rights are concentrated, the situation affects the balance between preserving and transferring control rights. In the presence of large block holders, transfers and control can only take place with their agreements. The incentives for owners to monitor and control are greater where ownership is concentrated and where ownership is more concentrated we often observe a greater degree of commitment to other stakeholders than dispersed shareholders. In other parts of Africa, indigenous companies tend to be small and medium-sized and have so far made relatively little use of stock exchanges, in part because they lack experience and resources for issuing shares, but also because their managers fear losing control after going public. In West Africa, all three exchanges have been trying to attract more companies by setting up over the counter markets and secondary and tertiary markets with less strict listing requirements. They also have given increasing attention in the last year or so to educational and promotional programmes to inform the public and attract more investors. The failure of more private companies to go public is partly due to the lack of trust, which investors have regarding the transparency of company records and market transparency. Finally, the commercial advantages of large incumbent firms are not lost on the banks, who play a dominant role in financial intermediation in developing countries. Banks maintain close relationships with established and often well-connected businesses — a natural outcome in a protected and profitable business environment in which both the borrowers and the lenders operate. In some countries, commercial firms also own and control major domestic banks, creating business conglomerates with 'in-house' sources of easy financing for themselves. Moreover, bank lending is often determined by political directives, which generally favour incumbent firms and reduce the need for these firms to rely on securities markets that often demand transparency and accountability. On aggregate, this has an adverse impact on corporate governance.

4.9 Corporate governance and disclosure challenges in Africa

4.9.1 Corruption and corporate governance

A KPMG survey of more than 400 chief executive officers (CEOs) and chief financial officers, released in June 2014, strongly suggested that fraud and corruption in business are on the rise in East Africa. Fraud was considered a major problem by 61 per cent of respondents and 88 per cent said their companies had suffered from fraud during the previous year. Weak internal controls and corporate governance were seen as a key factor (International, 2015). In Nigeria, the US oil services giant, Halliburton, admitted that a subsidiary paid a US$2.4m bribe to an official to obtain favourable tax treatment (Anaeto, 2015). According to (Justesen and Bjørnskov, 2014) corruption was the single greatest obstacle to economic growth and development in these countries. Another World Bank survey of 400 entrepreneurs in 69 countries found corruption to be one of the three most significant obstacles to conducting business in developing countries (Batra et al., 2003). Corruption and bribery are particularly problematic for the development of small to medium enterprises, whose very existence may depend on winning a single contract.

4.9.2 State-owned enterprises and corporate governance

Another major factor that needs to be borne in mind when discussing corporate governance in Africa is that despite considerable efforts at deregulation, most African economies are still largely state controlled. Once the ownership of a state-owned enterprise is transferred to the private sector through privatisation, concerns for investor and consumer protection become non-convergent and public interests about the performance or conduct of the privatised enterprise is expressed through a regulatory policy framework. In many instances corporate governance has been overlooked and privatisation on its own is expected to improve managerial incentives and raise corporate efficiency (Estrin, 2002) particularly in the developing context. In Africa, however, many examples of the inherent conflicts and problems associated with the corporate governance debate have been found to occur immediately pre and/or post-privatisation. There has been an apparent lack of independence and evidence of cronyism in the sale of enterprises and nepotism in the appointments of people to the boards of many state enterprises (Ujunwa et al., 2012). Secondly, the determination of the value of the firm during privatisation is essential for fixing the price and for avoiding overvaluation or under-valuation. In many countries of Africa, determining the financial value of a state enterprise is not easy because there are no mature market mechanisms to rely on. The issue of how to evaluate companies and which method to use is essential for successful and transparent privatisation of enterprises and corporate governance. Furthermore, the capacity to support the implementation of good corporate governance during and after privatisation is undermined by the existence of weak monitoring by watchdog organisations. Government ministries responsible for actively monitoring state-owned enterprise boards and other mechanisms such as independent regulators, do not as yet fulfil their role as overseers. Many are generally weak and subject to external influence by politicians. Community watchdog organisations such as consumer bodies are not well developed in most parts of Africa.

4.10 Recent developments and prospects

Nigeria, like most developing countries, is facing pressures to become more integrated into the global economy. What integration requires in practical terms is adopting programs of economic liberalisation and deregulation. As a result of these pressures, the government has introduced reforms in several key areas related to corporate governance. In what follows, we examine these recent changes in public policy as well as other some other changes that may affect corporate governance practices.

4.10.1 Deregulation of foreign ownership

In 1995, the restrictions on foreign ownership of shares were removed with the repeal of both the FX Act and the NEPD (Reed, 2002). These enactments were replaced by foreign investment friendly legislation in the form of the *Nigerian Investment Promotion Commission Decree (Ayanwale, 2007)*. The new law effectively abolished all restrictions on foreign ownership, with a few key exceptions. These regulatory reforms, especially in the area of corporate governance, are aimed at attracting foreign direct investments (FDIs), which was at its lowest level during the military regimes that prevailed in the years between 1979 and 1999 (Okike, 2007). There had been a realisation on the part of the political class that conducting business in line with international best practices is the most reliable way of building investors' confidence and attracting the much-needed FDI (Quadri, 2010). Okpara (2006) observed that the need to promote measurable international standards for best practices in Nigeria was urgent. One of the immediate reforms was the creation of a national committee to assess the corporate governance issues in the country (Uadiale, 2012), 2010). The committee was given the responsibility of evaluating the efficiency of existing corporate governance mechanisms, identifying their weaknesses and recommending the changes required to improve the process (SEC, 2011). The committee submitted its report, and, by 2003, the Nigerian Security and Exchange Commission, in conjunction with the Corporate Affairs Commission (CAC), had issued the first ever code (herein, the SEC Code) of corporate governance in Nigeria (Bello and Bello, 2016). The SEC Code was targeted at companies listed on the NSE.

Most significantly, the oil and gas industry still operates in accord with the old joint venture arrangement between the government and foreign corporations. In addition, the electricity and telecommunication sectors are still limited to government providers in the new Act. Restrictions have also been placed upon foreign participation is in the manufacture of arms and ammunition, as well as in the production and sale of narcotics and psychotropic substances. Another investor friendly provision of the legislation is that it prohibits the nationalisation or expropriation of any foreign corporation operating in Nigeria.

4.10.2 Foreign exchange control

Foreign exchange control in Nigeria was deregulated in 1995. The new foreign investment rules are contained in the *Foreign Exchange (Monitoring & Miscellaneous Provision) Decree* of 1995. The new legislation allows for private foreign exchange dealers (*bureau de change*). In addition, Nigerian companies can now hold domiciliary accounts in private banks and have unfettered use of their money. Foreign companies may also bring foreign capital into the country unhindered, provided they obtain a certificate of capital importation from their Nigerian banks. They may service loans and remit dividends.

4.10.3 Privatisation

Nigeria commenced a program of privatisation of government corporations in 1988 (Igbuzor, 2003). The Nigerian *Privatisation and Commercialization Decree*, 1988 sets out the principles of the privatisation program. The focus of the privatisation program is to afford core foreign investors/strategic partners the opportunity to hold up to 40% of the shares of privatised companies. The rationale for this policy is that such investors will be able to provide a much-needed injection of capital as well as management that is more professional. The guidelines define core/ strategic investors as:

> *"Formidable and experienced groups with the capacities for adding value to an enterprise and making it operate profitably in the face of international competition... They must have technical knowledge... possess the financial muscle not only to pay for the enterprise but also to turn around the fortune... have the managerial know-how to run the business" (Azubuike, 2009)*

In line with its priority of encouraging greater participation by core/strategic investors, the government intends to sell 40% of its equity to strategic investors in the following areas: telecommunications, electricity, petroleum refineries, petrochemicals, coal and bitumen production and tourism. The government will retain 40% of the equity, while the remaining 20% will be sold to the Nigerian public through the stock exchange (Lincoln and Adedoyin, 2012a). In some sectors, the government intends to sell all of its holding (Enterprises, 1999).

Progress with privatisation has begun, with all the major corporations, such as the electricity and telecommunication commissions, privatised which has led to MNCs like MTN, Glo, Airtel, etc. in Nigeria. While the privatisation exercise accelerated following the installation of democratic rule in 1997, economic and political controversies are still inhibiting rapid movement. Between 1988 and 1999, about 57 government corporations have been privatised. These were in the agricultural, insurance, banking, brewery, shipping, petroleum marketing, hotel, and food processing sectors.

While privatisation of government-owned corporations may change the composition of ownership of Nigerian corporations, it will not alter the pattern of concentrated ownership. This raises the question, then, of whether privatisation will benefit minority shareholders (or whether majority owners continue to exploit minority owners). The possibility is that a greater participation by institutional investors will help protect the interests of minority shareholders. At this stage, however, there is little data on which to make such an evaluation.

4.10.4 Capital market reforms

Originally known as the Lagos Stock Exchange, the Nigerian Stock Exchange was set up in 1960 and at present operates six branches in the country. As of December 2000, the total market capitalization was approximately US$4 billion. There has been an increase of firms on the Nigerian Stock Exchange. According to Olaniyi et al. (2016), then Director General of the Exchange, several reasons help to account for the rise in listings. These include the ongoing deregulation and liberalisation policies of the Government, the privatisation of government corporations and the introduction of prudential guidelines for banks and other financial institutions (Sanusi, 2012).

Several improvements have also been made regarding the services of the exchange. These include an automated central security clearing system in 1997, reduction in the costs of listing and the introduction of the Second Tier over the Counter Exchange for the trading of securities of small companies. It has also improved its market oversight and information (Exchange, 2002).

In addition to the above, a second Stock Exchange, the Abuja Stock Exchange was stablished. Incorporated on June 17, 1998, the Abuja Stock Exchange was established as a floor-less, technology driven exchange with facilities to provide electronic, screen-based trading systems. This exchange, which started trading in April 2001, is equipped to provide dealers from across the country with on-line access to the trading system (Lincoln and Adedoyin, 2012a).

In spite of these reforms, the Nigerian capital market still falls short of the developments in other countries. As noted above, it remains relatively small and illiquid when compared not only to developed countries but also to other developing countries. Additionally, the Nigerian Stock Exchange still suffers from problems of poor and non-functioning infrastructure, which haunts the country generally (Abubakar et al., 2014).

4.10.5 Gender and equal opportunities bill

Nigeria has rejected a gender and equality opportunities bill because it is an attack on its religious beliefs (Independent, 2016). The bill was expected to protect Nigerian women from violence and provide them with the same marital rights as their male partners including the right of widows to inherit their husband's property. The bill was intended to incorporate the UN Convention on the elimination of all forms of discrimination against women. The bill declared that women "shall not be subjected to inhuman, humiliating or degrading treatment and shall have the right to an equitable share in the inheritance of the property of her husband" (Payton, 2016). It also indicated how women should be entitled to participate fully in all political activities, which included the franchise to vote and be eligible for all publicly elected offices without any restrictions. Voters criticised the rejection of the bill by a Senate with only 7 of the 109 members being women. Muslim senators declared their opposition because the bill contravenes Sharia law (Quranic adopted the law in Islamic states) which the Nigerian constitution recognises. The bill has been revised and would be presented to the Senate again (PremiumTimes, 2016).

4.10.6 Recapitalization of the banking sector

The banking sector reforms in Nigeria were engineered by the need to reinforce the financial sector and set up the Nigeria economy for growth; to become part of a global economy, they were intended to design and develop a financial powerhouse that confirms with regional integration requirements and international standards. These reforms were also instrumental in addressing problems such as poor governance, risk management and operational inefficiencies. The centre of the reforms is around firming up capitalization. According to Adegbaju and Olokoyo (2008), "capitalization is a major component of reforms in the Nigeria banking industry because a bank with a strong capital base can absolve losses arising from non-performing liabilities". To attain the capitalization requirements, there would be a consolidation of existing banks or using the stock market to raise additional funds.

In 2004, the former Governor of the Central Bank of Nigeria, Soludo, announced a 13-point reform program for the Nigerian Banks (Adegbaju and Olokoyo, 2008). The main objective of the initiative was to guarantee an efficient financial system. The changes are designed to help the banking sector to develop the necessary flexibility to assist the economic development of the country by efficiently performing its functions as the pivot of financial intermediation (Adegbaju and Olokoyo, 2008). Thus, the reforms were to make sure of a diversified, robust and reliable banking industry where there is the safety of depositors' money and position banks to play active developmental roles in the Nigerian economy.

Of all the banking reforms the plan to increase bank capitalisation to N25 billion cause huge controversy among the stakeholders and the need to comply before 31st December 2005. Soludo (2004) observed that many banks appear to have abandoned their essential intermediation role of mobilising savings and instilling banking habits at the household and microenterprise levels. The complacency of banks towards small savers not only heightened the issues of low levels of local savings and large bank lending rates in the country, but also lowered access to cheap and steady funds that could provide a reliable source of credit to the productive sectors at affordable rates of interest. Immediately after the recapitalisation deadline of December 31st, 2005, the number of operating banks in the country reduced from 89 to 21 banks.

4.11 Conclusion

In an age of globalisation, governance reforms are critical. Nigeria has been undertaking a program of reforms for more than two decade now. The nature of the reforms has been largely determined by developments in the global economy (Stephen, 2014). As a result, the reform process does not so much involve choosing the best form of corporate governance, as it does adapting existing structures and practices to the exigencies of competing in a global economy (Okike, 2007). To compete in the global economy, developing countries are increasingly being forced to introduce programs of economic liberalisation and deregulation (e.g., tax cuts, privatising state-run industries, reductions in government spending, etc., (Arowolo and Ologunowa, 2012, Lincoln and Adedoyin, 2012b). In addition, Nigeria has introduced other reforms that more directly affect governance. They include strengthening company law (to provide greater legal guarantees to investors), improving the legal system (so that shareholders' rights can be enforced) and liberalising capital markets ((Adegbite and Nakajima, 2011, Chukwunedu and Okafor, 2011, Ibrahim, 2016b).

This chapter has shown the corporate Nigeria context, gender and the relationship with corporate Nigeria, reforms. The reforms have not been without some success. Privatisation and reforms in the capital market have increased activities in the stock exchange. Privatisation of state enterprises and the liberalisation of foreign investment laws are facilitating the inflow of foreign capital, which is likely to monitor managers much more efficiently than the government has in the past. Recapitalisation has improved the quality of banks. In addition, competitive pressures from other African and Western countries seem to be inducing a change in the "entitlement culture" of the indigenous management in large corporations.

However, while there has been some progress, the governance problems that the reform process seeks to address are deeply rooted in a socioeconomic and political context characterised by ethnic and religious tensions, gender inequality, poverty and a history of military rule and human rights abuses. As we noted above, passing formal laws in such a context does little to ensure that shareholder rights are protected. Such reforms need to address the deeper causes of the problem (e.g., an ineffective legal system, the ownership structure, gender inequality, etc.). Similarly, reform efforts in other areas (e.g., capital markets, the legal system) are unlikely to be successful unless other fundamental problems of Nigerian society are addressed (e.g., the lack of vibrant democratic political culture, ethnic and tribal tensions, poverty, gender inequality, etc.). Ultimately, the success of corporate governance reforms is linked to broader governance reforms of the Nigerian state and, one might argue, of the international economic order, which sets the context in which states like Nigeria have to compete in the global economy.

5 Methodology

The purpose of the research is to explore the ways that firms can fully utilise existing human resources and reap the benefit of diversity in the boardroom and to identify appropriate corporate governance methods that improve productivity in the Nigerian context. Incompetent corporate governance is capable of adversely influencing corporate performance and shareholders' value. Hence, it is important that the firm have the right board composition to achieve higher performances and thereby improve share value and attract further investments.

This chapter presents a pragmatist approach as the research methodology. This research will combine a quantitative and a qualitative approach (Creswell, 2013) to understand the impact or gender and board composition on the financial performance of firms on the Nigerian Stock Exchange (NSE hereafter). This research will utilise mixed methods, it will use qualitative methods to test findings uncovered in the quantitative research. The qualitative analysis will try to understand the experiences of board members in the decision-making process in their organisation. This chapter also details the design of data collection, the process by which the research participants are selected, the administration of the fieldwork and the techniques with which data were analysed.

5.1 Research Paradigm

This research analysis contributes to an understanding of the corporate governance literature by examining the Nigerian corporate behaviour and how boardroom characteristics e.g. gender, ethnicity, regionality, age, etc., given the socioeconomic peculiarity of the Nigerian context, affects the financial performance of 190 firms on the Nigerian stock exchange. In doing this, this research employs the pragmatic approach. The pragmatic approach involves using the method which appears best suited to the research problem by focusing on what approach works as the truth regarding the research questions under investigation (Tashakkori and Teddlie, 2010). Pragmatic researchers, therefore, grant themselves "the freedom to use any of the methods, techniques and procedures typically associated with quantitative or qualitative research". (Johnson et al., 2007). This approach is particularly relevant for emerging countries such as Nigeria where there is limited research on composition of boards and access to range of diverse board members is challenging.

According to the literature of traditional research paradigm, the positivist approach involves confirmation and falsification yet disregard any points for understanding an individual phenomenon. The qualitative approach has been criticised for not providing an adequate rationale for generalisations in wider contexts (Johnson et al., 2007). For this reason, the pragmatic paradigm affords the researcher the opportunity to combine both quantitative and qualitative research methods (Johnson et al., 2007) to explore gender and ethnic influences on firm's financial performance on the NSE.

5.2 Research approach

5.2.1 Deductive Research Approach

Deductive reasoning is a theory testing process which commences with an established theory or generalisation and seeks to see if the theory applies to specific instances (Hyde, 2000). A deductive approach uses an existing theory to develop an hypothesis and then designs a research strategy to test the hypothesis (Wilson, 2014).

According to the literature, deductive research means reasoning from the subject matter to the general. If a causal relationship or link seems to be implied by a particular theory or case example, it might be true in many cases. A deductive design would test to see if this relationship or link can be supported under more general circumstances"(Gulati, 2009).

This research has formulated a set of hypothesis (Chapter 5) that needs to be confirmed or rejected during the analytical process which is established in theory (Burney, 2008). Research with deductive approach follow steps in figure 5 below: from our main theories, we deduce hypothesis, which would be tested and analyzed for confirmation or rejection.

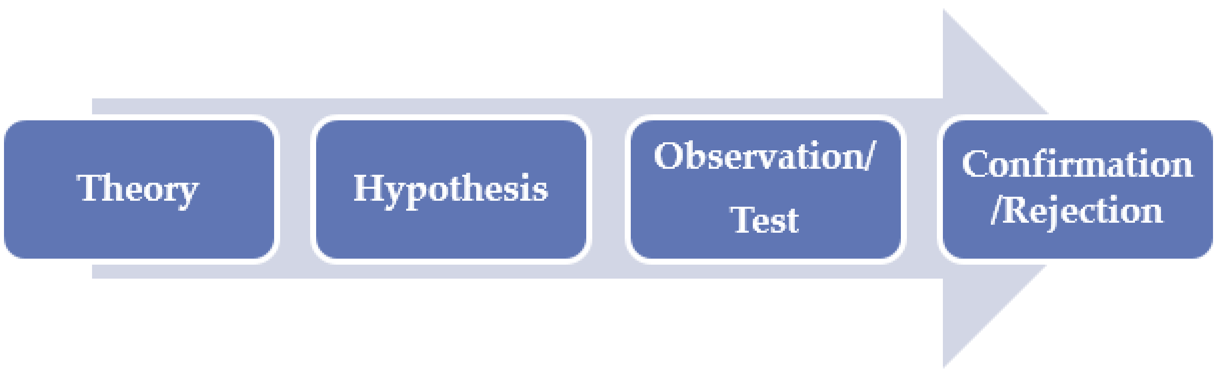


Figure 5: Research path

5.3 Research Design

This section focuses on the research design with a combination of quantitative and qualitative approaches to investigate board composition and performance of Nigerian firms on the NSE. According to Tashakkori and Teddlie (2010), the mixed method design has stressed the use of component models in which different elements are kept separate. In this study, the quantitative approach is suitable to answer the research question asking whether gender and ethnicity on boards of Nigerian firms have an influence on the financial value (accounting based and market-based values) of the firm on the NSE. Though there are different points of view concerning the company, many of these theoretical directions are used to support, but are not substitutes for each other. A study of different theoretical standpoints clarifies the need to take a cohesive approach rather than a single perspective to understand the impact of corporate governance on board performance. The quantitative section in this research would employ the framework as seen in figure 5 to answer questions about the board composition and how its characteristics affects performance. The qualitative approach, on the other hand, is appropriate to investigate of individual experiences of men and women on the influences of culture, leadership structure, etc. on their impact on the decision-making process on board. In parallel, this can provide abundant evidence which may deepen some fundamental understanding of the occurring phenomena (Wilson, 2014). The qualitative research further explains some of the results in the quantitative research. Questions like how the dynamics on the board in influenced by external influences like culture, tribalism, regionality, political affiliations, mentorship, double shifting etc.

This research uses two main types of data: primary data gathered via the annual reports of 190 firms on the Nigerian stock exchange for a period of 2004 to 2013 and a semi-structured interview with the board members of Nigerian companies. The first phase of the study involves the quantitative analysis of data collected from the firm's annual report and fact-book from the NSE to measure the impact of a diverse (gender and ethnic) board on financial performance. This quantitative procedure is an approach well established in the literature (Carter et al., 2010, Carter et al., 2003, Ujunwa, 2012, Adams and Mehran, 2012). The second phase involves a qualitative method using semi-structured interviews with participants in the oil and gas, financial, service and conglomerate sectors to examine issues related to gender, ethnicity, leadership structure, regionality, double shifting, etc. and how they influence appointment to board membership and the decision-making process on corporate board. This method supports the researcher in indicating a range of topics as well as revealing how a situation may arise (Rubin and Rubin, 2011, Seidman, 2012). In this research, the mix method works because each approach is not independent of itself in answering the research questions. The composition of the board and what group on board influences the decision making process can be explained by the questions asked in our interviews.

The key problem encountered using a multiple methods approach is the increase in time required to complete the study and the cost of conducting the study. Since most of our interviewees were in Nigeria, we have had to travel to complete them. The data for quantitative analysis is of a panel constructs which is time consuming too.

5.4 Research method

Drawing on the theoretical approaches discussed in the framework, we use this section to explain how the research project was planned and then carried out to explore the characteristics and experiences of women and men on corporate boards of Nigerian firms given their peculiarity. It also describes the research setting and methods used in the fieldwork. The interview question, from the selection of project participant to analysis. We also discuss the quantitative data from the collection from the annual reports to data analysis.

5.4.1 Setting

This research focuses on the experience of men and women from different ethnicity and regions on boards of Nigerian firms. Our research is, therefore, a nationwide analysis. The NSE as at June 2014 has 190 listed companies operating in 12 Industry Sectors: Agriculture, Construction/Real Estate, Consumer Goods, Financial Services, Healthcare, Industrial Goods, Information & Communications Technology (ICT), Natural Resources, Oil & Gas, Services, Utilities and Conglomerates. However, the interviews were specifically limited to the financial and oil & gas sector. We have chosen the financial sector because it is one of the highest employing sectors in Nigeria and the oil and gas industry as it contributes 9.67% to the to Nigeria GDP (National Bureau of Statistics 2018). We also exclude on ethical grounds interviews/travels to the Northern region of Nigeria due to the ongoing terror threats being experienced there and did not want to put the researcher or the interviewees at risk.

Nigeria is the most populated African country and the eighth most populous country in the world and has over 500 languages of which there are three main languages: Yoruba, Igbo and Hausa. Although the official language of communication is English the influence of culture, religion and ethnicity cannot be ignored in the corporate world (Ayeomoni, 2012). Hence, this research would be contributing to research by investigating ethnicity, gender and performance using the Nigerian context. However, gendered values in society as a whole, norms and religion are not the only focus of this research because the organisation is also a society in itself. In this sense, employees' experiences are not only associated with social values in wider contexts, but also with the perceptions of their organisations' practices (Minichilli et al., 2012). This research investigates the status of men and women and ethnic minorities on corporate boards to see whether they make a difference in organisational practices impact on gender and career advancement. A purposive sampling method is considered suitable for this study because the researcher "needs to find a definite cultural domain with experts within"

(Tongco, 2007). The research also used a snowballing approach to get access to respondent which according to Noy (2008) when snowballing sampling methods are employed in qualitative research, they lead to dynamic moments where unique social knowledge of an interactional quality can be fruitfully generated.

The banking sector went through a major regulator induced consolidation in the industry under Prof. Chukwuma Soludo who led Central Bank of Nigeria, CBN, in 2004 – 2009 (Vanguard 2015) and industry analysts believed Governor Soludo would shake up the banking sector and make it better by increasing capitalization of banks. The intention of these reforms was for Nigerian banks to be structurally ready to support economic development and be less vulnerable to the risks of bank failures, which had almost become the common phenomenon of Nigerian banks. Soludo thus pursued aggressively the plan to recapitalize Nigerian banks by increasing the minimum capital base from N2billion to N25 billion, which was achieved in December 2005. A few years later, the Nigerian banking system and the financial market experienced a major shock because of the 2008 global financial crisis and the decline in world oil prices on the international stage and poor corporate governance, weak risk management framework and significant exposure to margin loans on the domestic front. However, during this period the new CBN governor, Sanusi, advocated for a 30% involvement of women on every financial institution’s board, which was in line with wider global initiatives to improve the gender diversity of corporate boards (Sanusi, 2012)

The Nigerian oil and gas industry has boomed since the Shell Group located crude oil in the Niger-Delta in 1956. However, the Oil and Gas sector were mostly dominated by multinational corporations until the early 1990s when Nigerian companies started infiltrating the oil and gas industry (Oyejide and Adewuyi, 2011). There was an increase in local participation after the enactment of the Nigerian Content Directives provided by the Nigerian National Petroleum Corporation (NNPC) in 2010, and eventually, by the dissemination of the Nigerian Oil and Gas Industry Content Development (NOGIC) Act in 2010. The Act seeks to promote the use of Nigerian companies/resources in the award of oil licences, contracts and projects (Ross, 2003). Since the discovery of oil the Niger-Delta (the oil-rich region in Nigeria) has been plagued with espionage as a result of bad exploration practices that has led to gas flaring and oil spillage destroying the livelihood of the citizens of the Delta (Kadafa, 2012). One of the initiatives since Nigeria's democracy is to increase the involvement of indigenes from the catchment area of exploratory firms in the Delta. This research, given this context, which seeks change in diversity of boards, wants to answer questions about the impact of gender, ethnicity and regional quotas on boards. How it affects effectiveness and the degree to which the catchment policy changes the dynamics on corporate Nigeria? The research also seeks to understand corporate practices regarding recruitment to board membership to improve gender and ethnic diversity.

5.4.2 Sample and data

The study sample includes firms in the NSE for 2004-2013. Listed companies on the NSE are required by law to deliver the "printer's proof of its annual report and accounts prior to publication, notice of annual general meetings of the company held in the financial period under review, all circulars and notices sent to shareholders together with accompanying documents, quarterly reports and forecasts, bi-annual and annual reports and accounts for the financial period under review" (Anikwe, 2014). Therefore, all annual reports of these firms are available online and can be confirmed on the NSE. We obtain data on directors and other corporate governance variables from the NSE fact books and annual reports of firms during the research period. The NSE as at June 2014 has 190 listed companies operating in 12 Industry Sectors: Agriculture, Construction/Real Estate, Consumer Goods, Financial Services, Healthcare, Industrial Goods, Information & Communications Technology (ICT), Natural Resources, Oil & Gas, Services, Utilities and Conglomerates.

This research will be looking at the firm effect of board composition; hence, data set will include 190 companies on the NSE multiplied by years (i.e. i*t) 2004-2013. The interview sample size includes 32 board members of firms on the NSE split between regions in Nigeria. This would help understand the effect of languages and regional split on boards and help understand the unique experiences of men and women in different regions.

Semi- structured interviews were conducted using a purposive sampling method (Tongco, 2007). The targeted sample is boardroom level employees of Nigerian banks, Oil and Gas, service and conglomerate companies in Nigeria.

The semi-structured interviews and official documents were utilised for gathering data to explore the research questions of this study. In order to achieve transferability, the researcher has attempted to provide rich descriptions of design, data collection, data analyses, and the findings in order to enhance the readers' understanding of this study. Creswell (2013) state this procedure as another method for establishing credibility.

Finally, this study was conducted under the supervision of the researcher's supervisors, Professor Sara Connolly and Dr Susan Sayce, who are familiar with the research area, therefore providing feedback to the researcher or serve as a sounding board for ideas to enhance the research credibility (Creswell & Miller, 2000).

5.4.3 Tools and Materials

To understand the intricacy of gender and performance of firms on the NSE in the Nigerian context, multiple instruments and materials including interviews and quantitative data were collected and used in this research analysis.

Semi - structured interviews

The most used type of interviews in qualitative research are semi-structured interviews (Matthews and Ross, 2014, Holloway and Wheeler, 2013) and it involves the use of predetermined questions, where the researcher is free to seek clarification. According to (2002) and Kvale (2008) the interview can be flexible, with open-ended questions and the chance to explore issues that arise spontaneously. The researcher is free to vary the order and wording of the questions (Seidman, 2012), depending on the direction of the interview. As a result, semi-structured questions exploring the influence of gender and ethnicity on firm performance were conducted in this research. The semi-structure question were based on six main themes: social network, regionality/local content, social acceptability, quality vs diversity, double shift for women and ethnic minorities and leadership structure which were derived from existing literature (Carter et al., 2010, Cotter et al., 2001, Ely and Thomas, 2001, Maume, 2004, Adesua Lincoln and Adedoyin, 2012). The research particularly examines regionality and ethnicity, which have not been previously explored regarding its implication for financial performance for firms on the NSE. Given the flexibility of the interview, this research allows the study participants to recall their experience on the board they represent and how their ethnicity or gender plays a role in board composition and how it affects career progression and productivity on board. All respondents discussed the same semi-structured questions and had an opportunity to talk about any relevant issues.

Data collection

At the initial stage, the researcher contacted a few organisations about the proposition of conducting interviews with their board members, but the researcher could not get in touch with sufficient respondents. The researcher had to travel to Nigeria to establish contact. There was a delay in travel for almost four months due to visa renewal, which slowed down the process. While the permit renewal was in process, however, the research employed someone to send his research proposal with invitation to prospective interviewees (see appendix 1.1). The proposal included a brief statement about the research project, its aim and objective.

When they agreed to work together in the research, they received a cover letter describing the study, assuring the confidentiality of all information collected, and the benefit of the research to the respondent and the organisation they represent. A date, time and place were consequently set at the convenience of the interviewees.

A snowball effect took place, with interviewees suggesting other potential informants, and others were contacted through networks of friends and colleagues. It is noteworthy that while the snowball technique with a chain-referral sampling may cause a potential sampling bias (David and Sutton, 2011), the method is efficient in terms of an access to the well-known informants that are difficult to interview such as those in the top management (Bernard and Bernard, 2012) i.e., managers, board members in the research case.

With the permission of the research participants, all interview sessions were digitally recorded, and notes were taken except one where only notes was taken. The meeting starts with an introduction to the researcher and the research, a reminder of the confidentiality of all information obtained through the interview process that they could stop the interview at any time they do not want to continue and it was explained to the respondents how the findings would also be utilised. By the confidentiality agreement, interviewees were given code names keeping their identities anonymous in the recording, transcript and analysis. The interviews took approximately 30-60 minutes. They were asked to describe their work experience from their first employment to boardroom membership from where the semi-structure prepared question was investigated. At the end of each interview, the researcher asked if they have anything they would like to say or anything they found interesting that was not covered in the questions posed. The researcher summarised the key issues raised and then had them re-checked by the research participants to confirm the accuracy of the data (Creswell, 2013).

Sample size for quantitative and qualitative analysis

The researcher interviewed 32 board members across four major sectors in the Nigerian economy and are on the Nigerian Stock Exchange. With the advice of the supervisor and because of time constraint (due to visa and access issues in Nigeria), the researcher was advised that the 32 respondent were sufficient for the research. Furthermore according to Guest et al. (2006) any sample size can be sufficient as long as the participants can provide complete and accurate information about the inquiry domain. Further justification for the number of the respondents is found in Morse (2000) who indicated that a sample of 30 is sufficient to obtain the data richness required for qualitative analysis when using semi-structured interviews.

5.4.4 Data analysis

Following the pragmatic research approach of a mixed method, the quantitative and qualitative data were separately analysed, and the results from each type of analysis were interpreted after both sets of data analyses were completed (Johnson and Onwuegbuzie, 2004). The quantitative analysis focused on measuring the effect of boardroom characteristics like gender, ethnicity, etc. on both accounting and market value (performance) of the firm while the qualitative research focuses on the experience of boardroom member on themes identified in this research. In the first phase of data analysis, the quantitative data were analysed using STATA a general-purpose statistical software package. Descriptive statistics were used to examine personal data and variables for comparison of the different forms of board diversity and how they affect company's performance on the NSE. The research estimated a pooled ordinary least square (OLS) regression equation, and panel fixed and random effects models. Following the example of Adams and Ferreira (2009) and Carter et al. (2010) this research employ firm fixed effects for firm and period in its analysis to demonstrate that firm fixed effects have a significant impact on the results. The research also does an analysis of the two sectors (oil & gas and finance) in the qualitative study

In the second phase, the qualitative approach probes the different question posed by the previously discovered themes. According to Holloway and Todres (2003), thematic analysis is a qualitative analytic method for identifying, analysing and reporting patterns (themes) within data. "It minimally organises and describes your data set in detail. However, frequently it goes further than this and interprets various aspects of the research topic" (Braun and Clarke, 2006). In this study, thematic analyses were employed to derive and analysis themes from the interview discussions concerning diversity and performance for all members of Nigeria' company board.

Finally, a comparative analysis of both the quantitative and qualitative analysis to validate or refute theories of corporate governance using the Nigerian context (Johnson and Onwuegbuzie, 2004). The process of analysis is presented in the next section.

The Quantitative Analysis

This section illustrates the research hypotheses in the quantitative phases. Then, the process of data analysis including descriptive statistics, pooled OLS, fixed effect, random effect, and the Hausman tests of endogeneity.

In the quantitative analysis, there are hypothesis that board characteristics such as endowment variables as the number of female, male and ethnicity, leadership structure, board committee membership by gender, the quota on board etc., have an influence on firm financial performance:

Hypothesis 1: Ethnic diversity is negatively associated with firm performance

Hypothesis 2: Board gender is positively related to firm performance.

Hypothesis 3: There is a positive relationship between board size and firm performance.

Hypothesis 4: There is a positive relationship between firm size and performance.

Hypothesis 5: The number of women directors on a major board committee is related to the financial performance of the company.

Model

The main model to be tested is:

$Performance_{it} = \alpha + \beta1\ D_{it} + \beta2\ PP_{it} + \beta3\ FS_{it} + \beta4\ G_{it} + \beta5\ F_i + \beta6\ T + \varepsilon_{it}$

β_i = the regression coefficient

ε = the composite error terms

D = Diversity

PP = Previous Performance

FS = Firm size

G = Governance

F = other unobserved Firm characteristics

T = Time period

Performance Variable

Performance represents the financial performance of the firm measured by both Tobin's Q and the return on assets. These measures are commonly used in governance investigations as measures of performance, but they are not interchangeable or identical. They each measure a significantly different aspect of firm performance. Tobin's Q in its original formulation is the market value of the firm's assets divided by the replacement value of the firm's assets. The calculation of Tobin's Q popular in the literature today is often the Chung and Pruitt (1994) which is calculated as the market value of the securities issued by the firm divided by the book value of the assets. This measure is an indication of the wealth position of the primary providers of funds to the company: shareholders and creditors (Carter et al., 2010). If Tobin’s Q is greater than one, then the market value of the shareholders and creditors investment is higher than the remunerated historical cost of the assets. According to Carter et al. (2003) “in theory, Tobin’s Q is a more complex measure of performance than ROA”. Bhagat and Bolton (2008) argue that stock market-based measures are susceptible to investor anticipation. They believe that if investors anticipate an effect of a governance characteristic on financial performance, "long-term stock returns will not be related to the management component, even if a real association exists" (Bhagat and Bolton, 2008).

On the other hand, the ROA is an indication of the ability of the firm to produce accounting based revenues more than actual expenses from a given portfolio of assets measured as amortised historical costs (Carter et al., 2010). ROA is an indication of the accounting income produced for the shareholders if according to David (2010) ROA is calculated as net income divided by the book value of total assets. In summary, Tobin's Q measures wealth (accounting value) and ROA measures income (the market value).

Independent Variables

Diversity in this analysis is a measure of gender diversity, ethnic diversity, region/language diversity and the existence of a quota on board. Firm size is the log of the total assets of the company, Governance is a corporate governance characteristic of the firm, Firm is a unique time-invariant unobservable firm characteristic based on firm-level fixed effects in the regression estimation, and Time is the period observed in this research.

The research creates three measures of women's participation on the board for each firm in the sample from the NSE Fact Book, and annual reports gathered – the number of women on the board of directors, percentage of executive and non-executive women on board and the percentage women on the audit committee. Similarly, the researcher creates three ethnic minority variables – total number of Yoruba, Igbo and Hausa directors on firm board and the audit committee.

Control Variables

The size of the firm is often used as a control variable in an analysis of financial performance and is shown to be related to market returns by Fama and French (1993), among others. Few studies show that asset size is related to Tobin's Q (Faleye, 2007, Prevost et al., 2002). This research includes the value of the natural log of total assets in the regressions to control for the size of the firm.

Yermack (1996) found that board size and Tobin’s Q are inversely related. However, Jackling and Johl (2009) find a strong positive relationship between board size and financial performance that supports evidence from Dalton et al. (1998) and Zahra and Pearce (1989).

The argument for a positive association between board size and financial performance is that there is the expectation that a big board will acquire better information because of greater knowledge of a significantly larger number of directors which would inform decision making (Jackling and Johl, 2009).

The positive association between board size and financial performance flows from resource dependency theory while Yermack (1996)'s study makes an agency theory argument for a negative relationship. Both theory and empirical evidence indicate that we should include the number of directors on the board in the financial performance equation. The number of directors on the corporate board is also important as a control variable because of the inclusion of the number of female directors and the number of ethnic minority directors.

The method of estimation is the Panel estimators with firm fixed effects. Hermalin (2005) argue that the relationship of most board characteristics and firm performance are jointly endogenous. Traditionally lagged dependent variables are used to address the problem of endogeneity. To this effect, Adams and Ferreira (2009) employ firm fixed effects in their analysis and they demonstrate that firm fixed effects have a significant impact on the results. We follow a similar approach with lagged dependent variables and add fixed effects for the firm because they help to mitigate omitted variables and address unobserved changes over time. The firm fixed effects account for differences in the industry and financial leverage used by the firm, among other firm-specific dimensions.

According to Poole and O'Farrell (1971), when a regression is estimated, some underlying assumptions should be met such as the absence of multicollinearity, normality of residuals, and homoscedasticity of residuals as well as linearity to generalise the model. In a regression analysis, according to (Field, 2009), if there is a strong correlation between independent variables, the dataset may not be reliable for analysis. One way to assess multicollinearity among independent variables is to perform correlations. If a correlation coefficient illustrates a correlation of 0.80 or higher, this may demonstrate multicollinearity (Field, 2009). In this study, the assumption that normality amongst the residuals is indicated by differences between the model and the observed data, which are most frequently zero or close to zero, is tested by a correlation matrix (Field, 2009).

Qualitative analysis

Interviews were conducted with 32 board members across four major sectors in the Nigerian economy and are on the Nigerian Stock Exchange. The sector selections were informed by their importance to the Nigerian economy and the availability of respondents. According to the Nigerian Bureau of Statistics, the Oil and Gas industry accounts for 70% of the Nigerian wealth. The Oil and Gas, finance, service and conglomerate sectors are also the employers of highly skilled workers in Nigeria (Vanguard 2015) and are the drivers of the Nigerian economy, hence, their importance in this research.

The analysis employs a content analysis using a thematic approach (Creswell, 2012). Themes are drawn from the literature review and a study of the Nigerian context (see chapter 3). The themes of the interview questions are as follows:

- Social Networking reducing chances of women and minorities from reaching boardroom appointment
- Regionality/local content and a biased board composition
- Social acceptability: its effect on board composition
- Quality versus Diversity
- Double Shift for women and minorities
- Leadership Structure

The research seeks to establish what boardroom characteristics affect financial performance on the NSE, get a sense of boardroom culture and how diversity influences the outcome. The research also looks at the impact of government agents and geographical location of firms on the financial performance. A snowballing approach (Seidman, 2012) as earlier described was employed in this section of the analysis.

The qualitative data took a systematic approach to collecting, handling and storing the data for easy analysis (Maylor and Blackmon, 2005). The interviews were conducted within firms from two main sectors - banking and oil and gas - across a sample of 10 boardroom employees each. These sectors have been chosen because there is a high concentration of the Nigerian labour force in these sectors and they represent a huge part of the Nigerian economy. The interviews were digitally recorded with the permission of the participant, which was later transcribed and used for analysis that would be done using Excel (Gibbs, 2002).

A code was assigned to each participant. The interview provides detail, depth, and an insider's perspective, while at the same time allowing hypothesis testing and the quantitative analysis of interview response hence, the interview being semi-structured (Leech, 2002) giving the interviewer flexibility in discussing ideas brought up in the discussion with the responder. The interview (Tracy, 2013) seek to explain how government, religious and ethnicity affect the stature of men and women concerning boardroom level appointment.

5.5 Ethical issues

The Faculty of Social Sciences Ethics Research Committee of the University of East Anglia (UEA), United Kingdom, approved this study proposal in November 2016 (https://www.uea.ac.uk/education/research/research-ethics). A letter written by the researcher with the backing of the Norwich Business School was sent to the Nigerian firms involved in this research study to assure them of the approval of this fieldwork by the Faculty of Social Sciences Ethics Research Committee of the University of East Anglia (UEA), United Kingdom. The letter sent is to guarantee that their personal information is treated with complete confidentially, and this will not be used for any other purpose other than this research (see appendix 1.1 page 214 for details).

5.6 Conclusion

Using the fixed effect regression model analysis (Allison, 2009) this research will be able to find a link between boardroom characteristics particularly the forms of diversity and performance of firms on the NSE. The methodology design is based on the research questions and the theme derived from the interviews to contribute to literature given the Nigerian context. The pragmatism approach was deployed as a research philosophy because it could provide ample opportunity to examine a range of micro and macro phenomena (Johnson and Onwuegbuzie, 2004) by which women and ethnic minorities on board are helped or hampered in the decision-making process of the firm they represent.

According to the mixed method design, the quantitative and qualitative data collected from the annual report of 190 firms on the NSE and the fact books of the NSE and the interviews conducted were analysed separately, and then drawn together in the interpretative phase. This helps to have a robust research with empirical study and qualitative analysis to confirm the study

In the quantitative analysis, descriptive statistics, ordinary least squares regression analysis, fixed effect regression analysis with tests for best fit model were employed to measure the effect of gender and ethnic minorities on the financial performance with Tobin's Q and the ROA as proxy for performance (which are used to calculate accounting and market values of a firm). In the qualitative analysis, thematic analysis was used to analyse interview data. The results were then compared in the interpretative phase of this study (Johnson and Onwuegbuzie, 2004).

The next two chapters, present results from the quantitative and qualitative analysis.

6 Diversity and firm performance: quantitative analysis

This section outlines the quantitative results which investigates the effect of board characteristics particularly diversity on corporate performance. The aim of this chapter is to analyse panel data for firms on the NSE, by understanding the relationship between diversity variables, and board composition variables and firm financial performance as discussed in chapter 4. This will inform ways that firms can fully utilise existing human resources and reap the benefit of diversity in the boardroom thereby, identify appropriate governance methods that improve productivity in the Nigerian context. Incompetent corporate governance is capable of adversely influencing corporate performance and shareholders' value. Hence it is important that the firm has the right board composition to achieve higher performance and thereby improve share value and attract further investment.

A performance regression model was employed to measure how diversity and other board characteristics affect the firm’s financial performance which is measured by Tobin's Q and the Return On Asset (ROA). We begin with a pooled regression of all observations together and run the regression model, ignoring the cross section and time series nature of the data thereby not giving special treatment for firm and time in the model. We then run a fixed effect model which allows for heterogeneity or individuality i.e. firm specific effects which would remain constant over time. We also run a random effects model which assumes the individual-specific effect is a random variable that is uncorrelated with the explanatory variables. We apply the Hausman test to check which model (fixed or random effect) is the best fit and also test the fixed effect against the pooled regression model.

As discussed in Chapter 2 the literature suggests a relationship between board characteristics and firm performance, making them jointly endogenous. Adams and Ferreira (2009) believe that endogeneity problems may arise because of omitted variables that affect both the selection of diverse directors and firm performance over time which they mitigate for by employing firm fixed effects. Hence, we also consider the fixed effects estimates critical because they help to mitigate omitted variables and address unobserved changes over time. The research models include a range of explanatory variables such as the number of female directors, the percentage of female executive directors, minority directors (Yoruba, Hausa, and Igbo), International directorship, the quota of female director on board, log of firm asset, the number of directors on board.

This research also compares two important sectors in the Nigerian economy the financial and the Oil and Gas sectors because of their importance to the GDP of the economy and where most of our data are collected. We undertook a before and after comparison with the changes in legislation in the banking sector in 2005 (the recapitalisation of the banking industry) in order to see how performance is affected and whether this changed after 2005. We start with a summary of data used from companies annual reports, data screening and present the hypotheses to be tested.

6.1 Sample and data

This research includes firms on the Nigerian Stock Exchange for the nine year period of 2004-2013. Listed companies on the NSE are required by law to deliver the printer's proof of its annual report and accounts prior to publication, notice of annual general meetings of the company held in the financial period under review, all circulars and notices sent to shareholders together with accompanying documents, quarterly reports and forecasts, bi-annual and annual reports and accounts for the financial period under review. Therefore, all annual reports of these firms are available online and can be confirmed on the NSE. We obtain data on directors and other corporate governance variables from the NSE fact books and annual reports of firms during the research period. The research involves Nigerian companies quoted or listed on the NSE. The NSE as at June 2014 has 190 listed companies operating in 12 Industry Sectors: Agriculture, Construction/Real Estate, Consumer Goods, Financial Services, Healthcare, Industrial Goods, Information & Communications Technology (ICT), Natural Resources, Oil & Gas, Services, Utilities and Conglomerates.

Data to compute the natural logarithm of total assets, the return on assets, and Tobin's Q are taken from the annual reports [see appendix for Tobin's Q and ROA formula (Chung and Pruitt, 1994)]. Table 6.1 provides a description of each of the variables. Each company's annual report contains information on all directors and committees which might include information about their career till date. A majority of the sample firms appear each year, but a few businesses migrate in and out of the NSE over time due to mergers, spin-offs, bankruptcy, etc. hence we decided to restrict time between 2004 – 2013 to mitigate for that.

The annual report data for the gender of a director is complete. Gender is relatively easy to determine from information in the NSE fact book and statements and company annual reports. In most cases, the annual reports do specifically identify gender, and in cases where this is missing, there are photographs of Directors either on the statement or available on the internet which can be used to determine that. The researcher completed and cross-checked all data with a search through LinkedIn, Google, Bloomberg, company websites, annual reports, and phone calls to companies.

Data collected on ethnicity is collected from annual reports, and other external sources. Like gender, the ethnicity of directors is not a part of the statement or other NSE fact book, but the proxy statement may contain information that indirectly suggests ethnicity. However, ethnicity is more difficult to determine. The research, therefore, uses other indirect evidence to determine ethnicity such as the peculiarity of the name to certain tribes in Nigeria. The researcher as with gender completed an exhaustive search through LinkedIn, Google, Bloomberg, company websites, annual reports, and phone calls to companies to compile a full dataset on the ethnicity of the directors in the sample.

Table 6.1: Variable Definition

VARIABLE DEFINITION	
Dependent Variables Financial Performance	
Tobin’s Q	Tobin’s Q (Chung and Pruitt approximation)
Return on Assets (ROA) (%)	Annual net income divided by the book value of total assets at the end of the year
Independent Variables of Primary Interest Diversity	
Total Number of Female Directors	Total number of female directors on board
Percentage of Executive Female Directors	Percentage of Executive Female Directors on board
Number of Females on Audit Com	Total number of female directors on the audit committee of the board
	Total number of Yoruba, Igbo and Hausa directors
Number of Minority Directors	Total number of Yoruba, Igbo and Hausa directors on the nomination committee of the board
Quota of Female Directors	Total number of female quota (critical mass on board)
Control Variable	
Natural Log of Firm Total Assets	Natural logarithm of the book value of year-end total assets
Governance Control Variables	
Total Number of Directors	Total number of directors on board

6.1.1 Variables and methods used in the analysis

Dependent variable: Performance measured by Tobin’s Q and ROA

Performance represents the financial performance of the firm measured by both Tobin's Q and the return on assets (ROA). These measures are commonly used in corporate governance research as measures of performance, but they are not interchangeable or identical. They each measure a significantly different aspect of firm performance. This research uses the Chung and Pruitt (1994) calculation for Tobin's Q - that is the market value of the securities issued by the firm divided by the book value of the assets. This measure is an indication of the wealth position of the primary providers of funds to the firm: shareholders and creditors (Carter et al., 2010). The decisions that affect Tobin's Q are primarily taken by the boards of the firm. Hence we can assume that a good board composition will affect Tobin's Q positively.

On the other hand, ROA is an indication of the accounting income produced for the shareholders if ROA is calculated as net income divided by the book value of total assets. In summary, Tobin's Q measures wealth (accounting value) and ROA measures income (the market value).

Explanatory Variables

Diversity is a measure of gender diversity, ethnic diversity, region/language diversity and the existence of a quota on board. Previous performance is a lagged value of Tobin's Q or ROA and Firm size is the natural log of the total assets of the company. Governance is a corporate governance characteristic of the firm, while Firm is a unique time-invariant unobservable firm characteristic based on firm-level fixed effects in the regression estimation, and year is the time observed in this research.

The research creates three measures of women's participation on the board for each firm in the sample from the NSE Fact Book, and annual reports gathered – the number of women on the board of directors, percentage of executive and non-executive women on the board and the percentage women on the audit committee. Similarly, the researcher creates three ethnic minority variables – total number of Yoruba, Igbo and Hausa directors on the firm board, the percentage on the board and the percentage on the audit committee.

Control Variables

The size of the firm is often used as a control variable in an analysis of financial performance and is shown to be related to market returns by Fama and French (1993), among others. Multiple studies show that asset size is related to Tobin's Q (Faleye, 2007, Prevost et al., 2002). This research includes the value of the natural log of total assets in the regressions to control for the size of the firm.

Yermack (1996) found that board size and Tobin’s Q are inversely related. However, Jackling and Johl (2009) find a strong positive relationship between board size and financial performance that supports evidence from Dalton et al. (1998) and Zahra and Pearce (1989). The argument for a positive association between board size and financial performance is that larger boards will bring better information because of greater knowledge from more directors to firm decision making (Jackling and Johl, 2009).

The positive association between board size and financial performance flows from resource dependency theory while Yermack (1996) makes an agency theory argument for a negative relationship. Both theory and empirical evidence indicate that we should include the number of directors on the board in the financial performance equation. This variable is also necessary as a control variable because we use the number of women directors and the number of ethnic minority directors.

We also have a control variable Sector which is a control for sector-specific issues in the model. We create ten dummy variables for sectors which include the ten sectors reviewed in this analysis found on the Nigerian Stock Exchange.

Random and fixed effects models

We estimate both a fixed-effects model and a random-effects model using the nine-year panel data set because they are alternative approaches for the panel data that we have bearing in mind the assumption that each approach carries.

Our study is based on a panel dataset, which allows us to mitigate a possible endogeneity problem by estimating fixed-effects models. According to literature if there are omitted variables, and these variables are correlated with the variables in the model, then fixed effects models may provide a means for controlling for omitted variable bias. In a fixed-effects model, subjects – or firms in this case - serve as their controls. The idea is that whatever affects the omitted variables have on the dependent variable at one time, they will also have the same effect at a later time; hence their effects will be fixed (Stata 2015). However, for this to be true, the omitted variables must have time-invariant values with time-invariant effects.

Modelling an effect as random usually – although not necessarily – goes with the assumption of a normal distribution for the random effects. Sometimes this is not in conformity with reality, which may lead to skewed results. Also, the assumption is made that the random effects are uncorrelated with the explanatory variables.

We would carry out both the fixed and random effect model and then we carry out the Hausman test to test which model is the best fit i.e. the null hypothesis would be that the random-effects model is appropriate and the alternative hypothesis is that fixed-effects model is appropriate. If we get a statistically significant p-value for the Hausman test of < .05 then the random-effects estimator is rejected making the fixed effect estimator the best fit. We also carry out a test to confirm that time fixed effects are needed in for our panel data. To do this we employed the syntax "testparm", if coefficients for all years are jointly equal to zero, time fixed effects are not needed and the pooled model is preferred.

6.1.2 Descriptive statistics

This section provides descriptive statistics; an overview of the data collected from 190 firms quoted on the Nigeria stock exchange as at June 2014 operating in 12 sectors of the Nigerian economy. See Table 6.2.

The measures of financial performance indicate that the firms in the sample were financially successful on average over the ten-year period investigated, but there was wide variation in the performance variables. The mean for Tobin's Q was 0.36, which is below one and suggests the market value of the firm is less than the book value of the assets. However, the variation in the sample is significant with the minimum for Tobin's Q -6.16 and the maximum is 18.49. The ROA reveals similar changes. The mean ROA is 0.34 percent, with the minimum is -2.56 percent and the maximum is 17.30 percent.

The average percentage of women directors on a board is 8.09 of which 6.68 are non-executive board members. This indicates that in every 22 board members, only one is a woman. Unsurprisingly, the average percentage of men on a board is a high 91.95% of which 62.67% are non-executive members. The average percentage of ethnicity directors on a board is 37.69 for Yoruba, 27.79 for Igbo and 14.78 for Hausa. There is a small share of international (non-Nigerian) directors on board which constitute 19.74 percent over the nine-year period of the sample. These numbers are influenced by the ownership of firms on the Nigerian stock exchange. For example, according to Ujunwa (2012), about 50 percent of the firms in the conglomerate, petroleum, food/beverages and tobacco and construction industries are foreign owned. Finally, the average size of the firms on the Nigerian Stock Exchange is 8.29 with the maximum 24.9 and the minimum 2.23 of any firm in Nigeria based on our sample.

Table 6.2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Year	1,460	2008.5	2.87	2004	2013
Tobin’s Q	1,322	0.36	1.15	-6.16	18.49
ROA	1,336	0.34	1.19	-2.56	17.30
No of Directors	1,301	9.30	2.73	3	22
%Women onBD	1,301	8.09	9.49	0	42.86
NonExe Women	1,297	6.68	8.54	0	37.5
% Men on BD	1,301	91.95	10.03	33.33	100
NonExe Men	1,278	62.67	18.31	0	133.33
Sector	1,460	4.95	2.91	1	10
Audit Women	1,121	20.32	71.18	0	600
Audit Men	1,123	100	0	100	100
Yoruba Directors	1,269	37.69	24.77	0	100
Igbo Directors	1,269	27.79	24.71	0	100
Hausa Directors	1,269	14.78	16.29	0	75
Int. Directors	1,269	19.74	22.99	0	100
Log of FirmAsset	1,335	8.29	3.93	2.23	24.94
Quota	1,460	0.41	0.49	0	1
NewID	1,460	74.38	43.00	1	148

Source: Computed from handpicked data from the annual reports and accounts of 190 quoted companies and the NSE Factbook (Stata analytical software result

6.1.3 Correlation matrix

Table 6.3 presents the correlation matrix for all the variables in our model. The correlation between firm size and the board size is 0.59, which is both positive and significant. This finding is supported by the literature. Most firms choose to expand or decrease the size of their board based on any changes in the size of the firm. For example, as the complexity of the firm increases, board size may increase due to the need for advice and environment monitoring (Zahra and Pearce, 1989). Obviously, these changes in the firm size are likely to affect different characteristics of the board. Hence, the result justifies the inclusion of firm size as one of the control variables. In Lückerath-Rovers (2013) they included firm size (natural log of total assets) as a control variable in their OLS regression analysis and found that firm size was significantly larger for companies with female directors.

We also found a negative correlation between the number of women on board for Tobin's Q and ROA although the relationship is not significant. We found a positive correlation between all ethnicity variables (Yoruba, Igbo and Hausa) and performance (Tobin’s Q and ROA). Ethnically diverse boards requires representation from different segments of society and is found to be positively but insignificantly associated with board size except for the Yoruba and

Internationals on board which could be as a result of most firms used in this analysis are mulltinational firms based in Lagos which is also a Yoruba state.

As the firm increases in complexity, the board size also increases (Boone et al., 2007). The greater the representation, the larger will be the size of the board. This result implies that an ethnically diverse board is made possible by increasing the board size. When the board size is increased by increasing representation to outsiders, it is likely that there will be a greater ethnic diversity of board members in general. The research is mostly interested in the importance of ethnicity on the financial performance of Nigerian corporate firms because the literature suggests that diversity is considered to be a strategic resource and provides a link to different external resources which might in return increase the market value of the firm. According to Rhode and Packel (2014), one of the most significant constraints is the shortage of studies on racial and ethnic diversity. Most of the modern research as discussed in the lieeterature review is focused on gender, from which commentators often generalise about other forms of diversity without qualification. This study therefore provides a valuable addition by employing variables of gender and ethnic diversity using the three major tribes in Nigeria – Yoruba, Igbo and Hausa.

Most of the correlations, as observed in Table 6.3, whether positive or negative, significant or non-significant are weak. This indicates at first glance, that although probable cases of multicollinearity may exist, the degree of such may be too remote to affect the results of the regression estimates. This is therefore, no case of multicollinearity in our variables. As explained in chapter 4 we expect normality amongst the variables which is indicated by differences between the model and the observed data.

Table 6.3: Correlation Matrix

Variable	Tobin's Q	ROA	No. of Directors	% of Women on Board	% of non-executive Women on Board	% of Men on Board	% of non-executive Men on Board	No. of Yoruba	No. of Igbo	No. of Hausa	No. of International	No. of Audit women	Sector	Log of firm asset	Quota	Firm ID
Tobin's Q	1.0															
ROA	0.00 (0.87)	1.0 (0.00)														
No. of Directors	-0.02 (0.57)	0.13 (0.00)	1.0 (0.00)													
% of Women on Board	-0.07 (0.01)	0.07 (0.01)	0.15 (0.00)	1.0 (0.00)												
% of non-executive Women on Board	-0.07 (0.01)	0.07 (0.01)	0.07 (0.01)	0.90 (0.00)	1.0 (0.00)											
% of Men on Board	0.09 (0.00)	0.05 (0.02)	-0.14 (0.00)	-0.95 (0.00)	-0.84 (0.00)	1.0 (0.00)										
% of non-executive Men on Board	0.09 (0.00)	0.03 (0.21)	-0.08 (0.00)	-0.54 (0.00)	-0.50 (0.00)	0.53 (0.00)	1.0 (0.00)									
Yoruba	0.06 (0.04)	0.01 (0.82)	-0.17 (0.00)	0.19 (0.00)	0.18 (0.00)	-0.19 (0.00)	-0.22 (0.00)	1.0 (0.00)								
Igbo	0.02 (0.55)	0.01 (0.78)	0.16 (0.00)	0.07 (0.01)	0.05 (0.09)	-0.07 (0.01)	-0.10 (0.00)	-0.48 (0.00)	1.0 (0.00)							
Hausa	0.03 (0.26)	0.03 (0.31)	0.088 (0.00)	-0.08 (0.00)	-0.06 (0.05)	0.09 (0.00)	0.06 (0.04)	-0.27 (0.00)	0.19 (0.00)	1.0 (0.00)						
International	-0.10 (0.00)	0.04 (0.21)	-0.05 (0.07)	-0.24 (0.00)	-0.20 (0.00)	0.23 (0.00)	0.30 (0.00)	-0.37 (0.00)	0.42 (0.00)	-0.21 (0.00)	1.0 (0.00)					
Audit Women	-0.05 (0.10)	0.03 (0.31)	-0.00 (0.88)	0.21 (0.00)	0.24 (0.00)	-0.20 (0.00)	-0.13 (0.00)	-0.08 (0.00)	0.24 (0.00)	-0.09 (0.00)	-0.09 (0.00)	1.0 (0.00)				
Sector	-0.09 (0.00)	.-0.01 (0.67)	-0.16 (0.00)	-0.01 (0.62)	-0.01 (0.69)	0.02 (0.49)	-0.05 (0.07)	0.02 (0.44)	0.03 (0.28)	-0.03 (0.32)	0.03 (0.29)	0.05 (0.9)	1.0 (0.00)			
Log of firm asset	-0.05 (0.06)	0.01 (0.07)	0.59 (0.00)	0.14 (0.00)	0.07 (0.01)	-0.89 (0.00)	-0.15 (0.00)	-0.07 (0.01)	0.15 (0.00)	0.01 (0.63)	-0.09 (0.00)	0.05 (0.10)	-0.29 (0.00)	1.0 (0.00)		
Quota	0.13 (0.00)	0.05 (0.52)	-0.03 (0.30)	-0.01 (0.83)	0.01 (0.84)	0.01 (0.79)	0.00 (0.97)	0.08 (0.072)	0.05 (0.09)	0.00 (0.95)	-0.13 (0.00)	-0.08 (0.00)	-0.46 (0.00)	0.20 (0.00)	1.0 (0.00	
Firm ID	-0.08 (0.00)	0.02 (0.92)	-0.23 (0.00)	-0.04 (0.12)	-0.03 0.32)	0.05 (0.07)	0.00 (0.96)	0.01 (0.69)	0.07 (0.03)	-0.01 (0.74)	0.06 (0.03)	0.07 (0.02)	0.97 (0.00)	-0.43 (0.00)	-0.45 (0.00)	1.0 (0.00)

The table presents correlation coefficients and test statistics are in brackets

6.2 Hypothesis tests for diversity and performance for firms on the Nigerian stock exchange.

The aim of this section is to find out empirically if diversity and other board characteristics affect the performance of firms on the Nigerian stock exchange. The growing consensus within the corporate community is that diversity is an important goal (Lückerath-Rovers, 2013, Carter et al., 2010, Maume, 1999, Maume, 2004). The case for diversity rests on two important claims according to Rhode and Packel (2014). The first is that diversity provides equal opportunity to groups historically excluded from positions of power (Chovwen, 2007). The public has a strong interest in ensuring that opportunities are available to all, that women and ethnic minorities entering the labour market can fulfil their potential, and that we make full use of the wealth of talented women and minorities available for board service (Rhode and Packel, 2014). The second claim is that diversity will improve organisational procedures and firm performance. Rhode and Packel (2014) further argue that this "business case for diversity" tends to dominate debates in part because it appeals to a culture steeped in shareholder value as the measure for corporate decision making. We focus on this claim in this research by empirically finding out if board room diversity on Nigerian firms improves the market and accounting value of the firm.

To test this claim the following hypothesis were formulated:

Hypothesis 1: Ethnic diversity is negatively associated with firm performance

Hypothesis 2: Board gender diversity is positively related to firm performance.

Hypothesis 3: There is a positive relationship between board size and firm performance.

Hypothesis 4: There is a negative relationship between non- executive female director and performance.

Hypothesis 5: The number of women directors on a major board committee is positively related to the financial performance of the firm.

6.3 Empirical results

6.3.1 Performance analysis for all firms

Performance measured by Tobin's Q

Table 6.4 present the regression results.

- Hypothesis 1: In the pooled OLS regression, the coefficients are close to zero for both Igbo and Hausa directors. In model 1 – the fixed effect estimators - the coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive, with the proportion of Igbo director being positively and significantly related with our financial performance indicator Tobin's Q for Nigerian firms. There is a negative and insignificant result for the proportion of international directors in Model 1 (fixed effect) but a negative yet significant result in the pool OLS regression while in Model 2 (Random effect) there's a negative but significant coefficient. In Model 2 – the random effect estimators – the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are also zero.

- Hypothesis 2: The pooled OLS result indicates a negative relationship between the percentage of women on boards and Tobin's Q although statistically insignificant. Model 1 – fixed effect estimators - reveals that the coefficient for the percentage of women on board is zero. Finally Model 2 - the random effect estimators - show a similar effect as the fixed effects estimators but the results are not statistically significant.

- Hypothesis 3: According to the pooled OLS result the coefficient for the number of directors is positive and statistically significant at the 10% level. Models 1 – the fixed effect estimators – however, reveals that the coefficient for number of directors is negative but statistically insignificant. Model 2 – the random effect estimators is positive but statistically insignificant. The size of a firm's board indicates a positive coefficient but is statistically insignificant.

- Hypothesis 4: The pooled OLS result indicate a negative and statistically insignificant relationship between non-executive female board members on board. There's a negative but stistically significant relationship found for Model 1 and Model 2.

- Hypothesis 5: The pooled OLS result and model 1 (fixed effect) indicate no relationship between women on board committee and firm performance except model 2 (random effect) which shows a negative coefficient however all coefficients are statistically insignificant.

Performance measured by ROA

- Hypothesis 1: In the pooled OLS the coefficient is statistically insignificant, model 3 (fixed effect) and model 4 (random effect) - the coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive and statistically significant.

- Hypothesis 2: The pooled OLS result and the random effect estimators (Model 4) indicates a negative but statistically insignificant realtionship between gender and firm performance. Model 3 however, suggests a positive relationship between the percentage of women on board and the firm financial performance indicator ROA but statistically insignificant.

- Hypothesis 3: The pooled OLS result, model 3 (fixed effect) and model 4 (random effect) all indicate a negative and statistically significant relationship between the ROA and board size.

- Hypothesis 4: Results for the coefficients of the pooled OLS and model 4 (random effect) for the relationship between non-executive female directors and firm are negative and

Table 6.4: Regression Estimates of the Relationship between Firm Performance and Board Diversity

Dependent Variable	**Tobin's Q**			**ROA**		
	Pooled OLS	Model 1 Fixed Effect	Model 2 Random Effect	Pooled OLS	Model 3 Fixed Effect	Model 4 Random Effect
Variable Names	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value
No of Directors	.03 (.08)	-.00 (.98)	.03 (.18)	-.11 (.00)	-.20 (.00)	-.14 (.00)
% Women on BD	-.01 (.38)	.00 (.69)	.00 (.96)	-.00 (.75)	.01 (.59)	-.00 (.83)
Non-Exe Women	-.01 (.35)	-.03 (.04)	-.02 (.06)	-.01 (.29)	-.04 (.01)	-.02 (.17)
Igbo Directors	.00 (.55)	.01 (.04)	.00 (.44)	.00 (.08)	.02 (.00)	.01 (.02)
Hausa Directors	.00 (.04)	.00 (.38)	.00 (.89)	.00 (.59)	.00 (.69)	.00 (.66)
Int. Directors	-.01 (.00)	-.00 (.59)	-.01 (.03)	-.00 (.04)	.00 (.71)	-.00 (.18)
Audit Women	.00 (.61)	.00 (.18)	-.00 (.92)	-.00 (.38)	.00 (.11)	-.00 (.48)
Log of Firm Asset	-.06 (.00)	-.26 (.00)	-.74 (.00)	.02 (.10)	.17 (.02)	.03 (.06)
Quota	.00 (.98)		.24 (.13)	-.25 (.11)		-.26 (.12)
Sector 1	.08 (.75)		.08 (.86)	-.07 (.79)		-.14 (.69)
Sector 2	.72 (.00)		.59 (.06)	.15 (.50)		.11 (.68)
Sector 3	.14 (.59)		-.06 (.87)	.10 (.72)		.05 (.88)
Sector 4	.09 (.63)		.13 (.72)	.46 (.04)		.43 (.15)
Sector 5	.39 (.03)		.37 (.21)	.06 (.75)		.02 (.95)
Sector 7	.13 (.45)		.14 (.65)	-.06 (.77)		-.09 (.73)
Sector 8	.27 (.34)		.26 (.58)	-.34 (.28)		-.34 (.39)
Sector 9	.64 (.00)		.59 (.13)	.19 (.41)		.16 (.60)
Sector 10	.08 (.65)		.08 (.80)	-.11 (.58)		-.14 (.60)
Intercept	.49 (.03)	2.34 (.00)	.47 (.17)	1.37 (.00)	.39 (.58)	1.48
Firm-Year Observation	1,101	1,101	1,101	1,102	1,102	1,102
Firms in Sample	148	130	130	130	130	130
Adj. R-square	.05	.00	.06	.04	.00	.05
F-Statistics						
	Prob>chi2 = 0.0077			**Prob>chi2 = 0.0001**		

Source: Author's computation based on Stata analytical software result

statistically insignificant while coefficient for Model 3 (fixed effect) are negative but statistically significant.

- Hypothesis 5: The pooled OLS result and Model 4 (random effect) indicate a negative but statistically insignificant relationship between women on board committee and firm performance while Model 3 (fixed effect) has zero coefficient which is also statistically insignificant.

Testing for time-fixed effects and the Hausman test

We perform the Hausman test of endogeneity between our random and fixed effects model to decide which model is the best fit. Our result (see Appendix: Table 5.5) showed significant support for the fixed effects regression model for our financial performance indicators – Tobin's Q and ROA. The p-value was highly significant at the 5 percent level. The null hypothesis of an equality of fixed and random effects regression estimations was rejected. The result confirms that the fixed effects regression captures both the firm and year effects.

Furthermore, we carried out a test for time-fixed effects. To see if time fixed effects are needed for a dataset it is important to have a joint test to see if the dummies for all years are equal to zero. If they are all equal to zero, no time fixed effects are needed. To do this we employed the syntax "testparm", and with a F= 0.000, we reject the null that the coefficients for all years are jointly equal to zero, therefore time fixed effects are needed in this case.

On the basis both tests, we conclude that our preferred model is the fixed effect regression analysis – indicated by the box highlights in Table 6.4.

Fixed effects regression result discussed (Tobin's Q and ROA).

For hypothesis 1 the coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive, with the proportion of Igbo director being positively and significantly related with our financial performance indicator Tobin's Q and ROA for Nigerian firms. This result is consistent with the literature that implies that having an ethnically diverse board is a knowledge-based asset that creates value for shareholders by linking an organisation to its external environment, thereby promoting firm performance. This result supports resource dependency theory which views ethnic diversity in a corporate board as an economic resource to the organisation that help firms comprehend the dynamic industry context of a country. Therefore, there is evidence to accept Hypothesis 1.

For hypothesis 2 the fixed effect estimators- reveals that the coefficient for the percentage of women on board is zero. Therefore there is no relationship between gender and firm performance for the both financial performance indicators - Tobin's Q and ROA. Therefore we cannot accept hypothesis 2 that there is a positive relationship between gender and firm performance. This is against the business case for diversity which suggest women increases the financial value of firms.

Again, in hypothesis 3, there is no impact of board size on firm financial performance for the financial indicator Tobin's Q. However, fixed effect model indicate a negative and statistically significant relationship between the ROA and board size. Therefore, we reject hypothesis 3. Our result implies that as the size of a firm's board increases, the less the degree of its impact on the financial performance of the firm. This result is consistent with literature, which suggests that as board increases in size; free riding increases and reduces the efficiency of the board in monitoring management and providing a strategic human resource for the organisation. This result is supported by Guest (2009) who found that board size has a strong negative impact on profitability, Tobin's Q and share returns, thereby supporting the argument that problems of poor communication and decision-making undermine the effectiveness of large boards.

Non-executive female board members have a significant negative effect in both of our preferred fixed effects model. Therefore, we concluded that there is a negative relationship between non-executive female directors on board and firm performance. This result cannot support the findings of Carter et al. (2003) and Smith et al. (2006) who report a positive relationship in the U.S. This result also refutes the resource dependency theory.

Finally, our preferred regression model – fixed effects - showed no relationship between women on board committee and firm performance. Whilst these results do not support Hypothesis 5, they do not refute the business case for diversity even if we have not empirical evidence to back it up. Our results of no empirical relationship are consistent with the social psychological theory because there could be offsetting effects of having women and ethnic minority directors. According to Carter et al. (2010) for example, innovation and creativity in decisions might be nullified by group conflict. Our results are also consistent with a contingency framework because women and ethnic minority directors may be a positive, negative, or neutral influence on financial performance according to the special conditions at the time. Across various firms and years, the effects may cancel out so that no effect is noticed.

6.3.2 Finance and Oil & Gas sector comparison

We have chosen to compare these two sectors because they are the two principal drivers of the Nigerian economy. Nigeria is dependent on oil and gas for 95 per cent of its export earnings, 35 per cent of its GDP and three-quarters of government revenue while the banking sector is a top employer of labour (York, 2019). A comparison of the two major sectors could help see how much influence diversity play a role on corporate boards and how much it impacts firm financial performance.

A quick glance at the descriptive statistic of the banking sector on Tables 6.5 & 6.6 shows that the measures of financial performance indicate firms in both the financial and oil and gas sectors were financially successful on average over the nine-year period investigated but there was wide variation in the performance variables. The mean Tobin's Q was 0.62 and 0.59 for finance and oil & gas respectively, which is below one and suggests the market value of the firm is less than the book value of the assets. However, the variation in the sample is significant with the minimum Tobin's Q zero (0) and the maximum 14.22. The ROA reveals similar variation. The ROA is 0.31 and 0.37 percent, with the minimum at -2, -0.65 percent and the maximum is 17.30 and 12.15 percent.

The average percentage of women directors on board is 9.49 of which 7.57 of which 7.72 and 7.45 are non-executive board members for the financial and oil & gas sectors respectively. On the other hand, the average percentage of men on board is 90.65 and 92.95 of which 60.45 and 57.60 are non-executive board members for the finance and oil & gas sectors respectively. The average percentage of ethnic directors on board is 40.40 and 44.78 for Yoruba, 31.30 and 22.53 for Igbo and 15.53 and 13.60 for Hausa. For internationals on board, we have 12.77 and 18.09 percent over the nine-year period of the sample.

Table 6.5: Descriptive statistics for Banking Sector

Variable	Obs	Mean	Std. Dev.	Min	Max
year	480	2008.5	2.875278	2004	2013
Tobin's Q	436	.617884	1.542475	0	14.22002
ROA	450	.3076491	1.33103	-2.558213	17.30288
No. Of Directors	431	9.983759	3.319038	3	22
% of Women on Board	431	9.496273	10.30481	0	42.85714
Non Exe. Women	430	7.723915	9.251033	0	37.5
% of Men on Board	431	90.65129	11.11035	33.33333	100
Non Exe. Men	427	60.45178	19.52877	0	133.3333
Yoruba Director	419	40.40154	23.33688	0	100
Igbo Director	419	31.30077	24.36193	0	92.30769
Hausa Director	419	15.52563	16.1797	0	75
Int. Director	419	12.77206	19.00961	0	100
Audit Women	372	11.96941	14.83683	0	75
Audit Men	374	100	0	100	100
Log of Frim Asset	449	10.75104	5.823071	3.658326	24.93765
Quota	480	.83125	.3749217	0	1
Firm ID	480	29.4	13.8711	5	53

Source: Author's computation based on Stata analytical software result

Table 6.6: Descriptive statistics for Oil and Gas Sector

Variable	Obs	Mean	Std. Dev.	Min	Max
year	80	2008.5	2.890403	2004	2013
Tobin's Q	79	.5903715	2.402252	-.1103005	18.493
ROA	79	.3707328	1.414977	-.6453287	12.15244
No. Of Directors	79	8.481013	1.831776	5	12
% of Women on Board	79	7.957605	9.341941	0	30
Non Exe. Women	79	7.451276	8.338635	0	30
% of Men on Board	79	92.94655	9.377425	70	100
Non Exe. Men	79	57.59996	15.37428	25	85.71429
Yoruba Directors	75	44.78413	24.94673	8.333333	88.88889
Igbo Directors	75	23.53228	20.15165	0	71.42857
Hausa Directors	75	13.59471	13.69757	0	44.44444
Int. Directors	75	18.08889	19.63638	0	55.55556
Audit Women	53	7.726864	8.756967	0	20
Audit Men	53	100	0	100	100
Log of Firm Assets	79	7.992068	.9079169	6.146128	9.702687
Quota	80	.1	.3018928	0	1
Firm ID	80	126.4	2.325424	122	13

Source: Author's computation based on Stata analytical software result

Comparative analysis: financial sector and oil and gas sector

Performance measured by Tobin's Q

Tables 5.7 present regression result for the financial sector using the 10% significance level.

- Hypothesis 1: Coefficients for the pooled OLS are positive and significant for Hausa Directors, but in Model 1 and Model 2 in the financial sector they are close to zero and statistically insignificant for our financial performance indicator – Tobin's Q. In the oil and gas sector, the coefficients for the pooled OLS, Model 1 and Model 2 are all statistically insignificant – Tobin's Q.

- Hypothesis 2 test that board gender diversity is positively related to firm performance. In the financial sector, the pooled OLS results are positive and statistically significant (only at 10%). However Model 1 (fixed effect) show a coefficient close to zero while model 2 (random effect) indicates a statistically insignificant coefficient. All models for the oil and gas sector indicate a positive but insignificant relationship between gender on board and financial performance.

- Hypothesis 3: In the financial sector the pooled OLS regression result and those for model 2 have positive coefficient with only the pooled OLS coefficient statistically significant. However Model 1 – the fixed effect estimators – indicates a negative coefficient figure which is statistically significant (only at 10%). All models for the oil and gas sector indicate negative but statistically insignificant relationship between board size on board and financial performance.

- Hypothesis 4: In the financial scetor, the pooled OLS result show a positive but statistically insignificant relationship between between non-executive female directors and firm financial performance, model 1 (fixed effects) and model 2 (random effects) however, show negative but statistically insignificant coefficients in our financial sector model. Similarly, the pooled OLS result, model 3 (fixed effects) and model 4 (random effects) all show negative but statistically insignificant coefficients in our oil and gas model.

- Hypothesis 5: The pooled OLS result, model 1 (fixed effect) and model 2 (random effect) indicate no relationship between women on board committee and firm performance which is also statistically insignificant for both the financial and oil and gas sector.

Performance measured by ROA

- Hypothesis 1: Estimates for the pooled OLS and model 2 (random effects) indicate insignificant coefficients which are close to zero, but there is a significant positive relationship between Igbo Directors and ROA in the financial sector. Results in the oil and gas are all statistically insignificant.

- Hypothesis 2 test that board gender diversity is positively related to firm performance. Coefficient for the pooled OLS is positive and statistically sigificant, model 1 (fixed effects) and model 2 (random effects) are statistically insignificant in the financial sector. Results in the oil and gas are all statistically insignificant also.
- Hypothesis 3: The pooled OLS regression result model 1 (fixed effects) and models 2 (random effects) all have negative and statistically significant coefficients. All models for the oil and gas sector indicate statistically insignificant relationship between board size and financial performance.
- Hypothesis 4: Results for the coefficient of the pooled OLS indicates a positive but insignificant relationship. Results for the coefficients of model 1 (fixed effect) and model 2 (random effect) for the relationship between non-executive female directors and firm financial performance indicator – ROA - are close to zero and statistically insignificant. All models for the oil and gas sector indicate statistically insignificant relationship between non-executive female directors on board and financial performance.
- Hypothesis 5: Coefficients for the pooled OLS, model 1 (fixed effects) and model 2 (random effects) indicate coefficient close to zero in the financial sector. Results in the oil and gas are all statiscally insignificant indicating no relationship between women on board committee and firm performance

Testing for time-fixed effects and the Hausman test

We carried out the Hausman test of endogeneity to test between fixed and random effects models. Results (detail in appendix) of the test shows significant support for the fixed effects regression than the random effects. The p-value was highly significant. The null hypothesis of an equality of fixed and random effects regression estimations was rejected.

Furthermore, we carried out a test for time-fixed effects. We reject the null that the coefficients for all years are jointly equal to zero, therefore time fixed effects are needed in this case.

Table 6.7: Regression Estimates of the Relationship between Firm Performance and Board Diversity in the Oil & Gas and Financial Sectors (Tobin's Q)

Variable Names	**OLS Financial Sector Tobin's Q Dependent Variable**	**Model 1 Fixed Effects Financial Sector Tobin's Q Dependent Variable**	**Model 2 Random Effects Financial Sector Tobin's Q Dependent Variable**	**OLS Oil & Gas Sector Tobin's Q Dependent Variable**	**Model 3 Fixed Effects Oil & Gas Sector Tobin's Q Dependent Variable**	**Model 4 Random Effects Oil & Gas Tobin's Q Sector Dependent Variable**
	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value
No of Directors	.11 (.00)	-.02 (.07)	.04 (.29)	-.04 (.90)	-2.10 (.49)	-.04 (.89)
% Women on BD	.03 (.06)	-.01 (.75)	-.02 (.34)	.09 (.59)	.09 (.73)	.09 (.59)
Non-Exe Women	.00 (.87)	-.03 (.13)	-.02 (.29)	-.13 (.57)	-.02 (.95)	-.13 (.57)
Igbo Directors	.00 (.31)	.01 (.21)	.00 (.45)	.03 (.66)	.09 (.55)	.03 (.66)
Hausa Directors	.02 (.01)	.01 (.47)	-.00 (.73)	.05 (.11)	-.07 (.86)	.05 (.10)
Int. Directors	-.02 (.00)	-.00 (.68)	-.01 (.16)	-.01 (.67)	-.73 (.31)	-.01 (.67)
Audit Women	.00 (.92)	.01 (.29)	.00 (.48)	-.08 (.28)	.03 (.91)	-.08 (.28)
Log of Firm Asset	-.09 (.00)	-.30 (.00)	-.09 (.01)	-.00 (.99)	.19 (.86)	-.00 (.99)
Intercept	1.26 (.00)	3.88 (.00)	1.46 (.00)	.77 (.91)	31.66 (.51)	.77 (.91)
No of Observation	355	355	355	53	53	53
Firms in Sample	48	43	43	8	7	7
Adj. R-square	.07	.03	.06	-.02	.07	.14
F-Statistics						
	Prob>chi2 = 0.0001			**Prob>chi2 = 0.0077**		

Source: Author's computation based on Stata analytical software result

Table 6.8: Regression Estimates of the Relationship between Firm Performance and Board Diversity in the Oil & Gas and Financial Sectors (ROA)

Variable Names	**OLS Financial Sector ROA Dependent Variable**	**Model 1 Fixed Effect Financial Sector ROA Dependent Variable**	**Model 2 Random Effect Financial Sector ROA Dependent Variable**	**OLS OIL & Gas Sector ROA Dependent Variable**	**Model 3 Fixed Effect Oil & Gas Sector ROA Dependent Variable**	**Model 4 Random Effect Oil & Gas ROA Sector Dependent Variable**
	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value
No of Directors	-.13 (.00)	-.19 (.00)	-.15 (.00)	-.13 (.53)	.22 (.91)	-.13 (.53)
% Women on BD	.01 (.61)	.03 (.21)	.01 (.52)	.02 (.89)	-.01 (.93)	.02 (.89)
Non-Exe Women	.02 (.28)	-.05 (.03)	-.03 (.16)	-.02 (.86)	-.00 (.99)	-.02 (.86)
Igbo Directors	.00 (.48)	.03 (.00)	.01 (.16)	.05 (.31)	.08 (.41)	.05 (.31)
Hausa Directors	.00 (.77)	.00 (.89)	.00 (.82)	-.03 (.13)	.04 (.87)	-.03 (.13)
Int. Directors	-.00 (.61)	.01 (.57)	-.00 (.88)	-.02 (.03)	.10 (.82)	-.02 (.29)
Audit Women	-.00 (.94)	.01 (.32)	.00 (.76)	-.01 (.79)	-.01 (.97)	-.01 (.79)
Log of Firm Asset	-.02 (.19)	.12 (.25)	.03 (.18)	-.28 (.60)	-.42 (.57)	-.28 (.60)
Intercept	1.3 (.00)	.18 (.89)	1.38 (.00)	3.97 (.36)	-2.30 (.94)	3.97 (.35)
No of Observation	356	356	356	53	53	53
Firms in Sample	48	43	43	8	7	7
Adj. R-square	.02	.01	.04	.03	.00	.18
	Prob>chi2 = 0.0000			**Prob>chi2 = 0.0077**		

Source: Author's computation based on Stata analytical software result

Fixed effects regression result discussed (Tobin’s Q and ROA).

In testing hypothesis 1, the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are close to zero, for Tobin’s Q in both the financial and oil and gas sectors. However, there is a positive relationship found between the proportion of Igbo Directors and ROA in the financial sector. Therefore, we have mixed evidence for hypothesis 1 that ethnic diversity is negatively associated with firm performance. The Igbo variable in the ROA analysis supports the business case for diversity. It is well documented in literature (Griffiths, 2018, Lord Davies of Abersoch, 2014) the benefits of a diverse board. Our research shows the contribution of the Igbo board members are positively related to financial performance of the financial firms they represent. This might be because of a sector specific condition that is not captured in this research.

For hypothesis 2 the fixed effect regression result reveals no relationship between the percentage of women on board for the both financial performance indicators - Tobin’s Q and ROA – and for both sectors. Hence, we reject hypothesis 2 that board gender is positively related to firm performance. This could be due to ratio of men to women undertaken in this research.

The preferred regression result for hypothesis 3 indicated a negative and statistically significant relationship between of board size and firm financial performance for both financial indicator Tobin’s Q and ROA in the financial sector. Results for Tobin’s Q analysis indicate coefficient close to zero and insignificant. Therefore, we have mixed evidence for hypothesis 3 that board size is positive related to firm performance. As with Hypothesis 1, there could be a sector specific reason that causes a difference in the result between the O&G and financial sectors that is not captured in this research.

None of the coefficient for the number of non-executive female director on board is statistically related to both financial indicators – Tobin's Q and the ROA – in both sectors examined. Similarly, no coefficient for the number of female directors on board committee is statistically related to both financial indicators – Tobin's Q and the ROA – in both sectors examined. Therefore, we do not have evidence to accept or reject the hypotheses 4 and 5. This we suspect is due to the overwhelming shortage of a critical mass of women in board major committees and executive chair confirming (Kanter, 1977b).

6.3.3 Before and After banking sector reform 2004-2008

As alluded to in Chapter 4 the Nigerian economy faltered and was hit by the second round effect of the crisis as the stock market collapsed by 70 percent in 2008-2009 and many Nigerian banks sustained massive losses, as a result of their exposure to the capital market and downstream oil and gas sector. Therefore, the CBN had to rescue 8 of the banks through capital and liquidity injections, as well as remove some of their top managers and which resulted in prosecution of those who committed some infractions (Sanusi, 2012). The then Obasanjo regime also enforced the recapitalisation of the financial sector. This section of the research aims to understand whether the response to the crisis and reforms had any impact on the role of board diversity on the banking industry. The timeline is pre-2009 and post 2009.

Results: performance measured by Tobin's Q before 2009

Table 6.9 presents regression result for the financial sector using the 10% level of significance.

- Hypothesis 1: Coefficients for the pooled OLS, model 1 (fixed effects) and model 2 (random effects) are either zero or specify a statistically insignificant relationship between our ethnic variables (Igbo and Hausa) and our financial performance indicator – Tobin's Q.
- Hypothesis 2 tests that board gender diversity is positively related to firm performance. The pooled OLS result, model 1 (fixed effect) and model 2 (random effect) all report negative coefficients that are statistically insignificant. This indicates that gender diversity has no impact on the financial performance in the pre-2009 era.
- Hypothesis 3: The pooled OLS regression result and models 2 have positive coefficient with only the pooled OLS coefficient being statistically significant. This support the null hypothesis that the board size is positively related to the firm financial performance indicator – Tobin's Q – in the pre-2009 era. However Model 1 – the fixed effect estimators – indicates a negative but statistically insignificant relationship between Tobin's Q – our financial performance indicator – and board size.
- Hypothesis 4: Results for coefficients of the pooled OLS, model 1 (fixed effect) and model 2 (random effect) for the relationship between non-executive female directors and firm financial performance indicator – Tobin's Q - are negative and statistically insignificant. Again this indicates that non-executive female members on board make no impact on firm financial performance indicator – Tobin's Q.
- Hypothesis 5: The pooled OLS result, model 1 (fixed effect) and model 2 (random effect) indicate no relationship between women on board committee and firm performance which is also statistically insignificant.

Result: performance measured by Tobin's Q (2009-2013)

Tables 6.9 present regression result for the financial sector using the 10% level of significance.

- Hypothesis 1: Coefficients for the pooled OLS, model 1 and model 2 are either zero or statistical insignificant relationship between our ethnic variables (Igbo and Hausa) and our financial performance indicator – Tobin's Q - except for Hausa directors in the pooled OLS result where the coefficient is negative and statistically significant.

- Hypothesis 2 test that board gender diversity is positively related to firm performance. The pooled OLS result and model 1 (fixed effects) and model 2 (random effects) report statistically insignificant coefficients. This indicates that gender diversity has no impact on the financial performance of corporate boards of Nigerian firms in the post-2009 era as it is in the pre-2009 era. This result shows no difference with the before 2009 analysis. This suggests that there hasn't been a huge jump in the number of women on board since 2009.
- Hypothesis 3: The random effects model 2 shows a negative and significant relationship between the number of board members and firm performance indicator –Tobin's Q. Pooled OLS regression model and model 1 are statistically insignificant.
- Hypothesis 4: Results for coefficients of the pooled OLS, model 1 (fixed effects) and model 2 (random effects) for the relationship between non-executive female directors and firm financial performance indicator – Tobin's Q - were all statistically insignificant. Again this indicates that non-executive female members on board make no impact on firm financial performance indicator – Tobin's Q in both the before and after analysis.
- Hypothesis 5: The pooled OLS result, model 1 (fixed effect) and model 2 (random effect) indicate no relationship between women on board committee and firm performance. Again, this indicates that non-executive female members on board make no impact on firm financial performance indicator – Tobin's Q.

Fixed effects regression result discussed (Tobin's Q).

In testing hypothesis 1, the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are close to zero, for Tobin's Q in the financial sector before 2009 but we find a negative relationship between the proportion of Hausa directors and Tobin's Q after 2009. Therefore, we cannot accept nor reject hypothesis 1 that ethnic diversity is negatively associated with firm performance before 2009 but there is evidence to accept Hypothesis 1 after 2009.

For hypothesis 2 the fixed effect regression result reveals no relationship between the percentage of women on board for the Tobin's Q in both the pre and post 2009 analysis. Hence, we cannot accept nor reject hypothesis 2 that board gender is positively related to firm performance in either time period.

Our preferred regression result for hypothesis 3 indicated a negative but statistically insignificant relationship between of board size and firm financial performance for the financial indicator Tobin's Q. Therefore, we cannot accept nor reject hypothesis 3 that board size is positive related to firm performance in either time period.

None of coefficient for the number of non-executive female director on board is statistically significant for both financial indicators – Tobin's Q – in both time periods examined. Similarly, no coefficient for the number of female directors on board committee is statically significant for both financial indicators – Tobin's Q. Therefore, we do not have evidence to accept or reject the hypotheses 4 and 5 in either time period.

Results: performance measured by ROA before 2009

Tables 5.10 present regression result for the financial sector using the 10% significance level.

- Hypothesis 1: Coefficients for the pooled OLS and model 4 are either zero or indicate a statistically insignificant relationship between our ethnic variables (Igbo and Hausa) and our financial performance indicator – ROA. We do find a positive coefficient for the proportion of Igbo Directors in our fixed effect model before 2009.
- Hypothesis 2 test that board gender diversity is positively related to firm performance. The pooled OLS result and model 4 (random effect) report coefficients that are statistically insignificant.
- Hypothesis 3: The evidence before 2009 indicates a negative and statistically insignificant relationship between the ROA – our financial performance indicator – and board size.
- Hypothesis 4: Results for coefficients of the pooled OLS, model 3 (fixed effect) and model 4 (random effect) for the relationship between non-executive female directors and firm financial performance indicator – ROA - are negative and statistically insignificant before 2009.
- Hypothesis 5: The pooled OLS result, model 3 (fixed effect) and model 4 (random effect) indicate no relationship between women on board committee and firm performance which is also statistically insignificant.

Result: performance measured by ROA (2009-2013)

Tables 17 present regression result for the financial sector using the .10 statistical probability level.

- Hypothesis 1: Coefficients for the pooled OLS, model 3 and model 4 are either zero or statistical insignificant relationship between our ethnic variables (Igbo and Hausa). This is a change from the period before 2009
- Hypothesis 2 test that board gender diversity is positively related to firm performance. The pooled OLS result and model 2 (random effect) both report an insignificant relationship

between gender and our firm performance indicator - ROA while model 1 (fixed effect) reports a positive and significant relationship. This is a change from the period before 2009.

- Hypothesis 3: The pooled OLS regression result shows a negative and significant relationship between the number of board members and firm performance indicator –ROA. Model 1 (fixed effects) and models 2 (random effects) are statistically insignificant.
- Hypothesis 4: Results for the coefficients of the pooled OLS, and model 2 (random effect) for the relationship between non-executive female directors and firm financial performance indicator – ROA - were statistically insignificant. While model 1 (fixed effect) reports a negative but significant relationship between non-executive female directors and firm financial performance indicator – ROA. This is a change from the period before 2009
- Hypothesis 5: The pooled OLS result; model 1 (fixed effect) and model 2 (random effect) indicate no relationship between women on board committee and our firm performance indicator -ROA.

Fixed effects regression result discussed (ROA).

- In testing hypothesis 1 the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are close to zero, for ROA in the financial sector post 2009 but the coefficient on the proportion of Igbo Directors was positive before 2009. Therefore, we cannot accept nor reject hypothesis 1 that ethnic diversity is negatively associated with firm performance post 2009 but we also not that there has been a change over the two time periods.

- For hypothesis 2 the fixed effect regression result reveals no relationship between the percentage of women on board for the ROA in both the pre 2009 analysis. However, the coefficient is positive post 2009, so we do observe a change over time.

- Our preferred regression result for hypothesis 3 indicated a negative but statistically insignificant relationship between of board size and firm financial performance for the financial indicator ROA. Therefore, we cannot accept nor reject hypothesis 3 that board size is positive related to firm performance.

The coefficient for the number of non-executive female director on board is statistically related to the ROA post 2009 but negative. Similarly, no coefficient for the number of female directors on board committee was statically related to both financial indicators –ROA – in both sectors examined. Therefore, we do not have evidence to accept or reject hypothesis 5.

Table 6.9: Regression Estimates of the Relationship between Firm Performance and Board Diversity in the Financial Sectors (Tobin's Q): Before and After 2009

Variable Names	**OLS Financial Sector Before 2009 Dependent Variable**	**Model 1 Fixed Effect Financial Sector Before 2009 Dependent Variable**	**Model 2 Random Effect Financial Sector Before 2009 Dependent Variable**	**OLS Financial Sector After 2009 Dependent Variable**	**Model 1 Fixed Effect Financial Sector After 2009 Dependent Variable**	**Model 2 Random Effect Financial Sector After 2009 Dependent Variable**
	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value
No of Directors	.23 (.00)	-.05 (.68)	.10 (.21)	-.00 (.93)	-.02 (.81)	-.25 (.00)
% Women on BD	-.03 (.50)	-.00 (.93)	-.02 (.65)	-.02 (.21)	.01 (.71)	.01 (.87)
Non-Exe Women	.00 (.97)	.00 (.99)	.00 (.91)	-.01 (.67)	.02 (.92)	-.04 (.33)
Igbo Directors	-.00 (.94)	.02 (.38)	.01 (.61)	-.01 (.17)	.00 (.97)	.01 (.17)
Hausa Directors	-.01 (.51)	.01 (.67)	-.00 (.94)	-.02 (.00)	.02 (.28)	.00 (.81)
Int. Directors	-.02 (.02)	.01 (.68)	-.01 (.42)	-.01 (.02)	.01 (.37)	-.00 (.76)
Audit Women	-.01 (.67)	-.01 (.72)	-.00 (.82)	.00 (.92)	.00 (.70)	.00 (.90)
Log of Firm Asset	-.14 (.00)	-.14 (.47)	-.09 (.08)	-.02 (.29)	-.21 (.04)	.03 (.48)
Intercept	.55 (.44)	2.10 (.43)	.91 (.31)	1.59 (.00)	2.52 (.03)	2.38 (.00)
No of Observation	164	164	164	191	191	164
Firms in Sample	48	48	43	43	43	43
Adj. R-square	.07	.02	.08	.10	.02	.07
	Prob>chi2 = 0.0000			***Prob>chi2 = 0.0077***		

Source: Author's computation based on Stata analytical software result

Table 6.10: Regression Estimates of the Relationship between Firm Performance and Board Diversity in the Financial Sectors (ROA): Before and After 2009

Variable Names	**OLS Financial Sector ROA Dependent Variable**	**Model 3 Fixed Effect Financial Sector ROA Dependent Variable**	**Model 4 Random Effect Financial Sector ROA Dependent Variable**	**OLS Financial Sector ROA Dependent Variable**	**Model 3 Fixed Effect Financial Sector ROA Dependent Variable**	**Model 4 Random Effect Financial Sector ROA Dependent Variable**
	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value	Coef. P value
No of Directors	-.24 (.00)	-.23 (.07)	-.25 (.00)	-.24 (.00)	.00 (.93)	-.00 (.97)
% Women on BD	.02 (.69)	-.03 (.58)	.01 (.87)	.02 (.69)	.02 (.02)	-.01 (.64)
Non-Exe Women	-.04 (.35)	-.05 (.39)	-.04 (.33)	-.04 (.35)	-.03 (.04)	-.01 (.71)
Igbo Directors	.01 (.34)	.07 (.00)	.01 (.17)	.01 (.34)	.00 (.77)	-.01 (.63)
Hausa Directors	.00 (.79)	-.02 (.49)	.00 (.81)	.00 (.79)	-.00 (.84)	-.01 (.22)
Int. Directors	-.00 (.77)	-.01 (.49)	-.00 (.76)	-.00 (.77)	.00 (.82)	-.01 (.36)
Audit Women	.00 (.94)	-.01 (.67)	.00 (.90)	.00 (.94)	-.00 (.73)	.00 (.91)
Log of Firm Asset	.04 (.39)	.07 (.77)	.03 (.48)	.04 (.39)	.06 (.31)	-.04 (.19)
Intercept	2.33 (.00)	1.14 (.71)	2.38 (.00)	2.33 (.00)	-.56 (.42)	1.32 (.00)
No of Observation	165	165	164	165	191	191
Firms in Sample	48	48	43	48	43	43
Adj. R-square	.03	.00	.07	.03	.01	.07
	Prob>chi2 = 0.2612			***Prob>chi2 = 0.0002***		

Source: Author's computation based on Stata analytical software result

Testing for time-fixed effects and the Hausman test

We carried out the Hausman test of endogeneity to test between fixed and random effects models. Results (detail in appendix) of the test shows significant support for the fixed effects regression than the random effects. The p-value was highly significant. The null hypothesis of an equality of fixed and random effects regression estimations was rejected.

We also carried out a test for time-fixed effects. We reject the null that the coefficients for all years are jointly equal to zero, therefore time fixed effects are needed in this case.

6.4 Summary of Hypotheses Testing on Regression Results

6.4.1 Review of the hypothesis

This research theoretical framework led to the formulation of hypotheses that have been tested in this research to establish a link to our financial performance indicators –Tobin's Q and ROA – and at different times –pre-2009 and post 2009 – due to policy implementation in the banking industry.

This section is a recap of results from all hypothesis tested.

Hypothesis 1 expects that ethnic diversity is negatively associated with firm performance. The result of the overall sector on the NSE suggest that the interaction of ethnic minority diversity coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive, and significantly related with our financial performance indicator Tobin’s Q for Nigeria firms. This result is consistent with the literature that implies that having an ethnically diverse board is a knowledge-based asset that creates value for shareholders by linking an organisation to its external environment, thereby promoting firm performance. This result supports resource dependence theory which views ethnic diversity in a corporate board as an economic resource to the organisation that help firms comprehend the dynamic industry context of a country (Hitt et al., 2016, Hillman et al., 2009). We concluded from our comparative study for oil and gas and the financial sector that the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are close to zero, for Tobin’s Q in both the financial and oil and gas sectors. However, there is a positive relationship found between the proportion of Igbo Directors and ROA in the financial sector. Therefore, we have mixed evidence for hypothesis 1 that ethnic diversity is negatively associated with firm performance. The Igbo variable in the ROA analysis supports the business case for diversity It is well documented in literature (Griffiths, 2018, Lord Davies of Abersoch, 2014) the benefits of a diverse board. Our research shows a positive relationship between Igbo board members and financial performance of the financial firms. This might be because of a sector specific condition that is not captured in this research. This should be investigated in future research in this area. In addition, the pre and post-2009 analysis for the financial sector also indicated no relationship between firm performance and ethnic diversity on corporate boards.

Hypothesis 2 predicts that board gender diversity is positively related to firm performance. Going by our preferred model – fixed effects model – result of the firm performance indicators –Tobin's Q and ROA – no significant relationship for our all sector model. All other models for the financial and oil and gas sector overall and the pre-2009 and post 2009 all report zero coefficient or no statistical significance between the relationship of our financial performance indicators and gender diversity. Therefore we cannot accept hypothesis 2 that there is a positive relationship between gender and firm performance. This could be due to ratio of men to women on boards of firms undertaken in this research. Research shows that the effecacy of women and minorities on board is unlikely until a critical mass is met. According to Torchia et al. (2011b), a test was conducted to confirm if at least three women could constitute the desired critical mass by identifying different minorities of women directors (one woman, two women and at least three women). Tests are conducted on a sample of 317 Norwegian firms. The results suggest that attaining critical mass – going from one or two women (a few tokens) to at least three women (consistent minority) – makes it possible to enhance the level of firm innovation. (Isidro and Sobral, 2015) also found Women on the board are positively related with financial performance (measured in terms of return on assets and return on sales) and with ethical and social compliance, which in turn are positively related with firm value. The findings in this study suggest that greater female representation on corporate boards of large European firms can increase firm value indirectly which might not be captured by accounting-based financial performance. In chapter 7 the researcher explores why it is hard to get a critical mass on the Nigeria corporate board. Some factors discussed are issues with work-life balance, double shifting, social networking and how they can affect women progress on corporate boards in Nigeria.

Hypothesis 3 predicted board size is positively associated with firm performance. However, our preferred model – the fixed effects model – reports no relationship between board size and our firm financial performance indicators – Tobin's Q and ROA in our all sector models. In our comparison of the financial and oil and gas sectors, there was still no relationship. Finally, in the pre-2009 analysis of both the financial and oil and gas sector comparison the firm financial performance indicator ROA reports a negative relationship between firm performance and board size while in the post-2009 era both performance indicators also report negative relationships between firm performance and board size. This implies that as the size of a firm's board increases, the less the degree of its impact on the financial performance on the firm. This result is consistent with theory which states that as board increases in size, free riding increases and reduces the efficiency of the board in monitoring management and providing strategic human resource for the organization (Ujunwa et al., 2012). Paul (2009) examined the impact of board size on firm performance for a large sample of 2746 UK listed firms over 1981–2002. He found that the negative relation is strongest for large firms, which tend to have larger boards therefore supporting the argument that problems of poor communication and decision-making undermine the effectiveness of large boards.

Hypothesis 4 suggests a negative relationship between non-executive female directors and performance. In the analysis for all firm on the NSE, this research found a negative relationship between Tobin's Q and ROA – our firm financial performance indicators – and non-executive female directors with significance. The pre and post-2009 analysis indicate either zero coefficient or statistically insignificant relationship between non-executive female directors and performance. This result cannot support the findings of Carter et al. (2003) and Smith et al. (2006) who report a positive relationship in the U.S. This result also refutes the resource dependency theory. Our results may make more sense in the Nigerian context. According to Ujunwa (2012) most female corporate board members in Nigeria have strong ties with the owners of the firms, and do not have any corporate background, they are likely to increase agency cost and delay decision-making process which will negatively affect performance (Terjesen et al., 2009). However, the issue might not be because of incapability of the female board member but the potency of their voice on the board. According to our qualitative analysis, the voice of a critical mass on board is important for the effectiveness of women and minority groups on board. According to Kanter (1977a) skewed groups on corporate board would be especially problematic because the tokens are either in focus or they are overlooked, and they may be subject to stereotyping (Kanter, 1977a).

Finally, Hypothesis 5 proposes that the number of women directors on a major board committee is positively related to the financial performance of the firm. Our empirical research found out either weak or no link between the number of women directors on a major board committee and financial performance of the firm on the NSE. The argument discussed in hypothesis 2 is applicable here. Without the critical mass the positives of the business case for gender and ethic minorities diversity on board cannot be attained.

We conclude from our quantitative analysis, particularly regarding our diversity variable, that we found an overall effect of ethnicity (Igbo) on firms on the NSE in the financial sector, however other sectors do not show enough evidence to accept or denies the effect of ethnicity on board.

We can also conclude that there is no evidence for a relationship between gender on board and firm performance. Further more, the relationship between board size and firm performance has consistently through the different models explored remained negative. This confirms the argument in the literature that a large board would increase agency cost, reduce the effective of the board by slow decision making etc. We can also conclude from our study that there is no evidence that non-executive female board member, or women on board committee make any impact on firm performance in Nigeria firms.

6.5 Further investigation for qualitative analysis

The qualitative section investigates the result of the relationship between boardroom characteristic and financial performance on the NSE by getting a sense of boardroom culture. This section would, therefore, be asking what influences board composition on a typical Nigerian corporate board. The quantitative analysis result shows a mixed evidence for ethnicity on board with Igbo positively related to performance in the financial sector but no significant relations recorded with all ethnic groups in other sectors. This section would be investigating these findings by asking question about regionality/ethnicity on board, the effect of local/catchment recruitment to board position.

Female directors according to the quantitative analysis do not have any significant effect on the financial performance of firms on the Nigerian Stock Exchange. This research would further question the chances of women making meaningful contributions on board given the social, economic context of Nigeria. This research further investigates social networking and its effect on the chances of women and minorities becoming a director and the dynamics on the corporate board. It will also investigate the social acceptability of the Nigerian woman shattering the glass ceilings and its effect on board composition, Double Shift for women and minorities and how leadership structure could influence the direction of a firm.

7 Diversity and firm performance: qualitative analysis

7.1 Introduction

This Chapter employs content analysis and thematic analysis to examine the importance of boardroom characteristics and how they affect financial performance on the Nigerian Stock Exchange while getting a sense of boardroom culture and how diversity influences boardroom culture. A content analytic approach could start with existing theory or prior research about a subject matter that is incomplete or would benefit from further description. Hence, the qualitative researcher might choose to use a directed approach to content analysis or the researchers could avoid using preconceived categories (Kondracki et al., 2002) instead allowing the categories and names for categories to flow from the data. To do that the researchers immerse themselves in the data to allow new insights to emerge. This analysis employed the use of content analysis to analyse the form and substance of communication. Underlying meanings and ideas are revealed through analysing patterns in elements of the text, such as words or phrases (Yang, 2008, p689). We have coded based on reoccurring themes from the interview discourse to make observations about the messages conveyed (Babbie, 2013).

Thematic analysis is a widely used qualitative analytic method (Babbie, 2013, Vaismoradi et al., 2013). Qualitative approaches are incredibly diverse, complex and nuanced (Holloway and Todres, 2003, Vaismoradi et al., 2013), and thematic analysis should be seen as a foundational method for qualitative analysis. Thematic analysis is a qualitative analytic method for ‘identifying, analysing and reporting patterns (themes) within data. It minimally organises and describes data sets in detail. However, frequently it goes further than this and interprets various aspects of the research topic’ (Braun and Clarke, 2006). In this case, the research is looking to identify through the interviews, themes that explain how diversity and other board characteristics on the Nigerian corporate boards affect performance.

Interviews were conducted with 32 board members across four major sectors in the Nigerian economy and are on the Nigerian Stock Exchange. The sector selections were informed by their importance to the Nigerian economy and the availability of respondents. According to the Nigerian Bureau of Statistics, the oil and gas industry accounts for 70% of the Nigerian budget and the finance, service and conglomerate sectors are the employers of highly skilled workers in Nigeria, and they are the drivers of the Nigerian economy, hence, their importance in this research. The interviewees consist of 25 men and 7 women. We were only able to reach 7 women first because we are constrained by the few number of women on corporate boards in Nigeria and secondly the unavailability of these women on board owing to a packed schedule of activities. This is no surprise as the literature suggests that heavy workload, assuming long and flexible working hours are key ways to suggest commitment to job and organisation (Hansford et al., 2002) and more so for Nigerian women it is important that they not only show commitment at work but also at home (Adesina, 1992). Of the 25 men, 14 are executives, 11 are non-executives, out of the 7 women interviewed, three are executives, and four are non-executives. All participants are married with children except for one female board member. This shows the importance of managing family and career especially for women in Nigeria (Momoh et al., 2013, Sen and Grown, 2013).

Table 7.1: Research interviewee profile

Gender		Male	Female
		25	7
Age	> 55	6	2
	45-54	19	5
	<45		
Ethnicity	Yoruba	15	4
	Igbo	8	3
	Hausa	2	0
Region	West	19	5
	South	6	2
	North	0	0
Family Formation	Married	25	7
	Married with Kids	25	6
	Single	0	0
Sector Representation	Oil & Gas	14	4
	Finance	6	3
	Conglomerate	3	0
	Service	2	0
Executive and Non-executive board member	Executive Board members	14	3
	Non-executive Board members	11	4
Years in current organisation	> 15	20	4
	< 5	6	2
Educational Degree	Bachelor's Degree or equivalent	25	7
	Master's Degree	22	7
	PhD	8	4
	Overseas degree (any)	10	5
	Domestic degree (only)	14	2

24 participants have been with their current employer for more than 16 years while eight have been with current employers for less than five years. It was important to have regional and

ethic representation in our sample to understand if regionality or ethnicity play any part in board recruitment in Nigeria.

From Table 7.1 we see that most of our research respondents are employed in the Oil and Gas sector (18) and finance sector (9) second mainly due to access reasons. In the Oil and Gas sector, ethnicity is about the same for Igbo (7) and Yoruba (11) with only one Hausa. A good number (5, 5) have a PhD in the Finance and Oil and Gas sector in Nigeria with at least a degree (6, 8) obtained from universities abroad. These figures, however, does not necessarily describe the leadership of the companies on the NSE more generally.

A code was assigned to each participant such as OGMY1. The first two letters denote the sector (OG= Oil and Gas). Only in this case do we have two letters denoting the sector. Other sectors have one letter representation i.e. F (Financial), C (Conglomerate), S (Service). The next letter represents Gender: M for male and F for female. The next letter Y denotes the ethnicity of the interviewee. There are over 500 ethnicities in Nigeria, but the three major tribes are Yoruba (as in the case of the example), Igbo and Hausa. Finally, the number 1 signifies the chronology of the interviews and for referral back to the transcripts.

There are six main themes, which are deduced from the interview to achieve research objectives. They include the following;

- Social Networking reducing chances of women and minorities from reaching boardroom appointment
- Regionality/local content and a biased board composition
- Social acceptability: its effect on board composition
- Quality versus Diversity
- Double Shift for women and minorities
- Leadership Structure

Table 7.2: Research Interviewee profile by sector

		Financial		Conglomerate		Service		Oil and Gas	
Gender		Male	Female	Male	Female	Male	Female	Male	Female
		6	3	3	0	2	0	14	4
Age	> 55	6	1	0	0	2	0	15	3
	45-54	0	2	0	0				
	< 45								
Ethnicity	Yoruba	5	2	3	0	0	0	8	2
	Igbo	1	1	0	0	2	0	5	2
	Hausa	0	0	0	0			1	0
Region	West	5	2	3	0			8	2
	South	1	1	0	0	2	0	5	2
	North	0	0	0	0			1	0
Family Formation	Married	6	3	3	0	2	0	8	1
	Married with Kids	6	3	3	0	2	0	5	2
	Single	0	0	0	0	0	0	1	0
Executive and Non-executive board member	Executive board members	3	2	3	0			8	1
	Non-executive board members	3	1	0	0	2	0	6	3
Years in current organisation	> 15	5	2	3	0	2	0	10	3
	< 5	1	1	0	0	0	0	5	1
Educational Degree	Bachelor's Degree or equivalent	6	3	3	0	2	0	14	4
	Master's Degree	5	3	2	0	1	0	14	4
	PhD	3	2	1	0	0	0	4	1
	Overseas degree (any)	3	3	1	0	0	0	6	2
	Domestic degree (only)	3	0	2	0	3	0	6	2

Source: compiled from interviews.

Table 7.3: Participants/themes

THEMES	RESEARCH OBJECTIVE	INTERVIEW	LITERATURE
Social Networking	To understand how social networking affect the chances of women and minorities from reaching boardroom appointment	OGMY2 OGFY12 FFY3 OGMI17	(Grant and Taylor, 2014, Ujunwa, 2012, Oakley, 2000, Chovwen, 2007)
Regionality/local content and board composition	To find out the importance regionality/local content on board composition of Nigerian firms and if causes bias	OGM18 OGFY4 BMI10 CM122 SMY16	(Okonjo-Iweala and Osafo-Kwaako, 2007) (Ibrahim, 2016a)
Social acceptability	To understand the context that women and minorities operate in the Nigerian society and how/if this effect is carried over to the Nigerian corporate world	BFY11 BFY12 OGY6 OGMY2 OGMI117 CMI22 FFY3 OGFI14 OGFY13	(Chovwen, 2007, Mordi et al., 2010, Terjesen and Singh, 2008, Yap and Konrad, 2009, Terjesen et al., 2013)
Quality versus Diversity	To understand top managerial position requirements and how firm decide the best candidate on quality and diversity of the candidates	OGMY2 BFY12 BFY11 CMY22 ITMY19 BFI13 OGY3 OGFI13	(Adesua Lincoln and Adedoyin, 2012, Carter et al., 2010, Carter et al., 2003, Powell et al., 2002, Powell and Graves, 2003)
Double Shift for women and minorities	How does double shifting for women and minorities on the Nigerian corporate firms affect their career path	BFY11 BFI13 OGMY3 CMY22 BFY11 BFI13 FFY1	(Blair-Loy, 2009, Chovwen, 2007, Oakley, 2000, Syed and Van Buren, 2014)
Leadership Structure	The effect of leadership structure on the decision-making process of the firm and how it affect firm performance	OGMI7 OGFY12 OGMY3 OGMY2 OGMY1	(Carter et al., 2010, Dalton et al., 1998, Dalton and Kesner, 1983, Rechner and Dalton, 1991)

7.2 Characteristics of board members and its effects on organisation performance

According to Fondas and Sassalos (2000), better corporate governance should be attained when there is a varied exchange of experiences and voices on corporate boards. Examining the characteristics of the corporate boardroom is important to understanding organisational culture, corporate governance best practices and how they influence organisational performance. Our quantitative research suggests a negative result and we want to establish whether this is because the women on boards are too closely linked to the owners or if they do not have an effective voice, we therefore will use qualitative methods to check our result. By doing this we get a sense of how gender and minorities on corporate board are appointed and how they affect decision-making processes. These issues have been extensively explored in the literature review, researchers agree that key variables like social networking, skills, experience and social acceptability play a major role in boardroom appointment (Carter et al., 2007, Ujunwa, 2012). Under-representation of women and minorities on corporate boards can be the result of discrimination as a consequence of the social networks they belong to, and the social acceptability of women by the society to which they belong (Mordi et al., 2010).

Specified in the literature particularly in Lord Davies of Abersoch (2014) is the fact that some of the benefits of diversified corporate boards are that they improve performance and generate higher creativity. They also give access to the widest talent pool, bring innovation and quality decision-making at individual and group levels and mean that firms are being more responsive to the market and achieve better corporate governance. This study hopes to explore these points in an emerging country context such as Nigeria where good governance is critical but is also developing. Therefore, we will critically analyse the interviews of respondents at the executive board of director level, to examine where these characteristics are most critical and to analyse quantitative data to see if any of these characteristics affect the financial standing of Nigerian corporation on the Nigerian Stock Exchange.

According to (Zahra and Pearce, 1989) board functioning is highly related to organisational performance, the question this study hopes to answer is whether increased diversity of the boardroom affects overall company performance in an emerging country context such as Nigeria which has a complex history in diversity in both attitudes to women but also to people of different ethnicity. According to Finkelstein and Hambrick (1996), there are two key functions for boards that are highly related to the performance of the organisation. First, boards are commonly the most influential players defining strategy/direction and decision-making inherent in their structural position. Second, boards fulfil a monitoring role that may include representing shareholders, monitoring proper use of organisations' wealth, response to takeover threats and hiring, compensating and monitoring the performances of top management.

Taking into consideration Finkelstein and Hambrick (1996)'s research, Fondas and Sassalos (2000) argue that the presence of women directors help a board execute its strategic function because their experience is often closely aligned with company needs. For example, Fondas and Sassalos (2000) note that women may have a slight edge over men regarding impacting strategic planning. Consequently, women can potentially help the board fulfil its strategic role. Women tend to take the director's role very seriously, which can lead to improved corporate governance through more questioning and open discussion (Fondas and Sassalos, 2000). The presence of women on boards, according to the literature, leads to more civilised behaviour and sensitivity to other perspectives, as well as a more interactive and transformational board management style (Terjesen and Singh, 2008). Companies without women directors may find that large investors such as pension funds start to question whether to put their funds in companies not demonstrating equal opportunities at the top. Also, women directors play an important part as role models for younger women and symbolise career possibilities to prospective recruits (Zelechowski and Bilimoria, 2004).

Burke (2000) offers some additional practical reasons why firms should consider adding qualified women to the board. He notes that in general there are not currently enough talented directors to go around, a point that is also relevant to an emerging country context. Men currently serving on boards do not have the time to take on additional responsibilities. This makes the continuing reliance on male CEOs for board members less practical and potentially dilutes quality. Therefore, firms should expand their searches beyond the traditional talent pools. He also notes that women can add important symbolic value both inside and outside the organisation, thereby linking the firm with other constituencies. However according to Singh and Vinnicombe (2004) the philosophy that there are not enough talented CEOs is a way to exclude outsiders and to socially exclude women and minorities from reaching to managerial positions. In Nigeria, the latter is potentially the case as women occupy many subcommittee seats e.g. remuneration, audit, compensation and management resources, etc. but do not get to board membership. Furthermore, according to Ujunwa et al. (2012) research in Nigeria, concluded that when there is an influx of women in management, it signals to shareholders that change is about to take place, and the ripple effect causes encouragement amongst shareholders which might then result in an increase in share price. Also in Lückerath-Rovers (2013) study, through examining 99 listed companies in the Dutch Female Board Index, they concluded that firms with women directors perform better than those without women on their boards.

According to Ogbechie (2012), the Nigerian corporate world is a managerial hegemony which makes the board an old-boys ran club making the board set up a legal fiction. Hence, it is imperative to allow an environment for women and ethnic and regional minorities to have a voice on corporate boards. Selby (2000) interviewed women board members from top US firms and observed that by including gender diversity on their boards, firms concomitantly included diversity in other experiences and values. She notes that the “questioning culture” of a board can be influenced, in a positive respect, by having women board members. This assumption is made with the premise that women and minorities are entering an exclusively male dominated circle. Otusanya et al. (2013) and Ujunwa (2012) are supportive of the above, stating that women directors help foster competitive advantage by dealing effectively with diversity in labour and product markets. It is important however, that women and ethnic minorities should be given an opportunity to prove their value on corporate boards not just for the access they provide but also for their competence and managerial abilities. Otusanya et al. (2013) see women directors as champions for change because in most cases they are relatively younger than their male colleagues are and are open to relatively newer ideas and approaches to doing business. Ujunwa (2012) argues that the board should reflect the diversity of the firm’s customer base and labour pool.

These arguments may well apply to regional diversity as well as gender diversity. According to Maume (1999), there is a positive correlation between race on corporate boards and financial performance in some US top organisations. Despite an extensive body of literature examining the relationship between women on boards and firm financial performance, the evidence is mixed. According to Post and Byron (2015) who compared studies by statistically combining the results from 140 studies and examine whether these results vary by firms' regulatory and socio-cultural contexts. They found that female board representation is positively related to Tobin's Q and that this relationship is more positive in countries with stronger shareholder protection. They explained that this result might be so because shareholder protection motivates boards to use the various boardroom characteristics to good effect. They further claimed that even though the relationship between female board representation and market performance is near zero, the relationship is positive in countries with greater gender parity and negative in countries with little gender parity like in the case of Nigeria in our research. (Post & Bryan 2015). They believed this because of societal gender differences in human capital, which may affect shareholder's assessment of the future earning prospect of companies that have greater female directors.

Hence, this chapter explores, using interviews from key sectors of the Nigerian economy, the effect of diversity on boardroom characteristics in the Nigerian corporate organisation.

7.3 Social Networking amongst appointed board members

Several related theories of social groups (e.g., attraction-selection-attrition, homo-social reproduction) examines how people seek to have interaction with people with the same demographic profiles, perspectives, and values, which are then reinforced in intragroup communication (Terjesen et al., 2015b). Tajfel (1986)'s social identity theory explains that individuals describe themselves according to the groups they represent such as gender, race, class, and occupation. In most cases, there is segregation into insiders and outsiders, and people are more likely to give or proffer allegiance to people they regard as insiders, making it harder for outsiders to infiltrate the team.

Even with an increase of women on FTSE 100 boards in March 2018 to almost 27.7%, up from 20.7% in 2014 the UK as still not reached the 25% target (Griffiths, 2018). Oakley (2000) commented on career barriers hindering women from achieving CEO positions in the USA, which are also very relevant for the West African context and for women trying to achieve elite positions on corporate boards. This is especially relevant to Nigeria as indicated by the result of this research quantitative analysis, which going by our preferred model – fixed effects model, we found no significant relationship between gender and our performance indicators. Organisational barriers include informal and hidden senior promotion processes (Alimo-Metcalfe, 1995) (Patton and McMahon, 2014) and lower pay for women (Ruggie, 2014, Oakley, 2000). Behavioural and cultural explanations include gender stereotyping of leadership (Cuadrado et al., 2015); gendered communication styles (Grant and Taylor, 2014); management and “fit”, corporate culture, power dynamics, old boys’ networks and social exclusion (Dougherty et al., 2013), as well as elements of tokenism (Kanter, 1977a).

Research reports these barriers are not peculiar to western corporate boards but also apply across Western and African countries, particularly in male-dominated organisations e.g. Fakeye et al. (2012), Ujunwa (2012) in Nigeria, Nkomo and Ngambi (2009) in Ghana, (Wachudi and Mboya, 2012) in Kenya. Many of these barriers may be unintentional, subtle forms of discrimination. As their gender is the norm in the business world, most males would experience organisations differently to females, and hence be unaware of what it means to be different. Appointment to the board and senior management positions is often based on political connections, ethnic loyalty and religious faith as opposed to considerations of efficiency and professional qualifications, cabal mostly dominated by men (Yerokun, 1992). Omotola (2007b) and Obi (2001) outlined some of the hurdles women face in getting to top positions in an organisation in Nigeria. The reasons are not farfetched, it is the way women are viewed by the institutions which are a reflection of the public (Meyerson and Tompkins, 2007, Wood, 2006), "unsupportive working environment, organisational culture, national cultural barrier, poor career planning and difficulty in balancing career and family" (Richard Iyiola, 2011, Friedman and Greenhaus, 2000).

In Nigeria it is adjudged as an abnormality for women to take part in public affairs; women who undertake careers that are reserved for men are titled ‘wayward women’ (Okeke, 2017). Thus, women’s behaviour may be different in organisational life compared to men. Women often shun the use of impression management, the strategies and tactics which people use to manage their reputation and the perception of their image held by others, especially at work (Vinnicombe and Singh, 2002). Such strategies include self-promotion of ambition and achievements; upwards influencing behaviours such as relationship building with managers and other key people; and ensuring other high-performance behaviours may directly affect material outcomes. For example, ensuring that one's competence, commitment and ambition are visible to senior managers may result in improved performance ratings as well as attracting more resources for their team. However, women tend to be more modest than men, and they often prefer to share praise rather than take credit due to their personal efforts, and they believe in the fairness of the formal structures (e.g. promotion systems) of the organisation (Rudman and Glick, 2001). Hence women do not easily gain upwards visibility, and they tend to dislike and avoid organisational politics (Frank, 2014), which may not be designed to suit their learning or working styles. Women often have different values, choose different paths and don’t plan their career portfolios (Vinnicombe and Singh, 2002). However questioning the ambition of women based on managerial style differences or visibility issues making then supposedly less qualified CEOs is not plausible (Iannotta et al., 2015, Lückerath-Rovers, 2013).

In a survey sponsored by the International Women's Forum, (Geoffrey and Liu, 2015) found some surprising similarities and some significant difference between men and women leaders. Among these similarities are characteristics related to money and children. They found that the men and women participants earned the same amount of money (and the household income of the women is double that of the men). This finding is contrary to most studies, which find a considerable wage gap between men and women, even at the executive level (Lips, 2013, Gregory-Smith et al., 2014). Geoffrey and Liu (2015) further concluded that just as many men, as women, experience work and family conflict, but the similarities end when men and women describe their leadership styles and how they interact with colleagues in the workplace. In an additional report by Desvaux and Devillard (2008) for McKinsey & Company, further research was conducted which confirms a correlation between how well a company performs and the proportion of women it has to its management team. They found that one element of the answer lies in the way they exercise leadership. Indeed, some leadership behaviours, observed more frequently among women than among men, have a positive impact on a company's organisational output. In this way, women complement and enhance the range of leadership behaviours that are critical to corporate performance (Desvaux et al., 2007). They chose nine key criteria: leadership team, direction, work environment and values, accountability, coordination and control, capabilities, motivation, innovation and external orientation. Using this tool, they established a correlation between a company's level of excellence in these nine areas and its financial performance. On average, the companies ranked most highly according to these organisational criteria tend to have operating margins twice as high as those of the lowest ranked (Desvaux et al., 2007).

Eagly et al. (2003) established a correlation with financial performance with the existence of a "critical mass" of at least three women in a corporation's management team showing whether the presence of women in itself or only in sufficient numbers contribute to organisational performance that could explain the positive correlation. They also found nine leadership behaviours that improve organisational performance: participative decision making, role model, inspiration, expectations and rewards, people development, intellectual stimulation (Eagly, 2007, Eagly et al., 2003). They found out that women use the following five leadership style - people development, expectation and rewards, role model, inspiration and participative decision making - more frequently than men. Men, however, adopt two behaviours (Control and corrective action and Individualistic decision making) more often than women with no significant difference in the frequency of use between women and men for the two remaining behaviours (intellectual stimulation and efficient communication). Men were more likely than the women to describe themselves in ways that characterise what some management experts call "transactional" leadership.' That is, they view job performance as a series of transactions with subordinates-exchanging rewards for services rendered or punishment for inadequate performance. Men were also more likely to use the power that comes from their organisational position and formal authority. The women respondents, on the other hand, described themselves in ways that characterise "transformational" leadership-getting subordinates to transform their self-interest into the interest of the group through concern for a broader goal. Moreover, they ascribe their power to personal characteristics like charisma, interpersonal skills, hard work, or personal contacts rather than to organisational stature.

Chovwen (2007) conducted research on "barriers to acceptance, satisfaction and career growth of women in Nigeria. He used in-depth interviews with 32 female executives between the ages of 40 to 58 years who have a minimum qualification of a first-class degree and have spent not less than one year in their present positions as executives in the health, judicial, finance and education sectors. He concluded that women are considered alien within the culture of traditional male occupations, a culture that promotes camaraderie among the male folk and women are not admitted. To the respondents, acceptance connotes a positive attitude, a warm atmosphere. A person feels welcomed when he or she is part of decisions made in that environment. Factors that indicate perceived lack of acceptance include subtle and blatant discriminatory practices, exclusion from networks. Interviews by Chovwen (2007) were conducted in two focused groups, and one of the quote says:

> *Sometimes when there is going to be a meeting, the head of the department will say, do not call her, she is a radical. This is because, I speak out, and I tell them the things they do that are not right. ... There is an underlying current of resistance, very subtle. One is sometimes shut out. It is a very complex situation, but women who want to remain in such situations have to persevere*
>
> *(Chovwen, 2007)*

Women experience a lack of acceptance if they are perceived as being strict, uncompromising and as a source of challenge and opposition. According to Agbalajobi (2010), some women executives adopt this "deviant attitude" to dispel the notion that they are weak. Unfortunately, this supposed "deviant attitude" is born from the stereotypical expectation of women in the Nigerian society, which is informed, by cultural norms and religion. Hence, these behaviours are seen to be contrary to expectation, and such individuals are tagged or given names such as “Iron lady” or Margaret Thatcher.

There are differing views between senior women and CEOs regarding the barriers to progress to board positions. In a US survey in 2016, Patricia & Linda (2016) reported that most CEOs (82 percent) thought that women were held back by a lack of significant general management or line experience, compared to only 47 percent of the senior women. A notably 64 percent of CEOs thought that women had not been in the pipeline long enough, compared to only 29 percent of women. While 52 percent of the senior women thought male stereotyping held them back, only 25 per cent of the CEOs agreed. Similarly, almost half (49 percent) of the women said that exclusion from informal networks was a barrier, compared to only 15 percent of the CEOs. Other factors include caregiving and women’s choice, sex discrimination.

As earlier pointed out social identity theory (Tajfel (1986) explains that individuals define themselves according to their affiliations to certain groups such as gender, race, class, and occupation. Hence, the insiders are protective of the caucus seeing anyone else as outsiders and are more likely to provide better assessments or appraisal of the insiders, making it more difficult for outsiders to join these groups. These theoretical frameworks have been used, independently or in parallel, to describe the exclusion of women and ethnic minorities' from social networks. For example, Daily and Dalton (1995) describe how CEOs, who are mostly men, are more likely to lead boards composed of individuals, of similar gender, as well as age, background, and experience. Social identity, social network and cohesion theories have also been put forward as possible explanations for the paucity of women on boards (Terjesen and Singh, 2008).

The effect of social networking on a board cannot be over-emphasised. According to the result of the interview, social networking is crucial to getting boardroom level appointment.

> *"Birds of the same feather flock together. The only thing I can think of really is a recommendation by referral. We advertise positions but if for instance I knew someone capable and experienced for the job I can recommend. Which is also very important because we have a prior relationship".*
>
> *OGMY2*

Social network theory predicts that individuals with access to resources valuable to the company are likely to have the best chance of entering the exclusive network. Ackah and Heaton (2003) affirm that women were excluded from the networks through which they could make themselves known and learn about promotion processes. This is not peculiar to developed economies. According to Ujunwa (2012) When the board size is increased by increasing representation to outsiders, it is likely that there will be an ethnic diversity of board members in general. Such diversity is considered a strategic resource and provides a link to different external resources, therefore when the resource they provide could be the gateway to boardroom appointment. A study conducted in Tanzania showed that women who do not network remain vulnerable and liable to being rendered invisible and never remembered when promotions were being discussed (Izraeli and Adler, 1994). The ability to network was perceived as a business skill that is essential for building relations with clients, and as a method by which one‛s visibility to senior management is demonstrated, and this way enhances career progression (Groysberg and Bell, 2013). According to Ackah and Heaton (2003), a network of friends, colleagues, and clients can be valuable means to career advancement because it can prove beneficial in getting things done. Employees who network with its customers look good to management because they help to strengthen the employer‛s stability (Groysberg and Bell, 2013).

> *There is an inherent culture on board that causes hindrances to women been heard in the boardroom or for new female directors to get an entry. This is the issue for many years now.*
>
> *FFY2*

Directors are nodes in a network of organizational linkages, and contribute resources such as information and knowledge to their board, their organization, and to other members of the network, sharing power and acting as a socially cohesive group (Carpenter and Westphal, 2001). A board is a privileged closed group with its rules and ways of thinking. Directors facilitate invitations to join other boards, by recommending and sponsoring colleagues like themselves, whom they know are likely to fit the existing mold.

7.3.1 Participation in Social and Professional events

DeCenzo and Robbins (2007) say that to increase visibility, women need to participate in social activities. This includes being seen at social functions, being effective in professional associations and developing powerful allies who speak well of you. Attending social gatherings increases one's visibility. According to Aswathappa (2005), one‘s presence at social functions and events provide social interaction and a source of information about career opportunities. To enhance career advancement opportunities, one needs to join a support group to be able to listen to others and develop empathy and other key interpersonal relationships. This can be a challenge to women especially when the institution requires their presence at formal gatherings e.g. dinners or cocktails that end quite late since they must balance work and family needs. According to Walsh and Borkowski (2006) professional networks provide instrumental benefits to their members such as information exchange, access to resources and promotional opportunities. Hansen (2008) asserts that it is important for one to focus on people with power and influence in the organisation to benefit from their clout. More often than not focusing on people at higher levels requires time, significant commitment, drive and passion that eventually drives results. She observes that women tended to focus on people at lower levels than themselves.

Board relationships can also be explained using gendered theories of trust (Buchan et al., 2008, Walsh and Borkowski, 2006). While trust is variously defined in the literature, scholars in many fields identify gender differences, for example in trusting behavior, with men more likely to have the basis of their confidence in others, particularly shared group status (collective trust), and women more likely to trust both on this mutual trust as well as on the basis of a personal relationship (relationship trust) (Molloy et al., 2010). To this end, Walsh and Borkowski (2006) researched that women found a way to appear as good prospects to elite groups on corporate boards by proving to be invaluable. Hence, women may find it hard to break into the elite circle;

"…yes. It is cliché, but it is true especially in Nigeria. The top guys are only a group of few, and it is hard to get in unless you prove yourself invaluable to them…"

OGFY12

This indicates that for women and ethnic minorities on boards they have to very relevant to the organisation and other board members (be an ally) to have a voice at the board level. This could be an explanation for our quantitative analysis result, which shows no relationship between gender and firm's performance. Traditionally, board members have been chosen from the ranks of existing CEOs (Gutner, 2001); and, because CEOs are mostly men, they engage in homo-social reproduction, or placing others on the board who have the same general characteristics-including age, gender, background, and experience (Daily and Dalton, 1995). We conclude that this is not only affects women but also ethnic minorities on boards as most Nigerian corporate boards are ethnically mixed. According to Okike (2007), it is called "The Nigerian Factor". It has political, ethnic, religious, socio-economic connotations.

"...this company is owned and situated in Lagos. I know it is a cosmopolitan city, and you find more westerners on board here or those who have lived here for a while. It is not strange to find that link in most companies".

BMI10

As a result, in the Nigerian corporate world, men are more likely to get an advantage as a result of their social networks. As a participant inadvertently acclaimed that, the disparity in the ratio of men and women on board might work to the disadvantage of women;

"…Like in the board of xxx, it is almost 50/50 gender diversity. In my previous employment xxx it was more 80/20 in favour of men and can sometimes make decision skewed towards the clique on the board."

OGMY2

Some more forward thinking sectors in Nigeria like the banking sector is enforcing quota system on corporate boards to improve gender diversity. The effectiveness of the quota system is well debated in the literature. According to Wang and Kelan (2013) using a sample of Norwegian quoted companies in the period of 2001–2010 to explore whether the gender quota requiring 40 % female directors on corporate boards changes the likelihood of women being appointed to top leadership roles as board chairs or corporate CEOs. Their empirical results indicate that the gender quota and the resulting increased representation of female directors provide a fertile ground for women to take top leadership positions. The presence of female board chairs is positively associated with female directors' independence status, age and qualification, while the presence of female CEOs is positively related to the average qualification of female directors. Firms with older and better educated female directors are more likely to appoint female board chairs. It is also important to note that most corporate boards have only one woman director or a small minority of women directors. Therefore, they can still be considered as tokens. Torchia et al. (2011a) therefore tested a sample of 317 Norwegian firms to check if at least three women could constitute the desired critical mass. The results suggest that attaining critical mass – going from one or two women (a few tokens) to at least three women (consistent minority) – makes it possible to enhance the level of firm innovation. Moreover, the results show that the relationship between the critical mass of women directors and the level of firm innovation is mediated by board strategic tasks.

This is emulated by the Nigerian Central Bank, the primary regulator for Nigerian financial institutions, who announced a regulatory directive requiring all banks operating in Nigeria to meet a quota of 30% participation by women on boards. The directive also requires banks to ensure that at least 40% of management is composed of women, as well as include reports on representation of women within their institutions in their annual reports statistics. The Governor of the Nigerian Central Bank outlined how this was intended to stimulate women's participation in development and nation building, furthermore explaining that the regulatory action was taken based on recognition of the underrepresentation of women among the leadership of financial institutions (Adebowale, 2012). The hope is that by changing the landscape of the financial sector, the regulatory directive would spur change in other market sectors as well.

Though the regulatory directive represented a definite step toward parity, subsequent studies have revealed that many financial institutions continue to fall short of the 30% target. For example, Women in Management, Business and Public Service—a Nigerian non-profit organization that advocates for the success of women in the workplace—found that 19% of board members for Nigerian banks were women as of 2014 (Adebowale, 2012, Ogbechie, 2016). While this percentage falls significantly short of the 30% target identified in the regulatory directive, 19% is considerably higher than the countrywide average of 11.5% and the continental average of 12.7%. Moreover, this percentage has increased from 15% to 19% since the announcement of the regulatory directive in 2012, suggesting that some progress toward gender equality in Nigeria is being made (Ogbechie, 2016).

Furthermore, women in the Nigerian corporate world consider themselves well placed to get to the top position in their respective firms with increasing number of women on subcommittees e.g. audit, remuneration, etc. However, some of their male colleagues believe that this increase of women representation on subcommittee is an adequate accomplishment for their firm.

> *"Absolutely. I do know many instances, at least here, where the number of women has outstripped the target this has not stopped them from recognition".*
>
> *OGMI17*

To improve boardroom membership women are using forums provided like Women in Management, Business and Public Service to clamour for support of each other. This is not a new concept. According to a report by Vinnicombe et al. (2015) Women are taking the initiative to increase female representation by building around the perspectives and insight of women themselves. The inaugural Global Women's Leadership Forum brought together 400 women across four regions simultaneously, inspiring them as mentors and role models too, in turn, encouraging the pipeline of talented women coming behind them.

> *"…That is why we, the few women God has given the opportunity to be here, have to stick together. There are men's circles whether we like it or not".*
>
> *FFY3*

In summary, social networks on boards play a crucial role in interactions and dynamics on Nigeria's corporate boards most of which is dominated by men and ethnicity. Women and ethnic minorities are contending with homo-social reproduction of established board members, which makes women and ethnic minorities outsiders. However, with policy initiative like that in the finance sector, if replicated in another sector, could see a 30% representation of women and ethnic representation on corporate boards and as literature suggest is likely to improve monitoring, accountability and financial performance of organisations on the Nigerian Stock Exchange.

7.4 Regionality/local content and board composition?

7.4.1 Regionality and Catchment area in Nigeria

Some studies employ a resource dependency lens that views firms as operating in an open system and needing to exchange and acquire certain resources to survive, creating a dependency between the firm and external units. Within the corporate governance literature, firms seek linkages with the most beneficial resources and structure membership on the corporate board on this basis. Building on Salancik and Pfeffer (1978) arguments that board ties provide advice/counsel, legitimacy, and communication channels, scholars highlight the significant resources from directors' human capital and social capital.

This sits in contrast to the focus on monitoring and control role that emerges from the separation of ownership and control and the resulting principal-agent problem in modern corporations (Fama and Jensen, 1983a). The board of directors is seen as an internal governance mechanism aiming at monitoring managerial behaviour and the quality of managerial decisions. Resource dependence theory (Salancik and Pfeffer, 1978) suggests that boards have an additional role in linking the firm to its external environment to secure critical resources. Board member networks and contacts are crucial for their ability to perform the role of boundary spanners securing contacts for their companies. Furthermore, the knowledge and expertise of board members are vital for their ability to provide necessary advice and insights into the organisational phenomenon and therefore to support management in making sound decisions.

According to Hilson (2012), Corporate Social Responsibility was advocated against by some multinational corporations and by the 1980s, the rhetoric had changed dramatically. The very managers of the profit-making enterprises who, only a decade earlier, had questioned the role of CSR in business and seemed willing to violate regulations to maximise profits, were now openly embracing it. However, how it is executed/implemented in developing country may be different. One of the benefits of CSR according to the law of the Federal Government of Nigeria for catchment areas, especially in the extractive industry (Oil and Gas), is that a quota of its junior level staff in technical roles must be from the catchment area. Companies, therefore, use this to pay back and form real alliances with the community they work at:

> *"I cannot speak for the company on this matter but what I do know for a fact is that there is a Federal government policy around what is called catchment area and that applies only to junior staffs. Moreover, what the catchment policy says is 70% of your workforce, junior staff, must come from your catchment area, so, and*

we have operations in the Delta of course. So, what that means is that 70% of the workforce, junior staff that is the target should be from that area. That is what I can say".

OGMI8

Many of our interviewees believe it the right thing to do, and it is progressive since multinational companies in the explorative environment have affected the oil-blessed regions in Nigeria adversely. Their actions have affected the livelihood of the inhabitants of the region through oil spillage, gas flaring, etc.

Consequently, the Niger Delta region has been engrossed in conflicts and violence that has hampered development, created insecurity, and has caused Nigeria's daily oil production output to drop. Consequently, Nigeria loses revenue. Youth restiveness which has metamorphosed into the proliferation of arms, the emergence of militias, kidnapping, armed robbery, inter-community clashes, etc. has become an obstacle to economic growth and developmental drive pursued by the relevant authorities tasked with providing and ensuring a good life for the citizenry. Protests, (which are sometimes violent) have been seen by communities as a major way of attracting the attention of the oil companies, government and the general public to their plight (LaMonica and Omotola, 2014, Bello and Olukolajo, 2016).

According to Hilson (2012), taking the case of Nigeria where Royal Dutch Shell has been extracting oil in the Niger Delta since the late 1950s. In 2010, the company ranked 27th on the list of the World's Top175 Economic Entities, generating US$378.152billion in revenues, while its host ranked 56th on this list, with a GDP of US$193.669billion. Although Nigeria ranks 148 out of 180 countries in the Corruption Perceptions Index (International, 2015), this has not discouraged investment from European and US-based oil companies. Previously, especially during the military era, multinational oil companies responded to these protests by securing the assistance of the Nigerian police or military to terrorise and brutalise the people (Anthony and Pratt, 2015). However, instead of a decrease in such protests, most of which relate to unemployment, environmental degradation, destruction of the means of livelihood and lack of access to healthcare delivery, the region has become extremely volatile and portend danger to potential investors. It has also destabilised oil companies' operations as most of their workers, and oil installations have fallen victim to the extra-judicial approach of host communities. Consequently, oil companies have decided to increase their corporate social responsibility towards host communities. It is believed that these will be the antidote or panacea to youth restiveness in the region.

"…plays a role at the technical level not in leadership level. Junior level of employment. There are some jobs allotted to the Delta where the company is located. They must qualify technically but the geographical location matters in their case… I think we have got it right there".

OGFY4

However, some participants believe that the idea of the catchment of local content is not only practised at junior level but also even at board level. It is felt that they stand as representatives of the community on board. However, the dominance of the number of the locals on boards is called into question. It is commonplace that the composition of the board is dominated by the region/ethnicity where the owner of the firm comes from. However, some directors believe that directorial recruitment and appointment using the catchment system is a process that results in mediocrity, nepotism and racial prejudice.

"Ethnic diversity is usually a panacea for perpetuating mediocrity, nepotism and as such should not be encouraged." CMI22

Other academic research in Nigeria also suggests that appointment to the board, senior management positions and even lower cadres are often based on political connections, ethnic loyalty and religious faith as opposed to considerations of efficiency and professional qualifications (Akanki, 1994a, Yerokun, 1992).

"We are a privately-owned establishment, we encourage diversity regionally but not at the expense of professionalism".

CMI22

Most Nigerian firms believe ethnic and gender equality is a corporate practice that should be adopted, however they do not think it improves the financial performance of the firm. They believe the quality of decision making on board makes the difference and since most female or ethnic minority voices are ignored on boards, they do not recognise their contribution. However, their contribution is mostly not acknowledged because they are seen as token on firm boards because of an imposed quota on board or because they are the only woman on a board. In Terjesen et al. (2009) analysis of interviews with 37 women directors, 12 CEOs and 7 corporate secretaries from *Fortune* 1000 United States companies they found out that women who have served alone (and those who have observed the situation of one woman on a board) report that lone women are often not listened to. Respondents described a lone woman making a valid point, being ignored, and then hearing a male director be congratulated for saying the same thing shortly after that. Lone women are often excluded from socialising with other board members and even from some decision-making discussions.

7.4.2 Political Influence on Corporate Governance in Nigeria

Why do firms prefer to be politically connected? Is political connectedness always linked to political corruption? Researchers have noted that firms try to achieve economic advantages over their competitors in a variety of ways, including preferential treatment by state-owned banks in obtaining credit, easier access to government contracts, lighter taxation, and a more relaxed regulatory environment.

The relationship between political corruption and economic performance has been a focus of attention ever since Olsen and Eadie (1982) argued that special interest groups could cause the stagnation and decline of nations. Shleifer and Vishny (1997) developed the argument that corruption is a destructive force in developing countries such as Nigeria. They believe that weak institutions, and the political connectedness of firms, provides a fertile ground for political corruption, especially when there is evidence of ‘‘abuse of public office for private profits" (e.g., (Kaufmann and Vicente, 2011, Ujunwa, 2011)). As a result, anti-corruption policies have become a central component of development strategies in many countries and the World Bank alone has supported more than 600 anti-corruption programs since 1996 (Banerjee et al. 2012).

Based on the World Bank's Enterprise Surveys of approximately 8000 firms in 40 countries, they can show that ‘‘privileged" firms are rewarded with an improved business environment (lower administrative and regulatory barriers, greater pricing power, and easier access to credit). However, these firms also provide politically valuable benefits to politicians through higher employment, bloated payrolls and greater tax payments. These “privileged"” firms are found to be worse performers than their non-influential counterparts.

According to (Adekoya, 2011), it is easier for a politician to enter the board of a firm if the company is state owned. However, not all politically appointed managers or members of boards of state-owned companies are corrupt. Still, it is reasonable to hypothesise that if the state is a significant shareholder and politicians can appoint less capable but politically loyal managers and board members, an abuse of corporate governance mechanisms and political corruption might exist. Consequently, if politically appointed managers and board members serve the interest of political parties (e.g. by providing money for their activities) and also serve their individual interests (e.g., achieving promotion and higher pay), the principal-agent framework suggests that the quality of their decisions will be suboptimal, and the firms are likely to be less productive. If this political interference in management decisions occurs in a significant number of firms, the negative effects will also appear at the macroeconomic level (Adegbite and Nakajima, 2011).

Nigeria provides an interesting context in which to study the effects of external factors, due to the distinctiveness of its corporate governance system from the Anglo-American systems, such as the founding families who frequently retain control, play dominant roles in the management, and are responsible for corporate strategic direction and performance outcomes of public listed companies. Nigeria presents an evolving corporate governance system, significantly influenced by notable agents of convergence (e.g. politicians, former ministers, etc.), and provides a useful platform from which to examine the influences shaping the evolution, construction, expectations and expressions of corporate governance, in developing countries.

In the post-colonial period Nigeria, like many developing countries adopted an interventionist development strategy that involved restrictions on foreign ownership and an active role for government in key economic sectors, especially infrastructure and oil and gas. This development strategy, operating in a context of weak market institutions and a lack of robust political democracy, did not result in responsible corporate governance. In recent years, international economic pressures have induced the country to adopt a program of economic liberalisation and deregulation. Advocates of the reforms tout their potential not only for generating greater economic growth but also for contributing to more responsible corporate governance (Ahunwan, 2002). However, there are sceptics of the new direction.

A huge problem associated with majority ownership in Nigeria is government ownership (and influence). In corporations, wholly owned by the government, corporate governance and partisan political considerations merge. Several years of military rule and high levels of corruption have adversely affected the management of public sector corporations. Appointment to the board, senior management positions and even lower cadres is often based on political connections, ethnic loyalty and religious faith as opposed to considerations of efficiency and professional qualifications (Akanki, 1994a, Yerokun, 1992). With every change in government and the leading party, alliances have to be made/changed to lobby for contract and get political favours hence the appointment of a key political figure on the corporate boards. Furthermore, according to Bhagwati, 1982 as cited in Ahunwan (2002) coming under the authority of government ministries, these corporations are also subject to the rent-seeking behaviour of politicians and bureaucrats, which further reduces the level of professionalism and productivity in these enterprises.

According to Ujunwa (2012), most board chairpersons in Nigeria are retired military generals, ex-ministers and relations of ex-Nigerian leaders having close links with the firm owners as a result of ethnic affiliation. This arrangement allows well-connected economic agents to earn returns above those that would prevail in an economy where the factors of production were priced by the market. Firms use these cronies to attract government patronage and shield from the axe of the law. Crony capitalism gives rise to agency problem between tax-paying citizens and policy makers and between corporate managers and stakeholders (Vaugirard, 2005).

Hence for a firm without such political alliance or affiliation;

> *"….there is no advantage, as the Government does not own my company."*
>
> *SMY16*

7.5 Social acceptability: its effect on board composition

7.5.1 Self-Schema

Self-schema according to Terjesen et al. (2013), (Terjesen and Singh, 2008)is an individual's psychological construction of self, based on some aspects, most commonly gender. Gender self-schemas are developed from childhood and serve as mental models through which information is processed. Male gender self-schemas are based on roles, norms, values, and beliefs that are considered appropriate for men, such as income provider, dominance, aggression, achievement, autonomy, exhibition, and endurance (Yap and Konrad, 2009). In contrast, female gender self-schemas are largely based on roles, norms, values, and beliefs held about women such as homemaker, affiliation to others, nurturance, deference, and abasement (Yap and Konrad, 2009). These self-schemas are present from childhood up to the point at which male and female graduates evaluate and enter the workplace (Terjesen et al., 2007). Gatekeepers have views on gender-appropriate behaviours, roles, and expectations that may bias executive selection (Oakley, 2000). Gender self-schemas are a feature of the Nigerian lifestyle from infancy to adulthood. Gender roles are also well supported by culture and religion. Hence, for women and minorities to take up positions on the board, they need a salient approval from family and society.

> *"...yeah. For me, I am lucky I have a very understanding husband and family. When I was very young in 1989, my Dad told me to do a master's degree because in a few years' time my first degree will not mean anything. When I started my PhD, my husband was very supportive, and the kids were all in boarding school. So it was easy. I was to be appointed to board my husband, by that time my kids were all in University.... he encouraged me and understood what the demands would mean for the family...."*

BFY11

"It helps that all the kids are grown up now. I will not have taken the job otherwise. I am not sure my husband would have agreed otherwise".

BFY12

"It is not much of an issue with my immediate family. They have been fantastic, but it is hard work. It is mostly the bickering outside the family. That is our society for you…"

OGY6

Research has established that national culture is a major factor defining women's role in society more broadly, but also that country cultures help shape corporate board demography (Grosvold and Brammer, 2011). They concluded using Parboteeah et al. (2008) that these four aspects of national culture identified in their research (gender differentiation, assertiveness, uncertainty avoidance, and power distance) are present in particular groups and they play a role in shaping corporate board demography. Gender differentiation is the degree to which men and women are viewed differently in a given society. Where gender differentiation is lower, women are more likely to assume senior positions of authority (Broadbridge et al., 2006).

Assertive societies are deemed to be characterised by more masculine values and norms with an emphasis on toughness and material possessions (Parboteeah et al., 2008), suggesting societal attitudes linked to more traditional gender stereotype roles. The Nigerian society is an example of an assertive society. Uncertainty avoidance refers to a nation's reliance on well-established social norms to cope with unpredictability. Burgess and Tharenou (2002) stated that companies were occasionally reluctant to take on women directors as there was perceived risk and uncertainty in appointing them, hence in Parboteeah et al. (2008) work countries that score high on uncertainty avoidance are expected to have fewer female board directors (Bruckmüller and Branscombe, 2010). The concept of power distance captures the degree to which a country accepts and recognises that power is unequally distributed in society. Pyramidal, patriarchal control and gender inequalities are often associated with countries that are considered to have high power distance. Women are often accorded positions at the bottom of the career ladder and are expected to adhere to more traditional female gender roles in Nigeria (Chovwen, 2007, Parboteeah et al., 2008), suggesting women are less likely to hold positions of power in such societies

Even men on board understand the schema thereby making sure they have stay-at-home wives or at the very least a partner who does not have an equally demanding career.

> *"The nature of job could be demanding at times and my wife understands? She may not get time as she wants but you observe your holiday. You are entitled to 25 working days, which you use efficiently towards occasion, or festival you would like to attend… (OO- so what does your wife do?) Personal business so she can have time for the kids".*
>
> *OGMY2*
>
> *"I am mostly away from the family, but I am sure they understand. I have to take care of my family. My wife's job is not as demanding so she is at home more than I can be".*
>
> *OGMI17*

However, some do believe their organisation is doing well to combat this schism.

> *"Everyone in this company has an equal opportunity to succeed no matter our difference. We have the right framework in place for women, for instance, considering childbearing, etc."*
>
> *CMI22*

For example, there are laws pertaining to maternity leave for six weeks before and after. However, compliance with the law may mean little when society's attitudes are not supportive. According to Labour Act Chapter 198 (Laws of the Federation of Nigeria 1990) "In any public or private industrial or commercial undertaking or any branch thereof, or in any agricultural undertaking or any branch thereof, a woman- (a) shall have the right to leave her work if she produces a medical certificate given by a registered medical practitioner stating that her confinement will probably take place within six weeks; (b) shall not be permitted to work during the six weeks following her confinement; (c) if she is absent from her work in pursuance of paragraph (a) or (b) of this subsection and had been continuously employed by her then employer for a period of six months or more immediately prior to her absence, shall be paid not less than fifty per cent of the wages she would have earned if she had not been absent; and (d) shall in any case, if she is nursing her child, be allowed half an hour twice a day during her working hours for that purpose" (Uvieghara, 2001). However, Udegbe and Udegbe (2003) reported that some employment and placement practices in the workplace in Nigeria are such that women are not allowed to take jobs that may be hampered by their “reproductive health concerns”. All these have implications for the career development and retention of women in the workplace and particularly in male-dominated occupations (Udegbe and Udegbe, 2003).

7.5.2 Work-life balance

In a society filled with conflicting responsibilities and commitments, work/life balance has become a predominant issue in the workplace. The work/life balance of female employees has become an important subject since the time has changed from men earning the family living in today‘s world where both men and women equally share the responsibility of financing for the betterment of their family life. Work-life balance does not mean an equal balance. It means the capacity to schedule the hours of professional and personal life so as to lead a healthy and peaceful life (Sharma et al., 2012). Mooney and Ryan (2009) state that the main concerns from women‘s perspectives were the constraint to work longer hours that the minimum requirement in addition to the organisation anticipating its managers to be flexible to the needs of the business. When the demands of the job increasingly encroach into family life, women experience conflict which affects their career outcomes (Mordi et al., 2010, Terjesen and Singh, 2008). Mordi et al. (2010) stated that work-life balance is tough for women with young children especially when they try to balance their role as the primary caregiver with additional responsibility in the organisation. Research has illustrated that working women with rigid schedules report more family difficulties than working women with flexible schedules (Kauffeld et al., 2004). Where family demands are concerned, ambitious women seldom rely on organisational support for fear of reinforcing the common stereotype (Broadbridge and Hearn, 2008). Therefore, many women who are executives and those in elite occupations handle the conflict by making strategic choices between their career advancement and family such as ―opting out or postponing their marriage and parenting (Blair-Loy, 2009). In other circumstances, women also enhance their personal domain resources by relying on spousal support, for example dividing house responsibilities and taking care of their children (Brett and Stroh, 2003). Some of our interviewees confirm this:

> *“It helps that all the kids are grown up now. I would not have taken the job otherwise. I am not sure my husband would have agreed otherwise."*
>
> *OGFI14*
>
> *“I do not have kids, and in this society, you can imagine what that means. I love my job, and my husband has been great support... “*
>
> *OGFY13*

However, in certain cases such couple-level adaptive strategies, even though packaged as a couple's collective decision, do not necessarily promote women's work-life balance (Wierda-Boer et al., 2008). It is important to note that both men and women given the Nigerian context, which is influenced by cultural and religious beliefs, have to deal with work-life balance but according to Keene and Reynolds (2005), women managers are at a disadvantage because of family and job responsibilities, and since family needs more attention, women managers are forced to avoid overtime. To handle work/life balance, Friedman and Greenhaus (2000) emphasise that working adults learn to build networks of support at home, at work and in the community. Juggling competing demands are tiring if not stressful and bring lower productivity, sickness, and absenteeism, so work/life balance is an issue for all employees and all organisations. The conflict between work and family has real consequences and significantly affects the quality of family life and career attainment of both men and women as emphasised by Friedman and Greenhaus (2000). In Nigeria, for instance, it is seen as the primary duty of the woman to take care of her home. This is her priority, while her career is secondary. In fact, men choose to marry stay-at-home wives or women who would want a job that gives them ample time to cater for the kids, which may help to continue the perpetuation of family norms.

7.6 Quality versus Diversity and Double shift for women and minorities

7.6.1 Quality versus Diversity

Better corporate governance is achievable through sharing a broader and different range of experiences and opinions (Fondas and Sassalos, 2000). Homogenous boards tend not to recognize how similarly members think because these values are the norm for them (Stahl et al., 2010). Women have different experiences of the workplace, marketplace, public services and community, and therefore women directors bring a different voice to debates and decision making (Zelechowski and Bilimoria, 2004).

Many researchers explore the impact of women directors on firm level financial performance, reporting mixed results, although positive relationships are found in recent studies. Using data from 3,876 public firms in 47 countries and controlling for a wide set of corporate governance mechanisms, Terjesen et al. (2015b) find that firms with more female directors have higher firm performance by market (Tobin’s Q) and accounting (return on assets) measures. Their study examines the role of female directors in enhancing the independence and effectiveness of boards and their results suggest that female directors send a positive signal to the public regarding a firm’s ethical behaviour, firms with female directors have better financial performance and finally the positive firm performance effect of many independent directors is only positive if that board is also gender diversified. Other research show there is certainly a relationship between the presence of women directors and higher market capitalization in Fortune 500 (Catalyst, 2008) and FTSE 100 firms (Terjesen et al., 2007, Vinnicombe and Singh, 2002).

MSCI ESG research of female leadership in U.S. companies they found out that companies in the Morgan Stanley Capital International World Index with strong female leadership generated a Return on Equity of 10.1% per year versus 7.4% for those without (as of September 9, 2015, measured on an equal-weighted basis) (Lee et al., 2015). In the FTSE 100 study, the larger the firm's market capitalization, the greater the likelihood is for multiple women directors, however market capitalization can be seen as a proxy for size. Firms with women directors are more likely to have larger workforces, as well as larger boards (Burke, 2000). The internal talent pool is larger, arguably providing more opportunities for challenge and growth, and more routes to the top for women than in smaller firms.

Catalyst's (2011) study found that companies with the most women board directors outperformed those with the least on return on sales (ROS) by 16 percent and return on invested capital (ROIC) by 26 percent. Companies with sustained high representation of women—three or more women board directors in at least four of five years—significantly outperformed those with no female board directors. They also found a clear and positive correlation between the percentage of women board directors in the past and the percentage of women corporate officers in the future.

Line experience is necessary for advancement into CEO and top leadership positions, and Catalyst's annual Censuses show that historically women are underrepresented in these roles. This is also the trend in the Nigerian corporate world. According to Ujunwa (2012), only 11.7 percent of Board Directors in the country are women. This result is disturbing considering the growing number of women participation on corporate board of other developing and developed economies. In the Cranfield (2017) report, the percentage of women on FTSE 100 boards has increased to 27.7%, up from 26% in June 2016. Women directors contribute unique skills, knowledge, and experience to their boards, but their feminine attributes may be masked in boardroom cultures that do not allow expressive behaviours. This can lead to the board having female representation, but only masculine behaviours, losing the benefits of diversity (Sheridan and Milgate, 2005). Some CEOs have to persuade female and male directors that it is okay to express intuition and emotion, and that "feminine intuition" about some proposed strategy might well be just what the board needed to hear (Terjesen and Singh, 2008). While this is an essentialist view of female talents, emotional intelligence of both women and men is increasingly valued at the very top.

According to OGMY2:

> *"What are the types of talent required? Some skills are dominant in men or women. For instance if you are looking for analytical thinking that is taking volumes of decisions as people talk is found in women, they talk round in circle and think as they talk while the men talk straight. In talking straight at time, you miss out valuable ideas. It's important to have equal opportunities".*
>
> *OGMY2*

And to this end, there are policy implementations in the Nigerian banking sector;

> *"I know the CBN is trying to increase women and minorities chances of top jobs in the banks. I think it is a great idea and would create a platform for women to show what they are capable of. We already have good examples of women doing great job in the Banking sector..."*
>
> *BFY12*

Some of the successful stories of the financial sector include: Sola David-Borha, CEO Stanbic IBTC Holdings PLC who is described as a woman with a strong personality and a high IQ is one of the highest paid CEOs in Nigeria. Osaretin Afusat Demuren, Chairperson Guaranty Trust Bank who was confirmed sixth Chairperson of the Board of Guaranty Trust Bank Directors in April this 2015. Ibukun Awosika, Chairperson, First Bank of Nigeria who was announced on 8th September 2015 as the new chairperson of the Board, making her the first woman to take up this position since the establishment of the bank.

The Central Bank of Nigeria (CBN) advocates for inclusion of more women in top executive positions and the importance of gender diversity in board positions. Statistics from the CBN shows that women occupy 27 percent of senior management positions and 15 percent of board seats (Adesua Lincoln and Adedoyin, 2012). In a bid to address the gender imbalance, the CBN has set a mandatory target requirement through the Banker's Committee, the target is said to increase the number of women on the boards and ensure that women hold 40 percent of top management positions and 30 percent of board seats by 2014[6]. Many corporations in Nigeria have set up committees tasked with oversight of the CBN Directive in a bid to ensure that they are able to meet the target and address gender

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[6] According to the then CBN governor, Sanusi this quota could not be met because the banking sector did not have enough qualified women to fill the position.

imbalance in their organisations. The CBN is also encouraging corporations to ensure that they monitor and report on the number of women and include a summary of how they have complied with the policy initiative in their annual report. This policy is important because fewer women than men in Nigeria are feeding through the corporate pipeline to the top executive levels and Nigerian women are poorly represented in corporate boardrooms.

> *"I think more women should occupy top managerial positions and I know that there are women with the right qualifications even in this company who could occupy these positions. A lot of things can increase or diminish your chances getting to the top…. sometimes you need a bit of luck"*
>
> *BFY11*

The percentage of women on boards of Nigerian companies—11.7% as of 2016—falls slightly below the continental average of 12.7% (Outlook, 2016). Historically, many sociocultural factors have made progress toward gender equality in the corporate sphere difficult, including limited access to education for women which, in the past, resulted in a limited number of women presumed to be qualified for corporate positions (Fakeye et al., 2012). It is however interesting to note that the women interviewed were more educated than the men. Hence, it could be more of a social barrier to block women. While many companies in Nigeria still struggle to attain adequate representation of women on their boards, major oil and gas company Oanda plc has been recognized as having one of the highest percentages of women directors in Africa, with women comprising over 30% of its board (ADB, 2014). Though the regulatory directive so far lacks a strong enforcement mechanism, the shift toward parity within financial firms could play a significant role in shifting norms throughout other sectors as well.

Some of the reasons for the disproportionate number of men on corporate boards stem from the fact that men in Nigeria often tend to occupy the senior managerial positions deemed a prerequisite of board membership. Traditional views and values as to women's participation in economic activities are contributory factors which account for the lower numbers of women in employment or executive positions (Syed and Van Buren, 2014). For instance, women's participation in the industrial sector is 11% as compared with 30% for men. Women represent 87% of those employed in the service sector, which involves predominantly informal and unregulated forms of employment. In the Federal Civil Service, which is the largest single-entity employer in Nigeria, 76% of civil servants are men whereas 24% are women and women hold less than 14% of total management level positions. Women represent 17.5% and men 82.5% of those employed within the medical field, which generally involves highly skilled and relatively well-remunerated work. (CIDA Nig. GSAA 2014). However, given these figures one might expect a critical mass of women on most corporate boards on Nigerian firms.

Furthermore, according to Uvieghara (2001) the Nigerian labour law has no regulation that mandates nondiscrimination based on gender in hiring or promotion. This is whether the law specifically prevents or penalizes gender-based discrimination in the hiring or promotion process; the law may prohibit discrimination in employment based on gender but be silent about whether job applicants are protected from discrimination. This therefore means qualified women and minorities could be easily and without repercussion be discriminated against by organizations.

However important the issue of increasing the representation of women and regional minorities on corporate board is, there are sceptics who believe that the advocacy for quota on board undermines quality on boards.

> *"Merit and a broad experience base should be the most important factors in making Board appointments as it is the Board that sets the business direction of the company. Board appointments should not be seen as a popularity contest"*
>
> *CMY22*
>
> *"My own thinking about this is that in theory it's a brilliant idea but we have to be careful not to create mediocrity because if people are well qualified that's ok but if it's not well balanced mediocrity sets in and performance dwindles. We do not operate quota system here. This is an equal opportunity company".*
>
> *ITMY19*

According to research, mediocracy could be biased towards men and unfavourable to women and ethnic minorities on board. Early work by Petersen et al. (2000) on meritocracy focuses on the impact of sex, race, and social networks, to analyse the hiring process in a midsized high-technology organization, using information on all 35,229 applicants in a 10-year period (1985–94). For gender, the process is entirely meritocratic: age and education account for all sex differences. However, even without considering the two meritocratic variables, there are small or no differences between men and women at all stages in the hiring process. For ethnic minorities, the process is partly meritocratic but partly reliant upon social networks. Once the referral method is considered, all race effects disappear. In hiring, ethnic minorities are thus disadvantaged in the processes that take place before the organization is contacted. They lack access to or utilize less well the social networks that lead to high success in being hired.

In the “paradox of meritocracy” by Castilla and Benard (2010) they develop and empirically test the theoretical argument that when an organizational culture promotes meritocracy (compared with when it does not), managers in that organization may ironically show greater bias in favour of men over equally performing women in translating employee performance evaluations into rewards and other key career outcomes. To assess this effect, they conducted three experiments with a total of 445 participants with managerial experience who were asked to make bonus, promotion, and termination recommendations for several employee profiles. The main finding is consistent across the three studies: when an organization is explicitly presented as meritocratic, individuals in managerial positions favour a male employee over an equally qualified female employee by awarding him a larger monetary reward. They concluded that the pursuit of meritocracy at the workplace might be more difficult than it first appears and that there may be unrecognized risks behind certain organizational efforts used to reward merit.

According to Adesua Lincoln and Adedoyin (2012) the Nigerian labour market is gendered, with women reported to earn consistently less than their male counterparts, in some cases well educated women are reported to earn less than men who have lower qualifications. This state of affairs is supported by Okpara (2006) who identifies significant pay gaps between male and female managers within the banking sector. This problem is not peculiar to Nigeria. According to the Office for National Statistics UK 2018, the gender pay gap for full-time employees is close to zero between the ages of 18 and 39 years. From the age of 40 years, it widens. For all employees, the gender pay gap widens after the age of 30 years and this coincides with an increase in working part-time from this age. A negative gender pay gap among part-time employees (category that includes more women) emerges in the age group 30 to 39 years before reversing by the age of 50 years. However, after women return to work following the birth of a first child, that wage difference per hour widens steadily.

Among this research’s respondents, there is a popular unanimity that a quota system for gender and minority on board is a good idea in itself but could easily be a catalyst for mediocrity, nepotism and gold skirting.

> *“You can't over emphasise the importance of diversity on board. It does not mean mediocrity. There should be checks and balances in every board to make sure self-interest are not more important that the corporate goal”.*
>
> *BFI13*

This indicates an Agency problem which predicts the misalignment of interests between shareholders and managers, that is, managers engage in activities for their own benefits rather than the benefits of the firm's shareholders (Jensen and Meckling, 1976). A well-documented agency problem is managerial "empire building", which refers to managers' tendencies to grow the firm beyond its optimal size or to maintain unutilized resources with the purpose of increasing personal utility from status, power, compensation, and prestige (Chen et al., 2012, Daily et al., 2003). Hence, this can influence appointment into board membership with a CEO/ owner employing people with similar interest on the board forming a caucus in which most women or ethnic minorities would be outsiders. In Nigeria this is a popular situation (Ujunwa et al., 2012). Therefore for women and ethnic minorities to get board level appointment they must prove themselves an invaluable asset to the firm by academic accomplishments, lots of experience, alliance with firm external influences etc.

A few board members actually think their organisation is doing enough regarding gender and regional diversity even though it is not necessarily at board level. This is also supported by research. According to Peterson and Philpot (2013), women are less likely to serve on key committees. While women are less likely to be on executive committees and more likely to be on public affairs committees, gender is no longer a significant factor in the likelihood of being on the nomination, compensation, finance, or audit committees (Peterson and Philpot, 2013).

Boards of top US and UK companies are remarkably homogenous in terms of gender and ethnic diversity. Whilst there are more companies with women directors in the Fortune 500 than the FTSE 100, of those companies with women directors, most have only one woman in the boardroom. When women are in such a minority at the top of large companies, they are said to be "tokens" (Kanter, 1977a). Token theory suggests that when percentages of representation in the community fall below 15 per cent, those who are different are seen as representing their category rather than being seen as individual, because they are so unusual. This is identified in interviewees' response;

> *"…I know but when a woman is on a board it's because she has undeniable qualities and is believed to add value to the company. That why you see increasingly the same woman on more than one board"*
>
> *OGFI15*

It is important however for the Nigerian firms to find a good corporate governance strategy to improve the critical mass of women and ethnic minorities on board because the literature has stressed the importance of at least three women in order to improve firm performance (Joecks et al., 2013, Lückerath-Rovers, 2013). According to sigh Singh and Vinnicombe (2004) in a board with a minority of between 15 per cent and 30 per cent, the population is seen as skewed and in a skewed population, the minority individuals are less isolated and often provide social support for others. A better balance would be a 60:40 split and a perfect balance would be a 50: 50 split. Token individuals in senior positions have to give attention and make decisions about how to behave in order to fit in the group, using energy that those in the dominant category (males) do not have to expend. Very often, the tokens will seek to be assimilated by having a public face at work, keeping a private face hidden. Kanter (1977a)'s view is that when there are two tokens, the isolation is much less. Tokenism and newly appointed women directors in the FTSE 100 companies were discussed by Bailey (1991) in Singh and Vinnicombe (2004), who wrote that "The boardroom is still a male bastion, peopled with what John Betjeman called 'businessmen with awkward hips and dirty jokes upon their lips". Bailey (1991) commented that the enormous press coverage over the appointment of one female executive director showed that this was extremely useful in putting the company in a good light. Another woman director said that she took ages before accepting an invitation to become the only female (non-executive) director of a FTSE 100 board: "There is a danger of tokenism. It is a difficult area for women. There is a good side in that everything you say gets listened to. The bad side is that you are allowed a much lower error rate than men". She also commented on the boardroom culture: "There is a lot of camaraderie, habit and custom when men are together. When you bring a woman in, you indefinably change all that. But after a year or so, it's all forgotten". One of respondent picks this up:

> *"It's hard alone at the top, after a while you get used to it. I got valuable advice from the only other executive female member on the board years ago…."*
>
> *OGFY13*

7.6.2 Double shifting for Women and Minorities on Corporate boards

Some of the reasons for the disproportionate number of men on corporate boards stems from the fact that men in Nigeria often tend to occupy the senior managerial positions deemed a prerequisite of board membership. Traditional views and values as to women's participation in economic activities are contributory factors which account for the lower numbers of women in employment or executive positions and these social norms about gender roles in the economic sphere also influence women's employment outcomes and their progression (Syed and Van Buren, 2014).

Women face accommodating the sometimes-conflicting demands of their roles as women and their roles as leaders. In general, people expect and prefer that women be communal, manifesting traits such as kindness, concern for others, warmth, and gentleness and that men are manifesting traits such as confidence, aggression, and self-direction (Malibari, 2013). Because leaders are thought to have more than communal qualities (Powell et al., 2002), stereotypes about leaders generally resemble stereotypes of men more than stereotypes of women. As a result, men can seem usual or natural in most leadership roles, thereby placing women at a disadvantage (Eagly and Karau, 2002). Although this asymmetry between women and leaders appears to be decreasing over time, it has not disappeared (Duehr and Bono, 2006). As a result, people more easily credit men with leadership ability and more readily accept them as leaders.

Despite a general commitment to the principle of non-discrimination as enshrined in Section 2 of the 1999 Constitution of the Federal Republic of Nigeria, Nigeria falls short of the desired result of giving males and females equal opportunities to advance socially, physically, educationally, politically and economically. Evidences abound that several negative aspects of gender relations, such as gender-based division of labour, disparities between males and females access to power and resources, and gender biases in rights and entitlements, remain pervasive in Nigeria (Oyefuga et al., 2013).

In addition to the expectations of the woman as a manager is the challenge of women’s double shift as wives, mothers and career women, as well as the greater geographical mobility required at higher executive levels which is linked to the reduction in the supply chain for leadership candidates. Nigerian women are reported to avoid promotion to executive positions if these involve working anti-social hours or frequent travel away from their families (Oyefuga et al., 2013). This is not surprising as Nigerian women endure the most of household chores and care responsibilities.

> *“It’s a man’s world. There is nothing we can do about it. I think most women I know on board including myself have to work twice as hard, travel, work late etc. and the scrutiny is fierce… combined with responsibilities at home”.*
>
> *BFY11*
>
> *“I know we all have to work hard to make positive impact on the company's board. I know that as a woman you may have added responsibility with respect to family…”*
>
> *BFI13*

This is not just a problem for women, it also applies to ethnic minorities on boards:

"I'm not talking on behalf of the company here but I can understand that some minorities have to work a lot hardly especially when the composition of board members is skewed to tribe (I won't mention any tribe)".

OGMY3

A few on Nigeria's corporate board however do not think double shift is a problem affecting women fulfilling their managerial potential. They believe in initiative and pro-activeness of its board members, with the expectation that you can come up with a solution and if you cannot your contribution is dismissed.

"I pledge the fifth. I can't comment on that…I understand your point but I think everyone on this board needs to work hard and be productive".

OGMY2

"In my opinion everyone has to work hard. It does not matter the tribe, gender or region you come from. The relationship don't really matter on board if you don't have relevant ideas and solutions"

CMY22

Which undermines the value of relationships on board, which is the bedrock upon which most decision making and board activities are made.

The recent fraudulent activities of women in managerial position in the banking and oil and gas sector is also seen as a setback for women thus getting doubly penalized not just for the fraudulent act but for being a woman who committed fraudulent act. According Otusanya et al. (2013), bank executives and directors have been involved in corrupt practices in Nigeria which have had negative outcomes. Evidence is provided to show that, in pursuit of their own personal desires to accumulate capital, corporate executives have designed novel schemes to circumvent laws and regulations. Most famous of them is the women involved in this fraud. This sentiment is reflected in the interviewee's remark:

"...recent failures of women in top management positions in the finance sector as set us back a decade now. It's unfortunate…"

BFY11

"…well most people can get away with mistakes on board but as a woman you have to very sure and get it right the first time. You really have to work twice as hard".

BFI13

7.6.3 Challenging assignments

Challenging assignments involve adding to an employee‘s existing responsibilities and this gives the employee a sense of recognition as they stand out (Aswathappa, 2005). Armstrong et al. (2006) argues that recognition is necessary in career advancement. Recognition could be achieved by accepting challenging assignments which stretch and compliment one‘s knowledge and then learn as much as one could. Dessler (2009) notes that challenging assignments provide employees with opportunities for achievement and motivation. Hansford et al. (2002) found that an ability to take challenging assignments helped professionals to fulfil growth needs. Undertaking challenging assignments entails the ability and willingness to assume a heavy workload and putting in long face hours (Dessler, 2009), because this demonstrates commitment to the organization and due to the increased responsibilities. Research done by Vinnicombe and Singh (2002) indicated that successful women attributed their career success to hard work which led to good performance. In contribution to heavy work load, Hansford et al. (2002) suggests that apart from assuming long and flexible working hours by extending the work environment to working outside of normal hours; heavy work load also entails having a preoccupation with work related issues like undertaking geographical assignments. This could be an indication of commitment to the job and organization. Chew and Zhu (2002) indicate that in organizations, it is generally expected that international assignments lead to career advancement and employees aspiring to be managers ought to consider this issue. Powell and Graves (2003) say that service in different geographic locations presents employees with opportunities to polish their skills by working on high visibility projects but because of the limited access to geographical assignments, women‘s career progression is hindered.

The work environment also becomes unfriendly when women are seen to be unfit or uncommitted to work. For instance, male colleagues may frown at taking time off work to attend to personal or family issues. This attitude reinforces men's belief that women are not fit for male dominated occupations. According to a female interviewee, she concluded that:

... I think most of my male colleagues think of the female counterpart from a domestic standpoint. Hence they ignore your comments sometimes especially when it is against their opinion… you really have to know your stuff at this level.

FFY1

The issues raised above underscores the predicament of women in non-traditional occupations. It highlights the challenges they face in daring to intrude into an exclusive male domain. In African culture, men and women are perceived differently, while young men are encouraged to do well, young women and their assumed needs are less likely to fit into the demands of the industry (Chovwen, 2007). Osayawe Ehigie and Clement Akpan (2004) reported that a woman in a profession is seen as violating the values and norms revolving around the female role; her career is seen as ambiguous, contradictory and a source of strain. This attitude further supports the view by Adesina (1992) that the role of women is seen as complimentary to that of men and not competitive.

7.7 Leadership structure

There is a body of research dedicated to the leadership structure of corporate firms (Carter et al., 2010, Rechner and Dalton, 1991). Carter et al. (2010) found that the leadership structure of the firm and power of the CEO would have an impact on financial performance. Rechner and Dalton (1991) however suggests that firms with lower proportions of outside directors outperform their counterparts with greater representation by outside directors. This is empirically confirmed for both the small corporations as well as the Inc. 100. There are further discussions in the literature on the effectiveness of a CEO duality on corporate board. The preference for the separate board leadership structure is largely grounded in agency theory concerns regarding the potential for management domination of the board. As noted by Finkelstein and D'aveni (1994) 'according to agency theory, duality promotes CEO entrenchment by reducing board monitoring effectiveness.' Consistent with agency theory predictions, Rechner and Dalton (1991) found that firms with a separate board leadership structure outperformed those firms with the joint structure when relying on return on equity, return on investment, and profit margin. Nevertheless, the impact of the joint structure on firm performance has not been unequivocally established.

An obvious assumption implicit in leadership structure/performance relationships is that the choice of the various governance options could be associated with changes in organizational strategy and firm performance. It has been argued that firm size could be an important factor in such an assumption. While the following specifically focused on the choice of inside or outside CEO successors, the sentiment underscores the importance of firm size: 'This assumption may be questionable, particularly in large organizations. The sheer number of persons involved, the complexity of the organization, and the variety of vested interests both inside and outside the company represent potential constraints to successful change strategies' (Dalton and Kesner, 1983). It may be, then, that the scale and complexity of the large firm would cloud any relationship between board composition and structure and performance. According to our discussant;

> *"…so, different companies have different structures and unfortunately the structure can change rather quickly. So yeah, every company decide various level for different people for various reasons. You can change your business strategy and change your structure. There is no fixed structure that we have and I think this is mainly because of the size of the firm and the sector (oil & gas). For instance the pressure of the fall in price could have effect on top level management staff as well as the lower level staffs"*
>
> *OGMI7*

Another critical aspect of the board, which potentially links it with financial performance, is the control role. This role, most closely aligned with agency theory, requires the board to monitor and evaluate the CEO and his or her top management team and company performance in general, as well as protect shareholders' interests. Here again, the scale and complexity of the firm may compromise boards' abilities to reasonably dispatch this responsibility. We could imagine that the availability of high-quality information regarding the firms' and officers' performance is inversely related to the size and complexity of the firm. We would also suspect a similar tendency regarding the balance of information, which is provided to the board by the firms' officers, and information, which is independently derived by the board from other sources. The information flow between management and directors is particularly at issue under the dual structure as CEOs may carefully control the quality and quantity of information that directors receive when also serving as board chairperson. Others, too, have noted additional, pragmatic influences of organizational size on governance structure/performance relationships. It has been observed, for example, that CEOs and directors are less constrained by organizational systems and structures in the smaller firm and may have far more discretion as compared to their large- firm counterparts (Daily and Dalton, 1995, Eisenhardt, 1989). If so, the smaller firm may facilitate greater board influence and may enhance board structure and firm performance linkages.

> *…yeah you are right. I used to work with xxx and decision making took too long. Here at xxx because of the size of the firm, it is a lot quicker making decisions and we have full trust in our staffs…*
>
> *OGFY12*

There are bodies of literature dedicated to family businesses. Boards in Belgian for small and medium-sized family businesses perform two aggregated board roles: control and service. The control role is mainly based on agency theory, whereas the service role embraces several theoretical perspectives. These findings seem to confirm earlier research executed for the population of SMEs and/or family businesses. Some studies (Deakins and Whittam, 2000, Johannisson and Huse, 2000) acknowledged the board's control or monitoring role, others have indicated the board's involvement in several service-related tasks (Johannisson and Huse, 2000, Gabrielsson and Winlund, 2000, Gabrielsson and Huse, 2002).

In the Nigerian corporate world, the popular leadership structure is the separation of the CEO and Chairperson's role. Out of 177 listed, 116 firm have the separation of CEO and Chairperson's role. This is confirmed by the interviews taken:

> *"We have the CEO and Chairman as different person on the board of this firm"*
>
> *OGMY3*

According to literature some of the pros of duality are that duality creates a clear-cut leadership which permits a sharper focus on company objectives and promotes more rapid implementation of decisions (Boyd, 1995). Along these lines, the case for the dual CEO is based on the need for dynamic and purposeful leadership in situations that call for quick, sure-footed decisions in all areas of the firms operation. It also helps to reduce the cost associated with transferring of knowledge to a separate chairperson on the board. However, empirical work on this subject matter remains inconclusive. Eisenberg et al. (1998) found no differences in the leadership structure between failed and non-failed firms. Donaldson (1990) found superior long term ROE when there is duality. Dalton et al. (1998) failed to find any significant evidence of differences in governance structures between CEO duality and non-duality firms.

When we asked the board members which they prefer they had this to say;

> *"The Chairman, CEO and all board members here enjoy a great relationship".*
>
> *OGMY3*
>
> *"It's pyramidal. Having said that there is a lot more empowerment here at xxx. I guess it's because of the size of the company".*
>
> *OGMY2*

"At xxx we think that every performance success at board room level is as a result of the effort of our employees. It means we have an employee driven performance and the employee understand the leaders walk the talk and not only want result but they reward result".

OGMY1

It is also clear from these comments how much respect plays a part on the corporate board between the chairperson, CEO and the rest of the board. This is because of the cultural influence on the board.

"It depends on who the leaders are. At my time because of the African setting, so hmm,… it might be difficult for you to appreciate but in my generation, you hold your elders in reverence you cannot call them by first names and you cannot be too free with them. These days' young people can even slap the elders and talk anyhow but at that time, it is good to understand the African culture and the context of the time. It still happens today but not like my time".

OGMY3

In addition, this dynamic may affect communication of idea on board.

"We used to have meetings, and you are free to speak out at meetings. When I was much younger, when I started at this companies there were no computers so you couldn't send emails, but now you can make pictures of your ideas, send emails to your supervisors…. mainly the same things except that most of you are colleagues and have known each other for a while. At meetings, you can tell your ideas, send memos. It's discussed and strategies formulated with CEO's blessings of course".

OGMY2

7.8 Critical review of theories using the interview response

7.8.1 Board diversity, board composition, and performance

In the managerial and organisational literature two theories, resource dependence theory and agency theory, offer the broad theoretic foundations for how board diversity and composition influences firms performance, public perception of a firm and how, in turn, these factors affect corporate financial performance. These theories are prevalently utilized in literature because they represent two key functions of the board (Carter et al., 2003). According to Hillman and Dalziel (2003), resource dependence theory offers the rationale for the board's function of providing critical resources to the firm including legitimacy, advice, and counsel. These board resources offer the corporation support in understanding and responding to its environment (Boyd, 1995) they can help it better achieve improved performance and attractiveness from investors. Agency theory provides the rationale for the board's critical function of monitoring management on behalf of the shareholders (Eisenhardt, 1989, Fama and French, 1993). It also predicts that the misalignment of interests between shareholders and managers could lead to agency problems, that is, managers engage in activities for their own benefits rather than the benefits of the firm's shareholders (Jensen and Meckling, 1976). In order to exercise its monitoring function the board needs the appropriate mix of experience and capabilities to evaluate management and assess business strategies and their impact on performance (Carter et al., 2003, Ujunwa, 2012). Finally, the pressure on firms to have gender parity in director or senior management positions comes from a broad set of people, which includes shareholder activists, large institutional investors, politicians, and consumer groups (Fields and Keys, 2003). Hence, firms assiduously doing stakeholder management – by giving more voice to women, for example – will, other things remaining the same, be relatively successful and improve relationship with stakeholders which in return improves public perception.

7.8.2 Diversity of director resources

An effective board provides resources to the corporation including advice and counsel and links to other organizations (Hillman and Dalziel, 2003). These linkages can provide channels for communication with, and access to support from external organizations (Salancik and Pfeffer, 1978). Hence, board resources can help the firm manage business challenges (Boyd, 1995) and enable it to deal more effectively with external organizations (Salancik and Pfeffer, 1978). The board's human capital resources are based on the collective experience and expertise of board members. This expertise includes insiders with knowledge of company strategy and operations, business experts with knowledge of corporate strategy, support specialist with knowledge of legal and regulatory affairs, influential members of the community with knowledge and relationships with external stakeholders including the government and local communities (Hillman and Dalziel, 2003).

Diversity of experience is an important asset as studies with management teams have shown that functional diversity can enhance team innovation through the generation of alternative solutions and innovation (Bantel, 1993). Accordingly, the greater the diversity of board resources, the greater the potential for understanding and problem solving that can enable the board to effectively address the business environment and foster improved performance. Board resource diversity may also enhance network ties (Beckman and Haunschild, 2002). Insiders offer strong internal network connections. Business experts may offer connections to their focal firms and to suppliers, customers, and other boards. Support specialists have connections with their focal firms, customer networks, and with professional associations. Community influential members may have significantly different networks composed of academic experts, medical and scientific resources, legal networks, and investment and commercial banking networks. Community influential members may also have network ties to government agencies, community groups, and non-profit organizations (Hillman et al., 2002). The variety of these network connections will aid the corporation in understanding and responding to its environment. These networks may provide advice and expertise as well as connections that foster collaboration and co-operation with key stakeholders (Beckman and Haunschild, 2002). In summary, the impact of a rich, diverse set of network ties should enhance ratings of CSR, because these ties provide access to support, expertise, and counsel from external organizations.

The diversity of board resources also affects the board's critical function of monitoring management. The relationship between the shareholders and the management of a corporation is an agency relationship subject to principal and agent conflict (Jensen and Meckling, 1976) and to different perceptions of risk (Eisenhardt, 1989). In order to address these issues, shareholders appoint a board of directors to monitor management. The board's role in monitoring includes functions ranging from strategy implementation to rewarding the CEO and top managers of the firm (Hillman and Dalziel, 2003). In order to effectively monitor management, the board needs the right ‘‘skills, experience, expertise and knowledge’’ (Hillman and Dalziel, 2003), 389). Diversity of director resources can help provide these skills. Carpenter and Westphal (2001) studied the impact of board ties and found that the board's ability to monitor and advise management is related to expertise demonstrating that the background and experience of board members were crucial for effective monitoring. Diverse director resources can provide insider knowledge, line management skills, support specialist skills (legal, banking, and insurance), and experience working with the community (Hillman et al., 2002).

7.8.3 Board gender composition

In addition to director resource diversity, gender composition (i.e., the number of women on the board) is expected to have a positive impact on social capital and CSR. On boards, women are more than twice as likely as men to hold a doctoral degree (Hillman et al., 2002). Compared to male directors, female directors gain board experience with smaller firms and are less likely to have prior CEO or COO experience (Terjesen and Singh, 2008). Given the limitation of our research panel, this research cannot generalise in this case but all women on the corporate boards have at least a Master's degree with 5 having a PhD while men have at least a Bachelor's degree with 6 PhDs. However, we can conclude from our sample that women are better educated than their male counterpart are.

In support of the resource dependency theory Daily et al. (2003) concludes from their research that increasing board gender diversity can enhance decision making, as a wider variety of perspectives and issues are considered and a broader range of outcomes is assessed. The presence of more female directors may stimulate more participative communication among board members, if one assumes that gender differences in leadership styles, as evidenced in some studies, also exist at board director levels. If female directors are more participative (Eagly et al., 2003), democratic (Eagly and Karau, 2002), and communal than men (Rudman and Glick, 2001), then having more women on a board could encourage more open conversations among members of the board. A broader perspective may enable the board to better assess the needs of diverse stakeholders. The result may enhance the board's ability to improve effectively performance.

Another theoretical underpinning for the expected relationship between board diversity and corporate reputation is signalling theory (Connelly et al., 2011a). Signalling theory assumes asymmetric information, and proposes that parties may convey, intentionally or not, relevant, but not readily observable information, through observable signals that are meaningful to the other party. In this regard, the number of women on a firm's board may act as a signal to observers indicating that the firm pays attention to women and minorities, and is, therefore, socially responsible. In support of the signalling argument, a recent analysis of the annual report of Fortune 500 companies revealed that companies with higher percentages of female directors are more likely to display pictures of them in their annual reports (Bernardi et al., 2002). If one expects this signal of having more women on the board to be effective, then one would expect firms with a strong signal to have more favourable CSR ratings, and in broader terms, a better reputation. Some evidence points that this is a plausible expectation. Fortune 500 companies with a higher percentage of female directors were more likely to appear on Ethisphere Magazine's ‘‘World's Most Ethical Company'' list (Bernardi et al., 2002). In the Nigerian corporate world, this is the case too. On most annual report of firms on the Nigerian Stock Exchange, there is a figure and graphic representation of gender on their boards.

Women also increase the demographic diversity of the board, helping to ensure the board's demographic difference from management. (Carpenter and Westphal, 2001) found that CEOs attempt to select board members who are demographically similar to them to secure support, and that this support led to higher compensation. Consequently, gender diversity on the board can help ensure demographic differences from the CEO needed for effective monitoring. The effectiveness of women on boards may increase with the addition of female directors. While a single female director may have a positive impact on firm's reputation, she may also face challenges. Groups with a single minority member (e.g., a female director) may consider that minority member to be a token; they may perceive the minority individual as less competent and of lower status. Consequently, the group may fail to take the token's opinions or contributions seriously (Brewer and Kramer, 1985, Kanter, 1977a). Furthermore, research suggests that minority voices are not easily expressed or heard in groups (Nemeth, 1986) because social pressures encourage conformity with the majority's opinion. However, when a group is faced with consistent opinions from multiple minority members, it is more likely to consider and learn from the minority voice (Asch, 1955). Empirical evidence suggests that these processes may also be at play on boards. For example, when a critical mass of women (i.e., at least three) is represented on a board, female directors are able to ask challenging questions and work together to demonstrate collaboration in decision making (Yap and Konrad, 2009, Brewer and Kramer, 1985). In Fortune 500 companies today and firms on the Nigerian Stock Exchange, however, most boards have fewer than three women and representation of more than four is rare (Catalyst Census, 2009; (Ujunwa, 2011).

In summary, because female directors tend to have different educational and professional backgrounds from those of male directors, and may be more participative and democratic in decision-making processes, diversifying boards by increasing the number of female directors may help ensure that more perspectives and issues are considered in the decision-making process, leading the board to achieve better decisions. The qualities that women bring to boards may also provide better oversight of management activities, because of the increased heterogeneity among the board, with top management teams, and the CEO. Finally, the presence and the number of women on boards may signal to stakeholders that the firm pays attention to women and minorities, and is, therefore, socially responsible.

7.9 Conclusion

In this chapter, we used content analysis and thematic analysis to examine the importance of boardroom characteristics and how they affect financial performance on the Nigerian Stock Exchange while understanding how diversity influences boardroom culture.

Interviews were conducted with 32 board members across four major sectors in the Nigerian economy and are on the Nigerian Stock Exchange. The sector selections were informed by their importance to the Nigerian economy and the availability of respondents. The interviewees consist of 25 men and 7 women. We were only able to reach 7 women first because we are constrained by the few number of women on corporate boards in Nigeria and secondly the unavailability of these women on board owing to a packed schedule of activities. A quick glance at the data shows that women are on the average more educated than their male counterpart therefore have educational qualification to on board. Key themes explored in this section included: social networking, regionality/local content and a biased board composition, Social acceptability: its effect on board composition, Quality versus Diversity, Double Shift for women and minorities, Leadership Structure.

The social identity theory assumes that in most cases, there is segregation into insiders and outsiders, and people are more likely to give or proffer allegiance to people they regard as insiders, making it harder for outsiders to infiltrate the team. Our study confirms this in the case of Nigeria with women and minorities finding it hard to get to the top level on boards because they are not in the social class of men on board (Zahra and Pearce, 1989). This is confirmed Ogbechie (2012) who believes the Nigerian corporate world is a managerial hegemony which makes the board an old-boys ran club.

Another theme explored is regionality/local content. One of the benefits of CSR according to the law of the Federal Government of Nigeria for catchment areas, especially in the extractive industry (Oil and Gas) is that a quota of its junior level staff in technical roles must be from the catchment area. However, some participants believe that the idea of the catchment of local content is not only practised at junior level but also even at board level. The dominance of the number of the locals on boards is called into question. From our interviews, some directors believe that directorial recruitment and appointment using the catchment system is a process that results in mediocrity, nepotism and racial prejudice. This is confirmed by other academic research in Nigeria who believe that appointment to the board, senior management positions and even lower cadres are often based on political connections, ethnic loyalty and religious faith as opposed to considerations of efficiency and professional qualifications (Akanki, 1994a, Yerokun, 1992).

In the study of social acceptability in our research, we showed that Gender self-schemas are a feature of the Nigerian lifestyle from infancy to adulthood. Gender roles are also well supported by culture and religion. Hence, for women and minorities to take up positions on the board, they need a salient approval from family and society, which is hard to come by because it is not socially or culturally fully acceptable that women take up leadership position. However, some of our discussants do believe their organisations are doing enough to combat this schism by enforcing equal opportunity and putting in place framework for women regarding maternity. We conclude that however that organisations need to help with social awareness about the impact of women on organisational growth and there is a need for public education on the stigma of child bearing, how men can be supportive of their spouses in improving work-life balance.

The quality of women applicant for board position for instance, in Nigeria, has been used as an excuse for not meeting the CBN quota of 30% representation on board. However, data for diversity educational attainment, which is measured by the quantum of turnout from tertiary institutions and number participating in the National Youth Service Corps (NYSC) every year, shows that the percentage of female completion rate was 47.50% and 52.50% for men in 2016. There are many research which proves the business case for diversity due to positive influence of women on the financial growth of their organisation (Carter et al., 2003, Lord Davies of Abersoch (2014). We conclude that quota system in Nigeria needs to be enforced and there should be conducive environment for women to thrive in a male dominated industry.

Women are faced with accommodating conflicting demands of their roles as women and their roles as leaders (Malibari, 2013) because leaders are thought to have more than communal qualities (Powell et al., 2002) and stereotypes about leaders generally resemble stereotypes of men more than stereotypes of women. As a result, men can seem usual or natural in most leadership roles, thereby placing women at a disadvantage (Eagly and Karau, 2002). This means that women and minorities on board must deal with double shift to impress other board members. In our study, we have discussant who think it is a man's world and there is nothing they can do about it. Most women must work twice as hard, travel, work late to be accepted in the old's boy club.

We also looked at leadership structure and how it affects firm performance. In leadership structure/performance relationships, it is assumed that the choice of the various governance options could be associated with changes in organizational strategy and firm performance. In our study, this is confirmed by our discussants who believed that here is no fixed structure that they have and this primarily because of the size of the firm and the sector (oil & gas). We however can see the role of cultural reverence for owners and how much they influence board composition and board decisions even though it popular to have the CEO and owner separated.

There are other themes that we think should be explored in specific setting like Nigeria. For instance, we think perhaps age and culture is a theme that could be explore in more depth in African cultures and how this affect boardroom dynamics.

8 Conclusion and recommendations

8.1 Introduction

This chapter aims to present the overall discussion of the results in the light of the research questions of the thesis. The strengths of this research are discussed. Some limitations of the study and some ideas for further research are identified. Finally, some recommendations are suggested, with the objective of providing the corporate firms best corporate practises to maximize firm financial performance potentials by inclusion of ethnic/regional and gender diversity in the board selection process.

8.2 Discussion

According to the literature, the concept of gender and other forms of diversity varies from one country to another, depending on cultures, traditions and values. Corporate governance theory proposes that board structure is a strong influence on the actions of the board and top management that ultimately affect firm performance (Kim et al., 2009). According to Carter et al. (2010) a secondary, but important, proposition of this larger construct is that the demographic diversity of the board is one dimension of board structure that matters. However, there are reasonable theoretical arguments and empirical evidence that suggest either no effect of board diversity on firm performance or a detrimental effect. Understanding the influence of the gender and ethnic minority diversity of the board of directors on the financial performance of the firm has important implications for top managers, shareholders, corporate boards, and policy makers.

This research was conducted in Nigeria to gather empirical evidence of diversity and how it affects performance in the Nigerian context. The study of diversity and firm performance of firms on the Nigerian Stock Exchange adds to the growing literature of developing economies like Nigeria because most corporate board literature tends to focus on developed economies (Ceci and Williams, 2011, Connelly et al., 2011b, Richard, 2000).

Since the aim of the research is to investigate diversity and performance in terms of numeric indicators and also to revealing reasons of few women and minorities on board and to understand their experience, a combination of quantitative and qualitative approaches is used to assist the researcher in understanding different diversity dimensions of firms on the NSE. The findings are analyzed from various sources including documentation (annual reports, NSE fact books, Bloomberg, etc.) as well as interviews conducted with board members of reputable Nigerian corporation in the financial and oil and gas sectors in cosmopolitan regions in the country (Lagos, Abuja, Port-Harcourt, Ibadan, Benin

city). With this various sources of data, the researcher is able to gain critical insight into the corporate governance practices in Nigeria.
To understand the impact of each of the board characteristic variables, the researcher used some board related theories such as agency theory, resource dependence theory, and stakeholder theory. Each of these theories is discussed in chapters 3 and a model (figure 2 page 42) was formulated to provide the conceptual framework for the hypothesis of a link between the gender and ethnic diversity of the board and the financial performance of the firm. The research argued that some board characteristics such as board size, number of female directors, non-executive female directors, firm size, quota, might exist either positive or negative impact on board processes, which in turn have an impact on board performance. Board performance in this case means financial performance, which is indicated by the Tobin's Q and the ROA. Zahra and Pearce (1989) opined that the effectiveness of the board would result in better subsequent firm performance.

The key discussions of the research are split into five arguments associated with diversity and firm performance. First, this research looked at the ethnic diversity on corporate firms on the NSE. The research hypothesis expects a positive relationship between ethnicity on board and firm performance which is in contrast to Kanter (1977a)'s theory that a skewed board to a certain member category would reduce the influence of the other categories as monitoring agencies on board, which will invariable reduce performance. In our research there are mixed result for hypothesis 1. The result of the overall sector on the NSE suggest that the interaction of ethnic minority diversity coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive, and significantly related with our financial performance indicator Tobin's Q for Nigeria firms. This is consistent with the literature that implies that having an ethnically diverse board is a knowledge-based asset that creates value for shareholders by linking an organisation to its external environment, thereby promoting firm performance (Carter and Wagner, 2011). This result supports resource dependence theory which views ethnic diversity in a corporate board as an economic resource to the organisation that help firms comprehend the dynamic industry context of a country (Hitt et al., 2016, Hillman et al., 2009). In the comparative study of the oil & gas and the financial sector, this research concluded that the coefficients for the indicators of an ethnically diverse board (Igbo and Hausa) are close to zero, for Tobin's Q in both the financial and oil and gas sectors. However, there is a positive relationship found between the proportion of Igbo Directors and ROA in the financial sector. Therefore, we have mixed evidence for hypothesis 1 that ethnic diversity is negatively associated with firm performance. The Igbo variable in the ROA analysis supports the business case for diversity. It is well documented in literature (Griffiths, 2018, Lord Davies of Abersoch, 2014) the benefits of a diverse board. Proponents of the value-in-diversity perspective like Herring (2009) argues that a diverse workforce, relative to a homogeneous one, is generally beneficial for business, including but not limited to corporate profits and earnings. This supports our research, which shows a positive relationship between Igbo board members and financial performance of the financial firms. This research might be because of a sector specific condition that is not captured in our analysis. This should be investigated in future research in this area. In addition, the pre and post-2009 analysis for the financial sector also indicated no relationship between firm performance and ethnic diversity on corporate boards.

In addition to our quantitative findings, which found no evidence of a relationship between ethnicity and performance on board except the Igbo board members, the qualitative research concludes that ethnicity on board does have an effect on board composition and the firm performance. One of the benefits of CSR according to the law of the Federal Government of Nigeria for catchment areas, especially in the extractive industry (Oil and Gas), is that a quota of its junior level staff must be from the catchment area in technical roles. According to our research, not only is there a quota of junior employee in these organisation there is a monopoly of ethnicity on most boards with a token position reserved for people of different ethnicity. According to various correspondence they believe, or agree with the importance of ethnic diversity on board but they conclude due to various experiences that in principle it is a façade for nepotism, a panacea for perpetuating mediocrity which is in contrast to the resource dependence literature (CMI22 see page 152) . They also believe that because in some cases decisions are made on the bases of consensus, which may not be the best approach, as is most cases, results may be skewed in favour of the ethnic minority on board.

Our finding further show that although quota system – a newly introduced initiative in the banking sector – is becoming a template on most corporate boards, there is a good number of opposition to it. Some of our correspondence think the quota system is a popularity contest and that merit and a board experience base should be the most important factors in board appointments. One of the argument with some of our correspondence is the quality of the token on board. They conclude that excessive reliance on experts who may not be well informed about the decision about to be taken can lead to wrong decision because on most top firms in Nigeria due to the quota system firms pick the same woman on different company boards which is literature is called gold skirt.

Second, we explore gender diversity on corporate boards in Nigeria and we investigate quantitatively and qualitatively the effect of gender on firm performance. We employed variables like number of board members, number of female board members, and the existence of quota to investigate our claims. Hypothesis 2 predicts that board gender diversity is positively related to firm performance. Going by our preferred model – fixed effects model – result of the firm performance indicators –

Tobin's Q and ROA – no significant relationship for our all sector model. All other models for the financial and oil and gas sector overall and the pre-2009 and post 2009 all report zero coefficient or no statistical significance between the relationship of our financial performance indicators and gender diversity. Therefore, we cannot accept hypothesis 2 that there is a positive relationship between gender and firm performance. This could be due to ratio of men to women on boards of firms undertaken in this research (25 men and 7 women). Research shows that the efficacy of women and minorities on board is unlikely until a critical mass is met. According to Torchia et al. (2011b), suggest that attaining critical mass – going from one or two women (a few tokens) to at least three women (consistent minority) – makes it possible to enhance the level of firm innovation. (Isidro and Sobral, 2015) also found Women on the board are positively related with financial performance (measured in terms of return on assets and return on sales) and with ethical and social compliance, which in turn are positively related with firm value. An explanation for our result could be according to Carter et al. (2010) the level of integration of any group into the mainstream society appears to be a relevant factor in the definition of diversity. If a diverse group, whether defined by gender, ethnicity, language, religion, education, or some other dimension, is highly integrated, then any noticeable difference in the behavior of corporate directors from that diverse group might be minimal, even more so if the gender and ethnic diversity is well skewed towards a category on board.

In chapter 7 (qualitative analysis), the researcher explores why it is hard to get a critical mass on the Nigeria corporate board. Some factors discussed are issues with work-life balance, double shifting, and social networking. Research has established that national culture is a major factor defining women's role in society more broadly, but also that country cultures help shape corporate board demography (Grosvold and Brammer, 2011). Hence, if the society, like in the case of Nigeria, see women characteristics as non-leadership features then it is hard for them to reach such position. Our respondents confirmed the literature which suggests that when the demands of the job increasingly encroach into family life, women experience conflict which affects their career outcomes (Mordi et al., 2010, Terjesen and Singh, 2008). Mordi et al. (2010) stated that work-life balance is tough for women with young children especially when they try to balance their role as the primary caregiver with additional responsibility in the organisation. For most women in this situation in Nigeria, it is mostly vetoed by the man to choose the kids over career advancement. In fact, according to our interview, it is a criterial for some men to have a stay home wife or business owner, so they can leave to take care of the kids anytime (OGFI14 see page 158). If the woman would continue work regardless of the aforementioned issues, she faces double shifting and challenging assignment (BFI11). She also has also zero chance of redemption from a mistake as she is scapegoated (CMY22).

Thirdly, Hypothesis 3 predicted board size is positively associated with firm performance. However, our preferred model – the fixed effects model – reports no relationship between board size and our firm financial performance indicators – Tobin's Q and ROA in our all sector models. In our comparison of the financial and oil and gas sectors, there was still no relationship. Finally, in the pre-2009 analysis of both the financial and oil & gas sector comparison the firm financial performance indicator ROA reports a negative relationship between firm performance and board size while in the post-2009 era both performance indicators also report negative relationships between firm performance and board size. This implies that as the size of a firm's board increases, the less the degree of its impact on the financial performance on the firm. This result is consistent with theory which states that as board increases in size, free riding increases and reduces the efficiency of the board in monitoring management and providing strategic human resource for the organization (Ujunwa et al., 2012). Paul (2009) examined the impact of board size on firm performance for a large sample of 2746 UK listed firms over 1981–2002. He found that the negative relation is strongest for large firms, which tend to have larger boards therefore supporting the argument that problems of poor communication and decision-making undermine the effectiveness of large boards. It is interesting to note that separate regression model showed a negative relationship between our financial indicators and performance. Following the global financial crisis of 2008 the CBN increase monitoring of all financial institutions. However according to Ujunwa (2012) policy implementation and appropriate punishment for non-compliance has hampered improved and better corporate governance in Nigeria. This could be a reason for no difference in the effect of pre and post 2009 analysis.

This research investigates the resource dependency theory in the Nigerian context by empirically study of the effect of board size on firms' financial standing on the NSE. Our hypothesis 4 is in accordance with resource dependency theory that diverse and increased number of directors on any corporate board improves knowledge and information. The economic case does not argue that ethnic diverse directors are perfect substitutes for other board members; rather, ethnic diverse directors are individuals with unique characteristics that create additional value for shareholders. To this end, we investigate the effect of non-executive female directors on corporate board. With the increase in popularity of non- executive female member on the Nigerian board, it is important to know how they affect firm performance.

While independence of the board is considered a key criterion in the governance of firms, there is no robust evidence that board independence improves firm performance Adams and Mehran (2012). An important issue that is highlighted in recent research on this latter topic is that increased independence also comes at a cost – the possibility of breakdowns in communication between the CEOs and directors (Adams and Ferreira, 2009). Some researchers have also argued that a board's monitoring role is more efficiently performed by more independent boards (Guest, 2009, Lehn et al., 2009). However, a few recent papers also challenge the notion of independence, and document that boards that are independent on paper can be ineffective monitors when the directors are socially or professionally connected to the CEO (Hwang and Kim, 2009, Dey et al., 2011). According to Ujunwa (2012) most female corporate board members in Nigeria have strong ties with the owners of the firms, and do not have any corporate background, they are likely to increase agency cost and delay decision-making process which will negatively affect performance (Terjesen et al., 2009). However, the issue might not be because of incapability of the female board member but the potency of their voice on the board. According to our qualitative analysis, the voice of a critical mass on board is important for the effectiveness of women and minority groups on board. According to Kanter (1977a) skewed groups on corporate board would be especially problematic because the tokens are either in focus or they are overlooked, and they may be subject to stereotyping.

Finally, Hypothesis 5 proposes that the number of women directors on a major board committee is positively related to the financial performance of the firm. Our empirical research found out either weak or no link between the number of women directors on a major board committee and financial performance of the firm on the NSE. The argument discussed in hypothesis 2 is applicable here. Without the critical mass the positives of the business case for gender and ethnic minorities diversity on board cannot be attained (Kanter, 1977b). The research result also confirms the expectation the struggle of female directors to double shift as the manager and as wives, mothers and career women, as well as the greater geographical mobility required at higher executive levels which is linked to the reduction in the supply chain for leadership candidates. Some of our respondents confirmed that they have avoid or push back promotion to executive positions early in their career because they have young kids and "if these involve working anti-social hours or frequent travel away from their families" (Oyefuga et al., 2013).

8.3 Strength of the research

This thesis presents the benefits of conducting a mixed-method study, which facilitated the researcher in examining how board characteristics – particularly diversity - interact with firm financial performance indicators. The quantitative findings capture a broad picture of the diversity and how women and minorities make an impact on – through our financial indicators Tobin's Q and ROA. We explore corporate diversity theories and how it affects board composition. While the qualitative analysis permits the researcher to explore in more depth women and minorities directors' experience on Nigerian boards.

The combined quantitative and qualitative approach has provided an overview of corporate governance research as it can facilitate a broader and deeper understanding of governance practices that would improve firm productivity. The study contributes to understanding of board effectiveness in an emerging market where board roles and processes are still developing by examining both the traditional variables such as board size, firm size, board independence (non-executive directors) and other organizational attributes such as board diversity (gender and ethic).

Secondly, the study will add to some insight into better governance practices in Nigeria that explain the barriers facing board members in relation to diversity and getting one's voice heard as well as dealing with other barriers. This is important because The lack of good governance amongst Nigerian companies has been blamed for the economic backwardness of the country (Adekoya, 2011).

Finally, we reckon that the empirical study of ethnicity in this research helps address the scarcity of this research d in Nigeria. Most literature about the subject matter are about global developed economies (US (Maume, 1999, Maume, 2004), UK,) and a few other developing economies, thus has linking ethnicity to financial performance in the Nigerian context gives us greater insight into what can happen in developing economies relative to their differing contexts. Given the importance of ethnicity in Nigeria (a country with over 250 language and ethnicity), it is important to understand the interaction of ethnicity on corporate boards, how companies recruit, process and consider gender and ethnic dimensions and how this is linked to the national context and culture.

8.4 Limitation of the research

Some limitations of this study include the issues relating to the representativeness of participants and the fact some variables in the quantitative models are missing reducing the number of variable we could have used in this research.

This analysis has been conducted through fieldwork in Lagos and Abuja primarily the commercial capital and the federal capital territory of Nigeria respectively. Most firms have their headquarters there. However, there could be data bias as this region are the most developed in the country and other effects of the less developed regions may not have been captured by the research. According to Stake (1978), while a case study may constitute a weak basis for generalisations, it can represent a particular community (for example, ethnic group on board), thereby allowing some generalisations. However, although this present study has been conducted primarily in Lagos and Abuja, this sample is adequate for providing a good representation of firms on the Nigerian Stock Exchange because most of these companies are based there. The data presents a detailed view of the issues relevant to diversity, board composition and firm performance on the NSE. Many of the issues resonate with the existing literature; thus, it is possible that the findings of this study is applicable to other developing economies who have similarly geo-political setup. However, according to Adesua Lincoln and Adedoyin (2012) we must be careful making generalisation in Nigeria given it cultural diversity.

We also had time constraint in going to Nigeria for the fieldwork that was linked to visa issues, which limited time spent in the country interviewing. At the beginning, we had primarily a qualitative research design for this topic but upon revision by the transfer panel, we decided to use a mix method because it stresses the use of component designs in which different elements are kept separate. In this study, the quantitative approach is suitable to answer the research question asking whether ethnic plays a prominent role in firm financial performance, while the qualitative approach is appropriate to investigate of individual experience related ethnicity, double shifting, culture, regionality on corporate board (see page 88). However, because of the delay in the new analytical construct combined with delay on permit procurement, more interview participant was not reached, which would have given the research more robust finding. However, recognising, identifying and contacting the small numbers of female and ethnic directors, who themselves have very pressurised jobs is always challenging for researchers, which helps to support the adoption of a pragmatic approach to methodology. This is because in developing countries such as Nigeria the quality of data to do quantitative studies is more limited. The size of the country and the volatility in certain regions like the Niger Delta makes the possibility of extending qualitative research outside of the safer major cities also problematic. In addition, directors too being a small but very powerful cohort makes access more challenging as there are many demands on their limited time and for women with double roles, even more so.

The model for this research has used a limited number of control variables in studying firm performance. There are several other control variables identified in literature but are not included in this model. Examples are average additional directorships, percentage ownership of the board (Carter et al., 2010), decision comprehensiveness (Simons et al., 1999). Future research should address the limitations of this study. Several extensions to this study can be undertaken. The researcher focused only on certain set of board characteristics for their impact on firm performance in the quantitative analysis. There are other board characteristics such as age, educational qualifications (Adegbite and Nakajima, 2011) that could have been considered.

In the qualitative analysis, we explored ethnicity and regionality but cultural was not fully explored. It would be helpful to know in more depth how culture and religion specifically affects women and minorities.

In addition, this research used the fixed effect analysis. We recommend for further researcher to explore other quantitative methods like generalised method of moments, which is also used in the corporate governance literature.

8.5 Contributions

Some important contributions emerge from this research. Firstly, we have expanded research into corporate governance and diversity by developing an expanded theoretical framework to help explain governance in the Nigerian context. The framework of Carter et al. (2010) was the template for our empirical research, however we furthered the research by paying close attention to the ethnic variables and adopting a mixed method approach to understand the experiences of board members on a typical Nigerian firm's board. This study is therefore a contribution to empirical study of corporate governance. The theoretical contribution (as seen in chapter 3) is epitomised by the model explained by figure 2 (page 42). The research combines the three main theories agency, resource dependence and shareholder theories to explain how board composition affects financial performance in Nigeria. Using this approach rather than a single perspective to is a better way to understand the impact of corporate governance on board performance in developing countries like Nigeria where the impact of rules and regulation are more limited and other cultural factors such as cronyism, women's double roles are more prevalent. As the literature suggests, agency theory primarily emphasises shareholders' interests, while the stakeholder theory takes cognisance of the benefit of all interested parties and not just the shareholders while resource dependence explains how firm interacts with external influences on its decision making process all of which are captured in this study. To have a better understanding of board process and dynamics, as discussed in this section, there is a need to integrate different theories rather than consider any single theory. Such an approach was supported by Stiles (2001) who calls for multiple theoretical perspectives and Roberts (2005) who suggests theoretical pluralism.

This research contributes to the literature with the use of a mixed method in this study. Study of different theoretical standpoints clarifies the need to take a cohesive approach rather than a single perspective to understand the impact of corporate governance on board performance. The quantitative section in this research employed the framework as seen in figure 2 (page 42) to answer questions about the board composition and how its characteristics affects performance. The qualitative approach, on the other hand, is appropriate to investigate of individual experiences of men and women on the influences of culture, leadership structure, etc. on their impact on the decision-making process on board. In essence, this research design abundant evidence which may deepen some fundamental understanding of the study (Wilson, 2014).

Another contribution of this study is the understanding of board composition and firm performance in an emerging market where board roles and processes are still developing by examining both the traditional variables such as board size, board independence and other organizational attributes such as board diversity (gender and ethic) and board professional human capital variables such as board committee composition. The Nigerian context is unique because of its cultural and ethnic divide, its political instability, it is an emerging economy, a corrupt state, a developing democracy, all the turbulence that emerges from the oil region of the country and the development of its corporate governance policies. We found no evidence both quantitatively of a relationship between ethnicity and performance on board, except the Igbo board members on firm performance because, the qualitative research shows that the law of the Federal Government of Nigeria for catchment areas is manipulated. Not only is there a quota of junior employee in these organisation there is a monopoly of ethnicity on most boards with a token position reserved for people of different ethnicity which is a façade for nepotism, a panacea for perpetuating mediocrity which is in contrast to the resource dependence literature (CMI22 see page 152). It is therefore important that the government enforce the catchment rule, put tougher penalty for rule-breakers, and make sure the rules are enforced if they want to see improvements in diversity and governance.

Thirdly, the study will add to better corporate governance practices in Nigeria. The lack of good governance amongst Nigerian companies has been blamed for the economic backwardness of the country (Dike, 2006); hence, the research would help know those corporate governance practises that would improve firm performance such as board heterogeneity in terms of human capital, gender, ethnicity and regionality.

Finally, this research also contributes to the African topical policy debate regarding the effectiveness of corporate governance mechanisms. Nigeria is a regional power. The Nigerian government has tasked itself to make the country to be one of the 20 largest economies in the world by year 2020, by being able to maintain its economic leadership role in Africa. However, Nigeria must put in place an effective corporate governance framework in order to become a respected and significant player in the global political economy. The discussions in this research are only useful to the sub-Saharan African business scholars but offer suggestions on how African nations can structure their business corporations to address corporate corruption through good corporate governance (Adegbite and Nakajima, 2011).

8.6 Recomendation

Evidence from our research suggest a mixed result for the realtionship between ethnity and firm performance. Result of the overall sector on the NSE suggest that the interaction of ethnic minority diversity coefficients for the indicators of an ethnically diverse board (Igbo or Hausa) are positive, and significantly related with our financial performance indicator Tobin's Q for Nigeria firms. This result supports resource dependence theory which views ethnic diversity in a corporate board as an economic resource to the organisation that help firms comprehend the dynamic industry context of a country (Hitt et al., 2016, Hillman et al., 2009). Where as in the comparative study and sepearte years study ethnicity has had no influence on board. Evidence from our research therefore, is not enough to support gender diversity on corporate boards based on the premise that gender will improve the financial performance of the firm. However, gender and ethnic minority directors do not appear to have a negative effect on firm financial performance, which means that focusing on diversity should not threaten companies's performance, which some board members alluded to on the importance of appointing people on merit, the right people.

From our analysis we can conclude that women on board have not had the number or executive position on board to make the desired impact on firm performace. Our interview analysis also show that various barriers including double shifting for women and minorities, social networking, mentoring, effects of tokens on board has prevented full utilisation of firm human capital resources on boards. Drawing from (Kanter, 1977b) agrument that until a critical mass or a balance board is met the influence of women and minority on board would not be felt, we therefore recommended that the impending bill of gender equality put to the senate be passed into legislation to create a platform to increase women on board. This bill has been in the Nigerian senate for eight years. This bill was designed to eradicate gender inequality in politics, education and employment. With the election coming in Feburary this year and the political class predominantly male, it is uncertain anything would be done about it until the new regime starts. Until this bill become law, unfortunately there would be no grounds for the procecution of gender discrimination. Until this bill is passed it will be difficult to challenge the existing situation in relation to diversity, governance and corproate performance..

In an age of globalization, governance reforms are critical. Nigeria has been undertaking a program of reforms for more than a decade now. The nature of the reforms has been largely determined by developments in the global economy. We have shown in this paper that Nigeria has introduced reforms in some of these areas. The financial sector for instance under the leader of the then CBN governor Mallam Lamido Sanusi, agreed that by 2014 at least 30 percent of the board seats in

Nigerian banks would be occupied by women and at least 40 percent of senior management positions will be held by women in 2015 (Sanusi, 2012). The then Governor of the CBN, Governor Sanusi, revealed that since the establishment of the CBN's only four women have held the position of the director even though there were women capable and qualified to fill directorial roles. However, since 2017, there are about seven female directors; this comes from a conscious policy of looking for qualified women to take these positions. Though the regulatory directive represented a definite step toward parity, subsequent studies have revealed that many financial institutions continue to fall short of the 30% target. Women in Management, Business and Public Service found that 19% of board members for Nigerian banks were women as of 2014 (Adebowale, 2012, Ogbechie, 2016). Which falls significantly short of the 30% target identified in the regulatory directive. The then CBN governor said the target could not be met because there was not enough women to take the position on board. This research advocates for more mentoring for women to help improve their chances of breaking the glass ceiling. However, other strategies would need to be implemented to improve the pipeline to director level particularly as the educational level of women in Nigeria is improving which suggests that there should be more candidates in the future looking for opportunities to come through. However, our interview analysis shows there is a huge gap in this area as women and minorities on board find it hard to penetrate the old boys club on board and while we cannot generalize about Nigerian education, it was interesting that in our qualitative research all female directors were more highly educated than the men were. This could be explored further in future studies. This research suggests that it is part of the company policy to mentor prospective leaders, who have interest and qualifications for the board position. As recommended by Shantz et al. (2011), in the male dominated organisation, women have difficulties making a connection and thus are likely to lose in their careers particularly as they are subject to wider social pressures about familial responsibilities unlike the men in our research who considered that they benefited from having wives to support their careers..

8.7 Conclusion

This study aims at understanding the board characteristics of Nigerian firms, how these characteristics interrelate, and the extent to which these known characteristics impact on firm performance. Our studies focus on two forms of diversity - ethnicity and gender – of directors of quoted companies in Nigeria using a carefully chosen pragmatic, and mixed research methodology. Empirical data was gathered through the annual reports of 190 companies and the Nigerian Stock Exchange Factbook. Other infomations where garthered theough Google. Linkedin and other internt platforms. We also undertook interview with 32 board members and discussed various key board characteristics, which may affect performance.

We conclude from our quantitative analysis particularly regarding our diversity variable that we found an overall effect of ethnicity on all the boards on the NSE, however each sector doesn't show enough evidence to accept or denies the effect of ethnicity on board.

We can also conclude that there is no evidence for a relationship between gender on board and firm performance. Further more, the relationship between board size and firm performance has consistently through the different models explored remained negative. This confirms the argument in the literature that a large board would increase agency cost, reduce the effective of the board by slow decision making process. We can also conclude from our study that there is no evidence that non-executive female board member, or women on board committee make any impact either negative or positive on firm performance in Nigeria firms. We can also conclude from our qualitaitve research that social networking, regionality, social acceptability, double shifting for women and minorities play important roles in determining the effectiveness of this human resources on the Nigerian corporate board, which may help to explain the above finding.

Therefore this study adds to the existing literature on corproate governance by looking at the effect of ethnicity on board and how recent reforms particularly in the banking sector as influenced diversity on corporate board. This research is of particular interest to policy makers, concerned or interesting in developing an appropriate corporate governance environment. The research is a modest attempt to provide some academic evidence to help provide some insight for current and future governance reforms in Nigeria.

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APPENDICES

Appendix 1.1 Letter of invitation for fieldwork

University of East Anglia

31 May 2019

Dear Sir:

I am Olumide David Okeyide a PhD student in the Norwich Business School, University of East Anglia, United Kingdom. I am writing to request your permission to undertake research fieldwork in your most reputable organisation.

My research is primarily focused on how Human Resources are best managed and optimally utilised by firms and my case study is the corporate firms in Nigeria. My plan is to look at your your firm's strategy in recruiting world class staff, how your organisation helps employees manage their careers and whether career trajectories differ. I also intend to look at the demographic diversity represented within your organisation and how that enhances organisational performance. This research would also be of benefit to your company as it would identify which of your organisational practices are the most effective.

I hereby solicit the help of your company in undertaking this research by allowing me to conduct interviews with key stakeholders within your organisation.

I understand how important it is that any information collected as part of this research should be kept confidential. From research design to the dissemination of its results, ethical principles will be accounted for and I will comply with all institutional, international regulations and codes of practice regarding research ethics. I will seek approval for the project from UEA's Research Ethics Committee (http://www.uea.ac.uk/research/research-integrity) prior to any data collection.

I shall be delighted to supply further information on request. You may also contact my Supervisors, Dr Sara Connolly at Sara.Connolly@uea.ac.uk and Dr Susan Sayce at S.Sayce@uea.ac.uk.

I would be very grateful and honoured get a positive response to this proposition.

Yours sincerely

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Appendix 1.2 Semi-structured questions for interviews

INTERVIEW

DIVERSITY AND PERFORMANCE: THE CASE OF BOARD COMPOSITION OF NIGERIAN QUOTED FIRMS

This Interview is conducted as part of my research project, which I am doing for my PhD at the Norwich Business School (NBS) at the University of East Anglia. This study aims to investigate the impact of corporate board characteristics on the performance of Nigerian quoted firms. The results of this study would be expected to help academics understand practices in the Nigerian corporate world and policy makers know which best practices can be employed in other sectors of the economy to improve performance and maximize human resource productivity. All the personal information collected will be kept in a secure place to protect the confidence of participants. Therefore, your anonymity is maintained throughout the work. Thank you for your assistance.

Semi-structured questions for interviews and the academic sources

Question	Probes	Source
1.1 In what academic field did you study at different level of academic attainment? 1.2 Did you study abroad for any of these qualifications? 1.3 How many years have you worked in your professional career? 1.4 What organizations have you worked for?	Exploring demographic details	Adams et. al. 2005., Ayeomeni 2012., Bear 2010., Carter et al., 2010, Ujunwa, 2012.

Question	Probes	Source
1.5 How many years have you worked for your current organization? 1.6 What position did you start with in your current organization? 1.7 Do you have any international work experience? 1.8 How old are you? 1.9 What is your marital status?		
2.1 What in your opinion are the skills and expertise that are essential for appointment into board position in your organization? 2.2 What is the process for appointments into board position in your organization? 2.3 Do all candidates for appointment to board level know this? 2.4 Has this criteria changed overtime?	Is the same standard for promotion applied evenly in your organization, or does it vary? Difference executive and non-executive? Are they advertised or in further particulars?	Carter et al., 2010, Ujunwa, 2012.
3.1 In your opinion what do you think are the strengths of having diverse membership on your board 3.2 Are there any weaknesses of having diverse membership on your board? 3.3 What do you think of a quota system for gender on board?	How is gender diversity significant to board performance? Perception of quota system on corporate boards in Nigeria.	Bear 2010., Carter et al., 2010, Maume 2004, Ujunwa, 2012.
4.1 Are there other elements of diversity that you think might be important? i.e. same school membership on board, elite school, study abroad, international experience etc.	What other forms of diversity are on board?	Carter et al., 2010, Maume 2004
5.1 Ethnic diversity is a feature of Nigerian life. What is the significance of ethnic diversity in organisational life? 5.2 What is the representation of your kinsmen on your organization's board? 5.3 Do you think this helps you settle and make better contribution on board, or it doesn't?	How is ethnic, language and regional diversity significant to board performance?	Ayeomeni 2012, Maume 2004.

Question	Probes	Source
5.4 Is there any advantage to having a good representation of all tribes (3 major tribe at least) on your organization's board?		
6.1 How is leadership perceived within your organisation 6.2 How is succession managed. 6.3 Do you perceive an impact of leadership on organisational performance?	Is there any significance of leadership structure on Nigerian corporate boards?	Adams et. al. 2005, 2012., Carter et al., 2010, Maume 2004, Ujunwa, 2012.
7.1 To what extent do you think that boards within your sector and industry are similar to your own? 7.2 Are there any recent regulations affecting boards within your sector 7.3 What policy would you recommend to you organisation from other sector?	Exploring sectoral specific issues	

Do you have any questions?

Were there any questions that you were expecting that I haven't ask?

Any suggestions on other people for me to talk to?

Thank-you!

Appendix 1.3 Questionnaire

University of East Anglia

QUESTIONNAIRE

GLASS CEILING: A CASE STUDY OF THE NIGERIAN BANKING SECTOR

This questionnaire is conducted as part of my research project, which I am doing for my PhD at the Norwich Business School (NBS) at the University of East Anglia. This study aims to explore disparity in career advancement in the Nigerian banking sector as a result of the glass ceiling. The results of this study would be expected to help academics understand practices in the Nigerian banking sector and how it affects career advancement of men and women and for policy makers to help eradicate policies that restricts fully utilization of human resources through glass ceiling. I would like to invite you to take part in this research study. All the personal information collected will be kept in a secure place to protect the confidence of participants. Therefore, your anonymity is maintained throughout the work. Thank you for your assistance in providing the information requested.

The questionnaire is divided into 7 parts (60 items)

Part 1 Career information

Part 2 Personal information

Part 3 Social roles and responsibilities

Part 4 Career performance

Part 5 Factors influencing career progression

Part 6 Perception about work environments related to academic careers

Part 7 Attitude towards intention to stay in academic careers

Please complete each item by marking √ in or fill in the blanks.

Part 1 Career information

1.1. In which field are you working? (Select the most appropriate response <u>only one</u>)

Academic fields Physical sciences and Mathematical

Medical sciences

Chemistry and Pharmacology

Biological Sciences and related fields

Engineering and Industry

Information Technology/ Computing sciences

Other *(please specify*) …………….

Non - academic fields (*end of questionnaire, and thank you very much)*

1.2. Your organisation ………………………… department …………………

1.3. How many hours do you devote for work? ………….. hours a week

1.4. Please indicate the proportion of your time that you have spent for work.

Academic job ………………… %

Management/administration ………………… %

Cooperate with stakeholder (client/academics) ………………… %

Others (document work, non-related academic work)…………………%

1.5 How many years have you worked in your organization? …… years

1.6 Position at <u>start</u> in your current organization

Level 1 - director/ senior executive/ professor/ president

Level 2 - principal researcher / associate director/ associate professor/ associate president

Level 3 - senior researcher/ team or project manager / assistant professor/ faculty dean

Level 4 - researcher/ lecturer/graduate trainee

Other (*please specify*) ……………………..

Official level at <u>start</u> ………….................

Monthly income at <u>start</u> , 000 Baht

1.7 Position at <u>present</u> in your current organisation

Level 1 - director/ senior executive/ professor/ president

Level 2 - principal researcher / associate director/ associate professor/ associate president

Level 3 - senior researcher/ team or project manager / assistant professor/ faculty dean

Level 4 - researcher/ lecturer/graduate trainee

Other (*please specify*) ……………………..

Official level at <u>present</u> ………….................

Monthly income at <u>present</u> , 000 Baht

1.8 Period of appointment to higher level of each level

1.8.1 Promotion from level 4 up to level 3 ………… years

1.8.2 Promotion from level 3 up to level 2 ………… years

1.8.3 Promotion from level 2 up to level 1 ………… years

1.9 How many years have you worked at the level of staff? …….. years

1.10 During your academic career, have you been project manager/ leader?

Yes …………. project (s) No

1.11 In your current job, how many do you manage/have responsibility for other staff?

………………. person (s)

1.12 Have you taken any career breaks?

Maternity leave Yes No

Become a monk Yes No

Part 2 Personal Information

2.1 Gender Male Female

2.2 Year of birth ……………

2.3 Marital status Single Married Widowed Divorced

2.4 Number of children …………… person (s)

2.5 Occupation of your spouse

Worked in academic career Worked in non-academic career

Self employed Homemaker, retired, or not employed

2.6 The educational background of your spouse

Lower than bachelor's degree Bachelor's degree

Master's degree Doctoral degree

2.7 The total monthly income of your family , 000 Baht

2.8 The occupation of your parents

	Father	Mother
Worked in academic career		
Worked in non-academic career		
Self employed		
Homemaker or not employed		

2.9 The educational background of your parents

	Father	Mother
Finished lower than bachelor's degree		
Finished bachelor's degree		
Finished master's degree		
Finished doctoral degree		

2.10 Highest degree earned

Bachelor's degree Master's degree Doctoral degree

2.11 Foreign degree earned

Yes No

2.12 Educational background

	Bachelor's degree	Master's degree	Doctoral degree
Field	………………	………………	………………
University	………………	………………	………………
Country	………………	………………	………………
GPA	………………	………………	………………

Holding an Honors' degree Yes   No

2.13   How many years in total have you worked in an academic career?

…….. years (Exclude years in full time study)

2.14   During your academic career, have you worked or trained abroad?

(excluding postgraduate study/training)

Yes   No

1.15.   If Yes, for how long in total? …….. years

2.16   What has been beneficial to your career from work experience in abroad?

[Select all that apply]

Good for the CV   Improving skills   Increased salary   Getting higher position   Getting well known Other (*please specify*)

Part 3 Social roles and responsibilities

3.1   Have you work experience with any sectors outside your institution?

[Select all that apply]

None   Worked with higher education

Worked with public sectors   Worked with non-public sectors

3.2   Are you/have you been

Yes   No

Member of an international committee?

Member of a national committee?

Member of an editorial board of an academic journal?

3.3   How many academic associations are you a member of or have positions in?

3.4   Your activity out of working time.

Item	Participation level				
	Least		Most		
	1	2	3	4	5
1. You go to party association with your colleagues.					

2. You accompany your colleagues to provinces or abroad.					
3. You attend professional activities.					
4. Family care					
5. Further knowledge training					

3.5 What has been beneficial to your career from collaborating with any particular professional activities? [Select all that apply]

Good for the CV Improving skills

Increased salary Getting higher position

Getting well known Other (*please specify*) ………………

Part 4 Career performance

4.1 In the last 3 years, how much research output have you had?

(Include accepted publications that have a publication date, but not those that are still at the revision stage)

Published paper …………..

(books, book chapters, journal articles, instructors' manuals, research reports)

Conference presentations …………..

Patents …………..

Other (*please specify*) …………..

4.2 What has been beneficial to your career from good academic performance?

[Select all that apply]

Good for the CV Improving skills

Increased salary Getting higher position

Getting well known Other (*please specify*) ………………

Part 5 Factors supporting academic careers

What will help you to progress in your career? [Select all that apply]

Item	Level of Opinion				
	Strongly disagree	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly agree**
1.1. Parents support					
1.1. Spouse/ partner support					
1.1. Educational degree					
1.1. Elite university graduated					
1.1. Earning a foreign degree					
1.1. Work experience abroad					
1.1. Academic career years					
1.1. Research performance (publication, conference, etc.)					
1.1. Specialist skills					
1.1. Good relation with colleagues in organisation					
1.1. Good connection with stakeholder outside organisation					
1.1. Old boy network					
1.1. Non-career break					
1.1. Other (*please specify*) …………………………					

Part 6 Perception of work environments related to academic careers

Item	Level of Opinion				
	Strongly disagree	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly agree**
1.1. My organization has a good and fair performance evaluation process.					
1.1. Getting promotion in my organization is based upon personal accomplishments on the job.					
1.1. Employees in my department are given equal opportunities in promotion.					
1.1. In my organization, males were promoted more than females.					
1.1. In my organization, if the capability of males is equivalent to females, males were promoted than females.					
1.1. In my opinion, on the whole men make better leaders than women do.					

Part 7 Attitude toward intention to stay in academic careers

7.1 Do you 'aim' to become a top manager in your career life?

Yes No

7.2 What is your long-range career plan? (Select the most appropriate response and only one)

Remain in academic career

Employment in non-academic career (*please specify*) ……..…

Self employed (*please specify*) ………..

Homemaker, retired, or not employed

7.3 Why do you plan not to remain in your academic career? [Select all that apply]

Lack of career opportunity in promotion

Marriage/family obligations

Health reasons

Other (*please specify*) ……………………….

7.4 Are there any other issues those come to your mind when you think about what factors or circumstances would enable you to advance in academic career in terms of increasing salary and higher promotion?

……………………………………………………………………………

……………………………………………………………………………

7.5 Do you think gender discrimination still remain in academic career, how do you know, what factors lead to gender discrimination in academic career, and what is needed to solve this issue?

……………………………………………………………………………

……………………………………………………………………………

Thank you very much for your cooperation!

Appendix 2.0 Regression results

Appendix 2.1: OLS regression results all firms Tobin's Q

Table 1: Ordinary least square regression results

. regress tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Quota sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector9 sector10

Source	SS	df	MS	
				Number of obs = 1,101
Model	108.772346	18	6.04290811	F(18, 1082) = 4.42
Residual	1479.86058	1,082	1.36770849	Prob > F = 0.0000
Total	1588.63293	1,100	1.44421175	R-squared = 0.0685
				Adj R-squared = 0.0530
				Root MSE = 1.1695

Source: Author's computation based on Stata analytical software result

tobinsq	Coef.	Std. Err.	T	P>t	[95% Conf.	Interval]
nodirbd	.0318948	.0179542	1.78	0.076	-.0033341	.0671237
pwob	-.0079968	.0090565	-0.88	0.377	-.025767	.0097734
pnexwob	-.0093682	.0099385	-0.94	0.346	-.028869	.0101326
dirG	.0011195	.0018857	0.59	0.553	-.0048196	.0025805
dirH	.0019047	.0024912	0.76	0.445	-.0067928	.0029834
dirInt	-.0069273	.0019599	-3.53	0.000	-.0107729	-.0030818
audi	.0002791	.0005495	0.51	0.612	-.0013572	.000799
logfirmassets	-.0581498	.013059	-4.45	0.000	-.0837737	-.032526
Quota	.0041922	.1417392	0.03	0.976	-.2739225	.282307
sector1	.0797112	.2512105	0.32	0.751	-.4132037	.572626
sector2	.7188589	.2044946	3.52	0.000	.317608	1.12011
sector3	.1389082	.2567385	0.54	0.589	-.3648536	.6426701
sector4	.0989535	.2068112	0.48	0.632	-.3068429	.5047499
sector5	.3792994	.1716271	2.21	0.027	.0425399	.716059
sector7	.1327545	.1767014	0.75	0.453	-.2139617	.4794707
sector8	.2713431	.2861305	0.95	0.343	-.2900903	.8327766
sector9	.6369523	.2190653	2.91	0.004	.2071114	1.066793
sector10	.0849228	.1861981	0.46	0.648	-.2804275	.4502732
_cons	.4919498	.2286226	2.15	0.032	.0433559	.9405437

Source: Author's computation based on Stata analytical software result

Appendix 2.2: Fixed effects result for all firms

Table 2: Fixed-effects results

.xtreg tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets, fe

Fixed-effects (within) regression		Number of obs =	1,101
Group variable: newid		Number of groups =	130
R-sq:		Obs per group:	
within = 0.0456		min =	1
between = 0.0007		avg =	8.5
overall = 0.0025		max =	10
F(8,963) =	5.75		
corr(u_i, Xb) = -0.7861		Prob > F =	0.0000

tobinsq	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
nodirbd	-.0007667	.0271447	-0.03	0.977	-.0540364	.0525029
pwob	.0041905	.0106499	0.39	0.694	-.0167092	.0250902
pnexwob	-.026458	.0125013	-2.12	0.035	-.0509909	-.0019251
dirG	.0076992	.0038219	2.01	0.044	.000199	.0151995
dirH	.0044649	.0050609	0.88	0.378	-.0054667	.0143966
dirInt	-.0020897	.0039064	-0.53	0.593	-.0097558	.0055764
auditw	.0047204	.0035232	1.34	0.181	-.0021936	.0116345
logfirmassets	-.2618114	.0632381	-4.14	0.000	-.3859117	-.1377111
_cons	2.329274	.6003155	3.88	0.000	1.151196	3.507351
sigma_u	1.2596004					
sigma_e	.99509703					
rho	.61571959	(fraction of variance due to u_i)				

Notes: F test that all u_i=0: F(129, 963) = 4.63 Prob > F = 0.0000

Source: Author's computation based on Stata analytical software result

Appendix 2.3: Random effects result for all firms

Table 3: Random-effects results

.xtreg tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Quota sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector9 sector10, re

Random-effects GLS regression Number of obs = 1,101
Group variable: newid Number of groups = 130
R-sq: Obs per group:
within = 0.0362 min = 1
between = 0.1236 avg = 8.5
overall = 0.0623 max = 10
Wald chi2(18) = 48.68
corr(u_i, X) = 0 (assumed) Prob > chi2 = 0.0001

tobinsq	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
nodirbd	.0299181	.0221443	1.35	0.177	-.013484	.0733202
pwob	.0004438	.0096126	0.05	0.963	-.0183965	.0192842
pnexwob	-.0205843	.0109034	-1.89	0.059	-.0419545	.0007859
dirG	.0020263	.0026182	0.77	0.439	-.0031052	.0071579
dirH	.0004554	.0035359	0.13	0.898	-.0064747	.0073856
dirInt	-.0058195	.0027488	-2.12	0.034	-.011207	-.000432
auditw	-.0000825	.0008566	-0.10	0.923	-.0017615	.0015965
logfirmassets	-.0741936	.0202499	-3.66	0.000	-.1138828	-.0345044
Quota	.2359107	.1557374	1.51	0.130	-.069329	.5411504
sector1	.0811495	.4447257	0.18	0.855	-.7904968	.9527958
sector2	.5884587	.3138392	1.88	0.061	-.0266549	1.203572
sector3	-.0647909	.4017523	-0.16	0.872	-.8522109	.722629
sector4	.1276645	.3562331	0.36	0.720	-.5705396	.8258685
sector5	.3714501	.2944463	1.26	0.207	-.2056541	.9485543
sector7	.1423264	.3106591	0.46	0.647	-.4665542	.751207
sector8	.2609538	.467688	0.56	0.577	-.6556977	1.177605
sector9	.5873581	.3840408	1.53	0.126	-.165348	1.340064
sector10	.0797208	.3212183	0.25	0.804	-.5498555	.7092971
_cons	.4742851	.3476979	1.36	0.173	-.2071902	1.15576
sigma_u	.62804878					
sigma_e	.9968656					

rho	.28414433	(fraction of variance due to u_i)

Source: Author's computation based on Stata analytical software result

Appendix 2.4: Hausman fixed and random effects results

Hausman fixed and random effects results				
	(b) Fixed	(B) Random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No of Directors	.20	-.14	-.07	.02
% Women on BD	.01	-.00	.01	.01
NonExe Women	-.04	-.02	-.02	.01
Igbo Directors	.02	.01	.01	.00
Hausa Directors	.00	.00	.00	.01
Int. Directors	.00	-.00	.01	.00
Women on Audit Com	.01	-.00	.01	.00
Log of firm asset	.17	-.03	.14	.07

Source: Author's computation based on Stata analytical software result

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

chi2(8) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 296.85

Prob>chi2 = 0.0000

Source: Author's computation based on Stata analytical software result

Appendix 2.5: OLS regression results all firms ROA

Table 7: Ordinary least square regression results

. regress roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Quota sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector9 sector10

Source	SS	df	MS	Number of obs = 1,102
Model	102.750966	18	5.70838701	F(18, 1083) = 3.48
Residual	1774.55977	1,083	1.63855934	Prob > F = 0.0000
Total	1877.31073	1,101	1.70509603	R-squared = 0.0547
				Adj R-squared = 0.0390
				Root MSE = 1.2801

Source: Author's computation based on Stata analytical software result

ROA	Coef.	Std. Err.	T	P>t	[95% Conf.	Interval]
nodirbd	-.1133413	.0195553	-5.80	0.000	-.1517117	-.0749708
pwob	-.0031921	.0099123	-0.32	0.747	-.0226416	.0162575
pnexwob	-.011503	.0108745	-1.06	0.290	-.0328404	.0098344
dirG	.0035643	.002064	1.73	0.084	-.0004856	.0076142
dirH	.0014447	.0027252	0.53	0.596	-.0039027	.0067921
dirInt	-.0043158	.0021451	-2.01	0.044	-.0085248	-.0001068
auditw	-.0005333	.0006013	-0.89	0.375	-.0017131	.0006465
logfirmassets	.0232225	.0142035	1.63	0.102	-.004647	.051092
Quota	-.2455062	.1551382	-1.58	0.114	-.5499117	.0588992
sector1	-.0737766	.2749527	-0.27	0.789	-.6132769	.4657238
sector2	.1505482	.2237947	0.67	0.501	-.2885722	.5896685
sector3	.1015664	.2810064	0.36	0.718	-.4498121	.652945
sector4	.4569192	.2263628	2.02	0.044	.0127599	.9010784
sector5	.0596555	.1878176	0.32	0.751	-.3088721	.4281831
sector7	-.0556035	.1934028	-0.29	0.774	-.4350901	.3238832
sector8	-.3415252	.3131594	-1.09	0.276	-.955993	.2729426
sector9	.198764	.2397414	0.83	0.407	-.2716463	.6691742
sector10	-.1143452	.2037778	-0.56	0.575	-.5141892	.2854987
_cons	1.369986	.2501363	5.48	0.000	.879179	1.860792

Source: Author's computation based on Stata analytical software result

Appendix 2.6: Fixed effects result for all firms

Table 8: Fixed-effects regression results

. xtreg roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets, fe

Fixed-effects (within) regression		Number of obs =	1,102
Group variable: newid		Number of groups =	130
R-sq:		Obs per group:	
within = 0.0776		min =	1
between = 0.0027		avg =	8.5
overall = 0.0048		max =	10
F(8,964)	= 10.14		
corr(u_i, Xb) = -0.7661		Prob > F =	0.0000

Source: Author's computation based on Stata analytical software result

ROA	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
nodirbd	-.2025299	.0317278	-6.38	0.000	-.2647934	-.1402663
pwob	.0068245	.0126558	0.54	0.590	-.0180115	.0316605
pnexwob	-.0384395	.0148468	-2.59	0.010	-.0675753	-.0093036
dirG	.0187791	.0045545	4.12	0.000	.0098414	.0277169
dirH	.0024394	.0060176	0.41	0.685	-.0093697	.0142484
dirInt	.0017558	.00465	0.38	0.706	-.0073695	.0108811
auditw	.0066461	.0041901	1.59	0.113	-.0015767	.0148688
logfirmassets	.1733372	.0750137	2.31	0.021	.0261283	.3205462
_cons	.3925252	.7052649	0.56	0.578	-.9915062	1.776557
sigma_u	1.113174					
sigma_e	1.1858439					
rho	.46842244	(fraction of variance due to u_i)				

F test that all u_i=0: F(129, 964) = 2.45 Prob > F = 0.0000

Source: Author's computation based on Stata analytical software result

Appendix 2.7: Random effects result for all firms

Table 9: Random-effects results

.xtreg roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Quota sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector9 sector10, re

Random-effects GLS regression Number of obs = 1,102
Group variable: newid Number of groups = 130
R-sq: Obs per group:
within = 0.0676 min = 1
between = 0.0688 avg = 8.5
overall = 0.0534 max = 10
Wald chi2(18) = 62.28
corr(u_i, X) = 0 (assumed) Prob > chi2 = 0.0000

Source: Author's computation based on Stata analytical software result

ROA	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
nodirbd	-.1366824	.0223876	-6.11	0.000	-.1805613	-.0928036
pwob	-.0022919	.0105213	-0.22	0.828	-.0229132	.0183294
pnexwob	-.01598	.0117233	-1.36	0.173	-.0389573	.0069973
dirG	.0057328	.0024734	2.32	0.020	.000885	.0105806
dirH	.0014545	.0033146	0.44	0.661	-.0050421	.007951
dirInt	-.0035219	.0025978	-1.36	0.175	-.0086135	.0015697
auditw	-.0005229	.0007362	-0.71	0.478	-.0019657	.00092
logfirmassets	.0336721	.0176294	1.91	0.056	-.0008808	.068225
Quota	-.2597872	.1685182	-1.54	0.123	-.5900768	.0705024
sector1	-.1441465	.358771	-0.40	0.688	-.8473248	.5590319
sector2	.112123	.2737744	0.41	0.682	-.424465	.6487111
sector3	.0523773	.3477935	0.15	0.880	-.6292854	.7340399
sector4	.4258438	.2930158	1.45	0.146	-.1484566	1.000144
sector5	.0163625	.2425502	0.07	0.946	-.4590272	.4917521
sector7	-.0864212	.2521507	-0.34	0.732	-.5806274	.407785
sector8	-.3444062	.3995473	-0.86	0.389	-1.127505	.4386922
sector9	.1630257	.3130382	0.52	0.603	-.4505179	.7765694
sector10	-.1374119	.2626054	-0.52	0.601	-.6521089	.3772852
_cons	1.483751	.3069435	4.83	0.000	.8821528	2.085349

sigma_u	.38939457	
sigma_e	1.1882678	
rho	.09697321	(fraction of variance due to u_i)

Source: Author's computation based on Stata analytical software result

Appendix 2.8: Hausman fixed and random effects results Tonin's Q

Table 6: Hausman fixed and random effects result Tobin's Q

	---- Coefficients ----			
	(b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No of Directors	-.0007667	.0299181	-.0306848	.0156992
% Women on BD	.0041905	.0004438	.0037467	.0045845
Non-Exe Women	-.026458	-.0205843	-.0058737	.0061155
Igbo Directors	.0076992	.0020263	.0056729	.0027843
Hausa Directors	.0044649	.0004554	.0040095	.0036208
Int. Directors	-.0020897	-.0058195	.0037298	.0027757
Audit Women	.0047204	-.0000825	.0048029	.0034175
Log of Firm Assets	-.2618114	-.0741936	-.1876178	.0599082

b = consistent under Ho and Ha; obtained from xtreg
B = inconsistent under Ha, efficient under Ho; obtained from xtreg
Test: Ho: difference in coefficients not systematic
chi2(8) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 20.79
Prob>chi2 = 0.0077

Source: Author's computation based on Stata analytical software result

Appendix 2.9: Hausman fixed and random effects results ROA

Table 10: Hausman fixed and random effects results ROA

	---- Coefficients ----			
	(b) fixed	(B) random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No. of Directors	-.2025299	-.1366824	-.0658474	.0224822
% of Women on BD	.0068245	-.0022919	.0091165	.0070336
Non Exe. Women	-.0384395	-.01598	-.0224595	.00911
Igbo Directors	.0187791	.0057328	.0130464	.0038243
Hausa Directors	.0024394	.0014545	.0009849	.0050224
Int. Directors	.0017558	-.0035219	.0052777	.0038567

Audit Women	.0066461	-.0005229	.0071689	.0041249
Log of Firm Assets	.1733372	.0336721	.1396651	.0729127

b = consistent under Ho and Ha; obtained from xtreg
B = inconsistent under Ha, efficient under Ho; obtained from xtreg
Test: Ho: difference in coefficients not systematic
chi2(8) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 32.02
Prob>chi2 = 0.0001

Source: Author's computation based on Stata analytical software result

Appendix 2.10: Descriptive statistics for Banking Sector

Table 11: Descriptive statistics for Banking Sector

Variable	Obs	Mean	Std. Dev.	Min	Max
year	480	2008.5	2.875278	2004	2013
tobinsq	436	.617884	1.542475	0	14.22002
roa	450	.3076491	1.33103	-2.558213	17.30288
nodirbd	431	9.983759	3.319038	3	22
pwob	431	9.496273	10.30481	0	42.85714
pnexwob	430	7.723915	9.251033	0	37.5
pmob	431	90.65129	11.11035	33.33333	100
pnexmob	427	60.45178	19.52877	0	133.3333
dirY	419	40.40154	23.33688	0	100
dirG	419	31.30077	24.36193	0	92.30769
dirH	419	15.52563	16.1797	0	75
dirInt	419	12.77206	19.00961	0	100
auditw	372	11.96941	14.83683	0	75
auditm	374	100	0	100	100
prmcomf	337	10.51322	14.65479	0	50
prmcomm	337	89.48678	14.65479	50	100
pcfcomf	337	10.51322	14.65479	0	50
pcfcomm	337	89.48678	14.65479	50	100
logfirmass~s	449	10.75104	5.823071	3.658326	24.93765
Quota	480	.83125	.3749217	0	1
newid	480	29.4	13.8711	5	53

Source: Author's computation based on Stata analytical software result

Appendix 2.11: Descriptive statistics for Oil and Gas Sector

Table 12: Descriptive statistics for Oil and Gas Sector

Variable	Obs	Mean	Std. Dev.	Min	Max
year	80	2008.5	2.890403	2004	2013
tobinsq	79	.5903715	2.402252	-.1103005	18.493
roa	79	.3707328	1.414977	-.6453287	12.15244
nodirbd	79	8.481013	1.831776	5	12
pwob	79	7.957605	9.341941	0	30
pnexwob	79	7.451276	8.338635	0	30
pmob	79	92.94655	9.377425	70	100
pnexmob	79	57.59996	15.37428	25	85.71429
dirY	75	44.78413	24.94673	8.333333	88.88889
dirG	75	23.53228	20.15165	0	71.42857
dirH	75	13.59471	13.69757	0	44.44444
dirInt	75	18.08889	19.63638	0	55.55556
auditw	53	7.726864	8.756967	0	20
auditm	53	100	0	100	100
prmcomf	58	15.08621	15.45342	0	50
prmcomm	58	84.91379	15.45342	50	100
pcfcomf	58	15.08621	15.45342	0	50
pcfcomm	58	84.91379	15.45342	50	100
logfirmass~s	79	7.992068	.9079169	6.146128	9.702687
Quota	80	.1	.3018928	0	1
newid	80	126.4	2.325424	122	130

Source: Author’s computation based on Stata analytical software result

Appendix 2.12: OLS square regression results for Financial sector Tobin's Q

Table 13: Ordinary least square regression results for Financial sector (Tobin's Q)

by sector: regress tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets

Source	SS	df	MS		
				Number of obs	= 355
Model	83.2940055	8	10.4117507	F(8, 346)	=4.15
Residual	867.03912	346	2.50589341	Prob > F	= 0.0001
Total	950.333126	354	2.68455685	R-squared	= 0.0876
				Adj R-squared	= 0.0666
				Root MSE	=1.583

tobinsq	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Nodirbd	.1125653	.0415441	2.71	0.007	.0308545	.194276
pwob	.0327618	.0176587	1.86	0.064	-.0674937	.00197
pnexwob	.0032462	.0194565	0.17	0.868	-.0350216	.041514
dirG	.0044318	.0043182	1.03	0.305	-.0129251	.0040615
dirH	.0159174	.0061104	2.60	0.010	-.0279356	-.0038991
dirInt	-.0152703	.0050964	-3.00	0.003	-.0252941	-.0052466
auditw	-.0006637	.0062516	-0.11	0.916	-.0116321	.0129596
logfirmassets	-.0862588	.0229548	-3.76	0.000	-.1314073	-.0411103
_cons	1.260643	.3572251	3.53	0.000	.5580368	1.963249

Source: Author's computation based on Stata analytical software result

Appendix 2.13: OLS regression results for Financial sector ROA

Table 14: Ordinary least square regression results for Financial sector (ROA)

by sector: regress roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets

Source	SS	df	MS			
				Number of obs	=	356
Model	36.2390459	8	4.52988074	F(8, 347)	=	2.10
Residual	749.013892	347	2.15854147	Prob > F	=	0.0353
Total	785.252938	355	2.21198011	R-squared	=	0.0461
				Adj R-squared	=	0.0242
				Root MSE	=	1.4692

roa	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]

Nodirbd	-.1255039	.0380749	-3.30	0.001	-.2003906	-.0506172
pwob	.0083441	.0163891	0.51	0.611	-.0238904	.0405785
pnexwob	.0193585	.0180451	1.07	0.284	-.0548501	.0161331
dirG	.0028243	.0040051	0.71	0.481	-.005053	.0107015
dirH	.0016786	.0056629	0.30	0.767	-.0094593	.0128164
dirInt	-.0023961	.0047287	-0.51	0.613	-.0116967	.0069045
auditw	-.0004723	.005791	-0.08	0.935	-.0118622	.0109175
logfirmassets	.0273772	.0209497	1.31	0.192	-.0138272	.0685816
_cons	1.32042	.3306992	3.99	0.000	.6699931	1.970847

Source: Author's computation based on Stata analytical software result

Appendix 2.14: OLS regression results for Oil and Gas sector Tobin's Q

Table 15: Ordinary least square regression results for Oil and Gas sector (Tobin's Q)

by sector: regress tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets

Source	SS	df	MS	Number of obs	=	53
Model	54.560319	8	6.82003987	F(8, 44)	=	0.90
Residual	334.764528	44	7.60828473	Prob > F	=	0.5277
Total	389.324847	52	7.48701629	R-squared	=	0.1401
				Adj R-squared	=	-0.0162
				Root MSE	=	2.7583

tobinsq	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
nodirbd	-.0433929	.342066	-0.13	0.900	-.7327815	.6459958
pwob	.0994981	.1880614	0.53	0.599	-.2795147	.4785108
pnexwob	-.1275911	.2232361	-0.57	0.571	-.5774938	.3223117
dirG	.0324177	.0736015	0.44	0.662	-.1159164	.1807519
dirH	.0511902	.0313096	1.63	0.109	-.0119101	.1142905
dirInt	-.0112821	.0261041	-0.43	0.668	-.0638915	.0413273
auditw	-.0793244	.0726703	-1.09	0.281	-.2257818	.067133
logfirmassets	-.0042279	.8782217	-0.00	0.996	-1.774167	1.765712
_cons	.772492	6.947969	0.11	0.912	-13.23022	14.7752

Source: Author's computation based on Stata analytical software result

Appendix 2.15: Ordinary least square regression results for Oil and Gas sector ROA

Table 16: Ordinary least square regression results for Oil and Gas sector (ROA)

by sector: regress roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets

Source	SS	df	MS	Number of obs	=	53

Model	26.8075859	8	3.35094824		F(8, 44)	= 1.17
Residual	126.219197	44	2.86861811		Prob > F	= 0.3396
Total	153.026783	52	2.94282275		R-squared	= 0.1752
					Adj R-squared	= 0.0252
					Root MSE	= 1.6937
roa	Coef.	Std. Err.	T	P>t	[95% Conf. Interval]	
Nodirbd	-.1323402	.2100404	-0.63	0.532	-.5556488	.2909684
pwob	.0164133	.1154762	0.14	0.888	-.2163137	.2491403
pnexwob	-.0239701	.1370747	-0.17	0.862	-.300226	.2522858
dirG	.0462368	.0451939	1.02	0.312	-.0448455	.1373191
dirH	-.0294446	.0192252	-1.53	0.133	-.0681904	.0093011
dirInt	-.0167524	.0160288	-1.05	0.302	-.0490564	.0155516
auditw	-.0117954	.0446221	-0.26	0.793	-.1017253	.0781346
logfirmassets	-.2816542	.5392587	-0.52	0.604	-1.368459	.8051502
_cons	3.9742784	.266295	0.93	0.357	-4.623874	12.57243

Source: Author's computation based on Stata analytical software result

Appendix 2.16: Hausman fixed and random effects results: before 2009 Tobin's Q

Hausman fixed and random effects results: before 2009 (Tobin's Q)				
	(b) Fixed	(B) Random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No of Directors	-.05	.01	-.05	.04
% Women on BD	.01	.01	-.00	.00
NonExe Women	-.01	-.01	-.00	
Igbo Directors	.02	.00	.01	.01
Hausa Directors	-.00	-.01	.00	.00
Int. Directors	-.00	-.00	.00	.00
Log of firm asset	-.05	-.08	.03	.04

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

chi2 (7) = (b-B)'[(V_b-V_B)^(-1)](b-B)

= 8.88 Prob>chi2 = 0.2612

Appendix 2.17:Hausman fixed effects and random effects: before 2009 ROA

: Hausman fixed and random effects results: before 2009 (ROA)				
	(b) Fixed	(B) Random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No of Directors	-.05	.01	-.05	.04
% Women on BD	.01	.01	-.00	.00
NonExe Women	-.01	-.01	-.00	
Igbo Directors	.02	.00	.01	.01
Hausa Directors	-.00	-.01	.00	.00
Int. Directors	-.00	-.00	.00	.00
Log of firm asset	-.05	-.08	.03	.04

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

chi2(8) = (b-B)'[(V_b-V_B)^(-1)](b-B) = 20.79

Prob>chi2 = 0.0077

Appendix 2.18: Huasman fixed and random effects results: After 2009 Tobin's Q

Hausman fixed and random effects results: After 2009 (Tobin's Q)				
	(b) Fixed	(B) Random	(b-B) Difference	sqrt(diag(V_b-V_B)) S.E.
No of Directors	-.05	.01	-.05	.04
% Women on BD	.01	.01	-.00	.00
NonExe Women	-.01	-.01	-.00	
Igbo Directors	.02	.00	.01	.01
Hausa Directors	-.00	-.01	.00	.00
Int. Directors	-.00	-.00	.00	.00
Log of firm asset	-.05	-.08	.03	.04

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic chi2(4) = (b-B)'[(V_b-V_B)^(-1)](b-B)

= 22.43

Prob>chi2 = 0.0002

Appendix 2.19: Testing for time-fixed effects Tobin's Q

. testparm tobinsq nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Qu

> ota sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector10

(1) nodirbd = 0

(2) pwob = 0

(3) pnexwob = 0

(4) dirG = 0

(5) dirH = 0

(6) dirInt = 0

(7) auditw = 0

(8) logfirmassets = 0

(9) Quota = 0

(10) sector2 = 0

(11) sector3 = 0

(12) sector4 = 0

(13) sector5 = 0

(14) sector7 = 0

(15) sector8 = 0

F(15, 956) = 3.29

Prob > F = 0.0000

Appendix 2.20: Testing for time-fixed effects Tobin's Q

. testparm roa nodirbd pwob pnexwob dirG dirH dirInt auditw logfirmassets Quota

> sector1 sector2 sector3 sector4 sector5 sector7 sector8 sector10

(1) nodirbd = 0

(2) pwob = 0

(3) pnexwob = 0

(4) dirG = 0

(5) dirH = 0

(6) dirInt = 0

(7) auditw = 0

(8) logfirmassets = 0

(9) Quota = 0

(10) sector2 = 0

(11) sector3 = 0

(12) sector4 = 0

(13) sector5 = 0

(14) sector7 = 0

(15) sector8 = 0

F(15, 957) = 5.59

Prob > F = 0.0000