IRMM
INTERNATIONAL REVIEW OF MANAGEMENT AND MARKETING
EJ EconJournals
ISSN: 2146-4405

International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2024, 14(6), 307-316.

EJ EconJournals

A Comparative Analysis of Board Qualities and Performance of Listed Deposit Money Banks in Nigeria and Ghana

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Received: 23 June 2024 **Accepted:** 09 October 2024 **DOI:** https://doi.org/10.32479/irmm.17128

ABSTRACT

Disclosure of board information is crucial for good governance, risk management, and stakeholder relations in the banking sector. The board of directors' quality is crucial in setting strategic direction and ensuring effective governance. This study comparatively examined the qualities of the board of directors of listed deposit banks in Nigeria and Ghana and assessed the effects of the board qualities on the financial performance of banks in the two countries. The study used an ex post facto research design, involving 19 deposit money banks listed on the Nigerian Exchange Limited and Ghanaian Stock Exchange. Data was collected from audited annual reports and analyzed using descriptive and inferential statistics. The descriptive analysis includes mean, median mode, minimum, and maximum among others while the inferential analysis includes independent t-tests and panel regression. The study reveals that the board of listed deposit money banks in the Nigerian exchange group meets more frequently and is more independent than those in the Ghanaian stock exchange, and their board size is larger than in Ghana. Board female gender diversity of listed deposit money banks on the Nigerian exchange group is not significantly lower than the board female gender diversity of firms listed on the Ghanaian stock exchange. The study reveals that board gender diversity doesn't significantly impact the financial performance of listed deposit money banks in Nigeria and Ghana. However, board independence has a negative effect in Nigeria, while board meetings negatively affect performance in Nigeria. Board size also has a positive effect in Nigeria. The study recommends that directors of listed banks in Nigeria should reduce the number of their meetings or expenses of the meeting because it is reducing the profitability of the companies. The study also recommends that the banks in Ghana should provide regular training for independent directors to enhance their understanding of the industry.

Keywords: Board Qualities, Good Governance, Risk Management, Deposit Banks
JEL Classification: M, P

1. INTRODUCTION

The primary goal of every business venture is profitability. When the competition is stiff and market indicators are threatening, the least objective is to break even and remain in the market. However, the opposite is the experience of many corporations over the years as many of them have folded up. Corporate governance has become a hot topic around the globe. It became most pronounced in the United States following the 2001 and 2002 collapses of two corporate behemoths: Enron, an energy company, and WorldCom, a communication company. The most worrisome part is that the two companies were audited and given clean reports by Arthur Andersen, one of the world's top five accounting firms.

According to the available evidence, top management was primarily responsible for the frauds; top management was bolstered in part by greed; the ultimate consequence was large losses for investors and job losses for both offenders and innocent stakeholders (Okaro et al., 2013). Financial reporting fraud has disastrous implications for a country's economy as well as the victims' organizations. Its consequences include financial loss and a blemish on the victim organization's reputation. The annual financial impact of fraud is in the billions of dollars (Ajai, 2013; Bhuiyan and Roudaki, 2018; Okaro et al., 2013).

Nigeria is not left out in corporate failure caused by bad governance. Cadbury Nig Plc narrowly escaped liquidation in 2008 after a woeful performance. Cadbury Nigeria Plc declared an underlying operational loss of between N1 and N2 billion in 2006 and made extraordinary charges of between N13 billion and N15 billion in 2006 for-profit and balance sheet overstatements (Ajai, 2013). The board of directors, the company's registrar, and the external auditor, Akintola Williams were culpable (Bhuiyan and Roudaki, 2018; Fundji, 2024; Buallay and Al-Ajmi, 2020; Siwela and Ngwakwe, 2024).

Based on empirical findings, scholars have advocated that commercial bank regulators in Nigeria step up monitoring and oversight to ensure adequate overall risk management that might protect the interests of all parties and the banks' reputations (Oyedokun, 2019). To provide more independent and expert-based judgments and opinions on risk management and overall bank performance, scholars suggest that regulators and management of commercial banks in Nigeria should emphasize the ideal size of the board and include more independent/non-executive directors who are experts in the financial services industry. Extant literature argue that board size should be carefully determined in such a way that geographical and economic factors are put into consideration.

Also, scholars have recommended that the board lower the frequency of board meetings in order to limit its negative effects on the financial performance of conglomerates in Nigeria (Okolie and Uwejeyan, 2022). In like manner, extant studies call for research into the rationale behind the unfavorable link between board independence and bank performance (ROA). Extant literature also suggest that Ghanaian commercial banks should place less emphasis on board size and more on board quality, and also place more emphasis on board composition particularly in term of executive and non-executive directors on the board (Glover-Quartey, 2019).

Nigeria and Ghana are West Africa's two largest economies, but their relationship has been rocky (Ademola, 2016). Despite historical, political, and social parallels, both countries are skeptical of each other's trading practices. Given the size and liquidity of Nigeria and Ghana's economies in the sub-region, regional and market integration in West Africa would remain unattainable until they clean up their act.

Two African countries, Nigeria and Ghana from West African region with similar macroeconomics landscape and economic complexity index, but with Ghana having better governance and social and human development are worth investigating. Ghana and Nigeria have undertaken corporate governance reforms and evaluations throughout the years, resulting in codes of best practices in 2010 and 2013, respectively (Badu and Appiah, 2017). These reforms aimed to strengthen these countries' corporate governance systems in general. These reforms are aimed at improving the efficacy of the board of directors in carrying out its duties.

There is a wealth of literature on the relationship between board parameters and a company's financial performance, but for developing nations, the research is still in short supply. Also, extant literature indicates little or no evidence of comparison between board qualities of Nigeria and Ghana. Hence, this study compared the board qualities of listed deposit money banks in on Nigerian exchange group with the board qualities of the quoted deposit money banks on Ghanaian stock exchange, and also comparatively examined the effect of board qualities on financial performance of commercial banks in the two countries.

2. LITERATURE REVIEW

2.1. Board of Directors

Developing an ethical culture and practicing good corporate citizenship are all responsibilities of an effective board of directors, along with providing entrepreneurial and strategic leadership. As a liaison between stakeholders and the firm, the Board's responsibility is to exercise oversight and control over management to ensure that it acts in the best interests of shareholders and other stakeholders while at the same time protecting the company's interests while maintaining the company's success (Nigerian Code of Corporate Governance 2018, 2018)**.** Many Nigerian corporate financial leaders are unaware of the impact of business wrongdoing on investors' wealth, as well as the consequences of their societal attitudes (Akande, 2016).

More avenues of communication with the external environment result from a larger board, more outsider directors, and a more diverse board (Khatib et al., 2020). The market for managerial labor and board members will grow as a result of hiring top managers and board members from around the world, which will also increase pressure on present managers and board members and increase the possibility of finding a new manager or board member who is a good fit (Sven-Olof et al., 2013). Board qualities were measured by board size, board meeting, board independence and board female gender diversity.

Assenga et al. (2018) investigated the effect of board attributes on the financial performance of Tanzanian listed companies. It was looked at how the board's outside directors, size, CEO/Chair duality, gender diversity, board ability, and foreign directors all compared to other boards. In addition to semi-structured interviews with 12 important stakeholders, the paper uses balanced panel data regression analysis on 80 firm-year observations (2006-2013) from annual reports. It was discovered that while the findings support the separation of the CEO and chairman roles in terms of agency theory, they do not support the association between external directors' financial success. The results imply that gender diversity has a favorable effect on financial performance in terms of resource dependence theory. Additionally, the findings do not show a link between board size, PhD degree, or foreign directors, and financial performance.

Similarly, using multiple regression and data taken from listed commercial banks' annual reports, Oyedokun (2019) examined the impact of board features on financial performance for the years 2013-2017 in Nigeria. The outcome demonstrates that board composition significantly affects the financial success of Nigeria's listed commercial banks. Board size has an insignificant negative impact on financial Performance, board independence has an insignificant negative impact on financial Performance, and board gender diversity has a significant positive impact on board characteristics and a significant negative impact on board meetings.

Fakile and Adigbole (2019) employed correlation and multiple regression to study the impact of board features on ICT companies' financial performance (measured by return on equity) in Nigeria from 2013 to 2017, and found that only board independence affects financial performance.

Okolie and Uwejeyan (2022) investigated how corporate board characteristics affect the financial success of conglomerates in Nigeria from 2011 to 2020 using five companies and panel data regression. The results show that the financial performance of conglomerates in Nigeria was significantly influenced by the size, independence, and stock holdings of the board and audit committee. However, board meetings did not reveal any meaningful influence on the financial performance of Conglomerates in Nigeria.

Jugnu and Ansari (2018) investigated the relationship between the boards of Indian urban cooperative banks and their financial performance using a cross-sectional data for 1263 banks in 2012. After adjusting for various factors, board size has no effect on performance. Further analysis reveals that board size matters in high-income districts, despite the fact that larger boards generally are less effective due to issues with free-riding and lengthy decision-making processes among board members.

Naseem et al. (2017) studied a number of board factors, including board size, meeting frequency, independence of the board and audit committee, gender diversity on the board, and executive director salary. 1074 total year -firm observations were collected from the listed companies on the Pakistan Stock Exchange (PSX) from 2009 to 2015. After accounting for business size, panel data regression analysis showed that board independence and gender diversity had a negative impact on financial performance whereas board size and audit committee independence had a beneficial impact. Board meetings, however, were discovered to be an inconsequential variable. Additionally, Analysis of Variance shows that there is a considerable variation in financial performance and board criteria across various economic sectors. According to the study, board composition affects a company's financial success in emerging nations.

Likewise, Baiden (2020) examined the impact of board audit committee features on financial performance of 13 randomly selected commercial banks in Ghana from 2008 to 2017 using Pearson product moment correlation, and linear multiple regression. The study found that when audit committees increase the frequency of their meetings, the quantity and quality of financial credentials of board members, and the size of the audit committee members on overall board membership, it affects banks' financial performance.

In like manner, Anning et al. (2021) examined board of directors' characteristics and financial performance of listed 11 banks using panel regression analysis for date collected from 2010 to 2017. 27.8% of listed bank boards are executive directors, 72.7% are independent, 17.5% are female, and the average board size is 9 members. Board size and bank age boost listed banks' performance (ROE and ROA) while total asset boosts ROA alone. The study concludes that increasing board size provides effective examination, which improves bank performance, but increasing board independence does not.

Also, in order to examine the difference between the impact of board characteristics on financial performance of listed financial institutions and its impact on non- financial institutions in Ghana, Andoh et al. (2022) employed fixed and random effects models with modified least square specifications are used to estimate regressions. Empirical results indicate similarities and variations in board characteristics' impact on listed non-financial enterprises and banks. Non-financial enterprises and banks have similar board size effects on Tobin's q. Foreign board members favorably affect firm performance for both listed non-financial firms and banks. The fraction of board members with higher education tends to negatively affect business performance in both samples. Listed banks and non-financial enterprises differ in how board composition and gender diversity affect corporate performance.

Similarly, Sarpong-Danquah et al. (2022a) examined the moderating influence of ownership structure on corporate governance and financial performance in Ghanaian manufacturing enterprises. The paper analyzes 7 manufacturing enterprises over 14 years using GLS regression. The study found that board size, audit committee independence, and size positively affect firm performance while board compensation and performance have a negative relationship.

Glover-Quartey (2019) used secondary data from financial statements of five selected Commercial Banks in Ghana from 2012 to 2017 to examine how corporate governance policies affect commercial bank performance in Ghana, concentrating on solvency and liquidity. The study concluded that board size negatively affects Commercial Banks in Ghana's financial performance and solvency. The study indicated that Committee Independence and Board Diversity positively affect Commercial Banks in Ghana.

Andoh et al. (2023) compared the impact of board characteristics on the performance of listed non-financial firms and listed financial firms in Ghana. The study used fixed and random effects models, lagged models, and fixed and random effects models. Results showed similarities and differences in board characteristics, with board size having a significant non-linear impact on Tobin's q, foreign board members positively affecting firm performance, and board composition and gender diversity differing between listed banks and non-financial firms. Also, Boachie (2023) examined the moderating effect of ownership on corporate governance and financial performance in Ghanaian banks. Results showed audit independence, CEO duality, non-executive directors, and bank size positively impact performance, while foreign ownership interacts with corporate governance and profitability. In like manner, Sarpong-Danquah et al. (2022b) examined the role of ownership structure in the relationship between corporate governance and the financial performance of Ghanaian manufacturing firms. They found that board size, audit committee independence, and size positively impact firm performance, while board remuneration negatively affects performance. Block ownership moderates this relationship, providing insights into the impact of block shareholders on corporate governance. Similarly, Roffia et al. (2022) examined the correlation between board of director (BoD) attributes and financial performance in small and medium-sized enterprises (SMEs). Over a 4-year period, 184 Italian SMEs were monitored for BoD attributes and financials. The results showed a significant correlation between certain BoD attributes and financial performance. Factors such as BoD members' competences, presence of committees, documentation, monitoring of conflicts of interest, risk analysis, performance-based remuneration, and stakeholder disclosure influenced the ROA ratio.

Abu and Bamidele (2023) examined the relationship between board characteristics and financial performance of Nigerian listed healthcare firms. They found that board size, independence, gender diversity, and board meetings have a negative impact on performance. The study recommends increasing board size, increasing non-executive members, increasing women, and encouraging frequent board meetings to reduce resource and time waste.

The existent literature reveals mixed results on the effect of board diversity on financial performance. However, many of the studies used returns on assets to measure performance whereas a combination of various measures of performance can give a more convincing results which is the gap that this study filled. This study examined the effect of board qualities on financial performance (Measured by ROA) of listed deposit money banks in Nigeria and Ghana. Moreover, given the peculiarities of Nigeria and Ghana in West Africa, there is a need to compare how the board qualities affect the performance of listed banks in the two countries, an issue that is scarce to find in extant literature. Therefore, study provides answer to the following research questions:

i. What is the difference between the board qualities of listed deposit money banks in Nigeria and the board qualities of listed deposit money banks in Ghana?
ii. What is the comparative effects of board qualities on the financial performance of deposit money banks in Nigeria and Ghana?

3. METHODOLOGY

The study adopted ex-post facto research design. It was adopted because the researcher has no control over the variables used for the study. The study population includes all the 12 deposit money banks listed on Nigerian Exchange limited and 7 listed banks on Ghanaian stock exchange. Since the population is not large, all the 19 banks were used as the sample size and the sampling technique is total enumeration. The data for this study were collected from the audited annual reports of listed banks on Nigerian exchange group and deposit money banks on Ghanaian stock exchange and Ghana. Data for this study were analysed using descriptive and inferential statistics. Independent t-test was employed for research question 1 while panel least square regression of Pooled Ordinary Least Square, Fixed effect and Random effect techniques were employed for the research question 2 Hausman's test was conducted to select between the fixed and random effect models. To ascertain the fitness of data, diagnostic tests including normality test, multicollinearity test, autocorrelation test and panel unit root test were conducted. The analysis was conducted using E-Views 9.0 statistical package. The model for research question 2 is given in equation 1 and 2 (Table 1).

Nigeria:

$$ROA = \beta_0 + \beta_{1t}BS + \beta_{2t}BM + \beta_{3t}BID + B_{4t}BGD + \varepsilon \quad (1)$$

Ghana:

$$ROA = \beta_0 + \beta_{1t}BS + \beta_{2t}BM + \beta_{3t}BID + B_{4t}BGD + \varepsilon \quad (2)$$

Where:
ROA= Return on Assets
BS = Board Size
BM = Board Meeting
BID = Board Independence
BGD = Board Gender Diversity
β_0 = represents the constant
β_1 = represents the coefficient of the Board Size
β_2 = represents the coefficient of the Board meeting
β_3 = represents the coefficient of the Board Independence
β_4 = represents the coefficient of the Board Gender Diversity

4. RESULTS AND DISCUSSION

4.1. Descriptive Analysis

The study employed mean, median, mode, maximum, minimum and standard deviation for descriptive analysis of the variables of the study.

4.1.1. Descriptive analysis of financial performance

The study employed return on assets, returns on equity and Tobin's q as metrics for financial performance and the results are shown in Table 2.

The study shows that on average return on assets of listed deposit money banks in Nigeria and Ghana is approximately 2 % (Mean = 2.144556, Median = 1.975000). The maximum return on assets throughout the period of investigation was 6.96% while the minimum was −9.53%. The standard deviation which is 2.211978 shows that on average, return on assets spread from – 0.067422 (2.144566-2.211978) to 4.356534 (2.144566+2.211978). This result implies that the companies made profit from assets invested. Also, the study revealed that on average, return on equity of the listed deposit money banks in Nigeria and Ghana is approximately 13 % (Mean = 12.66794), while the maximum is 58.46% and the minimum is −394.3200%. The standard deviation which is approximately 34 implies that on average, returns on equity ranges from −21% (13-34) to 47% (13+34). This result also indicates that the companies made profit from investors shares. Also, the study shows that on average Tobin's Q ratio was 0.87

Table 1: Operationalisation of variables

Variable	Type	Source	Description and Measurements of variables	References
Performance (ROA)	Dependent	Audited Annual Report	Ddividing a firm's net income by the average of its total assets	(Mutiva et al., 2015; Oyerogba, 2014)
Performance (ROE)	Dependent	Audited Annual report	Measured as profit after tax divided by total equity (%)	(Chiwamit et al., 2017)
Performance (Tobin's Q)	Dependent	Audited Annual report	Market capitalization divided by total assumption	
Board Qualities	Independent	Audited Annual Report	Board Size: Measured as the total numbers of all directors of a company including the Chairman+Vice Chairman+CEO/Managing director+Executive Directors+Non-Executive Directors or Independent Directors but excluding the company secretary. Board Meeting: measured as the number of the board meetings held by the board of directors in a year. Board Independence: measured as the non-executive board of directors divided by total board size (%) Board Female Gender Diversity measured as the number of female directors divided by total board size (%)	(Aliyu, 2019)

Source: Author's Compilation (2023)

Table 2: Descriptive analysis of financial performance

Statistics	ROA	ROE	TOBINQ
Mean	2.144556	12.66794	0.870111
Median	1.975000	15.43000	0.820000
Maximum	6.960000	58.46000	2.550000
Minimum	−9.530000	−394.3200	0.600000
Standard Deviation	2.211978	34.34992	0.223597
Skewness	−1.292094	−9.478267	4.001344
Kurtosis	8.987450	111.2936	25.79756
Jarque-Bera	318.9569	90651.43	4378.290
Probability	0.62356	0.556721	0.324512
Sum	386.0200	2280.230	156.6200
Sum Sq. Dev.	875.8199	211205.2	8.949198
Observations	180	180	180

Source: Author's Computation (2024)

(Mean = 0.870111, Median = 0.820000) while the maximum was 2.55 and the minimum was 0.60. The standard deviation reveals that on average, Tobin's q ratio ranges from 0.65 (0.87-0.22) to 1.09 (0.87+0.22). The Tobin's q ratio implies that the companies' stocks are undervalued and are likely to grow higher

4.1.2. Descriptive analysis of board characteristics

Similarly, the study examined the descriptive analysis of board characteristics, and the results are shown in Table 3.

Table 3 shows that on average, board female gender diversity was 18% (Mean = 18.42067, Median = 18.18000) which implies that the percentage of female board members was approximately 18%. The firm with maximum female gender diversity had 45.45% of female board member while the company with least female gender diversity has 0%. The standard deviation which is 10.62081 implies that on average board female gender diversity ranges from 7.79986 (18.42067-10.62081) to 29.04148 (18.42067+10.62081). Similarly, the study reveals that board independence of Nigerian and Ghanaian banks was approximately 65% (Mean =64. 87111, Median = 61.54000). The firm with maximum board independence had 93.75 which implies that independent director form approximately 94% of its board of directors while the firm with lower director had 33. 33% which indicates that approximately 33% of its board of its board are independent directors. The study shows that on average, board independence ranges from 50.99613 (64.87111-13.87498) to 78.74609 (64.87111+13.87498). Furthermore, the study shows that board of directors met approximately six times in a year (Mean = 5.84444, Median = 5.000). The company that its board met most met 27 times, while the firms with the lowest board meeting met only 2 times in a year. The standard deviation which 2.987539 implies that board meeting ranges from 2.856901 (5. 84444-2.987539) approximately 3 times to 8.831979 (5. 84444+2.987539) approximately 9 times. Lastly, the study shows that the average board size of listed deposit money banks in Nigeria and Ghana was approximately 13 directors (Mean = 12.72222, Median = 12). The company with the largest board size had 23 directors while the bank with lowest board size had 6 directors. The standard deviation, which was 3.285417 indicates that on average, board size varied from 9.436808 approximately 10 directors (12.72222-3.285417) to 16 directors (12.72222+3.285417).

4.2. Diagnostic Test

The study carried out certain diagnostic tests including normality test, multicollinearity test, and auto correlation test. Board size, board independence and board meeting do not have normal distribution since Jarque-Bera probability is below 0.05. However, board gender diversity and ROA, both Nigeria and Ghana have normal distributions of error term. Likewise, Variance inflation factors show that no multicollinearity exists among the independent variables for both Nigeria and Ghana.

4.3. A Comparative Analysis of Board Qualities between Nigeria and Ghana

The study measure board qualities by number of board meetings, board independence, board size and board female gender diversity.

Table 3: Descriptive analysis of board characteristics

Statistics	BOARDFEM	BOARDIND	BOARDMEE	BOARDSIZ
Mean	18.42067	64.87111	5.844444	12.72222
Median	18.18000	61.54000	5.000000	12.00000
Maximum	45.45000	93.75000	27.00000	23.00000
Minimum	0.000000	33.33000	2.000000	6.000000
Standard Deviation	10.62081	13.87498	2.987539	3.285410
Skewness	0.259783	0.351538	3.457377	0.490662
Kurtosis	2.678066	2.264036	19.92425	2.716090
Jarque-Bera	2.801933	7.769689	2506.831	7.827021
Probability	0.246359	0.020551	0.000000	0.019970
Sum	3315.720	11676.80	1052.000	2290.000
Sum Sq. Dev.	20191.49	34460.18	1597.644	1932.111
Observations	180	180	180	180

Source: Author's Computation (2024)

Mann-Whitney U test was employed for board meeting, board independence and board size because they did not have normal distribution of residuals. The results are shown in Tables 4 and 5.

The study found that the board of listed deposit money banks on Nigerian exchange group met more than listed deposit money banks in Ghanaian stock exchange (100.77 > 69.96). Also, the study indicates that the board of directors of listed deposit money banks on Ghanaian stock exchange are more independent than the board of directors on listed deposit money banks on Nigerian exchange group (76.12 < 119.26). Moreover, the board of listed deposit money banks on Nigerian stock exchange is far larger than the board size of listed deposit money banks in Ghana (109.53 > 52.44).

The study found that the number of times that board of directors of listed deposit money banks in Nigeria met is statistically significantly higher than the number of times the board of directors of listed deposit money banks in Ghana met during the period of investigation (U = 2367.500, P = 0.000 < 0.05). Likewise, finding indicates that board of directors in listed deposit money banks on Ghanaian stock exchange are statistically significantly more independent than listed deposit money banks on Nigerian exchange group (U = 1874.500, P = 0.000 < 0.05). Also, findings imply that number of directors on the board of listed deposit money banks in Nigeria is statistically significantly larger than number of directors on the board of listed deposit money banks on Ghanaian stock exchange (U = 1316.500, P = 0.000 < 0.05).

Table 6 shows that on average, board female gender diversity in Nigeria was approximately 18% (Mean = 18.0722 ± 10.55616) while the average board female gender diversity in Ghana was approximately 19% (Mean = 19.1175 ± 10.80435).

As shown in Table 7, the independent T-test results indicate that board female gender diversity of listed deposit money banks on Nigerian exchange group (Mean = 18.0722) is not significantly lower than the board female gender diversity of firms listed on Ghanaian stock exchange (Mean = 19,1175), t (178) = −0.621, P = 0.535 > 0.05.

4.3.1. A comparative analysis of effect of board quality on financial performance (ROA) of listed deposit money banks in Nigeria and Ghana

The study employed pooled OLS regression, fixed effect, and random effect models to examine the effect of board quality on financial performance using return on assets. The results are shown in Tables 8 and 9.

Table 4: Mean ranks of board qualities

Ranks				
Variables	Country	n	Mean rank	Sum of ranks
Board Meetings	0	60	69.96	4197.50
	1	120	100.77	12092.50
	Total	180		
Board Independence	0	60	119.26	7155.50
	1	120	76.12	9134.50
	Total	180		
Board size	0	60	52.44	3146.50
	1	120	109.53	13143.50
	Total	180		

Source: Author's Computation (2024)

Table 5: Mann-Whitney U Statistics on Comparative Analysis of Board Qualities

Statistics	Board meetings	Board independence	Board size
Mann-Whitney U	2367.500	1874.500	1316.500
Wilcoxon W	4197.500	9134.500	3146.500
Z	−3.888	−5.242	−6.967
Asymp. Sig. (2-tailed)	0.000	0.000	0.000

Source: Author's Computation (2024)

Table 6: Descriptive Statistics on Comparative Analysis of Board Qualities Continued

Variable	Country	n	Mean	Standard deviation	Standard error mean
Board Female gender diversity	1	120	18.0722	10.55616	0.96364
	0	60	19.1175	10.80435	1.39484

Source: Author's Computation (2024)

The study used Hausman's test to choose the appropriate model between fixed and random effect model, and the outcome indicates that random effect model is more appropriate (Chi-square = 2.344832, P = 0.6726 > 0.05), therefore, the study interpreted random effect model. Also, Durbin Watson results indicates that autocorrelation is absent in the data (D = 1.911147 which is within acceptable range of 1.5-2.5), therefore, the study continued with the analysis of random effect model. The results indicate that board

Table 7: Levene's Statistics on Comparative Analysis of Board Qualities Continued

Independent Samples Test									
Statistics	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Board Female gender diversity									
Equal variances assumed	0.003	0.954	−0.621	178	0.535	−1.04525	1.68218	−4.3648	2.2743
Equal variances not assumed			−0.617	115.694	0.539	−1.04525	1.69534	−4.4032	2.3127

Source: Author's Computation (2024)

Table 8: Board qualities and financial performance (ROA) in Nigeria

Variables	OLS			Fixed Effect			Random Effect		
	Coefficient	t-Stat	Prob.	Coefficie	t-stat	Prob.	Coefficient	t-stat	Prob.
C	1.505644	1.0542	0.2940	0.943349	0.6467	0.519	1.102874	0.75584	0.4513
BoardFem.	0.036357	2.2957	0.0235	−0.003847	−0.218	0.828	0.003575	0.21276	0.8319
Board Ind.	−0.002761	−0.187	0.8521	−0.001486	−0.091	0.927	−0.001833	−0.11873	0.9057
Board Meet	−0.382209	−4.95	0.0000	−0.303960	−3.884	0.000	−0.321625	−4.27165	0.0000
Board Size	0.129418	2.185	0.0309	0.183258	2.8819	0.004	0.171173	2.84430	0.0053
R- Square	0.221916			0.564283			0.191542		
Adjusted R^2	0.194852			0.501440			0.163422		
F-Stat	8.199748			8.979151			6.811520		
F- Prob.	0.000007			0.000000			0.000059		
DurbinWatson	1.251893			2.090276			1.911147		
Hausman's Test	Chi-square=2.344832		Df=4	Prob.=0.6726					

Source: Author's Computation (2024)

Table 9: Board quality and financial performance (ROA) in Ghana

Variables	OLS			Fixed Effect			Random Effect		
	Coefficient	t-Stat	Prob.	Coefficie	t-stat	Prob.	Coefficient	t-stat	Prob.
C	4.525062	2.3616	0.0218	5.561784	1.9090	0.0620	5.339294	1.965280	0.0544
BoardFemgd	0.032034	1.4230	0.1604	0.018237	0.6508	0.5181	0.020458	0.768178	0.4457
Board Indep.	−0.051149	−2.814	0.0068	−0.05010	−2.069	0.0437	−0.050067	−2.22986	0.0299
Board Meet	0.007966	0.1305	0.8967	0.002981	0.0464	0.9632	0.004363	0.069082	0.9452
Board Size	0.183737	1.6520	0.1042	0.105834	0.6479	0.5200	0.121956	0.815365	0.4184
R- Square	0.205606			0.339500			0.143671		
Adjusted R^2	0.147832			0.220610			0.081393		
F-Stat	3.558800			2.855584			2.010577		
F- Prob.	0.011860			0.008523			0.049551		
Durbin Watson	1.580849			1.879392			1.822637		
Hausman's Test	Chi-square=0.249786		Df=4	Prob.=0.9928					

Source: Author's Computation (2024)

qualities contribute 19.1% of changes in returns on assets while the remaining 79.1% of factors that affect financial performance were not included in the model (R-Square = 0.191542). This percentage of contribution is below the acceptable benchmark which is 70%. However, since the model is statistically significant (F-stat = 6.811520, P = 0.000059 < 0.05), it implies the model is valid for interpretation and drawing conclusion.

The study found that board female gender diversity has an insignificant positive effect on financial performance as measured by return on assets (B = 0.003575, P = 0.8319 > 0.05). Also, the study indicates that board independence has an insignificant negative effect on financial performance as proxied by return on assets (B = −0.001833, P = 0.9057 > 0.05). However, the study reveals that board meeting has a significant negative effect on financial performance (ROA) (B = −0.321625, P = 0.0000 < 0.05) while board size has a significant positive effect (B= 0.171173, P = 0.0053 < 0.05). The results indicate that a unit increase in board meeting reduces financial performance (ROA) by approximately 32% while an increase in the number of directors by one person increases financial performance (ROA) by approximately 17%.

Similarly, the study utilized Hausman's test to determine the most appropriate model between the fixed and random effect models, and the result suggests that the random effect model is more appropriate (Chi-square = 0.249786, P = 0.9928 > 0.05), thus the study interpreted the random effect model. Also, the Durbin Watson result reveals that there is no autocorrelation in the data (D= 1.822637, which is within the permitted range of 1.5-2.5), hence the investigation of the random effect model continued.

The results reveal that board skills account for 14.37% of the variation in returns on assets, whereas the remaining 84.63% of factors affecting financial performance were not included in the model (R-Square = 0.143673). This contribution falls short of the acceptable standard of 70 percent. However, given the model is statistically significant (F-stat = 2.010577, P = 0.049551 0.05), it can be interpreted, and conclusions drawn from it.

Similarly, the table indicates that board female gender diversity does not have a significant effect on financial performance (ROA) (B= 0.020458, P = 0.4457 > 0.05) while board independence has a significant negative effect on performance (ROA) of listed deposit money banks in Ghana (B = −0.050067, P = 0.0299 > 0.05). Also, the table shows that board meeting does not have a significant effect on performance (ROA) of listed deposit money banks in Ghana (B = 0.004363, P = 0.9452 > 0.05) and likewise the board size (B = 0.121956, P = 0.4184 > 0.05).

The study indicates that board gender diversity does not have effect on financial performance of listed deposit money banks in Nigeria and Ghana. However, board independence does not have a significant effect on financial performance (ROA) of listed deposit money banks in Nigeria, but it has a significant negative effect on financial performance of deposit money banks in Ghana. Also, the study shows that board meeting has a significant negative effect on financial performance of listed deposit money banks in Nigeria, but it does not have a significant effect on performance of deposit money banks in Ghana. Likewise, while board size has a positive significant effect on financial performance of deposit money banks in Nigeria, it does not have a significant effect on financial performance of deposit money banks in Ghana.

4.4. Discussion of Findings

The first objective of this study was to assess the difference between the board qualities of listed deposit money banks on Nigerian exchange group and the board qualities of their counterparts on Ghanaian stock exchange. The study found that the number of times that board of directors of listed deposit money banks in Nigeria met is statistically significantly higher than the number of times the board of directors of listed deposit money banks in Ghana met during the period of investigation. Likewise, finding indicates that board of directors in listed deposit money banks on Ghanaian stock exchange are statistically significantly more independent than listed deposit money banks on Nigerian exchange group. Also, findings imply that number of directors on the board of listed deposit money banks in Nigeria is statistically significantly larger than number of directors on the board of listed deposit money banks on Ghanaian stock exchange. However, findings indicates that even though board female gender diversity on the board of listed deposit money banks on Nigerian stock exchange is lower than the board female gender diversity on the board of listed deposit money banks on Ghanaian stock exchange, the difference is not statistically significant.

In like manner, the second objective of the study was to examine the difference between the effect of board qualities on the performance of listed deposit money banks on Nigerian stock exchange and the effect of board qualities on the performance of listed deposit money banks on Ghanaian stock exchange.

The study demonstrates that board gender diversity has no effect on the financial performance of Nigerian and Ghanaian listed deposit money banks. In contrast, board independence has a considerable negative impact on the financial performance (ROA) of listed deposit money banks in Ghana. In addition, the analysis demonstrates that board meetings had a considerable negative impact on the financial performance of listed deposit money banks in Nigeria, but no significant impact on the performance of deposit money banks in Ghana. Similarly, whereas board size has a considerable beneficial effect on the financial performance of deposit money banks in Nigeria; it has no such effect in Ghana.

Ineffective board meetings can negatively impact the financial performance of listed deposit money banks. Causes include inefficient decision-making, lack of expertise, conflict of interest, poor communication, inadequate risk management, overemphasis on short-term goals, regulatory non-compliance, and groupthink. To address these issues, establish clear agendas, provide continuous training, implement strict conflict-of-interest policies, foster open communication, develop a robust risk management framework, balance short-term and long-term goals, ensure regulatory compliance, and promote a culture of diversity. Addressing these issues can help maintain operational efficiency and strategic initiatives.

Similarly, board independence can negatively impact financial performance due to factors such as lack of industry knowledge, reduced communication, conflict with management, focus on compliance over strategy, and delayed decision-making. These issues can lead to missed market opportunities and competitive disadvantages, highlighting the importance of effective communication, conflict resolution, and strategic planning in achieving financial success.

This finding lends credence to earlier findings that board structure had significant effect on financial performance with exceptions of some components of board structure (Pratheepkanth et al., 2016). The study also lends credence to Gulzar et al. (2020) who posit that board size has significant effect on ROA and Tobin's q while board independence, board meetings, and CEO duality, on the other hand, are not statistically significant in both accounting-based and market-based measures of performance. It however contradicts Ramadan (2020) who posits that non-executive directors have a considerable detrimental impact on corporate performance.

5. CONCLUSION AND RECOMMENDATIONS

The conclusions and recommendations of the study are shown in sections 5.1 and 5.2.

5.1. Conclusion

Based on the second first objective of the study, the study found that board qualities of listed deposit money banks on Nigerian exchange group is statistically significantly different from board qualities of listed deposit money banks on Ghanaian stock exchange particularly in term of board meeting, board independence and board size except in board female gender diversity where they are not statistically significantly different.

The second objective was to assess the difference in the effect of board qualities on financial performance of listed deposit money banks in Nigeria and Ghana. The study reveals board gender diversity doesn't affect Nigerian and Ghanaian deposit money institutions. Board independence hurts Ghana's listed deposit money banks (ROA). The data suggests that board meetings hurt listed deposit money banks in Nigeria but not Ghana. In Nigeria, bank board size influences financial success, but not in Ghana.

5.2. Recommendations

Since there is a significant difference in the board qualities of listed deposit money banks in Nigeria and Ghana, the board of the listed deposit money banks in the two countries should emulate each other in the area that improves performance. For instance, since board size significantly improves financial performance and Ghanaian banks had lower board size, hence, the study recommends that listed deposit money banks on Ghanaian stock exchange increase their board size.

In the same manner, since board meeting of listed deposit money banks on Nigerian exchange group is significantly higher than the board meeting of their counterparts on Ghanaian stock exchange, and board meeting significantly reduces financial performance, the study recommends that board of listed deposit money banks on Nigerian stock exchange should reduce their meetings or cut meeting expenses.

Board independence is essential for effective governance but can negatively impact financial performance if not managed properly. To enhance financial performance, banks should implement measures such as industry-specific training, balanced composition, enhanced communication, clear role definition, strategic focus, performance metrics, regular board evaluations, conflict resolution mechanisms, and external advisors. These measures ensure better-informed decisions, align with industry best practices, and foster a collaborative environment. Regular evaluations of board performance and independence can identify areas for improvement, while conflict resolution mechanisms can prevent disruptions to operations and strategy execution. Engaging external advisors can complement the board's knowledge and support informed decision-making.

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