CORPORATE BOARD ATTRIBUTES AND EARNINGS MANAGEMENT IN NIGERIAN BANKING SECTOR

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ABSTRACT

Every business entity has a common goal of achieving sustainable development, particularly in the areas of growth and profitability indices. Earnings manipulation by corporate managers may hinder the attainment of this lofty target. The study examined the relationship between corporate board attributes and earnings management in Nigerian banks for the period 2009-2018. The dependent variable (earnings management), was derived using modified Jones model's discretionary accruals, while four corporate board attributes (size, independence, gender diversity and board meetings) served as independent variable. The Random effect generalised least square regression results reveal a negative and significant relationship between board size, board independence and earnings management. Board gender diversity and board meetings, however, have no significant association with earnings management. It is recommended that corporate governance legislation should support large number of directors (subject to a manageable size) and more of external directors sitting on corporate boards.

Keywords: *Agency cost, Board of directors, Corporate governance, Earnings management, Nigeria*

Introduction

The past four decades have witnessed series of financial reporting scandals (such as Enron and Worldcom in the USA and Cadbury, Oceanic Bank and Skye Bank in Nigeria), which have suggested the existence of ethical failures from weak corporate governance mechanisms in place by these companies. These events have seriously impacted negatively on the reliability of financial reports produced by corporations for the stakeholders, capital market and the public, thereby affecting the sustainability development of these corporations.

Weak corporate governance structure affords managers the opportunity to engage in behaviour that would deplete reported earnings quality (Gonzalez & Garcıa-Meca, 2014). This manifests in the form of financial statement fraud perpetrated by management through creation of distortions in the reporting of earnings (otherwise known as earnings management, creative accounting, big bathing, or financial statement manipulation). This action by corporate managers has further questioned the effectiveness of the system of corporate governance mechanisms in checkmating managerial opportunistic behaviour.

The behaviour of managers in involving in earnings management can be attributed to the separation of ownership and control couple with need to produce and report financial statements that shows hat they perform better in the reporting year. Campello, Graham and Harvey (2011), and Habib, Uddin and Islam (2013) submit that the quest to conceal poor performance may propel management to opt for accounting choices that increase reported earnings as the reported earnings plays a unique role in attracting investments of fund from investors (Norwani, Mohamad & Chek, 2011). Musa and Muhammad (2018) suggest that wrong choice of accounting policy triggered by the laxity which managements enjoy in the choice of accounting policy and coupled with the deficiencies in laws regulating financial reporting preparation and presentation as well as defective corporate governance practices further afford management the opportunity of engaging in financial reporting malpractices. In order to curtail the activities of management of corporations in reducing earnings management to the barest minimum will require additional agency cost of monitoring on the part of the owners (shareholders). Mahrani and Soewarno (2018) observe that good corporate

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governance is a major requirement for effective and efficient running of organisations like banks for the achievement of depositors' confidence and equal treatment of all stakeholders.

In an attempt to address the poor status of corporate governance practices, various governments have introduced series of corporate governance reforms that aimed at strengthening corporate governance practices for improved accountability, transparency, adequate disclosure, financial statement reporting quality and sustainability in firm growth and profitability. In Nigeria, the various regulatory agencies have developed corporate governance codes for deposit money banks and public listed companies. Despite series of reforms that have been introduced in Nigeria, fraudulent practices are still predominant among Nigerian banks (Omoye & Eriki, 2014 and Soyemi, Oluyemi & Adeyemi, 2020). A typical recent example is Skye Bank which collapsed principally from weak corporate governance practices.

In the empirical literature, the bulk of evidence suggests a mixed and inconclusive association between governance attributes and earnings management. In related Nigerian studies, there were conflicting proxies used in capturing the independent variable (board attributes) and inappropriate methodologies which perhaps resulted in mixed empirical outcomes. For instance, studies conducted by Uwuigbe *et al*., (2018), and Shiyanbola, Ogbebor, Okeke and Okunade (2019) revealed no significant influence of board attributes on earnings management. Obigbemi *et al*., (2016) and Mominah (2017) however reported significant influence. These studies also made use of pooled ordinary least square (POLS) technique as analytical tool, a method due to its numerous limitations, is considered inappropriate for this type of study.

Limited research work in this area still exists in Nigerian banking environment. This study is therefore premised on the fact that series of corporate scandals that involved financial statements manipulation arising from deficient system of governance have been seen over time in the Nigerian financial sector and this had led to the collapse of many banks despite various codes of corporate governance that are in place.

The study has its objective of assessing the influence of four attributes of corporate boards (size, independence, gender diversity and meetings) on earnings management in Nigerian listed banks. It attempts to improve on the gaps identified in prior literature, especially those ones conducted in Nigeria, by using data from ten deposit money banks for the period of ten years (2009 - 2018) and with adoption of appropriate analytical tool.

The remaining part of the paper is organised in the following manner: review of literature is presented in section 2. Methodology adopted for the study is in section 3. Section 4 discusses research findings, while the conclusion and recommendations are treated in section 5.

REVIEW OF LITERATURE

Earnings management

Earnings management refers to the manipulation of financial reporting process by management in an attempt to achieve certain incentives (Olaoye & Adewumi, 2019). Healey and Wahlen (1999) refer earnings management as a reported earnings situation that involves the use of managerial discretion to structure transactions in such a way that will tamper with financial statements with intention to mislead the users or influence its contractual outcomes. The alarming cases of reported earning manipulation have been an issue of great concern to investors and regulators in the world over particularly in Nigeria and has raised investors scepticism on the credibility of financial reports of companies (Musa & Muhammad, 2018). This act has also affected the sustainability development of hitherto viable business enterprises.

Zhou and Chen (2004) suggest three reasons why corporate managers indulge in earnings management practices. These are signalling, income smoothing or earnings management and capital management. Regarding signalling factor, Wahlen (1994) opines that banks used discretionary loan loss provision to indicate higher earnings in following period. Earnings management proponents (such as Rivard, Bland & Morris, 2003) submit that loan loss provision is increased during periods of higher earnings under the assumptions of smoothing of income to enhance financial performance. The capital management factor indicates that management utilises loan loss provision to influence regulatory capital unjustly.

Attributes of corporate governance

Corporate governance is simply the various mechanisms put in place by investors in an organisation which seek to protect them against opportunistic behaviour of the internal management (La Porta *et al*. 1999). In most of codes of corporate governance issued by various governments around the world, there are some attributes that are included as part of principles that have the tendency to curtail the activities of corporate management in expropriating the owners of the business as well as preventing "window-dressing" (earnings management) of the financial reports to the barest level. Four of such attributes, which incidentally form the focus of the study's empirical analysis, are hereby discussed in turn.

Board size

This comprises the executive and non-executive/ independent directors sitting in corporate boardrooms. According to Fama and Jensen (1983), board size should be determined in such a way that will reflect the scope and complexity of its production process implying that larger and complex organisations will require larger board size and vice versa. There exist two main opposing views on board size and board effectiveness. The first group argues that smaller board size is more effective than larger ones due to difficulty of coordination (Yermack, 1996), which may in turn affects presentation of quality financial reporting. The opposing view suggests that a large board is more effective as they are able to leverage on informational and expertise of members (Dalton *et al*., 1999 and Xie, Davidson & DaDait, 2003).

Board independence

The structure of the board that is dominated by sufficient non-executive directors, who bring independent judgement to the foray, is generally believed to be associated with lesser earnings management practices. Shafi, Adamu, Ooi and Kwong (2020) stress that non-executive directors are independent of managers and they contribute their wealth of experience to the firm by diligently carrying out their oversight functions. For effective board functioning, the board must be balanced. A balanced board is one that is not dominated by executive directors but also comprise of non- executive directors who are independent of managers and shareholders. Independent board, according to Klein (2002), is one of the effective tools in monitoring the accounting process. This is expected to enhance accounting quality by reducing all forms of financial reporting malfeasance to the barest minimum., thereby achieving sustainable growth of the corporation.

Board gender diversity

Women are generally perceived to be associated with less fraudulent practices. The inclusion of women on corporate boards may likely reduce the opportunistic tendency of appointed managers and enhance accounting quality. In corporate management, women are found to be more risk averse as they are less likely to take risks and act unethically in a bid to gain private benefits (Gul, Fung & Jang, 2009). The inclusion of women on the board may

therefore serve as a control mechanism towards reducing earnings management from occurring and improving the quality of financial statements and enhancement of sustainable development of corporate entities.

Board meetings

Board meeting is the frequency at which the board of directors hold meetings to deliberate on important issues of concern to the entity. As financial reporting is among the core responsibility areas of management, frequency of meetings can help in improving financial reporting quality. This will ultimately reduce to some extent the occurrence of manipulation of financial statements and achieving a sustainable development of business enterprises.

Theoretical framework

A theory that perhaps best explains board attributes - earnings management nexus is Agency theory, as proposed by Jensen and Meckling (1976). The theory suggests that there is tendency for the management (agents) to involve in some activities that will profit them as managers but which are against the interest of the owners (principal). One of such activities is involvement in financial accounting manipulations (earnings management) with intention of dubiously encouraging the shareholders and potential investors alike to invest in the business, despite the fact that the entity is not operating at a level presented by the management.

Fama and Jensen (1983) posit that corporate governance structure assists in monitoring managerial behaviour towards reducing agency problem. In line with this proposition, several studies have documented significant influence of corporate board attributes on the integrity of accounting information (Patelli & Prencipe, 2007 and Hashim & Devi, 2008).

Empirical review

Mominah (2017) assessed corporate governance and earnings quality of 38 retail and wholesale companies quoted on London stock exchange between the time frame of 2010 and 2014 by using simple regression as analytical tool. The result suggested that all the corporate governance variables have no influence on earnings management practices.

Damak (2018) analysed the influence of board gender diversity on earnings management in 85 French companies for the financial year 2004-2014. The result of the study showed an inverse relationship between the two variables.

Uwuigbe *et al*., (2018) examined the links between corporate governance and quality of financial statements of 15 Nigerian banks from 2008 to 2015. The regression result indicated that size of board and board independence have indirect and no significant association with the timeliness of financial reports.

Shiyanbola, *et al*., (2019) explored the effect of corporate governance on reported earnings quality in 10 Nigerian banks for period covering 2000-2017. No significant relationship between board size, firm size, board independence and reported earrings quality was found. The study however established significant positive effect of foreign directors on reported earnings quality.

Olaoye and Adewunmi (2019) revealed from the study of corporate governance and earnings management of Nigerian banks from 2006 to 2015 that audit quality had positive but no significant effect on earnings management, while board size and leverage had insignificant negative effect on earnings management.

El Diri, Lambrinoudakis and Alhadab (2020) examined corporate governance and earnings management in concentrated markets. The result of the findings presented evidence in support of corporate governance effectiveness in reducing earnings management in non-concentrated markets while reverse is the case for concentrated market as corporate governance drives managers to substitute accruals with real earnings management.

Chatterjee and Rakshit (2020) examined effect of corporate governance on earrings management of Indian firms by employing regression analysis. The findings revealed that board independence and diligence showed significant and adverse effect on earnings management.

Hypotheses

Having reviewed extant literature and some prior empirical studies in this subject, the following hypotheses in null forms, are postulated:

H_{01}: No significant influence exists between board size and earnings management practices.

H_{02}: No significant influence exists between board independence and earnings management practices.

H_{03}: No significant influence exists between board gender diversity and earnings management practices.

H_{04}: No significant influence exists between board meetings and earnings management practices.

METHODOLOGY

Data source and sample

Data were sourced from published financial statements of banks as contained in their websites and Nigerian stock exchange Factbooks for the period of study, 2009-2018. As at December 31, 2018, the population of Nigerian listed deposit money banks was fifteen out of which a sample of ten banks was selected through judgmental sampling technique and availability of data for analytical exercise.

Model Specification

The general model of the study is in form of functional relationship as stated in equation 1.

$$EMG = f\ (BSZ, BIN, BGD, BMT, FAG, LEV) \quad (1)$$

The specific model is as presented in equation 2.

$$EMG_{it} = \beta_0+\beta_1 BSZ_{it}+\beta_2 BIN_{it}+\beta_3 BGD_{it}+\beta_4 BMT_{it}+\beta_5 FAG_{it}+\beta_6 LEV_{it}+e_{it} \quad (2)$$

Where,

EMG- Earnings management
BSZ - Board size
BIN - Board independence
BGD - Board gender diversity
BMT - Board meetings
FAG - Firm age
LEV - Firm leverage
$\beta_1 \ldots \beta_6$ Coefficient of independent and control variables

For better financial reporting quality to be achieved, the *a priori* expectation is that the sign of the coefficient of each of the four board attributes in relation with earnings management should be negative $(\beta_1, \beta_2, \beta_3, \beta_4 < 0)$.

Variable description and measurement

The dependent variable of the study is earnings management. Following Aygun, Ic and Sayim (2014), Eriabie and Izedonmi (2016), Alhebri and Al-Duais (2020) and Soyemi *et al*., (2020), the study employed the most commonly and accepted approach for measuring earnings management, Discretionary Accruals (DA), as put forward by Jones (1991), with modification by Dechow, Sloan and Sweeney (1995). The operationalisation of DA is as provided in equation 3.

$$DA_{it} = TAC_{it}/A_{it-1} - \alpha_{1t}\ [1/A_{it-1}] + \alpha_{2i}\ [(\Delta REV - \Delta REC)/\ A_{it-1}] + \alpha_{3i}\ [PPE_{it}/\ A_{it-1}] \quad (3)$$

Where,

TAC - Total accruals, defined as accounting earnings less operating cash flow
A_{it-1} - Total assets in previous year
ΔREV - Change in revenue
ΔREC - Change in receivables
PPE - Property, plant and equipment

In line with empirical literature reviewed, the study has four independent variables that are capable of influencing earnings management practices in the Nigerian banking environment. These are board size, independence, gender diversity and meetings.

There are some other variables that have tendency to influence earnings management but not adequately represented in the model of the study. To mitigate the impact of these variables on the overall result, the study made use of two- firm age and leverage as control variables.

The operationalisation of independent and control variables is exhibited in Table 1.

Table 1: Operationalisation of independent and control variables

Variable	Type	Acronym	Measure	Studies
Board size	Independent	BSZ	Number of directors sitting in boardroom	Dabor and Dabor (2015), Abata and Migiro (2016)
Board independence	Independent	BIN	Ratio of external directors on total board membership	Uwuigbe *et al.*, (2018), Akintayo and Salman (2018), Shubita (2020)
Board gender diversity	Independent	BGD	Ratio of female directors on total board membership	Osemene Adeyele and Adinnu (2018), Nguyen (2017)
Board meetings	Independent	BMT	Number of times board meetings hold in a year	Adegbie, Salawu and Shiyanbola (2019)
Firm age	Control	FAG	Natural log of the age of firm	Pranesh and Chinmoy (2017), Salah (2018), Kajola, Olabisi, Soyemi and Olayiwola (2019)
Firm leverage	Control	LEV	Ratio of total debts to total assets	Kajola, Desu and Agbanike (2015), Samad (2015), Hajawiyah , Wahyudin, Sakinah and Pahala (2020)

Source: Authors' compilation as in Table 1

Data estimation technique

Unlike some prior studies in the literature that employed pooled ordinary least squares (POLS) as analytical tool, this study adopted panel data methodology with fixed effects least square (FE) and random effects generalised least squares (RE) as analytical techniques.

POLS technique was not used because the method, unlike FE and RE, does not take into cognisance heterogeneity or individuality that may present among the selected banks.

For the purpose of making an unbiased inference, the Hausman (1978) specification test was conducted to discriminate between the FE and RE techniques.

RESULTS AND DISCUSSION

The results of the descriptive and inferential analysis are presented in this section.

Descriptive statistics

Table 2 presents summary results of the descriptive statistics.

Table 2: **Summary of descriptive statistics**

Variable	Mean	Minimum	Maximum	Standard deviation
EMG	0.101	0.001	0.559	0.110
BSZ	13.54	6	20	2.862
BIN	0.637	0.467	0.90	0.108
BGD	0.170	0.000	0.333	0.103
BMT	5.87	2	12	2.043
FAG	1.547	1.23	1.547	0.243
LEV	0.087	0.000	0.684	0.084

Source: Authors' Computation, 2020

Table 2 reveals that mean earnings management is 0.1013 and it ranges between 0.001 and 0.559. It suggests that the extent of financial statements' manipulation on the average is about 10.1%. The board size averages 14, with minimum of 6 and maximum of 20 members. External directors sitting in the boardroom (BIN) averages 63.70%. Female directors average 17% of total board membership, while the highest is 33.33% and with some banks having no female representation during the period of study. Board meetings were held on the average 6 times (BIN = 5.87). This is above the benchmark of 4 meetings as provided for in the Nigerian Securities and Exchange Commission (2018) code for public companies. The sample banks are low-geared as the mean leverage is about 8.7%, although the maximum leverage of 68.4% is shown. The mean age of the banks is about 35years (log inverse 1.547). Board size has the highest deviation from the mean (standard deviation = 2.862) and the least deviation variable is leverage (standard deviation = 0.084).

Multicollinearity test

Consistent with submission of Gujarati and Porter (2009), Variance Inflation Factor (VIF) and Tolerance Value (TV) approaches were used to test for collinearity among the variables adopted in the study. Gujarati and Porter (2009) suggest that any variable with VIF of above 10.0 or TV of less than 0.1 has a multicollinearity issue. Table 3 presents the results of both VIF and TV approaches.

Table 3: Collinearity test result

Variable	VIF	TV
BSZ	1.948	.513
BIN	1.938	.516
BGD	1.212	.825
BMT	1.051	.952
FAG	1.153	.867
LEV	1.250	.800

Source: Authors' computation, 2020

Result from Table 3 suggests that none of the variables has VIF of more than 10. The highest is 1.948 while the least is 1.051 Also, there is no variable with TV of less than 0.10, highest being 0.952 and the least value of 0.513. Thus, there is no presence of multicollinearity problem among the variables.

Correlation

Correlation matrix reflects association between variables and is also regarded as a powerful tool that can be employed in detecting multicollinearity among variables. The Pearson correlation matrix for the study is as presented in Table 4.

Table 4: Correlation matrix

Variable	EMT	BSZ	BIN	BGD	BMT	LEV	FAG
EMT	1						
BSZ	-.294***	1					
	(.003)						
BIN	-.250**	-.603***	1				
	(.018)	(.000)					
BGD	-.094	.351***	-.338***	1			
	(.355)	(.000)	(.001)				
BMT	.133	.019	-.048	.098	1		
	(.187)	(.851)	(.636)	(.331)			
LEV	-.112	-.214	-.037	-.066	.150	1	
	(.266)	(.218)	(.712)	(.511)	(.136)		
FAG	.127	.090	.379***	-.015	.065	.174	1
	(.232)	(.372)	(.000)	(.890)	(.540)	(.100)	

*** = 1%, ** = 5%, * = 10% significance level; sig values in parentheses

Source: Authors' computation, 2020

Result of Pearson correlation matrix as presented in Table 4 indicates that board size (BSZ) is indirectly correlated with earnings management (EMT) at 1% level. Board independence and EMT are also negatively correlated and this is significant at 5%. However, board gender diversity (BGD) and board meetings (BMT) have insignificant correlation with EMT. The two control variables, leverage (LEV) and firm age (FAG), also have no significant association with EMT.

The correlation matrix only shows the direction of association between variables and not strength of relationship. It is therefore not a powerful technique that can be used for interpretation and discussion of results. It is however useful for testing of multicollinearity among independent variables. Following Gujarati (2003) and Wooldridge (2009), a variable with coefficient value of 0.8 and above has a collinearity issue. It can be seen from Table 4 that no variable has coefficient of 0.8 and above, the highest being -0.603 (association between BIN and BSZ variables). This further provides proof that all the study variables are free from collinearity problem.

Regression

Table 5 depicts the result of the regression based on the two models- FE and RE. Summary result of the Hausman test as revealed in Table 5 indicates probability of 0.2708 and this is not significant at 5% level (prob > 0.05). It therefore suggests that RE is better than FE as analytical technique for purpose of interpretation of regression results (Gujarati & Porter, 2009). Hence, discussion of the result and test of hypotheses are based on the outcome of the RE regression.

Table 5: Regression result

	Fixed	Effects		Random	Effects	
	Coeff.	**t-stat**	**prob**	**Coeff.**	**t-stat**	**prob**
Constant	0.1591	0.4374	0.6648	0.2177	0.8450	0.4003
BSZ	-0.1341	-2.305**	0.0259	-0.3336	-2.2171**	0.0321
BIN	-1.4354	-2.140**	0.0434	-0.2990	-2.2474**	0.0261
BGD	-0.0194	-0.1549	0.8773	-0.0096	-0.7733	0.4413
BMT	-0.0027	0.4676	0.6413	-0.0102	-1.8714*	0.0644
FAG	-0.2589	-1.0214	0.3100	-1.2093	-1.8757*	0.0642
LEV	0.0731	0.4865	0.6279	0.0691	0.3948	0.6941
R^2	0.5237			0.5930		
Adj. R^2	0.4387			0.4628		
F-Stat/ (Prob)	6.158*** (.000)			4.554*** (.000)		
Durbin-Watson	2.0574			2.0943		
Hausman Chi-square/ (Prob)			7.5769 (.2708)			
Observations		100			100	

*** = 1%, ** = 5%, * = 10% significance level
Source: Authors' Computation, 2020

The R^2 is 0.5930 and this indicates that 59.3% of the variation in earnings management is explained jointly by variation in the four explanatory and two control variables, while 40.7% is due to other factors not captured in the study model. F-stat of 4.554 (p = 0.000), shows that the independent variables are jointly significant and the model fits well. Durbin-Watson value of 2.0943 reveals that no existence of serial autocorrelation in the model.

From Table 5, board size (BSZ) has a significant negative relationship with earnings management at 5% level. It shows that number of directors has an adverse influence on earnings management. With more people in the boardroom, it will be difficult for management to manipulate financial reports (earnings management) and inhibit the sustainable development of corporate entities because of the high level of scrutiny that will be made by directors sitting on the board on financial reports prepared by management. The outcome is in agreement with the works done by Obigbemi *et al*., (2016), Uwuigbe *et al*., (2018) and Olaoye and Adewumi (2019). It is however contrary to the studies conducted by Santiago and Brown (2009), which suggested positive and significant relationship. Null hypothesis 1 is rejected. Thus, board size has a significant relation with earnings management.

Board independence (BIN) has a significant indirect effect at 5% level on earnings management. This suggests that outside directors has significant impact on the ability of management to involve in earnings management practices. The involvement of outside directors in boardroom activities is a good corporate governance mechanism because of their ability to use their skills and experience to monitor the actions of the management (including scrutiny of financial reports) objectively and effectively. This will also have positive influence in the attainment of sustainable growth in corporate entities. The finding has the support of Kao and Chen (2004), Samaila (2014) and Chatterjee and Rakshit (2020). The study by Shinyobola *et al*., (2019), however revealed a contrary result as no significant association was reported. Null hypothesis 2 is rejected. Thus, board independence has significant relationship with earnings management.

Board gender diversity (BGD) has a negative but no relationship with earnings management at 5% level (prob > 0.05). Although the negative sign of the relationship is in line with *a prori* expectation, it is however insignificant. It shows that female directors sitting on the board try to prevent earnings management practices but their efforts show no significant impact. This is not unexpected as a result of the negligible size of female representation in the boardrooms of the sampled banks and in many of African corporations. In this study, the average representation of female directors was mere 17%. The outcome is in line with the findings by Emilia and Sami (2010), Wang (2015) and Mominah (2017). On the contrary, Damak (2018) study revealed a negative significant relationship. The study therefore fails to reject Null hypothesis 3. Thus, there is no significant effect of board gender diversity on earnings management.

Board meetings (BMT) and earnings management relation is negative but not significant at 5% level (prob > 0.05). Finding suggests that regular meetings of the board have the tendency to reduce manipulation of financial statements by management but it is not effective enough. The outcome is consistent with the work by Uwuigbe, Amilolamen, Uwuigbe and Jafaru (2017). It is however inconsistent with the study by Adigbie *et al*., (2019) that produced significant negative relationship. Null hypothesis 4 is failed to be rejected. Thus, board meeting has no significant relationship with earnings management.

The findings regarding control variables suggest no effect of firm age (FAG) and leverage (LEV) on earnings management as result indicates insignificant relationship at 5% level.

Conclusion and Recommendations

The study assessed the influence of board attributes on earnings management of ten deposit money banks in Nigeria for the period covering 2009-2018. With the use of Random effects generalised least square technique, results suggested that two of the board attributes-board size and board independence, are powerful corporate governance attributes used by the selected banks in curtailing financial reports manipulation (earnings management) by management. The empirical result however did not provide evidence in support of board gender diversity and board meetings as effective board attributes in reducing earnings management practices.

Following the empirical findings and for sustainable development of these corporate organisations to be achieved, it is hereby recommended that corporate governance code in Nigeria should be revised in such a way to encourage bank shareholders to elect more members as directors (subject to a manageable size) to perform oversight functions on activities of corporate managers. Regarding board membership, more external directors should dominate the corporate boardrooms. For effect of female directors sitting on the board to be felt, government policy makers and regulatory institutions should revise the existing corporate governance code in Nigeria by mandating every listed company to have at least one-third of their board membership as female. Regular board meetings and attendance by directors be made mandatory, especially when issues of financial reports and appraisal of management are to be considered.

In future, researchers should consider other economic areas such as insurance, conglomerates and manufacturing sectors. Increasing the size of the sample and study time frame is also encouraged. Cross-country studies can also be done, especially for countries operating within similar economic or regional bloc.

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