

BOARD DYNAMICS AND FIRM PERFORMANCE: EVIDENCE FROM NIGERIA, KENYA AND SOUTH AFRICA.

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Abstract

This study evaluates the effect of corporate board attributes on firm performance in Nigeria Kenya and South Africa. The study adopted ex-post facto research design and used secondary data collected from ten years annual financial report of 75 non-financial firms of selected African countries from 2009 to 2018. The variables used for the study are board financial expertise, board female representative, chief executive officer ownership and board composition. The data collected were analysed using descriptive statistics, correlation analysis and regression analysis. The result of the study showed that corporate board attributes has 62.3% effect on return on assets and 53.1.1% effect on return on equity. The result finds that board composition has positive and insignificant effect on return on equity and negative and insignificant effect on return on asset while chief executive officer ownership has negative and insignificant effect on both measures of performance in Nigeria, Kenya and South Africa. Board financial expertise has negative and significant effect on performance of non-financial firms in Nigeria, Kenya and South Africa while board female representative has positive but insignificant effect on non-financial firms in the three countries selected. The study therefore recommends that management in the selected African countries when formulating policies that will be geared toward enhancing their performance should reduce the number of board members with financial expertise as it drives performance negatively. Again less consideration should be given to composition of the board, female representation in the board and CEO ownership as its effect is not strong enough to drive performance.

Key Words: *board financial expertise, board female representative, chief executive officer ownership, board composition, firm performance.*

Introduction

Corporate governance is seen as the mechanism by which a company is being directed and controlled. One of the major components of corporate governance role that can determine the success of the company is the establishment of corporate board. Corporate board monitors the management activities as it relates the interest of shareholders. Since financial crisis of 2008 which resulted in major economic crisis and various financial frauds which lead to the failure of many companies, corporate governance has been an issue of global concern. Tricker (2015) posits that corporate governance is the way power is exercised over corporate entities. Corporate governance entails the enterprise board activities and its relationships with the shareholders, the managers together with other legitimate stakeholders. It can be referred to as the primary and dominant internal mechanism that plays a key role in monitoring management and aligning the interests of shareholders with management. (Brennan, 2006; Rose, 2005). Corporate board is an arm of corporate governance that oversees, care and exercise diligence in ensuring that financial controls are effective. It is the responsibility of the board to give management strategic guidelines as it relates to the organisations long term goals as well as review and ratify management proposals Jonsson (2005). The oversight exercise by the boards includes spotting problems early and can exercise whistleblower function. Salmon (1993).

Accounting is seen as the language of business since it provides the firm's external users with financial information. This information can be found in companies' financial reports or corporate reports that are prepared by managers based on accounting standards. Corporate report is used by managers in

communicating their activities to wide range of stakeholders that do not take part in the direct running of the companies. Using this, stakeholders can analyse the firm's operating and financial performances to assist them in decision making processes. In order to serve the needs of the different stakeholders and enhances uniformity, corporate reports are prepared based on various accounting standards. However, prior studies noted that there have been increasing concerns that existing system of corporate reporting lack transparency leading to loss of confidence on reported data. (Wallace, 1988; Okike, 2000; Ofoegbu and Okoye, 2006). On the foregoing, they assert that the integrity of financial disclosure has been an issue of constant concern among regulators and accounting practitioners. The number of accounting scandals in world known companies like Enron and WorldCom and resultant loss of investors' fund, one begins to question the integrity of the financial report being presented to stakeholders annually. These series of corporate scandals including cooking of accounting books brought corporate governance issues to the forefront of investors' consideration. For example, Enron and WorldCom intentionally reclassified some of its liabilities and losses which was part of core expenses to non-recurring expenses and moved it to non-consolidated special purpose entities Xuedong (2016). This corporate challenge was largely attributed to the inability of the corporate board to monitor the activities of management stemming from the consolidation of power and the consequently the hold the management of the organisation has over the board members. This grip the management has over the member was seen as the fiery dart that pierces the independence of the board member Rose (2005). Thus, boardroom reform attracted significant attention, particularly the idea of board composition (representation by outside independent directors)

Few empirical works done in this area of research such as (Qadorah & Fidzil, 2018; Rashid, 2017; Veklenko, 2016; Isik and Ince, 2016) all focused on Jordan, Bangladesh, Europe and Turkey respectively. No known literature was centred on non-financial firms in Nigeria Kenya and South Africa. There is therefore need to ascertain to what extent board composition impact on corporate performance for the smooth and sustainable economic growth in the selected African countries. In the light of the foregoing, this study aims to investigate the effect of board composition on performance of quoted non-financial firms in Nigeria, Kenya and South Africa. The study will be based on the following objectives:

- I. Determine the effect of board female representative on performance of quoted non-financial firms in selected African countries.
- II. Assess the effect of board financial expertise on performance of quoted non-financial firms in selected African countries.
- III. Ascertain the effect of CEO ownership on performance of non-financial firms in selected African countries.
- IV. Ascertain the extent to which board composition affect performance of quoted non-financial firms in selected African countries.

Review of Related Literature

Return on assets

Return on asset (ROA), as an accounting-based measurement, gauges the operating and financial performance of the firm (Klapper & Love, 2002). The measurement is such that the higher the ROA, the higher the effective use of assets to the advantage of shareholders (Haniffa & Huduib, 2006). This is in line with (Ibrahim & AbdulSamad, 2011) which opined that higher ROA also reflects the company's effective use of its assets in serving the economic interests of its shareholders. The ROA, defined as net income divided by total assets, reflects how well a company management is using the company real investment resources to generate profits. ROA is widely used to compare the efficiency and operational performance of company as it looks at the returns generated from the assets financed by the company.

The return on Assets (ROA) is a ratio that measures company earnings before interest & taxes (EBIT) against its total net assets (Altman, 1968). The ratio is considered an indicator of how efficient a company is using its assets to generate income before contractual obligation is paid. Return on asset (ROA) is an indicator of how profitable a company is relative to its total assets. Accounting performance measures (like ROA) is often computed by dividing profit after tax by total assets alternatively, it can be calculated by dividing earnings before interest and tax (EBIT) by total asset. That is, it can be calculated as: ***ROA = EBIT/ Total Assets***.

Return on equity

Return on equity (ROE) is a measure of the profitability of a business in relation to the book value of shareholder [equity](#), also known as net assets or assets minus liabilities Rappaport (1986). ROE is a measure of how well a company uses investments to generate earnings growth. Return on equity ratio or ROE is a profitability ratio that measures the ability of a firm to generate profits from its shareholder's investments in the company. In other words, the return on equity ratio shows how much profit each naira of common stockholders' equity generates. Return on equity (ROE) is calculated to see the profitability of owner's investments. It is calculated as annual net income after tax divided by shareholders' equity as a measure of performance. So a return on N1 means that every naira of common stockholders' equity generates one naira of net income. This is an important measurement for potential investors because they want to see how efficiently a company will use their money to generate net income. ROE is also an indicator of how effective management is at using equity financing to fund operations and grow the company. ROE is especially used for comparing the performance of companies in the same industry. ROE is computed for common shareholders. In this case, preferred dividends are not included in the calculation because these profits are not available to common stockholders. Preferred dividends are then taken out of net income for the calculation. Also, average common stockholder's equity is usually used, so an average of beginning and ending equity is calculated.

$$ROE = \frac{Net\ Income}{Shareholder\ Equity} \times 100$$

Board Female Representative and Firm performance

Board Female Representative simply means the percentage of female members in the corporate board. Adams and Ferreira (2009) emphasized that companies with gender-diverse boards tend to put more effort into monitoring activities and Arun et al. (2015) described females as more ethical, less aggressive and more risk-averse in comparison to male counterpart. Matsa and Miller (2012) stated that females are more independently thinking and therefore possess a greater concern for others, in contrast to males who are characterized as more confident, aggressive and objective. Post and Byron (2015) summarized this in a good way by saying that gender proportion such as male and female have different cognitive frames which affect the decision making. Females are becoming increasingly represented on boards. Gender diversity, and specifically the presence of women directors, is synonymous with quality during discussions, which make sure that different point of views and ideas will be considered while making organizational decisions (Huse et al., 2009; Huse & Solberg, 2006). Gul et al. (2009) argued that not only do females demonstrate a greater risk aversion and ethical behaviour, but they are also better at obtaining voluntary information which may reduce information asymmetry between female directors and managers. Women are more cautious and less aggressive than men in a variety of decision-making contexts and are less likely to take risks particularly in the financial decision environment (Arun, Almahrog & Ali-Aribi; 2015). Abad, Lucas-Perez, Minguéz-Vera and Yague (2017) argued that prior studies have shown evidence that the existence of female member representative on the board increases the quantum and quality of disclosure by firms and for that reason, it is expected that firms with higher gender diversity on their boards tends to report lower levels of information asymmetry in the market. The

presence of female director in the board is associated with improved financial performance (Carter, Simkins & Simpson; 2003 and Campbell & Minguez Vera 2008). They argued that bringing women in the board decisions will improve the decision-making of the board. The literature has mixed findings about the relationship between female representative in the board and firms financial performance. Some reported positive results (Carter et al., 2003; Campbell & Minguez-Vera, 2008; Low et al., 2015) whereas, Chapple and Humphrey (2014) reported no link and Adams and Ferreira, (2009) reported negative link between gender diversity and firm's financial performance. As a matter of fact, drawing on the above discussion and prior studies' findings, this study does not wish to predict any sign for female representative in the board, instead we hypothesize that *there is no significant relationship between female representative in the board and firm performance (Hypothesis 1)*.

Board Financial Expertise and Firm performance

Board financial expertise is defined as the past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background. Board financial expertise is measured as the number of board members with accounting and financial backgrounds to the total number of board members (Jhol, Subramanian & Matzain (2012); Yatim, Kent & Clarkson; 2006). Qin (2007) found that firm with higher quality of earning are more associated with board members who have financial expertise. This position has also been confirmed in more recent studies like Orjinta and Ikueze (2018). Bouaziz (2012) found that board qualification has a significant effect on return on equity and return on asset. Iskandar (2009) suggested in its study that firm performance was toned down by board financial expertise. Harrast and Olsen (2007) indicate that the board committee gain significant clout under SOX and have greater power to participate in the financial reporting process if their expertise has already been documented. Dofond (2005) claim that a positive market reaction to the appointment of financial experts assigned to board committee is found however, there is no reaction to non-financial experts assigned to board members. Davidson (2004) show significant positive stock price reaction when new members of board have financial expertise. Similarly, Dezoort (2001) have found that the amount of experience of audit committee members as well as their knowledge of auditing is positively associated with the likelihood that members support the listener in the discussion of the managerial firm. Song and Windram (2000) argued that a high degree of financial literacy is necessary for a corporate board committee to effectively oversee a company's financial control and reporting. However, there are some inconsistencies that existed in the literature, for that reason, the current study does not intend to propose any sign, rather we hypothesize that *there is no significant relation between board financial expertise and firm performance (Hypothesis 2)*.

CEO Ownership and Firm Performance

Chief executive officer ownership shows the amount of stock ownership as measured by percentage of total shares owned by CEO of the Company (Moh'd, Perry, and Rimbey, 1998). It is the number of stock owned by the management staff in an organisation when compared with total stock of the company. CEO ownership as part of managerial ownership shows the share ownership by CEO as measured by percentage of shares owned by company CEO (Bhagat and Bolton, 2010). CEO ownership is considered as a good source of good sources of power both in theory and in practice (Finkelstein 1992; Onali et al. 2016; Wu et al. 2011). Adams et al. (2005) investigated the impact of CEO power on firm's performance variability. The finding from the study revealed that CEO ownership has positive impact on firm performance. In the same manner, Onali et al. (2016) examined the degree of firm leadership influence on firm performance of European banks. The study also attempted to find the impact of the power on dividend policy using a 9-year Panel data. The findings revealed CEO ownership has influence on firm performance as measured by market-to-book value and Tobin's q. Contrary findings are also available by some studies. For instance, Fahlenbrach (2009) analysed a 10-year data investigating the relationship and reported that CEO ownership has negative impact on firm performance as measured by Tobin's q.

Also, Kaczmarek et al. (2014) examined the impact of CEO ownership in an attempt to find the effect of interlocking directorship. The study revealed that there is a significant negative relationship between CEO ownership and firm performance. In the same direction, Adams and Mehran (2012) and Shukeri et al. (2012) revealed the negative impact of ownership on firm performance. Adams and Mehran (2012) maintained that it is surprising to report such an outcome because the previous works showed no significant relationship. They however maintained that the differences may have occurred as a result of difference in timeframe for the data used in the analysis. Limbach et al. (2016) discovered that there is a non-linear but U-shaped relationship between the CEO power and firm value. The nature of relationship is negative. Going by the inconsistencies in the findings in prior studies, this study deemed it relevant to extend the study to a different context because differences in culture, customs, and practice may differ across different environments. Similarly, the nature of CEO ownership differs across industries; for that reason, the current study does not intend to propose any sign, based on these views, we hypothesized that *there is no significant relation between CEO ownership and firm performance (Hypothesis 3)*.

Board Composition and firm performance

Board composition refers to the proportion of inside and outside directors serving on the board which include both executive and non-executive directors. (Otman, 2014). Kang and Kim (2012) stated that a board must provide active and independent oversight of the company on behalf of investors, and it should be operated independently and efficiently in order to mitigate the conflict of interests between owner and management. Board Independence may be defined as board's unbiased mental attitude in making decisions throughout the audit and financial reporting process. Turner and Vann (2010) were of the opinion that independent directors are not employees of the company and usually do not have any business ties to the company aside from their directorship. Bedard et al (2004) argues that the inclusion of grey directors who have affiliations with management may impair board independence. Chhaochharia and Grinstein (2007) found that firms that are noncompliant with the board independence rules outperform their peers during the announcement of board independence listing requirements. Masulis and Mobbs (2011) argued that the labour market for directorships also plays a role, and report that firms with inside directors who hold more outside directorships make better acquisition decisions and exhibit superior operating performance. Armstrong, Core and Guay (2014) report that exogenous increases in board independence lead to greater corporate transparency, and they suggest that board structure and transparency are jointly determined. Raheja (2005) predict that firms in which it is easy for outsiders to gauge the quality of projects should have greater board independence, Adams and Ferreira (2007) predict that the reduced information flow associated with board independence could destroy shareholder value, and Harris and Raviv (2008) show that insiders on the board are especially valuable when they possess important inside information and the agency costs are low. Bhagat and Black (2002) reported ineffectiveness of board independence in monitoring the management of a firm. Romano (2005) clearly highlights this discrepancy by arguing that hiring process of independent directors may be ambiguous. There is a possibility that independent directors are hired by managers just to fulfil the regulatory requirements. However, there are some inconsistencies that existed in the literature, for that reason, the current study does not intend to propose any sign, rather we hypothesize that *there is no significant relation between board composition and firm performance (Hypothesis 4)*.

Agency Theory

One of the theoretical principles underlining the relationship between the shareholder (principal and the director (agent) is the agency theory developed by Jensen and Meckling in 1976. Investors have surplus funds to invest but due to technical constraints such as inadequate capital and managerial expertise to manage the funds, employ the services of managers to invest their funds in profitable ventures to generate good returns and the managers rewarded for their service. Agency problem however arise due to the separation of ownership from management and the differences in interest between the shareholder and

the manager they employed. Thus agency problem as described by Jensen and Meckling (1976) occur when there is a divergent in interest between the shareholder and the manager, the manager tend to pursue different agenda other than the one set by the shareholder, As a result of the interest of the opportunistic, self-interested managers, there was an agency loss which is the extent to which returns to the residual claimants, the owners fall below what they would be if the owners, exercised direct control over the company (Jensen & Meckling, 1976). It is as a result of this self-interest that managers tend to develop a firm grip on the directors to influence their judgments and decisions. It is however believed that this cankerworm will be dealt with if the board is composed of both internal and external directors as the opinion of the external directors tends to be objective and free from bias.

Methodology

Data for this research was collected from the listed non-financial companies of Nigeria, Kenya and South African Stock Exchange. Data related to board characteristics and financial performance were collected from the audited published annual reports and balance sheets of the selected companies. Table I present the population and sample size distribution of selected companies from different countries selected.

Table 1

Country	Number of quoted non-financial firms/Population	Sample Size	Source
Nigeria	118	25	Nigeria Stock Exchange (NSE)
Kenya	43	25	Nairobi Stock Exchange (NSE)
South Africa	309	25	Johannesburg Stock Exchange (JSE)
Total	470	75	

Operationalization of Variables:

Table 3.1 showed operational definition of variables

Variables	Measurement
Dependent variables:	Return on asset = net income/average assets.
Return on asset and return on equity	Return on equity = net income/shareholders equity
Board composition	The ratio of independent directors to the total number of directors.
Board female representative	Proportion of female directors in the board
Board financial expertise	The proportion of financially literate board members to the total number of board members (membership in any accounting professional bodies.
CEO ownership	Percentage of total shares held by chief executive officer.

To test the stated hypothesis, Pool regression analysis was employed to execute the following models. Multivariate analysis will be used by modelling ROA and ROE as a function of explanatory variables. While the corporate board model will be adopted from prior studies of Salisu and Ashikin (2015). This model modifies and extends the model tested by prior studies and panel regression will be adopted for the purpose of hypothesis testing and was guided by the following linear model:

$$Y = f(X_1, X_2, X_3, X_4) \dots \dots \dots (1)$$

$$ROA_{it} = f(BCOM, BFMR, BFXP, CEOO) \dots \dots \dots (2)$$

$$ROE_{it} = f(BCOM, BFMR, BFXP, CEOO) \dots \dots \dots (3)$$

$$ROA_{it} = \beta_0 + \beta_1 BCOM_{it} + \beta_2 BFMR_{it} + \beta_3 BFXP_{it} + \beta_4 CEOO_{it} + \epsilon_{it} \dots \dots \dots (4)$$

$$ROE_{it} = \beta_0 + \beta_1 BCOM_{it} + \beta_2 BFMR_{it} + \beta_3 BDXP_{it} + \beta_4 CEOO_{it} + \epsilon_{it} \dots \dots \dots (5)$$

Where, ROA= Return on assets, ROE= Return on equity, BCOM stands for Board composition, BFMR= Board female representative, BFXP = Board financial expertise, CEOO = Chief executive officer Ownership. ϵ is the error term of the model and $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$, stands for Regression model coefficients. Subscripts i denote number of firms, t denotes years or time-series dimensions ranging from 2009-2018.

4.0 Data Analysis, Interpretation and Recommendation

This study used pool data and adopted the multiple regressions analysis to identify the possible effects of corporate board attributes on the firm performance of selected non-financial companies in Sub-Sahara Africa. In analysing the data, the study adopted correlation analysis to establish the nature of relationships among various variables used and multiple regressions to identify the possible effect of board composition on firm performance. However some preliminary analysis such as descriptive statistics and correlation analysis were also conducted.

4.1 Descriptive Statistics

Table 4.1 provides the summary of the descriptive statistics analysis result.

Table 4.1 Descriptive Statistics

	<i>RETA</i>	<i>ROET</i>	<i>XPERT</i>	<i>BODI</i>	<i>BFMR</i>	<i>CEOO</i>
<i>Mean</i>	6.653333	10.98075	0.360434	60.29180	2.224932	2.477480
<i>Median</i>	6.145000	14.40000	0.000000	51.43000	2.000000	0.000000
<i>Maximum</i>	131.4400	69.70114	1.000000	80.00000	4.000000	69.30000
<i>Minimum</i>	-96.22000	-89.53400	0.000000	38.18000	0.000000	0.000000
<i>Std. Dev.</i>	13.35475	25.66097	0.480452	14.67787	1.159023	9.744940
<i>Skewness</i>	0.137955	27.08135	0.581374	-0.496372	1.962415	4.607984
<i>Kurtosis</i>	20.15989	734.9369	1.337995	2.957544	6.126588	24.38694
<i>Jarque-Bera</i>	9057.040	16563957	126.5129	30.36078	774.2802	16676.81
<i>Probability</i>	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
<i>Sum</i>	4910.160	81037.90	266.0000	51875.35	3856.000	1828.380
<i>Sum Sq. Dev.</i>	131443.5	4.85E+09	170.1247	158779.2	49061.84	69988.36

Sources: Researcher's summary of descriptive statistics 2018

The result provided some insight into the nature of the selected companies that were used for the study.

The descriptive statistics result shows the mean value for return on equity (10.98) and return on assets (6.65). The mean value for the return on assets and the return on equity shows that firm performance tends to be higher when measured using return on equity than when measured using return on assets for the firms used in the study. This indicates that non-financial firms in Sub-Saharan Africa have higher return on equity than return on assets. Return on assets has a maximum value of 131.4 and minimum value of -96.22, while the return on equity has a maximum value of 69.70 and minimum value of -89.53. The large difference between the maximum and minimum value of performance among the non-financial firms reveals that the performance differs greatly across firms and within the period under study.

The result shows that female representation in the board, on the average is 2, maximum value of 4, and minimum value of 0 respectively. The mean value, maximum and minimum value of board female representation indicates that on the average, there are two female members in the board, in the board of some firms, there is high proportion of female representation (4 female member) while in the board of some firms, there is no female representative in the board. Board members financial expertise, the result shows that about 36 percent board has the required financial expertise. In some firms, all the board members have relevant financial expertise, while some none of the board members have financial expertise (education and experience).

The independence of some of the board shows the extent the board can formulate and implement policy that will be geared toward shareholders interest protection and monitor the management. The result therefore indicates that some board tends to take balance decision, discharge their responsibility of shareholder protection and monitoring than other with less independent members. Chief executive officer ownership has a mean value of 2.48, maximum value of 69.0 and minimum value of 0.00. The mean value indicates that in some non-financial company in Sub-Saharan Africa, the Chief executive officer own about 2.48 percent of the shares, in some, the Chief executive officer owns as high as 69 percent of the shares of the non-financial company while in some firms' Chief executive officer owns no single shares in the non-financial company in Sub-Saharan Africa. Lastly, the Jarque Bera normality test shows return on assets, return on equity, board resourcefulness, board female representation, managerial ownership, and board composition are normally distributed at one percent significant level. The normality test result reveals the all of the variables used are normally distributed, hence the result of the data analysis can be relied upon in making generalization and for policy.

Correlation Analysis.

In examining the association that exists among the variables and to check for the presence of multicollinearity, the study employed the Pearson correlation analysis.

	RETA	ROET	FXPERT	BODI	CEO	BFMR
RETA	1.000000					
ROET	-0.071729	1.000000				
FXPERT	-0.131590	0.029926	1.000000			
BODI	-0.040838	0.019037	-0.046655	1.000000		
CEO	-0.003644	0.009747	-0.113125	-0.154781	1.000000	
BFMR	0.047796	0.028136	0.101396	-0.128543	0.129100	1.000000

Source: e-view correlation analysis result 2019.

The result shows that return on assets has negative association (-0.07) with return on equity, this reveals that both measures are not close, they tend to focus on different areas. Return on assets can be used to measure management effectiveness in the utilization of the firms asset while return on equity view performance from the shareholder perspective. The result has reveals that both are not perfect substitute as performance measure, hence the use of both in the study.

The result shows that return on assets has negatively associated with board members financial expertise (-0.13), board composition (-0.04), chief executive officer ownership (-0.003). The negative association reveals that an increase in board members financial expertise (-0.13), board composition (-0.04), chief executive officer ownership (-0.003), will lead to lower performance.

The result shows that board female representative has positive association with return on assets and return on equity. In checking for the presence of multi-colinearity among the variables used in the study, the study observed from the result that no two variables were perfectly correlated. This indicates the absent of multi-colinearity in our model.

Regression analysis

This study adopted the multiple regressions analysis to identify the possible effects of corporate board attributes on the firm performance of quoted non-financial companies in Sub-Sahara Africa. Below is the analysis of return on assets model and return on equity model.

Items	Return on assets	Return on equity
FXPERT	-4.1123 [0.0001]	-161.41 [0.0000]
BCOM	-0.0533 [0.1214]	4.012 [0.5499]
BFMR	0.0836 [0.1802]	11.3101 [0.3531]
CEO	-0.0337 [0.5961]	-1.1434 [0.9265]
R-squared	0.6543	0.5528
Adjusted R-squared	0.6234	0.5311

The analysis result of both models shows an R-sq (adj) 0.623 and R-sq (adj) 0.531 for return on assets and return on equity model. The R-squared adjusted values indicates that corporate board composition has about 62.3 percent of changes in return on assets and 53.1 percent changes in return on equity of the companies used in the study.

The analysis result shows that board composition has negative but insignificant effect on return on assets and positive but insignificant effect on return on equity. The analysis result of the effect of Board members financial expertise has negative significant effect on both models used in the measurement of performance. Chief executive officer ownership has negative but insignificant effect on both return on assets and return on equity. This means that Chief executive officer Ownership is negatively driving the level of performance but the extent is statistically insignificant. Board female representative has positive but insignificant effect on both return on assets and return on equity. Board female representative positively drives firm performance but the extent is insignificant.

Conclusion

The business environment has been characterized by high level of competition, risk, uncertainty and ever increasing shareholder wealth maximization desire. This coupled with high corporate scandal which has affected the confidence of investors necessitated the call for the establishment of corporate board. The board represents the shareholder and the management, and is saddled with the responsibility of overseeing the affair of the management and formulating policy that will enhance the performance of the firms. However, the extent to which the board can discharge their responsibility depends on many factors which includes; the uniqueness of the board, the composition of the board, board members experience, board female representative and chief executive officer ownership. The contribution of the board to the performance of firms has been an issue in academic; this has resulted to increasing empirical studies carried out with contradicting evidence marking most of the previous studies. This study was carried out using firms in South Africa, Kenya and Nigeria- Sub Sahara Africa. The study finds statistical significant causal - effect relationship between some of the board attributes and the level of performance of non-financial firms quoted in the South Africa, Kenya and Nigeria Stock Exchange.

Recommendations

Based on the findings, the study therefore recommends as follows:

- The study recommends that the number of board members with financial expertise be reduced in the board of non-financial firms in Sub-Saharan Africa because they are negatively driving the level of performance.
- When formulating policy that will be geared toward enhancing their performance, it should be noted that the chief executive officer ownership and board female representative has no significant effect on performance. The study recommends that non-financial firms should give less attention to board composition, chief executive officer ownership and board female representative when constituting board members among non-financial firm in Sub-Saharan Africa as their effect is not strong enough to drive performance.

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