

Gender Diversity and Financial Performance of Quoted Financial Firms in Nigeria

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Abstract

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The inclusion of women in top management positions within the corporate sector has received significant attention at both global and national levels due to the important roles women are expected to play in enhancing firms' financial performance. This study examined the effect of gender diversity on the financial performance of financial firms in Nigeria. Gender diversity was proxied by risk management committee gender diversity, board audit committee gender diversity, and chief executive officer gender diversity, while financial performance was measured using return on equity (ROE). The study adopted an ex-post facto research design. The population consisted of 45 financial firms in Nigeria, while 35 firms with complete financial statements were chosen as the sample size for the study, the period spanned between 2017 and 2024. Panel data obtained from the annual reports and financial statements of the selected firms were analyzed using random effects regression analysis. The findings revealed that risk management committee gender diversity had a positive but insignificant effect on financial performance. Similarly, board audit committee gender diversity showed a positive but insignificant effect on financial performance. However, chief executive officer gender diversity had a positive and statistically significant effect on financial performance. Based on these findings, the study recommends that financial firms should give greater consideration to gender diversity when constituting risk management committees and audit committees, and should also encourage the appointment of more qualified female chief executive officers to enhance financial performance.

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1 INTRODUCTION

The growth and survival of business entities hinge on their financial health, achieved through the effective use of resources to generate profit according to organizational policies and objectives. Conversely, a distressed corporate organization is unable to meet its daily financial obligations. In Nigeria, corporate failures have been recorded, such as Oceanic Bank PLC, Wema Bank PLC, Fin Bank, Spring Bank, Afribank, and more recently, Skye Bank (Abubakar, 2018). These failures are linked to poor or ineffective board oversight. Consequently, the collapse of this sector can impact the entire economy (Sixtus et al., 2019). Globally, corporate financial crises are often attributed to ineffective corporate governance characteristics, including gender diversity, financial expertise, board size, and education diversity (Lepore et al., 2019). The Financial Reporting Council of Nigeria (2011) Act Section 54 Sub-Section 1 mandates board diversity in experience and gender, emphasizing that such diversity should enhance members' independence, skills, integrity, and participation in meetings. Despite these regulations, there is no fixed quota to encourage women's participation on boards, leading many companies to comply minimally by including just one female member (Inneh et al., 2024).

In Nigeria, there is a growing awareness of gender diversity. For instance, 2021 marked a significant year for women in leadership, with four females assuming the top positions of MD/CEO at various banks. That same year, Dr. Ngozi Okonzo-Iweala became the first female to lead the World Trade Organization (WTO). According to Nairametrics (2024), Miriam Olusanya became the MD/CEO of GTB, Nneka Onyeali-Ikpe became CEO of Fidelity Bank, Yemisi Edun assumed the CEO role at First City Monument Bank, and Tomi Somefun has been the CEO of UBA since 2015. More recently, after the passing of Dr. Herbert Wigwe, Access Bank appointed Adaora Umeoji as MD/CEO. In the insurance industry, gender sensitivity has also improved. Funmi Omo has been the CEO of African Alliance since 2015, Adenyika Adekoya has led Wapic Plc since 2017, and Mrs. Rose Okwechime has been CEO of Abbey Mortgage Bank since 1992. Additionally, in 2024, African Prudential Insurance Plc and Consolidated Hall Insurance appointed Catherine Nwosu and Mary Adenyaju as CEOs, respectively. This study considers risk management committees gender diversity, board audit committee gender diversity and chief executive officer gender diversity.

Risk committee gender diversity refers to the male and female composition of the risk management committee established by the board. Section 2.5.1 of the Code of Corporate Governance for Banks and Discount Houses in Nigeria mandates the establishment of a committee responsible for overseeing risk management, which may include audit functions, particularly in smaller institutions, notwithstanding the requirements of CAMA 2004 as amended on statutory audit committees.

The audit committee, a board committee responsible for the audit function of the company's financial records, can be established statutorily by shareholders or appointed by the board, with this study focusing on the latter. Section 11, subsection 4.1 of the Code of Corporate Governance for Nigeria Companies (2018) suggests that it is desirable for every company to have a board committee responsible for audits, even though the Code does not comment on the gender sensitivity of this committee. Gul et al. (2011) emphasize the importance of gender diversity in audit committees, arguing that it can reduce fraud incidences and improve performance.

The chief executive officer (CEO) is also the managing director (MD) and head of the board of directors. Section 2.7 of the Code (2018) prohibits one person from holding both the Chairman and CEO positions simultaneously. While CEO gender diversity, referring to the proportion of female and male CEOs, is not addressed in the bank Code (2014) or the general Code (2018). Francoeur et al. (2008) confirm that female executive officers significantly influence the complex business environment, thereby improving the firm's financial performance. Gender diversity has become a critical problem because of the obvious under representation of women in top management positions. There appears to be hope that the future will bring a change to the issues of men dominated corporate leadership.

The broad objective of this study therefore is to examine the effect of gender diversity on financial performance of financial firms in Nigeria, whereas the specific objectives are to: investigate the effect of risk management committee gender diversity on financial performance of financial firms in Nigeria, to evaluate the effect of board audit committee gender diversity on financial performance of financial service firm in Nigeria and analyze the effect chief executive officer gender diversity on financial performance of financial service firms in Nigeria. To achieve the objectives, the following two-tailed hypotheses were formulated for testing; Ho1: Risk management committee gender diversity has no significant effect on financial performance of quoted financial service firms in Nigeria, Ho2: Board audit committee gender diversity has no significant effect on financial performance of quoted financial service firms in Nigeria and Ho3: Chief executive officer (COE) gender diversity has no significant effect on financial performance of quoted financial service firms in Nigeria.

2 LITERATURE REVIEW

2.1 Financial Performance

Aziekwe and Okegbe (2024) describe financial performance as a complete evaluation of a company's overall standing in terms of asset, liabilities, equity, expenses, revenue, and overall profitability, noting that for internal users financial performance helps to determine their respective company's well-being among other benchmarks, while for external users, financial performance is to reveal potential investment opportunities. Emphasis of corporate performance,

Adediran and Alade (2013) noted is on assessing the current behavior of the organization in respect to its efficiency and effectiveness adding that, in order to measure overall corporate performance, goals are set for each of these perspectives. Return on equity is a ratio of income to its total equity contributed by the shareholders. Return on equity (ROE) measures the ability of an organization's management to generate profits that can accrue to shareholders as return for their contribution to equity shares. Return on equity (ROE) is measures of firm performance that reveals to the users of financial statement how well a company uses its assets to improve their investment. A higher ROE means a higher level of financial performance. For this study, financial performance is defined as the achievement of the purpose of a particular activity or occupation as measured by a standard expressed in monetary terms.

2.2 Gender Diversity

Ruisah (2018) defines gender as a cultural concept used to distinguish roles, behaviors, mentalities, and emotional characteristics between men and women in society. Gender diversity refers to the consideration of the inclusion of both males and females in any arrangement such as the constitution of the company board of directors, board committees among others. Matthew et al. (2023) stress that the inclusion of women in corporate governance as become increasingly prominent as a means of achieving gender diversity and promote firm performance. Aziekwe and Okegbe (2024) argued that despite an increase in the number of females gaining managerial positions in Nigeria, their representation on companies' boards remains relatively low when compared with developed countries.

Okoyeuzu et al. (2021) point out that women tend to prioritize relationships and compassion when making ethical decisions, whereas men typically promote legal systems and individual rights which affect financial performance of their firms. Gender diversity, according to Abbas and Abbas and Frihatni (2023), is identifiable from the presence of women and men occupying positions in corporate organizations. The International Finance Corporation (IFC, 2019) states that gender diversity in business sector should be highlighted as the representation of women in leadership positions helps to improve the performance of companies. Chanavat and Ramsden (2013) note that there has been a steady improvement in the presence of women on corporate boards since 2008. This study defines gender diversity as the differences in the number of male and female directors on company' board.

2.3 Risk Management Committee Gender

Risk management committee (RMC) is one of the strong corporate governance mechanisms available for management of corporate organizations to adopt for monitoring and control of the firm's resources for sustainability (Mohammed et al., 2024). Elamer and Benyazid (2018) describe risk management committee as a managerial tool for the effective risk management. Sufi and Qaisar (2015) argue that risk management committee is an essential administrative function that deals with implementing policies for risk and control of business operation. Lamidi et al. (2022) insinuate that the inclusion of females in the risk management committee could have significant effect in the firm's survivability.

2.4 Board Audit Committee Gender Diversity

Board audit committee gender diversity refers to the composition of board audit committees of firms with respect to the numbers of male and female members. Soltana et al. (2015) opine that gender differences on the audit committee may ruin the activity of the small group, leading to the formation of a majority and minority in the group and a decline in the effectiveness of the audit committee. Gul et al. (2011) maintain that gender diversity in audit committees' composition and the presence of experienced members with different ideas can help it with a wide range of accounting issues, thereby leading to the reduction of fraud incidences and improve performance. Osemene and Fakile (2018) suggest that greater gender diversity produces more viewpoints and critical issues which can lead to obstacles within the company, possible discrimination, increase in the likelihood of conflict, and reduction in cooperation, satisfaction and engagement thereby adversely affecting performance.

Aldamen et al. (2018) show that firms with an equal gender representation perform better when it comes to both sales and profits than male-dominated teams. Ibrahim and Alharasees (2019) establish that the audit committee gender diversity has an impression on the corporation's decisions and hence it's overall performance, adding that female audit members are capable of improving firm governance structure through their conservative and ethical qualities. This study defines board audit committee gender diversity as the proportion of a company's board audit committee that is made of a particular sex.

2.5 Chief Executive Officers Gender Diversity

Mohammed et al. (2024) describes the Chief Executive Officer (CEO) as one of corporate governance mechanism that play an important role in designing good policies and objectives for an organization and ensure that effective decision are taken in running the affairs of the organization which in turn lead to a successful operation depicted through favourable returns on investment. Catalyst (2004) argued that the presence of female chief executive officers (CEO) influences the organizational performance financially as evident from one of his conducted on 500 groups of fortune companies in UK. Zhang and Qu (2016) note that the performance of an organization is often influenced by CEO gender. Alqatamin (2017) refers to gender of the chief executive officer (CEO) as a representation of individual sex category in managing affairs of the firm.

Salisu and Yahaya (2024) aver that female CEOs were often described simply as being motherly or caring were expected to be more risk-averse and focused on taking less risky strategies. Rossi et al. (2018) argue that female CEO leadership fosters the development of a more flexible organizational culture, which in turn promotes stronger innovation in the companies because female CEOs' style focuses on intellectual stimulation and appreciation of new ideas in the decision-making process, adding that female CEOs have the courage to express their opinions more freely. This describes chief executive officer gender diversity as the differences in the sexes of the chief executive officers who are the managing directors of companies.

2.6 Theoretical Foundation: Critical Mass Theory (CMT)

This study is anchored on the Critical Mass Theory developed by Rosabeth Moss Kanter in 1977, which advocates that a significant representation of women, often around 30%, in decision-making roles is critical for fully utilising the benefits of diversity. Kanter (1977) claims that, in addition to symbolic representation, a large number of women in leadership roles can have a major impact on organizational dynamics, decision-making processes, and overall business performance. This idea proposes that when women reach a critical mass, they are more likely to favorably impact group dynamics, challenge existing conventions, and give fresh viewpoints, hence increasing organisational effectiveness.

2.7 Empirical Review

Mohammed et al. (2024) examined the moderating role of risk committee gender on the effect of CEO gender and tenure on financial distress likelihood of listed deposit money banks in Nigeria for the periods of fifteen years from 2007-2021. The specific objectives were analyzed how CEO gender and CEO tenure affect financial performance. Fourteen listed deposit money banks were considered as the population of this study and census sampling technique was used. Correlational and ex-post facto were employed as research designs. Data were extracted from annual audited financial statements of the sampled banks. Logistic regression technique was used to measure the dependent variable via Multi Discriminant Analysis approach of a modified Althman Z score model. The study revealed that CEO Gender is significantly influencing financial distress positively, while, CEO Tenure has a negative and significant effect on financial distress likelihood of listed deposit money banks in Nigeria. However, the interaction of Risk Committee Gender on the effect of CEO gender, tenure and financial distress likelihood were insignificant as far as the Nigerian listed deposit money banks are concern. The study recommended that, board of the listed deposit money banks must not give priority to female in managing the affairs of banks essentially at the CEO's position, for the fact that female can be very emotional and do not withstand pressure which makes them less critical in their analytical ability for decision making, which may affect the survival tendency of Nigerian listed deposit money banks. There is the problem of lack currency in the data used as the most recent were those of 2021 in the 2024 study.

Matthew et al. (2023) investigated the effect of gender diversity on financial performance of listed fast-moving consumer and industrial goods firms quoted in Nigeria as of December 2022. The specific objectives were to find out how the percentage of women directors on the board, percentage of women directors on the audit committee and board independence influence financial performance measured by Asset efficiency ratio. The study's scope included a sample of 16 companies drawn from consumer and industrial goods firms quoted on the Nigerian Exchange and the robust fixed effect regression was the data analysis tool. The study found a negative and statistically significant effect between gender diversity variables and company's performance, while board size was found to have a statistically insignificant influence on financial performance. The study recommended among others that the board of the fast-

moving consumer and industrial goods firms quoted in Nigeria should ensure a well-diversified board and audit committee. The currency of the study was greatly enhanced by the inclusion of 2022 data in the 2020 study.

Magoma and Ernest (2023) examined the effect of gender diversity in the boardroom to find out whether it improves the financial performance of listed firms in Tanzania. The specific objectives were to establish how women directors and women in as chief executive officers affect financial performance. The study made use of 15 listed firms over six years from 2016–2021 from firms listed at the Dar el Salaam Stock Exchange (DSE). Return on equity (ROE) and Return on asset (ROA) were used as financial performance metrics. The study employed a balanced panel data analysis. The results showed that there was no statistically significant relationship between the percentages of women directors on boards or in executive roles and the financial performance of listed firms in Tanzania as measured by ROA and ROE. The results are inconsistent with theories of agency and resource dependence. The study recommended that scope of future study should be expanded to include listed firms across the East African region and more explanatory variables such as the Blau index in measuring boardroom gender diversity. Appropriate methodology with the bi-model analytical approach that helps in comparison of results of two dependent variables

Awotomilusi and Dare (2022) investigated the influence of gender diversity on the firm value of Nigeria's listed deposit money banks. The specific objectives were to ascertain the effect of female board composition, female board audit committee female Chief Executive Officer (CEO) on firm value. The study employed census sample technique, the Ex post-facto research design was used with a total sample of 13 listed Deposit Money Banks (DMB). The study made use of secondary data from the annual audited financial statement of the DMB spanning from 2011 to 2020. Data were analyzed using descriptive statistics and panel data regression. The results revealed that gender diversity variables, female board composition, and female board audit committee had a statistically insignificant negative effect on firm value. However, the female Chief Executive Officer (CEO) showed a negative and significant impact on firm value. The study recommended that attention be focused on the requirements for the selection, recruitment and appointment of the Female CEO, female board member and female board audit committee members. The panel regression used was not specified and currency emanates with 2020 data as the latest in the 2022 Study.

Hadija and Nemec (2021) examined the effect of gender composition of executive body on financial performance and financial health of the firms. The specific objectives were to find out how gender diversity of executive body affect financial performance, while controlling for firm size, firm age, executive body size, leverage ratio and industry. The data of more than a thousand Czech travel agencies and tour operators for the period 2008–2015 was employed in the paper. To test the relationship between firm performance and gender diversity in leadership, the regression model was applied. Using alternative measurement for gender diversity of executive body and controlling for firm size, firm age, executive body size, leverage ratio and industry, the results showed that the gender composition of executive body has no statistically significant effect on both firm performance and financial health of firms. The study recommended that future researches should consider non-financial performance that reflects consumer satisfaction, quality of products and employee satisfaction as it is a very important component of the company's overall performance. 2015 data as the most recent in the 2021 study breeds serious currency problems.

Ozordi et al. (2020) investigated effect of female engagement in the management of organization. The specific objectives were to determine how women as directors, management team leaders, and female workforce financial performance. The data used to conduct this study were derived from the annual reports of the sampled banks spanning through the period of 2013–2016. However, Eviews statistical tool was used for analysis, the sustainability reporting data were ascertained using the content analysis method. The outcome of this study revealed that female directors, female workforce, and women in the management team all had an adverse and positive association with firm growth. The study recommended the need for firms to have more female representation on the strategic position of authority. 2016 data as the latest in the 2020 study engenders strong currency problems.

3 RESEARCH METHODOLOGY

This study employs the ex-post facto research design which makes use of historical data of past economic activities. The population of the study encompasses the 49 financial firms quoted on the Nigerian Exchange Group (NGX) as of 31st December 2024. This study sample size comprises Thirty-five (35) quoted financial firms in Nigeria which have

been consistently listed on the Nigeria Exchange Group (NGX) from 2017 to 2024. The purposive sampling technique was adopted in this study to filter out those companies that do not satisfy the objective of this study such as not been listed during the whole period covered by his study. The sources of the panel data used in this study are financial statements and accounts. The random effect estimation as specified by the Lgrange Multiplier test and Hausman test was adopted for the testing the hypotheses.

Table 1 Variable Measurement and Justification

Variable	Type	Measurement	Justification
Return on Equity (ROE) (2014).	Dependent	Net profit divided by Total equity /shareholders' funds.	Magoms and Ernest (2023). Zango (2022), Bukar <i>et al.</i> 2021), Tukur and Bilikisu
Risk Management Committee Gender Diversity (RMCGD)	Independent	Proportion of female directors on risk management committee in a financial year.	Mohammed <i>et al.</i> 2023, Lamidi <i>et al</i> (2022) and Jia (2019).
Board Audit Committee Gender Diversity (BACGD).	Independent	Proportion of female directors as members of the board audit committee during a financial year.	Matthew <i>et al.</i> (2023), Awotomillusi and Dare 2022).
Chief Executive Officers Gender Diversity (CEOGD)	Independent	A dummy variable denoted as 1 if the COE is a female or as 0 if not a female.	Mohammed <i>et al.</i> (2024) Magoma and, Ernest (2023).

Source: Financial Statements and Accounts.

The specified model for this study comprises the dependent variable – return on equity (ROE) which is the result of the net earnings divided by the total shareholders' fund, while the independent variable – gender diversity was represented by risk management committee gender diversity (RMCGD), board audit committee gender diversity (BACGD) and chief executive officer gender diversity (CEOGD).

The specified linear equation is presented as:

$$ROE = f(RMCGD + BACGD + CEOGD).$$

Econometrically, the above equation is represented as:

$$ROE_{it} = \beta_0 + \beta_1 RMCGR_{it} + \beta_2 BACGD_{it} + \beta_3 CEOGD_{it} + \mu_{it} \dots \dots \dots \text{Model}$$

Where:

- ROE = a predictor denoting return on equity (the dependent variable);
- f = denotes a functional relationship between the dependent and independent variables;
- β_0 = the coefficient of the constant term;
- $\beta_1 - \beta_3$ = coefficients of the independent variable proxies;
- i = represents the sampled firms;
- t = denotes Time/Period.
- RMCGD = Risk management Committee Gender Diversity;
- BACGD = Board Audit Committee Gender Diversity;
- CEOGD = Chief Executive Officer Gender Diversity;
- μ = Stochastic or error term from the unused independent variables.

4 RESULTS AND DISCUSSION

4.1 Descriptive Analysis

The table presents the summarized descriptive statistics of the independent variables and the dependent variable in relation to their means, standard deviations, minimum and maximum.

Table 2 Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROE	280	0.044	0.081	-0.22	0.692
RMCGD	280	0.800	0.401	0	1
BACGD	280	0.162	0.168	0	0.67
CEOGD	280	0.057	0.232	0	1

Source: STATA Econometric Tools.

The above table reveals that the dependent variable – return on equity (ROE) has a mean value of 0.04 which is lower than the standard deviation indicating that ROE was lower variability with a minimum of -0.22 and maximum of 0.692. It is worth noting that all the proxies of the independent variable namely: RMCGD, However, BACGD and CEOGD had standard deviation values of 0.168 and 0.232 which are higher than their means 0.162 and 0.057 respectively indicating their higher variability as they were more widely dispersed.

4.2 Autocorrelation Test using Durbin-Watson Statistics

Below is the result of the autocorrelation test to show if there is correlation problem in one or more of the independent variables. The decision criterion is to accept the presence of autocorrelation in the model if the Durbin-Watson statistics is not approximately equal to 2.

Table 3 Autocorrelation Test

Durbin-Watson Statistics	2.01
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Source: STATA Econometric Tools

The 2.01 Durbin-Watson statistics above means that based on the decision rule, there is no problem of auto or serial correlation in this model.

4.3 Normality Test with Skewness/Kurtosis Techniques

The normality test for the data used in this study was carried out with the Skewness/Kurtosis method. The guiding rule is that any model with a p-value lowers than 0.05 has non-normally distributed residuals, while a model with p-value above 0.05 has residuals that were normally distributed. The normality of residual distribution is a basic assumption of ordinary least square (OLS) regression that all residuals should be normally distributed.

Table 4 Normality Test

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Variable	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
residuals	280	0.000	0.0001	38.64	0.0000

Source: STATA Econometric Tools.

The 0.000 p-value above is lower than 0.05 and based on the decision rule it signifies that the model has non-normally residuals and hence violates the OLS assumption. The implication of the violation is that the use of OLS estimation method has been overruled.

4.4 Multicollinearity Test

Correlation test below was conducted with the Pearson techniques and it was meant to show if there is the problem of multicollinearity which is excessive relationship between a pair or pairs of the independent variable proxies. The decision rule for the interpretation of the correlation test is to accept the presence of multicollinearity in the model if any two independent variables correlate above 0.85 threshold according to Hair et al. 2005.

Table 5 Multicollinearity Test

	ROE	RMCGD	BACGD	CEOGD
ROE	1.000			
RMCGD	0.059	1.000		
BACGD	0.044	-0.032	1.000	
CEOGD	0.121	-0.185	0.030	1.000

Source: STATA Econometric Tools.

To start with, all the independent variables correlate positively with the dependent variable – ROE meaning that increase in any of the of the variables leads to corresponding increase in ROE. Risk management committee gender diversity (RMC GD) correlates negatively with all the other three independent variable (BACGD and CEOGD) at - 0.032 and -0.185 respectively. The only positive correlation existed between BACGD and CEOGD at 0.030 indicating that increase in the number of females as CEO will lead to increase in females in board audit committee and vice versa aligning with a priori expectations women advocate for more women in leadership positions. The bottom-line is that multicollinearity constitutes no problem in the model as no correlation exceeded the critical threshold of 0.85.

4.5 Heteroskedasticity Test for Residual Variance

Table 6 below shows that outcome of the heteroskedasticity test conducted with Breusch-Pagan / Cook-Weisberg test for ascertaining whether or not the residuals had constant variance. The decision rule is to accept that the residuals have constant variance if the p-value is greater than 0.05 or non-constant variance if the p-value is lower than 0.05.

Table 6 Heteroskedasticity Test

Ho:		Constant variance
Variables:		fitted values of roe
chi2(1)	=	15.46
Prob > chi2	=	0.0001

Source: STATA Econometric Tools.

The p-value of 0.0001 in the table above indicated that based on the decision criteria, the model had residuals that had no constant variance. This results also violate another critical assumption of the OLS which requires constant variance of residuals. This implication of the result of this test aligns with that of the normality test that precluded the adoption of OLS regression.

4.6 Hausman Specification Test

The Hausman test was conducted specifically to point out which of fixed effect and random effect regression would be more appropriate for testing the formulated hypotheses. The guiding decision rule is the adopt fixed effect (FE) that is consistent under both the alternate and null hypothesis if the p-value is lower than 0.05 or adopt random effect (RE) if the p-value is higher than 0.05. See Appendix B.

Table 7 Hausman Specification Test

chi2(4)	=	17.26
Prob>chi2	=	0.1228

Source: STATA Econometric Tools.

The p-value of 0.1228 in the above Table 8 implies that random effects (RE) which holds that differences in coefficient not systematic is the more appropriate estimation technique for the model. The selection of random effect (RE) regression method calls for the conduct of the Breusch/Pagan Lagrangian Multiplier test for random effects.

4.7 Breusch-Pagan Lagrangian Multiplier (LM) Test

The LM test below was carried out to determine between the random effects (RE) specified by Hausman test and pooled ordinary least square (OLS) which would be more suitable for estimating the model. The decision rule is to estimate with pooled OLS if the p-value is greater than 0.05 or use the random effects estimation if the p-value is lower than or even equal to 0.05.

Table 8 The LM Test

Chibar2(01)	=	31.55
Prob > chibar2	=	0.0000

Source: STATA Econometric Tools.

A p-value of 0.000 above indicated that the preferred and more appropriate estimation technique is the random effects (RE) which holds that differences in coefficients is not systematic but a random decision. See Appendix C.

4.8 Regression Analysis

As specified by the Hausman test, the model regression analysis as shown on Table 10 below was conducted with the aid of random effects (RE) estimation, The decision rule is the accept that a n independent variable has a significant effect on the dependent variable if the p-value is 0.05 and below, but insignificant if the p-value is higher than 0.05.

Table 9 Regression Analysis

ROE	Coef.	Std. Err.	z	P> z
RMCGD	0.018	0.011	1.64	0.102
BACGD	0.025	0.025	1.00	0.316
CEOGD	0.050	0.019	2.67	0.008***
cons	-0.037	0.024	-1.56	0.120
R-Squared overall				0.5402
Wald chi2(4)				27.17
Prob> chi2				0.0046

Source: STATA Econometric Tools.

The results on Table 9 show an R-squared overall which represents the goodness of fit of the model of 0.5402. This figure is the total combine effects of the three independent variable proxies on variations in the independent variable is approximately 54%. Table 9 also revealed a Wald chi2 of 27.17 and p-value of 0.0046 (significant at 1% level) indicating that the specified model was fit. The results further display that risk management committee gender diversity (RMCGD) and board audit committee gender diversity (BACGD) had an insignificant positive effect on return on equity (ROE) that measures financial performance, while chief executive officer gender diversity (CEOGD) had a significant positive effect on ROE.

Test of Hypotheses

The results of this study indicated that risk management committee gender diversity (RMCGD) had an insignificant (0.102) positive (1.64) effect on financial performance surrogated by return on equity (ROE) of the studied financial firms in Nigeria from 2017 to 2024. This result implies that the formulated null hypothesis one (Ho1) which holds that risk management committee gender diversity has no significant effect on financial performance is accepted.

This study shows that board audit committee gender diversity (BACGD) had an insignificant (0.316) positive (1.00) effect on financial performance represented by return on equity (ROE) of the studied financial firms in Nigeria from 2017 to 2024. This result signifies that the formulated null hypothesis three (Ho2) which states that board audit committee gender diversity has no significant effect on financial performance is accepted.

The results of this study indicated that chief executive officer gender diversity (CEOGD) had an a significant (0.008) positive (2.67) effect on financial performance proxied by return on equity (ROE) of the studied financial firms in Nigeria from 2017 to 2024. This result implies that the formulated null hypothesis three (Ho3) which states that chief executive officer gender diversity has no significant effect on financial performance is rejected.

4.9 Discussion of Findings

This study found that risk management committee gender diversity (RMCGD) had an insignificant positive effect on financial performance surrogated by return on equity (ROE) of financial firms in Nigeria from 2017 to 2024 with a coefficient of 0.018. This result implies that if the other independent variables are kept unchanged, one more female added to the risk committee causes approximately 0.02 improvements in financial performance. This finding agrees with those of Lamidi et al. (2022) and Jia (2029) who observed an insignificant effect of risk committee gender diversity on financial performance.

The results of this study indicated that board audit committee gender diversity (BACGD) had an insignificant positive effect on financial performance proxied by return on equity (ROE) of financial firms in Nigeria from 2017 to 2024 with a coefficient of 0.025. This result denotes that keeping the other independent variables constant, one more female added to the board audit committee results in approximately 0.025 increases in financial performance. This finding tallies with those of Awotomillusi and Dare (2022) who observed an insignificant effect of board audit committee gender diversity on financial performance.

This study further found that chief executive officer gender diversity (CEOGD) had a significant positive effect on financial performance measured by return on equity (ROE) of financial firms in Nigeria from 2017 to 2024 with a coefficient of 0.050. This result indicates that if the other independent variables are kept constant, one more female appointed as chief executive officer (CEO) of a company in the financial sectors in Nigeria brings approximately 0.05 increases in financial performance. This finding is in line with that of Mohammed et al. (2024) who reported a significant effect of chief executive officer gender diversity on financial performance. This finding supports the Gender sensitization theory that holds that females would do well under a conducive environment.

5 CONCLUSION AND RECOMMENDATION

From the results of this study, the following conclusions were drawn. That inclusion of female members on the risk management committee of financial firms in Nigeria brings about an insignificant positive improvement in their financial performance. Women participation in financial firms audit committee will insignificantly contribute to the financial performance, while, increasing the number of women as chief executive officer of the firms engenders great improvement in their financial performance. Arising from the findings of this study, the following recommendations are made as a guide for financial firms with regard to sensitivity on gender diversity.

- i) The board of directors of Nigerian financial firms should always include women in their board committee on risk management as their participation leads to a positive although insignificant increase in their financial performance.
- ii) The board of financial companies in Nigeria should add more women on their audit committees for a more impactful positive contribution to their financial performance.
- iii) Nigerian financial firms should be encouraged to appoint more females as chief executive officers because they have shown to be of great benefits to firms as they significantly and positively contribute to improvement in the financial performance of firms.

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