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FIRMS' ATTRIBUTES AND PROFITABILITY OF COMMERCIAL BANKS IN NIGERIA

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ABSTRACT

The study examined the influence of firms' attributes on the profitability of commercial banks in Nigeria. The study covers firms' attributes namely; earnings growth rate, leverage, firm size and board composition. However, the data for this study were limited to the period between2014-2023 for selected commercial banks in Nigeria. The research design used for this study was the *ex-post facto* research design. The population of this study comprised the fourteen (14) commercial banks listed on the Nigerian Exchange Group as at the year 2024.The sample size for this study was thirteen (13) commercial banks. The purposive sampling technique was adopted for this study. The study made use of secondary data. Data from the financial reports were extracted using content analysis. Descriptive and inferential statistics were adopted as the data analysis technique using linear regression analysis. The findings from the study revealed that earnings growth had a significant effect on profitability (Adjusted R^2 = 13.3%, p-value = 0.000<0.05), leverage had a significant effect on profitability (R=0.231, p-value=0.0008<0.05), firm size had a significant effect on profitability (R^2=0.915, p value=0.000<0.05), Board Composition had positive but insignificant effect on profitability (R=0.008,p-value=0.326>0.05). It concluded that firms' attributes have positive effects on banks profitability in Nigeria. It was therefore, recommended that banks management should improve in their strategic funds policies through channelling of funds to earnings growth facilities, effective management of credit facilities, as well as all owned assets of the banks for increased turnover.
Keywords: Firms' Attributes, Profitability, Commercial Banks, Leverage, Firm Size.

Introduction

Bankingsectorplaysimportantrolesintheeconomiclifeofacountry.Itfacilitatestheproduction,distribution,exchangeandconsumptionprocessesintheeconomicsystem,thusbeinganessentialpartofcountry'ssustainabledevelopment.Nationaleconomiesdependonthebankingsectormajorlyasfaraslendingisconcerned.OngoreandKusa(2013)highlightthatcommercialbanksplayaveryimportantroleintheallocationofeconomicresourcesbyfacilitatingthechannellingoffundsfromdepositorstostockholdersefficiently.

OziegbeandCy(2021)arguedthatbanksplaythreecrucialrolestothedevelopmentofanynation.Firstly,bankshaveanoverwhelminglydominantpositioninthefinancialsystemsofdevelopingeconomies,andareextremelyimportantenginesofeconomicgrowth.Secondly,banksinthesedevelopingeconomiesaretypicallyoneofthemostimportantsourcesoffinanceforthemajorityoffirms.Also,banksindevelopingcountriesarethemaindepositoryfortheeconomy'ssavingsandprovidethemeansforpayment.Therefore,thebankingindustryinNigeriahasasignificantroletoplayinthedevelopmentofthecountry'seconomy.

Theyofferimportantservicesofprovidingdepositandloanfacilitiesforpersonalandcorporatecustomers,makingcreditandliquidityavailableforbusinessorganizationsandfacilitatethenation'spaymentsystems(Ikhide,2000).Besides,banksarealsothevehiclesoftransmittingeffectivemonetarypolicyoftheCentralBankandinawaytheysharetheresponsibilityofstabilizingeconomy.Thesoundnessofthebankingsectorisverycriticaltothehealthoftheentireeconomy.Ontheotherhand,thewellbeingofbankstoalargerextentdependsontheirprofitabilitywhichinvariablyindicatesthestrengthandweaknessofabank.Nonetheless,fi

nancialperformanceisevaluatedbyanumberoffactorsincludingprofitability.Thisisthecasebecausebanks mustgeneratenecessaryincometocovertheiroperationalexpenses,withamark-upforreturnsoninvestment.

Profitabilityhasalwaysbeenacentraltermtodeterminetheperformanceoffirms,whereanadequatelevelofprofitabilityisimportantforafirm'slong-termsurvivabilityandsuccess.Theprofitabilityofafirmdescribeshowindividualsinthecompanytrytoachievethecorporategoal.Companiesareconcernedwithitsprofitabilitysinceithasgreatimplicationsfortheirsurvival.Profitabilityistheprimarygoalofallbusinessventures.Withoutprofitabilitythebusinesswillnotsurviveinthelongrun.Someasuringcurrentandpastprofitabilityandprojectingfutureprofitabilityarecrucialandparamounttoeverycorporateorganization.AccordingtoAyanda*etal.*(2013)thetermprofitabilityrefers totheabilityofthebusinessorganizationtomaintainitsprofityearafteryear.Profitabilityofabankaccording toPodder(2013)istheefficiencyofabankatgeneratingearnings.Profitability,apartfromensuringthesustainabilityofthecompanies,ithasalsowiderimplicationsoftheeconomyasawhole.Similarly,everybusinesss houldearnsufficientprofitstosurviveandgrowoveralongperiodoftime.

Thebasicassumptionofthisresearchisthatfirms'attributesaresignificantlyassociatedwithprofitability.ListedcommercialbanksontheNigerianExchangeGroupwerethescopeofthework,whileprofitabilitywasdefinedasprofitfortheyear(thatis,theabilityofafirmtomanageitsexpenseswell)andfirms'attributes implythosefactorsunderthecontrolofmanagement.Theseincludeearningsgrowthrate,leverage,firmsizeandboardcompositionofselectedcommercialbanksinNigeriafrom2014to2023financialyears.

StatementoftheProblem

In Nigeria, the banking sector has witnessed boom -and- bust cycles leading to many changes in the areas of regulations and reforms; number of institutions, structure of ownership; and depth and breadth of operations especiallyallinanattempttorepositiontheindustrytoplayitsfinancialintermediationroleinanefficientand profitablemanner.NotwithstandingthevariousreformstheNigerianbankingsectorhasgonethrough,bankshaveremainedlargelyfragmentedwithsubstantialgapsinthefinancingofeconomicactivitiesforprivate agencies.

Thecurrentfinancialcrisesaroundtheworldhavetheirrootsinbanksandotherfinancialintermediaries.Oneoftheprimarystructuralcausesofthecriseswasthedeclineintheirassetportfolios,whichwasaccompaniedbyfraudulentconductsuchaspresentingfalsefinancialaccountsandadisregardforcorporategovernancerules,whichwasmostlycausedbyskewedcreditmanagement.Thiscallsattentiontothefirms'attributes(earningsgrowthrates,firmsize,leverageandboardcomposition)astheprimarycauseofthefailureoffirmsinbothdevelopedandemergingcountries,andcausesthegeneralpublicandinvestorstotakenotice.Infact,bothinrichanddevelopingnations,particularlyinNigeriawherethisstudyissituated,firms'attributes(whichincludeleverage,marketshare,liquidity,firmage,firmsize,capital,dividendandboardcomposition) areblamedforthedeclineingshareholderwealth.Theyareseenasthefore-runnerorprimefactorforthefraudcasesthathadresultedinthefailureofmajorcorporations,suchasEnronCorporation,TycoInternational,WorldCom,GlobalCrossing,ArthurAnderson,Marconi,Parmalat,Oceanicbankplc,WemabankPlc,NAMPAK,Finbank,Springbank,Afribank,Intercontinentalbank,BankPHBandCadburyPLCinNigeria.

Researchersinadvancedcountrieshaveopinedthatthetrendofbanks'profitabilityinacountryisinfluencedbyfirms'attributes.Firms'attributessuchasfirmsize,leverage,liquidity,capital,firmage,dividend, marketshare,offbalancesheetactivities,operatingexpenses,amongothers,canaffecttheprofitabilityofCommercialBankseitherpositivelyornegatively.Theinfluenceaswellasthedirectionofinfluenceofthefirmattributesonbank'sprofitabilityinNigeriaisyettobeascertainedempirically.Hence,thereisneedtoascertai

nthefirmsize,earningsgrowthrate,leverageandbankcompositionthatsignificantlyinfluencetheprofitabilityofselectedcommercialbanksinNigeriafrom2014to2023.**ObjectivesoftheStudy**

Themainobjectiveofthisstudyistoexaminetheinfluenceoffirms'attributesontheprofitabilityofcommercialbanksinNigeria.Thefollowingwerethespecificobjectives;

i. toassesstheeffectofearningsgrowthrateontheprofitabilityofcommercialbanksin Nigeria.
ii. toevaluatetheinfluenceofleverageontheprofitabilityofcommercialbanksin Nigeria.
iii. toexaminetheimpactoffirmsizeontheprofitabilityofcommercialbanksin Nigeria.
iv. toassessthecontributionofboardcompositiontotheprofitabilityofcommercial banksinNigeria
v. analysethecompositecontributionoffirms'attributesontheprofitabilityof commercialbanksinNigeria.

ResearchQuestions

Thefollowingresearchquestionswereraisedbytheresearcher;

i. Whatistheeffectofearningsgrowthrateontheprofitabilityofcommercialbanksin Nigeria?
ii. Howdoesleverageinfluencetheprofitabilityofcommercialbanksin Nigeria?
iii. Whataretheimpactsoffirmsizeontheprofitabilityofcommercialbanksin Nigeria?
iv. Towhatextentdoesboardcompositioncontributetotheprofitabilityofcommercialbanksin Nigeria?
v. Whatisthecompositecontributionoffirms'attributesontheprofitabilityofcommercialbanksin Nigeria?

HypothesesoftheStudy

Thefollowingresearchhypotheseswereformulatedforthestudy;

Ho_1:Thereisnosignificanteffectofearningsgrowthrateontheprofitabilityofcommercialbanksin Nigeria.
Ho_2:Thereisnosignificantinfluenceofleverageontheprofitabilityofcommercialbanksin Nigeria.
Ho_3:Thereisnosignificantimpactoffirmsizeontheprofitabilityofcommercialbanksin Nigeria.
Ho_4:Thereisnosignificantcontributionofboardcompositiontotheprofitabilityofcommercialbanksin Nigeria.
Ho_5:Thereisnosignificantcompositecontributionoffirms'attributesontheprofitabilityofcommercialbanksin Nigeria.

ConceptualFramework

Firms'Attributes

Firms'attributesreferstothevariousinformationreportedbyfirmsintheirfinancialstatementsforaparticularaccountingperiodwhichcansendamessagetovariousstakeholdersoffirmsabouttheirperformance(Abdullahi,2016).Theyarealsoseenasfactorsthataremostlyunderthedirectcontrolofmanagementandoftenaccountfortheinter-firmdifferencesinfinancialperformance(Kazeem,2015).Theyarethosedistinctivefactorspeculiartocompaniesbywhichcanbeidentifiedandbeviewedfromdifferentperspective.(Rabiu,2020)Theyarespecificfeaturesthatdifferentiateanindividualfirmintermsoftheuniquenessofitsresourcesbeingutilizedinitsoperationsfromothercorporateentities.Theyarestructuralelementsthatmayeitherbecontrollableoruncontrollablefactorswhichmaybeinternalorexternaltothecompany'sstrategicdecisions.Suchstructuralattributesincludeage,sizeandleverage.(Akenroye*etal.(2022)*

Firms'attributesarethemanagerialaswellaschangeablestructureswhichcomprisetheinteriorsurroundingsinthecompanies.Theycanbedeterminedbasedontherelevantinformationdisclosedontheirfinancialstatementsforaparticularaccountingperiod.Firms'attributesareessentialdeterminantsoffirms'performanceaswellassuccessinbusinesses.Irom*etal,*(2018).TheyincludeAssetStructure,FreeCashFlow,Fir

mProfitability,FirmSize,DividendPayoutRatio,CapitalStructure,WorkingCapital,FreeCashFlowandFirmAge.(Shittu,2022)

MusamaliandTarus(2013),describedfirms'attributesasthefirmsspecificfactorswhichincludesize,age,formofownershipandtheindustriestowhichtheybelong.Also,inlinewiththeabovedefinition,firmattributeshavebeenviewedasenterprisetraitswhichhavebearingonprofitability.Firms'attributesincludefactorssuchasfirms'size,age,collateralavailabilityandbusinessinformationFatokiandAsah(2011).Tofurtherelaboratethesedefinitionsandmakethemmoreall-encompassing,KiraandHe(2012)defineditastraitsofthefirmswhichhavepositiveornegativebearingonfirms'operations.Theyfurtherexplainedthetraitsofthefirmstoincludeattributessuchasfirms'legalstatus(thatisownershiporincorporationstatus),age,industry,size,collateralandbusinessinformation..Aboveall,theidentifiedfirms'characteristicshavewiderapplicationintheliterature.

Firmsize

Firmsmayhavedifferentorganizationalformswhichmaybeanindividualenterprise,apartnership,ajointstockcompany,acorporatebody,acooperativeenterpriseorapublicutilityagency.Again,afirmmaybeaproducer,seller,trader,exporterorafinancier.Inanyoneofthesecapacities,firmsshowsimilarbasictendencies.Inordertomaximizeitsprofits,afirmhastomaintainatlargethedifferencebetweenwhatitspendsonresourcesandwhatitearnsintheformofrevenueorreturns.Thedifferencebetweenthetwoisthefirm'sprofit.So,thefirmhastokeepitscostofoperatingabusinessaslowaspossible.Ontheotherhand,ithastochargeahighpriceandsellasmuchquantityofinventoriesorrenderservicesaspossible.

Williams(2009)seesthelimitonthesizeofthefirmasbeinggivenpartlybycostsofdelegation(asafirm'ssizeincreases,itshierarchicalbureaucracydoestoo),andthelargefirm'sincreasinginabilitytoreplicatethehigh-poweredincentivesoftheresidualincomeofanentrepreneur.Thisispartlybecauseitisinthenatureofalargefirmthat,itsexistenceismoresecureandlessdependentontheactionsofanyoneindividual,andbecauseinterventionrightsfromthecentrecharacteristicofafirmtendtobeaccompaniedbysomeformofincomeinsurancetocompensateforthelesserresponsibility,therebydilutingincentives.Zingales(2001)affirmsthatricher countriesorcountrieswithhigheraveragehumancapitalhavelargerfirms.

Firmsizeisoneofthecoreproblemsofmodernenterprisetheory,enterprisesizestillplaysanimportantroleinthestudyofenterprisegrowth.Itisdefinedas"employeesperestablishment,employeespercompany,salesperfirm,andvalueaddedperfirmShittu(2002)*.*".Thisstudywouldusethetotalassetsasthemeasurementoffirmsize.

BoardComposition

Boardcompositionreferstothenumberofindependentnon-executivedirectorsontheboardrelativetothetotalnumberofdirectors.Anindependentnon-executivedirectorisdefinedasanindependentdirectorwhohasnoaffiliationwiththefirmexceptfortheirdirectorship(CliffordandEvans,1997).Thereisanapparentpresumptionthatboardswithsignificantoutsidedirectorswillmakedifferentandperhapsbetterdecisionsthanboardsdominatedbyinsiders.FamaandJensen(2020)suggestthatnon-executivedirectorscanplayanimportantroleintheeffectiveresolutionofagencyproblemsandtheirpresenceontheboardcanleadtomoreeffectivedecision-making.However,theresultsofempiricalstudiesaremixed.Anumberofstudies,fromaroundtheworld,indicatethatnon-executivedirectorshavebeeneffectiveinmonitoringmanagersandprotectingtheinterestsofshareholders,resultinginapositiveimpactonperformance,stockreturns,creditratings,auditing,etc.

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Leverage

Aliu(2010)definesleverageasthesensitivityofthevalueofequityownershipwithrespecttochangestotheunderlyingfirmvalue.Thatis,firm'smixofitsfinancialliabilities.Leverageisfurtherdefinedasthemeasureofhowmuchfirmusesequitydebttofinanceits assets.Consequently,itreflectsthedebtamountusedinthecapitalstructureofthefirm.AccordingtoKasmir(2013)leverageratioisaratiousedtomeasuretheextenttowhichcompanyassetsarefinancedwithdebt.Thismeanshowmuchdebtisbornebythecompanycomparedtoitsassets.Solvency(leverage)isdescribedtoseetheextenttowhichthecompany'sassetsarefinancedbydebtcomparedtoitscapital.Leverageprovidesanoverviewofthecapitalstructureofthecompany,soitcanbeseenastheriskofuncollectibledebt.So,leverage canbeunderstoodasanestimatoroftherisksinherentinacompany.Thatis,thegreatertheleverageindicated,thegreatertheinvestmentrisk.Companieswithlowleverageratioshaveasmallerleveragerisk.Thehighleverageratioindicatesthatthecompanyisnotsolvable,meaningthatitstotaldebtisgreaterthanitstotalassets(Kasmir,2013).Inthisstudy,theleverageratiothatbecomestheindependentvariableisDER.Debttoequity ratio(DER)isacomparisonbetweentheamountoflong-termdebtwithequityorequityinthecompany'sfounding.Thisratioshowsthecompany'sabilitytofulfilallitsobligationswithitscapital.Thehigherthevalueofthisratiomeansthattheowncapitalislessthanthedebt.

TheDERratiodescribeshowmuchowncapitalisfinancedbydebt,thegreatertheDERratiomeansthatlessequityisusedcomparedtodebt.IftheDERisgreater,itcanbesaidthatthecompany'sconditionisgettingworse.TheindustrystandardDERis90%(0.90).IfalargecompanyhasaDERbelow90%(0.90)thenthecompanyisdeclaredingoodcondition.

Growth

Revenuegrowthillustratessalesincreases/decreasesovertime.Itisusedtomeasurehowfastabusinessisexpanding.Morevaluablethanasnapshotofrevenue,revenuegrowthhelpsinvestorsidentifytrends inordertogaugerevenuegrowthovertime.RevenueGrowthisthepercentageincrease(ordecrease)inacompany'srevenuebetweentwoormoreequivalentfiscalperiods(Albrecht*etal.*2005).Theterm"revenuegrowth"referstotherateatwhichacompany'sbusinessexpands.Analysts,investors,andparticipantscanusethenumberstoseehowmuchacompany'ssalesareexpandingovertime.Whilerevenuegrowthvariesfromfiscalyeartofiscalyearandfiscalquartertofiscalquarter,investorslookforrevenuegrowthtrendstogaugethecompany'sgrowthoverspecifictimeperiods.

Allotherfactorsbeingequal,acorporationthatcanconsistentlyraiserevenueshouldseecorrespondingimprovementsinnetincome.Therateofrevenuegrowthiscalculatedbytakingthederivativeofthereve nuegrowth,whichinformsyouhowmuchtherateofrevenuegrowthischanging.Thismetricisusedbyinvestorstopredictfuturechangesinprofitsgrowth.Ifacompanythathasbeenabletoexpanditsrevenuesatasteadyratestartstoseesmallerrevenuegrowth,itisasignthatsomethingiswrong.

Thegrowthofacompanyisexpectedbyinternalandexternalparties,becauseitcanprovideapositiveaspectforthem.Fromtheinvestor'spointofview,thegrowthofacompanyisasignthatthecompanyhasaprofitableaspect,andtheyexpecttherate-of-returnfromtheirinvestmentstoproducebetterresults.

Growthistheextenttowhichcompaniesputthemselvesintheoveralleconomicsystemoreconomicsysteminthesameindustry.Thecompany'sgrowthcanalsobeanindicatorofitsprofitabilityandsuccess.Inthiscase,thecompany'sgrowthisrepresentativefortheavailabilityofinternalfunds.Ifthecompanyissuccessfulandearnsprofit,thensufficientinternalfundsareavailabletofulfiltheinvestmentneeds.Salesgrowthandrevenuegrowthareusedinterchangeablytomeanthesameconcept.However,earninggrowthisadoptedinthisstudytorepresentgrowthrate.

Profitability

Profitabilityistheprimarygoalofallbusinessventures.Withoutprofitabilitythebusinesswillnotsurviveinthelongrun.So,measuringcurrentandpastprofitabilityandprojectingfutureprofitabilityiscrucialandparamounttoeverycorporateorganization.AccordingtoAyanda*etal.*(2013)thetermprofitabilityreferstotheabilityofthebusinessorganizationtomaintainitsprofityearafteryear.

ProfitabilityofabankaccordingtoPodder(2012)istheefficiencyofabankatgeneratingearnings.Profitability,apartfromensuringthesustainabilityofthecompaniesalsohaswiderimplicationsoftheeconomyasawhole.Similarly,everybusinessshouldearnsufficientprofitstosurviveandgrowoveralongperiodoftime.Itistheindextotheeconomicprogress,improvednationalincomeandrisingstandardofliving.

Inasimplestmodel,thecompany'srevenuelessthecoststhatareincurredbyproducingandsellingthegoodsandservicessoldequalprofit(orloss).Furthermore,profitcouldeitherbenormalorsupernormal.Normalprofitisthatminimumlevelofprofitnecessarytokeepafirminthatlineofbusiness(thatis,revenueequaltoexplicitexpenses).Thislevelofnormalprofitenablesthefirmtopayreasonablesalariestoitsworkersandmanagers.Ontheotherhand,abnormalprofitalsoknownassupernormalprofitisextraprofitaboveorinexcessofnormalprofit.

Maximizationofprofitisaverycrucialobjectiveforafirmtoremaininbusinessandtowithstandcompetitionfromfirmsoperatinginsimilarindustry.Itisamajorpre-requisiteforlong-termsurvivalandsuccessofafirmwhileitisakeypre-conditionfortheachievementofotherfinancialgoalsofabusinessentity(GitmanandZutter,2012).

Profitabilityisacoremeasureoftheperformanceofafirmanditconstitutesanessentialaspectofitsfinancialreporting.Itrevealsthefirm'sabilityandcapacitytogenerateearningsatarateofsales,levelofassetsandstockofcapitalinaspecificperiodoftime(MargarethaandSupartika,2016).Consequently,firms'profitabilityandmodalitiesforimprovingithavegeneratedseriousdebatesintheliteratureandhaveremainedtopicalinthefieldofeconomics,finance,accountingandmanagement.Profitablefirmscreatevalue,hirepeople,tendtobemoreinnovative,moresociallyresponsibleandarebeneficialtotheentireeconomythroughpayment of taxes.Highrateofperformanceoffirmsindeedcontributeseffectivelytoincome.FatihudinandMochklas(2018)definedthisconstructasthecapabilityofacompanytomanageitsresourcesanditsmeasuresaresuchassolvencycapitaladequacyaswellasprofitabilityamongothers.Financialperformancemeasuresmainlyservethreepurposes;theyserveasmajorobjectivesofthebusiness,theyserveasatooloffinancialmanagement,andalsoserveasamechanismforcontrolandmotivationwithinanorganization(Kenny,2019).

TheoreticalReview

AgencyTheory

ThistheorywaspropoundedbyBerleandMeansin1932andfurtherreviewedbyStephenRossandBarryMitnickin1973.ItwasadvancedbyJensenandMecklingin1976.Theagencyrelationshipinsidethefirmisacontractunderwhichoneormorepersons(theprincipal)engageanotherperson(theagent)toperformsomeserviceontheirbehalfwhichinvolvesdelegatingsomedecision-makingauthoritytotheagent.Todescribeandgiveunderstandingtotherelationshipbetweentheprincipalandhisagent,theagency'stheoryisused.Theagentisemployedinagivensituationonbehalfoftheprincipalandisrequiredtorepresentthebestinterestsoftheprincipal,irrespectiveofhisowninterests.Theproblemoccursonlyinthecaseofanagent'sconflictofinterest,whereagentconductshisduties,notintheinterestsoftheprincipal,buttheagent'sinterests.Asmain-agentissuescanoccurduetomiscommunicationanddisagreementbetweenmanagementandshareholders,thisisnotalwaysthecase.Modernfirmssufferfromtheseparationofpossessionandcontrolandarerunbyprofessionalmanagersanddirectorswhocannotbeheldliablebyshareholders.

Agencytheoryrelatestoacontractualrelationshipwhereasetofpersons,calledtheprincipal(shareholders)engageanothersetofpersons,calledtheagent(management)toperformsomeactsorservicesont

heformer'sbehalf.Therelationshiprequiresthattheshareholdersdelegatesomedecisionmakingauthoritytothemanagement(JensenandMeckling,1976).Agencyrelationshipcreatesagencyproblem,especiallywheremanagers'self-interestsconflictwithinterestsoftheownersofthefirm.Thiscreatesaninformationasymmetryinthatmanagerscanexercisethediscretiontheyhaveonaccruals,whichinturnreducestherelevanceandreliabilityofreportedprofit,andtheoverallqualityofthefinancialstatements.

2.2.2 StakeholdersTheory

Theideaofthestakeholdertheorywasputforwardby MaryParkerFollettabout60yearsago(Schilling,2000),anditre-emergedinthe1980'sbyRichardEdwardFreeman1983.Freeman(1983)definesastakeholderas"anygrouporindividualwhocaninfluenceorisinfluencedbytheachievementoftheorganization'sobjectives".Thetermstakeholder"may,therefore,includealargegroupofparticipants,infact,anyonewhohasadirectorindirect"stake"inthebusiness(Schilling,2000).Directstakeholdersareshareholders,employees,investors,customersandsupplierswhoseinterestsarealignedwiththecompany.Anexampleofanindirectstakeholderisthegovernment,whichisindirectlyaffectedbythecompany'sfunction.

Unliketheagencytheory,stakeholdertheorylooksattheinternalandexternalenvironmentandrelatesmanagement'saccountabilityfunctionnotjusttotheshareholdersbuttoallotherformsofstakeholderswhichincludeemployees,customers,suppliers,government.Thistheorylooksathowtheactivitiesofabusinessareinfluencedbyallitsstakeholdersandarestrongoppositiontotheagencytheory.Themainideaofthestakeholdertheoryisthatorganizationsthatmakeitoneoftheirprioritiestomanagetheirstakeholderrelationshipseffectivelywillsurvivelongerandperformbetterthanorganizationsthatdonot.Freemansuggeststhatorganizationsshouldincreasecertainstakeholdercompetencies.Someoftheseincludemonitoringstakeholderinterests,developingmethodstoeffectivelydealwithstakeholders'concerns,categorizinginterestsintomanageablesegmentsandensuringthatorganizationalfunctionsdealwiththeneedsofshareholders.

2.3EmpiricalReview

EffiongandEkpoese(2020)examinedtheinfluenceofthefirm'scharacteristicsonthegoingconcernstatusoflistedcompanies.Theyinvestigatedhowtheleverage rate,revenuegrowthrate,andcapitalintensityrateinfluencegoingconcernstatusofthelistedcompaniesontheNigerianExchangeGroup.Thissurveyfocusedon*Expostfacto*sourcingofdatafromtheannualfinancialreportsoftherelevantcompaniesfrom2009to2018financialyears.

However,findingsrevealedasignificantpositiveinfluencebyasegmentoffirmcharacteristics(revenuegrowthrate)ongoingconcernstatusasagainsttheinversebutsignificantinfluencebyleverageandcapitalintensityratesongoingconcernstatusofthestudiedcompanies.Theresult,therefore,showedthatafirm'scharacteristicssignificantlycontributetothegoingconcernstatusofcompanies.Itwasrecommendedamongothersthatcompaniesshouldcarefullymonitorallelementsthatindicategoingconcernissuesandnotmerelyfocusonfirmcharacteristicsaloof,sinceitdoesnotcompletelyisolatefirmsfromthethreatsofgoingconcern.Nonetheless,companiesshouldcomposetheirboardsbasedontechnicalknow-how,experience,andqualificationratherthanongendercategorization.

EfuntadeandAkinola(2020)examinedtheimpactoffirmcharacteristicsonthefinancialperformanceofquotedmanufacturingfirmsinNigeria.Descriptiveandcross-sectionalresearchdesignwereadoptedtoinvestigatetherelationshipbetweenvariablesoffirmcharacteristicsandfinancialperformanceofquotedmanufacturingfirmsinNigeriaoveraperiodof14years.SecondaryDatawereobtainedfromannualreportsoffiveselectedquotedmanufacturingfirms.Panelleastsquareregressionmodelwasusedtotesttheformulatedhypothesis.Findingsshowedthatalltheindependentvariables

jointlyandstronglyhaveimpactonthefinancialperformanceofmanufacturingfirmsinNigeriameasuredby returnonassets.Itwasconcludedtheexplanatoryvariables(FirmAge,FirmSize,SalesGrowth,LiquidityandLeverage)weresignificantlyassociatedwiththedependentvariable(ReturnonAsset).TheStudythenrecommendsthat,themanagementsofmanufacturingcompaniesshouldfindwaystoimproveandacquiretheoptimalutilizationoftheirassets,whilemakingmaximumuseoftheirresourcesduringtheproductionprocessesanddistributionoffinishedproductsasthiswouldhelptheminimprovingtheirprofits.

KartiningsihandDaryanto(2020)analysedtheeffectoffirmcharacteristicsproxiedbyfirmage,firm size,liquidity,andleveragetotheprofitabilityproxiedbyreturnonsales.AllcompanieslistedinIndonesianStockExchange(IDX)formthepopulationofthisresearch.Basedonthepurposivesamplingmethodusedinthis research,thereare12companieslistedinIndonesianStockExchange(IDX)fromconsumergoodssectorwith foodandbeveragessub-sector.Thisresearchusedsecondarydatacollectedwhichwasanalyzedusingdescriptivestatistics,MicrosoftExcel,andSPSSsoftware25version.Thisresearchemployedmultiplelinearregressionanalysistoobservethecorrelationandeffectofdependentandindependentvariables.Theresearcherfoundallofthehypothesesofthisresearchstudyacceptedandconcludesthatfirmage,firmsize,liquidity,andleveragehaveasignificantandpositiveeffectonprofitability.Thecompanyshouldmaintainitsassets,debtfunds,andallresourceseffectivelyandefficientlybyusingexperiencesandknowledgecombinedwithskillsandcapabilitiestogeneratemoreprofits.FutureresearchersexpectedtoanalyzetheothervariablesthatmayaffecttheprofitabilitybutnotincludedasvariablesanalyzedinthisresearchstudyandexpandthesampletodescribemoreclearlythedemographicconditionofcompaniesinIndonesia.

Abubakar(2021)examinedtheimpactoffirmsizeontheprofitabilityoflistedDepositMoneyBanks(DMBs)inNigeria,carriedoutbasedonthehistoricalpaneldataanalysis.Toachievethisobjective;an*ex-postfacto*researchdesignwasemployed.Dataweregeneratedfromtheannualreportsandaccountsofthesampledquoted DepositMoneyBanks(DMBs)from2005–2014.Fixed-effectandrandom-effectGeneralizedLeastSquare(GLS)regressiontechniquewasusedastoolofdataanalysis.Thefindingsestablishthattheindependentvariable(firmsize)hasinsignificantpositiveeffectontheDMBs'profitabilityproxiesrepresentedbyROAandROE.ItwasconcludedthatFirmSizedoesnothavesignificantimpactontheprofitabilityofthelistedDMBsinNigeria.ThepaperrecommendsthatDMBsshouldmaintainoptimumfirmsizethrougheffectivemanagementofserviceoperationswhichiscrucialforcontrollinglabourcostbyusingthesmallestpossibleamountofinputswhichincludelabourandotheroperatingcosttobringoutmaximumresulttowardimprovingthecorporateprofitabilitysignificantly.

OziegbeandOgbodo(2021)examinedtheeffectofboardattributesonfirmperformanceofNigeriannquotedbankswithinternationalauthorization.Thisstudy'spopulationwastheentirequotedbankswithinternationalauthorizationandasampleofeight(8)bankswasanalysedforaperiodspanning2014-2018.Fromtheresultsoftheregressionanalysis,itwasobservedthatalltheexplanatoryvariableshadaninsignificanteffectonfirmperformanceexceptforboardmeeting,whichhadasignificanteffectonfirmperformance.Ourfindingssuggestthatfrequencyofboardmeetingsshouldbeencouragedasthiswouldcreateopportunityformorediscussonpertinentissuesthataffectthesurvivalofthefirm.

METHODOLOGY

ResearchDesign

Theresearchdesignusedforthisstudyisthe*ex-postfacto*researchdesign.*Ex-postfacto*designisaquasi-experimentalstudyexaminghowanindependentvariable,presentpriortothestudy,affectsadependentvariable,andbecausethefacts(data)alreadyexistedpriortothestudy.

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Populationofthestudy

Thepopulationofthisstudycomprisedthefourteen(14)CommercialbankslistedontheNigerianExchangeGroupasattheyear2024.

SampleSizeandSamplingtechnique

Thepurposivesamplingtechniquewasadoptedforthisstudy.Consequently,Thus,thesamplesizewere13banksfortheperiodof2014to2023.

SourceandNatureofData

Secondarydatawereusedinthestudy.Datafromthefinancialreportswereextractedusingcontentanalysisfromthefinancialstatementsoftheselectedbanks.

DataAnalysisTechnique

Descriptiveandinferentialstatisticsincludinglinearregressionanalysiswereadoptedasthedataanalysistechniqueforthisstudy.Descriptivestatisticsincludemean,minimum,maximum,skewness,kurtosisandstandarddeviation.Regressionanalysiswasusedtoanalysethemodelspecifiedinthestudy.Thedecisionrulestatesthatthenullhypothesiswillberejectedifthep-valueislessthan0.05andalsoifthecalculatedFstatisticsislessthanthecriticalvalueofFatthedegreeoffreedomofn-k-1.

DATAPRESENTATION,ANALYSISANDFINDINGS

DescriptiveStatistics

Thedescriptivestatisticofthestudywascarriedoutandtheresultshowsin Table4.1.Thevariousdescriptivestatisticsincludethemean,minimum,maximumandstandarddeviation.

Table4.1DescriptiveStatistics

	N	Minimum	Maximum	Mean	Std.Deviation
Profitability(N'000)	130	915,849.0	366,627,000.0	120,601,977.262	101,696,189.64
FirmSize(N'000)	130	33,915,651.0	14,972,309,000.0	2,776,003,626.823	2,759,294,944.17
GrossEarnings(N'000)	130	1,051,702.0	971,885,338.0	260,795,865.931	221,372,405.53
BoardComposition(%)	130	6.25	75.00	32.77	13.54
Leverage(%)	130	-278.65	1646.80	674.70	324.21
Growth(%)	130	-64.866	1221.898	27.27421	111.829751
ValidN(listwise)	130				

Source:Researcher'sComputation(2024)

ItisrecordedinTable4.1,thattheminimumprofitabilityoftheselectedcommercialbankswas₦915,849,000whilethemaximumvaluewas₦366,627,000,000.Theresultalsoshowedthattheaverageprofitabilitywas₦120,601,977,262.Thestandarddeviationofprofitabilitywas₦101,696,189,640,also,theminimumfirmsizeoftheselectedcommercialbankswas₦33,915,651,000whilethemaximumvaluewas₦14,972,309,000,000.Theresultalsoshowedthattheaveragefirmsizewas₦2,776,003,626.823.Thestandarddeviationoffirmsizewas₦2,759,294,944.17.

AspresentedinTable4.1,theminimumGrossEarningsoftheselectedcommercialbankswas₦1,051,702,000whilethemaximumvaluewas₦971,885,338,000.Theresultalsoshowsthattheaveragegrossearningswas₦260,795,865,931,000andstandarddeviationofgrossearningswas₦221,372,405,530.

AlsoaspresentedinTable4.1,theminimumBoardCompositionoftheselectedcommercialbankswas6.25%whilethemaximumwas75%.TheresultalsoshowsthattheaverageBeardCompositionwas32.77%.Thestandarddeviationofboardcompositionwas13.54%.

AspresentedinTable4.1,theminimumleverageoftheselectedcommercialbankswas-278.65%whilethemaximumwas1646.80%.Theresultalsoshowsthattheaverageleveragewas674.7%,andstandarddeviationof324.21%.Thisimpliesawidevariationandfluctuationsintheleveragestatusofthebanksovertheperiodofthestudy..

Theminimumearningsgrowthoftheselectedcommercialbankswas-64.86%whilethemaximumvaluewas1,221.89%.Theresultalsoshowsthattheaverageearningsgrowthwas27.27%.andstandarddeviationof111.82%.Thisimpliesthatearningsgrowthrateofbanksfluctuateswidelyovertheperiodofthestudy.Thevariationsareattributedtovolatileeconomicenvironment..

TestofHypotheses

Thehypothesesofthestudyaretestedinthissection.

HypothesisOne

Ho_1:Thereisnosignificanteffectofearningsgrowthrateontheprofitabilityofcommercial banksinNigeria.

Table4.2ModelSummaryforHypothesisOne

Model	R	RSquare	AdjustedRSquare	Std.ErroroftheEstimate	Durbin-Watson
1	.374[a]	.140	.133	.4673243776518	.272

a.Predictors:(Constant),EarningsGrowth
b.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

Table4.3ANOVAforHypothesisOne

Model		SumofSquares	Df	MeanSquare	F	Sig.
1	Regression	4.540	1	4.540	20.786	.000[b]
	Residual	27.954	128	.218		
	Total	32.494	129			

a.DependentVariable:Profitability
b.Predictors:(Constant),EarningsGrowth

Source:Researcher'sComputation(2024)

Table4.4CoefficientsforHypothesisOne

Model	UnstandardizedCoefficients	StandardizedCoefficients	T	Sig.	CollinearityStatistics

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							Tolerance	VIF
		B	Std.Error	Beta				
1	(Constant)	7.916	.042		187.600	.000		
	EarningsGrowth	-.002	.000	-.374	-4.559	.000	1.000	1.000

a.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

ThemodelsummaryinTable4.2showstheR-squaredvalueof0.140whichindicatesthat14.0%ofthevarianceinprofitabilityisexplainedbytheearningsgrowth.TheANOVA(Table4.3)showsthattheregressionmodelissignificant(F=20.78,p-value0.000<0.05),indicatingthattheindependentvariable,earningsgrowth,hasasignificanteffectonthedependentvariable,profitability.Basedonthisfindingandthedecisionruleofthestudy,werejectthenullhypothesiswhichstatesthatthereisnosignificanteffectofearningsgrowthrateontheprofitabilityofbanksinNigeria.Thisimpliesthatearningsgrowthratehaseffectontheprofitabilityofbanksin Nigeria.

HypothesisTwo

Ho_2:Thereisnosignificantinfluenceofleverageontheprofitabilityofcommercialbanksin Nigeria.

Table4.5ModelSummaryforHypothesisTwo

Model	R	RSquare	AdjustedRSquare	Std.Errorofthe Estimate	Durbin-Watson
1	.231[a]	.053	.046	.490266395793 72	.383

a.Predictors:(Constant),Leverage

b.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

Table4.6ANOVAforHypothesisTwo

Model		SumofSquares	Df	MeanSquare	F	Sig.
1	Regression	1.728	1	1.728	7.187	.008[b]
	Residual	30.766	128	.240		
	Total	32.494	129			

a.DependentVariable:Profitability

b.Predictors:(Constant),Leverage

Source:Researcher'sComputation(2024)

Table4.7CoefficientsforHypothesisTwo

Model		UnstandardizedCoefficients		Standardized Coefficients			CollinearityStatistics	
		B	Std.Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	7.630	.100		76.612	.000		
	Leverage	.000	.000	.231	2.681	.008	1.000	1.000

a.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

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ThemodelsummaryinTable4.5showstheR-squaredvalueof0.053whichindicatesthat5.3%ofthevarianceinprofitabilityisexplainedbytheleverage.TheANOVA(Table4.6)showsthattheregressionmodelissignificant(F=7.187,p-value0.008<0.05),indicatingthattheindependentvariable,leverage,hasasignificanteffectonthedependentvariable,profitability.Basedonthisfindingandthedecisionruleofthestudy,werejectthenullhypothesis,whichstatesthatthereisnosignificanteffectofleverageontheprofitabilityofbanksinNigeria.Thisimpliesthatleveragehaseffectontheprofitabilityofbanksin Nigeria.

HypothesisThree

Ho_3:Thereisnosignificantimpactoffirmsizeontheprofitabilityofcommercialbanksin Nigeria.

Table4.8ModelSummaryforHypothesisThree

Model	R	RSquare	AdjustedRSquare	Std.Errorofthe Estimate	Durbin-Watson
1	.957[a]	.915	915	.1464680380423	.888

a.Predictors:(Constant),FIRMSIZE
b.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

Table4.9ANOVAforHypothesisThree

Model		SumofSquares	Df	MeanSquare	F	Sig.
1	Regression	29.748	1	29.748	1386.656	.000[b]
	Residual	2.746	128	.021		
	Total	32.494	129			

a.DependentVariable:Profitability
b.Predictors:(Constant),FIRMSIZE

Source:Researcher'sComputation(2024)

Table4.10CoefficientsforHypothesisThree

Model		UnstandardizedCoefficients B	Std.Error	StandardizedCoefficients Beta	T	Sig.	CollinearityStatistics Tolerance	VIF
1	(Constant)	-.413	.223		-1.853	.066		
	FIRMSIZE	.900	.024	.957	37.238	.000	1.000	1.000

a.DependentVariable:Profitability

Source:Researcher'sComputation(2024)

ThemodelsummaryinTable4.8showstheR-squaredvalueof0.915whichindicatesthat91.5%ofthevarianceinprofitabilityisexplainedbythefirmsize.TheANOVA(Table4.9)showsanF-ratio=1,386.656,p-value0.000<0.05,indicatingthattheindependentvariable,firmsize,hasasignificanteffectonthedependentvariable,profitability.Basedonthisfindingandthedecisionruleofthestudy,werejectthenullhypothesiswhichstatesthatthereisnosignificanteffectoffirmsizeontheprofitabilityofbanksinNigeria.Thisimpliesthatfirmsizehaseffectontheprofitabilityofbanksin Nigeria.

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Hypothesis Four

Ho_4: There is no significant contribution of board composition to the profitability of commercial banks in Nigeria.

Table 4.11 Model Summary for Hypothesis Four

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.087[a]	.008	.000	.501939943048 0	.359

a. Predictors: (Constant), Board Composition
b. Dependent Variable: Profitability

Source: Researcher's Computation (2024)

Table 4.12 ANOVA[a] for Hypothesis Four

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.245	1	.245	.972	.326[b]
	Residual	32.249	128	.252		
	Total	32.494	129			

a. Dependent Variable: Profitability
b. Predictors: (Constant), Board Composition

Source: Researcher's Computation (2024)

Table 4.13 Coefficients[a] for Hypothesis Four

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	7.765	.116		67.134	.000		
	Board Composition	.003	.003	.087	.986	.326	1.000	1.000

a. Dependent Variable: Profitability

Source: Researcher's Computation (2024).

The model summary in Table 4.11 shows the R-square value of 0.008 which indicates that 8% of the variance in profitability is explained by the board composition. The ANOVA (Table 4.12) shows F-ratio of 0.972, p-value 0.326 > 0.05, indicating that the independent variable, board composition, has no significant effect on the dependent variable, profitability. Based on this finding and the decision rule of the study, we accept the null hypothesis which states that there is no significant effect of board composition on the profitability of banks in Nigeria. This implies that board composition does not have significant influence on the profitability of banks in Nigeria.

Hypothesis Five

Ho_5: There is no significant composite contribution of firms' attributes to the profitability of commercial bank sin Nigeria.

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Table4.14ModelSummary[b]forhypothesisfive

Model	R	RSquare	AdjustedRSquare	Std.ErroroftheEstimate	Durbin-Watson
1	.964[a]	.930	.928	.1347522792314	1.886

a.Predictors:(Constant),EarningsGrowth,BoardComposition,Leverage,FIRMSIZE
b.DependentVariable:Profitability

Source:Researcher'sComputation(2024).

Table4.15ANOVA[a]forhypothesisfive

Model		SumofSquares	Df	MeanSquare	F	Sig.
1	Regression	30.224	4	7.556	416.121	.000[b]
	Residual	2.270	125	.018		
	Total	32.494	129			

a.DependentVariable:Profitability
b.Predictors:(Constant),EarningsGrowth,BoardComposition,Leverage,FIRMSIZE

Source:Researcher'sComputation(2024).

Table4.16Coefficientsforhypothesisfive

Model		UnstandardizedCoefficients		Standardized Coefficients			CollinearityStatistics	
		B	Std.Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-.352	.221		-1.593	.114		
	BoardComposition	-.001	.001	-.039	-1.612	.109	.949	1.054
	Leverage	.000	.000	-.103	-4.051	.000	.859	1.165
	FIRMSIZE	.912	.025	.969	36.604	.000	.798	1.254
	EarningsGrowth	.000	.000	-.081	-3.240	.002	.888	1.126

a.DependentVariable:Profitability

Source:Researcher'sComputation(2024).

ThemodelsummaryinTable4.14showstheR-squaredvalueof0.930whichindicatesthat93.0%ofthevarianceinprofitabilityisexplainedbythefirms'attributes.TheANOVA(Table4.15)showsF-ratioof416.121.,p-value0.000<0.05,indicatingthattheindependentvariable,firms'attributesjointlyhavesignificanteffectonthedependentvariable,profitability.Basedonthisfindingandthedecisionruleofthestudy,werejectthenullhypothesiswhichstatesthatthereisnosignificanteffectoffirms'attributesontheprofitabilityofbanksinNigeria.Thisimpliesthatfirms'attributessignificantlyinfluencetheprofitabilityofbanksinNigeria.

DiscussionofFindings

EarningsGrowthandProfitabilityofCommercialBanks

TheresultoftheanalysispresentedinTable4.2showedanR-squareandAdjustedR-squarevalueof0.140and0.133respectively.Theimplicationofthisresultisthat14%ofthechangesinprofitabilityofcommercialbanksisinfluencedbyearningsgrowth.TheR-

valueof0.374showedthatthere**is**apositiverelationshipbetweenearningsgrowthandprofitabilityofcommercialbanksinNigeria.Theresultwasstatisticallysignificantbecausep-valueof0.000islessthan0.05.ThisfindingwasinlinewiththefindingsofEfuntadeandAkinola(2020)whoexaminedtheimpactoffirmcharacteristicsonthefinancialperformanceofquotedmanufacturingfirmsinNigeria.Itwasconcluded,theexplanatoryvariables(EarningsGrowthRate,Leverage,FirmSizeandBoardComposition)weresignificantlyassociatedwiththedependentvariable(Profitability).

LeverageandProfitabilityofCommercialBanks

TheresultoftheanalysispresentedinTable4.5showedabetacoefficientof0.231.Theimplicationofthisresultisthat23.1%ofthechangesinprofitabilityofdepositmoneybanksisinfluencedbyleverage.TheR-valueof0.231showedthatthereisapositiverelationshipbetweenleverageandprofitabilityofcommercialbanksinNigeria.Theresultwasstatisticallysignificantbecausep-valueof0.008whichislessthan0.05.ThisfindingwasnotinlinewiththefindingsofMuemaandAbdul(2021)whoinvestigatedtheinfluencefirmcharacteristicshadoncommercialbanks'financialperformancelistedonNairobiSecuritiesExchange,Kenya.Theresultofthisstudyexplainstheinfluenceleveragehasoncommercialbanks'profitabilityinNigeriawhichwaspositiveandstatisticallysignificant.

FirmSizeandProfitabilityofCommercialBanks

TheresultoftheanalysispresentedinTable4.8showedanR-squareandAdjustedR-squarevalueof0.915and0.915respectively.Theimplicationofthisresultisthat91.5%ofthechangesinprofitabilityofcommercialbanksisinfluencedbyfirmsize.TheR-valueof0.957showedthatthereisapositiverelationshipbetweenfirmsizeandprofitabilityofcommercialbanksinNigeria.Theresultwasstatisticallysignificantbecausep-valueof0.000whichislessthan0.05.ThisfindingwasinlinewiththefindingsofKartiningsihandDaryanto(2020)whoanalysedtheeffectoffirmcharacteristicsproxiedbyfirmage,firmsize,liquidity,andleveragetotheprofitabilityproxiedbyreturnonsales.Thefirmsizemeasuredbythevalueoftotalassetsisagooddeterminantofcommercialbanksprofitabilityasthisdeterminethecapacityforwhichcommercialbanksgrantcreditfacilities.

BoardCompositionandProfitabilityofCommercialBanks

TheresultoftheanalysispresentedinTable4.11showedanR-squarevalueof0.008.Theimplicationofthisresultisthat8%ofthechangesinprofitabilityofcommercialbanksisinfluencedbyboardcomposition.TheR-valueof0.087showedthatthereisapositiverelationshipbetweenboardcompositionandprofitabilityofcommercialbanksinNigeria.Theresultwasstatisticallyinsignificantbecausep-valueof0.000whichislessthan0.326.ThisfindingwasinlinewiththefindingsofAbdulkarimandIsah(2020)whoexaminedtheimpactofboardcompositionandboardsizeonthemarketvalueoflistedindustrialgoodscompaniesinNigeria.Theirfindingsdocumentsignificantpositiveeffectofboardsizeonthemarketvalueofthecompaniesandinsignificantbutnegativeeffectofboardcompositiononthemarketvalueofthecompanies.Fromthestudyfindings,BoardCompositionhaspositivebutstatisticallyinsignificanteffectoncommercialbanks'profitability..

Summary

i. Thereisasignificanteffectofearningsgrowthontheprofitabilityofcommercialbanksin Nigeria
ii. Thereisasignificanteffectofleverageontheprofitabilityofcommercialbanksin Nigeria
iii. Thereisasignificanteffectoffirmsizeontheprofitabilityofcommercialbanksin Nigeria
iv. Thereisnosignificanteffectofboardcompositionontheprofitabilityofcommercialbanksin Nigeria
v. Thereisacompositeeffectoffirmattributesontheprofitabilityofcommercialbanksin Nigeria.

Conclusion

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Basedonthefindingsofthestudy,itwasconcludedthatfirms'attributessignificantlyaffectedthepr ofitabilityofbanksinNigeria.However,basedontheresultoftheanalysis,theboardcompositionhadpositiv eandinsignificantimpactontheprofitabilityofcommercialbanksinNigeria.

Recommendations

Thefollowingrecommendationsaremade:

i. Themanagementofcommercialbanksshouldimprovetheirearningsgrowththroughstrategiccha nnellingoffundstoearningsgrowthfacilities,sinceithasasignificanteffectofearningsgrowthonth eprofitabilityofbanksinNigeria,
ii. Commercialbanksshouldusethefundsfromcreditfacilitieseffectivelytogeneratemoreprofitstob eabletopaymaturingobligations.Theyshouldmaintaingoodrelationshipwithexternalpartiessuc hasinvestors,creditors,government,andotherstoincreasetrustlevelandgoodwill.Itwillbeeasiert ogetfundsifabankhasgoodimagerelatedtotheindebtednessbecausebasedontheresultsinthisre search,theleveragehassignificanteffectonprofitability,
iii. Managementofbanksshouldmaintainandusealassetsownedeffectivelyandefficientlytoincreas etheassetturnoverandgeneratemoreprofitsbecausebankswithhighliquidityratiowillhavegood performance.Basedontheresultsinthisstudy,firmsizehaspositiveeffectonprofitability.
iv. Withthepositivebutinsignificantinfluenceofboardcompositiononprofitabilityof banks,commercialbanksshouldcarefullymonitorallfundamentalsthatindicate profitabilityissues,andnotmerelyfocusonfirmattributes;sincethefirm's attributesdonotcompletelyisolatefirmsfromprofitabilitythreats. Commercialbanks shouldequallycomposetheirboardbasedonproficiencyand skill requirements, amongothersratherthansize.

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