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Management

BOARD SIZE AND CORPORATE PERFORMANCE OF QUOTED COMMERCIAL BANKS IN NIGERIA

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Abstract

The study examines board size and corporate performance of quoted companies in Nigeria. The objectives of the study are to examine the relationship between board size and total asset of quoted Nigerian banks; to examine the relationship between board size and total revenue of quoted Nigerian banks; to examine the relationship between board size and net profit of quoted Nigerian banks. The study adopted panel research design and census survey approach. The population of this research consists of 21 commercial banks in Nigeria. Data were collected from secondary sources that is audited financial statements. The findings of the study showed that there is a negative relationship between board size and total assets; there is a positive relationship between board size and gross revenue; there is a positive relationship between board size and Net profit. From the above findings, the study concluded that there is a relationship exist between board size and corporate performance of quoted Nigerian banks. The study further recommend that commercial banks and quoted firms must ensure that a proper board of directors is composed in other to institute standards and controls that will boost the net income of the firm; regulatory bodies should ensure that firms constitute a board with a standard size of seven members. The board also must have professionals who have requisite knowledge in the business; firm's board must ensure that the committees in the board are most effective in safeguarding the asset of the organization and should continuously make decisions that will boost the revenue and net profit of the firm.

Keywords: Board Size; Corporate Performance; Net Profit; Gross Revenue; Total Asset.

1. Introduction

Issues relating to the regulation control and governance of business enterprises in Nigeria are largely contained within the provisions of company legislation i.e. The Companies and Allied Matters Act (CAMA) 1990. The role of board size and to large extent corporate governance is becoming more useful when managers have an incentive to deviate from shareholders interest. Also, the impact of board regulation on companies has influence its performance positively.

Corporate governance relates to how a business is directed and controlled. According to the Central Bank of Nigeria (CBN), corporate governance is the process by which the business activities of an institution are directed and managed. However, Lemo (2010) emphasized that corporate governance consists of body of rules of the game by which companies are managed. Part of these rules requires that a company constitute boards of directors, appoint an external auditor and has an audit committee. The whole essence of corporate governance is to ensure that the business is run well and investors receive a fair return. A firm is said to have observed corporate governance rule if the firm is managed with diligence, transparency, responsibility and accountability aimed at maximizing shareholders' wealth. A firm's board regulate the general mechanisms the firm and lead the management to act in the best interest of the company owners (shareholders) (Akinsulire, 2006). Corporate performance according to Adegbemi, Donald and Ismail, (2012) is an important concept which relates to the ways and manners in which the resources (human, machine, finance) of an institution are effectively used to achieve the overall corporate objective of an organization. What keeps an organization in business is simply its ability of judiciously use its available resources and make sure that the providers of economic resources and its managers mutually benefit from the use of the resources. The size of firm's board also relate to the size of professional that looks into the day to day performance of the firm. This means that if a board is large more professionals will be in the board and it will in turn affect the net income of the firm. Corporate performance and board size have received increasing emphasis both in practice and in academic research. The result of these emphases are that some researchers such as Higgs (2003), Lehn, K., Sukesh, P. and Zhao, M. (2004) opined that board size has positive influence on the performance of a firm because of capital contribution by board members and their professional skill which influence positive decisions for the firm and as such net earnings increased. While some other researchers like Akpan and Rima (2012) have concluded that large agency increase agency cost which impact negatively on the net earnings. Given these different developments, this research is focus on examining the effect of board size on corporate performance of listed commercial banks in Nigeria. The study covers a period of 5 years from 2013-2017. In the light of the above, the following hypotheses guide the study:

Ho_1: There is no significant relationship between total asset and board size of quoted Nigeria banks.

Ho_2: There is no significant relationship between total revenue and board size of quoted Nigeria banks.

Ho_3: There is no significant relationship between net profit and board size of quoted Nigeria banks.

2. Literature Review

This section present the conceptual framework, empirical review and theoretical issues on the effect of board size on corporate performance. Corporate boards of directors play a central role in the corporate governance of modern companies, and hence understanding this relationship is very important to our understanding of corporate governance. Much of the public debate on board structure has centered on pressure for smaller board size. It is argued that although larger board size initially facilitates key board functions, there comes a point when larger boards suffer from coordination and communication problems and hence board effectiveness (and firm performance) declines (Lipton and Lorsch, 1992) as cited by Guest (2009). The high-profile corporate failure of companies such as Enron and WorldCom internationally, and Leisure Net, Regal Treasury Bank

Limited and Saambou Limited in South Africa has attracted both academic and commercial interest (Rossouw, 2005). There is now general agreement that when companies are well governed superior performance is promoted. However, despite this general agreement, two areas of tension in the governance literature remain unclear, namely the relationship between board composition and firm performance and the relationship between board size and firm performance. Similarly, there is obvious disagreement between the literatures that argues that board size can be positively associated with firm performance. However, other literature on board size has contested this and has argued for smaller boards (Wu, 2003) because of advantages related to cohesiveness and higher productivity, as well as their ability to monitor the firm more effectively than larger groups. Smaller boards are less likely to participate in social loafing and have lower coordination costs, but makes them less effective in monitoring (Rashid, 2011).

2.1. Board Composition and Corporate Performance

Board composition and decision can be influenced by total asset of the firm which represent the size of the firm. Because large asset represent capacity to generate internal funds (Short and Keasey, 1999), having a greater variety of capabilities (Majumdar and Chhibber, 1999), and having problems of coordination board composition and size will be structured for proper management of the asset. Prior empirical studies have widely investigated the structure and efficiency of board size on the size of a company's revenue. Much of the research highlights the crucial role of Board of Directors, considering it as a mechanism enhancing corporate and economic performance. According to Jensen (1993), companies with undersized Boards tend to become less effective if the gross revenue is high. Clearly, a high number of decision-makers in any committee may reduce their effort and give rise to some degree of free-riding when the revenue and activities generated by a firm is low. Size of board is highly dependent on gross revenue because it takes money to run a board. Net profit represent the balance income after expenses have been subtracted. This means that since large board incur more expenses that smaller board, the size of a firm size must be dependent on the net profit i.e if the form can accommodate large firm expenses compared to small board expenses. Interestingly, Adams and Mehran (2008) fail to find a negative effect of profit on board composition of U.S. banks.

Ujunwa, Nwakoby, Ugban (2012) studied Corporate board diversity and firm's performance: Evidence from Nigeria. The population was 212 publicly quoted companies, sample was 122 the sources of data was annual financial statement from 1991-2008. The generalised least square was used while the dependent variable was firm performance and independent variable were board gender, board nationality and board ethnicity. They found no significant relationship between board diversity and firm's performance.

Edem Okon Akpan1, Noor Afza Amran (2014) research on Board characteristics and company performance: Evidence from Nigeria was carried out using multiple regression technique on 90 sampled firms from the main board of Nigerian Stock Exchange from 2010 to 2012. Their empirical evidence shows that board size and board education are positively and significantly related to company performance. They further recommend legislation mandating companies listed on Nigerian Stock Exchange to appoint at least 30 to 35% of women on the board of directors.

3. Theoretical Issues

3.1. Agency and Resource Dependency Theories

Agency and resource dependency theories support board with large number of directors whereas stewardship theory supports smaller board size for effective management. Monitoring the functioning of boards, or the 'control' role is an important focus of corporate governance research (Hillman & Dalziel, 2003). The primary theoretical framework that relates this monitoring function to firm performance is derived from agency theory, which predicts that conflicts of interest can arise from the separation of ownership and control in organisations. From this perspective, the primary function of boards is to monitor the actions of managers (agents) in order to protect the interests of shareholders (principals) (Andreasson, 2011). Should management pursue their own interests at the expense of the shareholders' interests 'agency' costs typically arise (Berle & Means, 1932) as cited by (Nicholson & Kiel, 2007). Monitoring by boards of directors may therefore reduce the agency costs inherent in the separation of ownership and control and, in this way, improve firm performance. Agency theory also predicts that the incentives available to directors and boards vary and are therefore an important precursor to effective monitoring and that firm performance will therefore improve if these are aligned with the interests of shareholders. Another important function of a board is the provision of resources. This perspective represents the dominant perspective in the literature relating to the resource dependence (Hillman & Dalziel, 2003) and stakeholder traditions. Pfeffer and Salancik (1978) note that "when an organisation appoints an individual to a board, it expects the individual will come to support the organisation, will concern himself with its problems, will invariably present it to others, and will try to aid the organisation". Boards may therefore offer the following four primary benefits: advice and counsel, legitimacy, channels for communicating information between external organisations and the firm, and preferential access to commitments or support from important elements outside the firm. Resource dependence logic therefore suggests that a board's provision of resources is directly related to firm performance (Nicholson & Kiel, 2007). Resources help reduce the dependency between the organisation and external contingencies diminish uncertainty for the firm lower transaction costs and ultimately aid in the survival of the firm.

4. Methodology

This study adopted Panel research design. Panel research design enable the researcher to review data in trend and in a longitudinal manner. The population of this research consists of 21 commercial banks in Nigeria. These banks are; Access Bank, Citibank, Diamond Bank, Ecobank, Fidelity Bank, First Bank, First City, Monument Bank, Guaranty Trust Bank, Heritage Bank, Keystone Bank, Providus Bank, Skye Bank, Stanbic IBTC Bank, Standard Chartered Bank, Sterling Bank, Suntrust Bank, Union Bank of Nigeria, United Bank for Africa, Unity Bank, Wema Bank, Zenith Bank. The study utilize census survey approach which entails the complete enumeration of the population as such there is no need for sample size. This research will employ the use of ordinary least square regression method in data analysis while data analyzed were collected using content analysis.

Model Specification
The study employed the following model to analysis data collected.

Corporate performance (Independent Variables) = $\beta0 + \beta_1TA + \beta_2TR + \beta_3NP$

Where:

β_1TA = Total Asset

β_2TR = Total Revenue

β_3NP = Net profit after tax

Board Size (Dependent) = $\beta_1ExeD + \beta_2NonExeD + \beta_3IndD$

Where:

β_1ExeD = Number of executive directors

$\beta_2NonExeD$ = Number of Non-executive directors

β_3IndD = Number of Independent Directors

Measurement of Variables

S/N	Variable	Measurement
1	Total Assets – Independent Variable	Measured by the Total asset amount at the end of the financial year
2	Gross Revenue – Independent Variable	Measured by the total interest income at the end of the financial year
3	Net Profit - Independent Variable	Measured by the net profit after tax at the financial year
4.	Board Size – Dependent Variable	Board Size is measured by the total number of directors (Executive, Non-Executive and Independent directors)

We examined the descriptive statistics, correlation analysis, analysis of the variance, panel unit root and the regression diagnostic results. Table 4.1 below presents the results for the descriptive statistics conducted on the variables. In conducting the descriptive statistics, the sample was decomposed on the basis of the dependent variable and thus creating sub-samples. For the aggregate statistics, the result show BSIZE has mean = 12.41 which suggest that the average board for firms under review is 12, it has S. D= 2.7, indicating that the there is a cluster around the mean. BSIZE has kutosis value of -0.709 which is <2 suggest that the distribution is platykurtic, in other words it implies that the distribution is flat. TASSET has a mean =29226 and relatively large standard deviation 3985047 which implies that there is a great deviation from the mean. TASSET has kurtosis 4.9>3 implies that distribution is Leptokurtic. This suggest that the distribution is fat tailed.

GREVEN has a mean value = 227037 and standard deviation = 129436 suggest that there is a cluster around the mean. Its kurtosis value= 0,27< 3 suggest a platykurtic distribution, which implies that the distribution is flat. Finally, NPROFIT {Mean=795990, S. D=78867.73} implies that there is a cluster around the mean. Kurtosis value 2.38 <3 implies a platykurtic distribution which connotes that the distribution is flat.

Table 4.1: Descriptive Statistics

	Mean	Maximum	Minimum	Std. Dev.	Kutosis	obs
BSIZE	12.4141	17	8	2.273	-0.709	
TASSET	29226	16179102	46000	3985047	4.923	
GREVEN	227037	587944	21000	129436.7	0.279	
NPROFIT	795990	384912	2500	78867.73	2.38	

Source: Researcher's computation (2018)

From table 4.2 above, the correlation coefficients of the variables are examined. However of particular interest to the study is the correlation between Board size and all other explanatory variables. As observed, a negative correlation exists between Board size and total assets (r=--0.0717). Board size has positive correlation with GREVEN (r= 0.1577) and NPROFIT (r=0.0137). TASSET is positively correlated with GREVEN (r=0.176) and NPROFIT (r=0.262). Finally, GREVEN exhibited a positive correction with NPROFIT (r=0.77). The analysis of the correlation coefficients between the independent variables are quite low and this suggests that the potential for multicollinearity is reduced in the model.

Table 4.2: Pearson Correlation Results

	BSIZE	TASSET	GREVEN	NPROFIT
BSIZE	1			
TASSET	-0.0717	1		
GREVEN	0.1577	0.176	1	
NPROFIT	0.0137	0.262	0.775	1

Source: Researcher's compilation (2018).

The table 4.3 show the regression assumptions test results**.** The results of the Jacque-bera statistics assesses the normality of the distribution of scores. The variance inflation factor (VIF) shows how much of the variance of a coefficient estimate of a regressor has been inflated due to collinearity with the other regressors. Basically, VIFs above 10 are seen as a cause of concern as observed, none of the variables have VIF's values exceeding 10 and hence none gave serious indication of multicollinearity. The ARCH test for heteroskedasticity was performed on the residuals as a precaution. The results showed probabilities in excess of 0.05 which lead us to reject the presence of heteroskedasticity in the residuals. The Lagrange Multiplier (LM) test for higher order autocorrelation reveals that the hypotheses of zero autocorrelation in the residuals were not rejected. This was because the probabilities (Prob. F, Prob. Chi-Square) were greater than 0.05. The LM test did not, therefore, reveal serial correlation problems for the model. The performance of the Ramsey RESET test showed high probability values that were greater than 0.05, meaning that there was no significant evidence of miss-specification.

A well-established practice in individual time series work is to determine whether the individual variables are non-stationary (exhibit unit roots) and if they are related to one another in a stable long-run (cointegrated) relationship. In recent years, a number of investigators, notably Levin, Lin and Chu (2002), Breitung (2000), Hadri (2005), have developed panel-based unit root tests that are similar to tests carried out on a single series. Panel Unit root testing investigates if the residuals from the individual cross sections do not contain a unit root which suggests that there exists an equilibrium (stable) relationship that keeps the relevant variables in the models in proportion to one another in the long run (Baltagi, 2001). As can be readily seen, the study performed the ADF Fisher unit root test proposed by Maddala and Wu (1999) to determine whether the residuals of each of the variables exhibited a unit root. In this test, the null hypothesis of a unit root for all variables is set against the alternative hypothesis of no unit root. The p-values suggest that the hypothesis of no unit root can be rejected at least at the 5 percent level. As can be readily seen in table 4.2 above, the study performed the ADF Fisher unit root test proposed by Maddala and Wu (1999) to determine whether the residuals of each of the variables exhibited a unit root. In addition we also performed the PP-Fisher Unit root test as an additional check to confirm the stationarity

of the data. In these tests, the null hypothesis of a unit root for all variables is set against the alternative hypothesis of no unit root. The p-values suggest that the hypothesis of no unit root can be rejected at least at the 5 percent level. With the stationarity condition of the series determined, we proceeded to conduct the regression analysis as we may at least be confident of the likelihood of non-spurious regression results.

Table 4.3: Regression Assumptions Test

Normality test		
Variable	Jacque-bera statistics	Prob
BSIZE	186057.4	0.00
TASSET	11609.69	0.00
GREVEN	3875.988	0.00
NPROFIT	26860.43	0.00
Multicollinearity test		
Variable	Coefficient Variance	Centred VIF
BSIZE	186057.4	0.00
TASSET	11609.69	0.00
GREVEN	3875.988	0.00
NPROFIT	26860.43	0.00
Heteroskedasticity Test: ARCH		
F-statistic = 4.383	Prob. F (1,851)	0.554
Breusch-Godfrey Serial Correlation LM Test:		
F-statistic = 4.383	Prob. F (1,851)	0.564
Ramsey model test		
F-statistic = 4.383	Prob. F (1,851)	0.932
Panel Unit Root test at levels with intercept		
Variable	ADF-Fisher chi-square	P-value
BSIZE	325.460	0.033
TASSET	366.128	0.00
GREVEN	330.377	0.025
NPROFIT	338.224	0.00
Variable	Philip-Perron chi-square	P-value
BSIZE	321.135	0.00
TASSET	394.945	0.00
GREVEN	393.102	0.00
NPROFIT	428.683	0.00

Source: Researcher's Computation (2018)

4.1. Regression Analysis

The regression analysis is conducted to show the effects of the predictors on TV. The estimations are conducted across several specifications. Firstly, we examine the predictors by categories and then provide fixed and random effect results for the entire sample. Next, we decomposed the distribution by creating covariates on the basis of age, total asset proxy for firm size and

Profitability. The purpose is to provide more robust estimations and to examine sensitivity of our results to these decompositions. The regression results and analysis are presented below;

Table 4.4: Regression Analysis

Variable	*Panel OLS*
C	11.776 {23.58} (-1.7E-41)
TASSET	-1.328E* {2.207} (0.036)
GREVEN	3.28E-06* {2.191} (0.023)
NPROFIT	-9.5E-07 {0.203} (0.832)
R^2	0.610
ADJ R^2	0.520
F-Stat	2.845
P(f-stat)	0.042

Source: Researcher's compilation (2018) * *sig @ 5%,.*
()p-value{}t-values

Table 4.4 above shows the regression result on the relationship between board size and profitability. using OLS estimation. The result reveals that there is a negative relationship between board size and total assets t= {2.20} and (p=0.036) at 5%. Gross revenue has positive relationship with board size as depicted by t= {2.91} and (p=0.023) at 5%.

Finally, The net profit is also positive but not statistically significant relationship with board size as depicted by t= {0.203}and (p=0.832) at 5%.

The model parameters are as follows; coefficient of determination (R^2) = 61.3%, ADJ R^2 = 52%. These values suggest that the model explains about 61% of systematic variations in board size. The F-stat=2.8, P(f-stat) = 0.042. The F-values confirm that the hypothesis of a significant linear relationship between the variables (dependent and independent) cannot be rejected at 5% level.

4.1.1. Discussion of Results

The robust estimation results for estimation reveals that board size has a negative relationship with total assets. This is at variance with theoretical expectation and logical deduction that board size is a function of firm size. Consequently, we accept Ho that there is no significant relationship between board size and total assets.

The result further shows that gross revenue is positively related with board size. This is in line with theoretical expectation and logical deduction that is there a direct link between board size and

profitability. Consequently, we reject Ho that there is no significant relationship between board size and gross revenue.

Finally, the result shows that net profit has no significant relationship with board size. This result is at variance with theoretical expectation and logical deduction that is there a direct link between board size profitability. Consequently, we accept Ho that there is no significant relationship between board size and net profit

Bsize	TAsset	GReven	NProfit
15	1245487	311021	23104
15	1124587	333022	32000
15	1457832	302061	29101
15	1215872	331000	27333
14	1102001	342001	25114
12	14879452	298741	102000
12	15009412	324012	106000
13	15829450	385467	121000
12	13379410	335489	119000
12	16179102	400247	114000
11	11354000	105578	89541
11	11954000	124587	110000
12	12111000	133245	98245
12	15000000	155900	110000
12	15245800	145823	107201
15	1012400	110000	12000
15	1200000	109000	9000
14	1100000	125000	39000
14	1350000	133300	32000
15	1210000	128000	29000
10	2980000	587944	287412
10	2874000	566812	310000
10	2855400	551900	207000
11	2990000	548000	287412
11	2870018	548811	387412
17	2984574	424057	212547
14	2900000	399825	200522
15	2970500	411000	210548
15	2980000	399885	212500
15	2984789	412012	211000
9		112046	
8		124587	
8		221457	
8		235478	
9		278412	

11	2400000	250060	148000
11	2550800	204000	103072
10	2457123	200000	102779
12	2458000	201247	102000
14	2012400	210000	98502
14	1900000	209000	63010
14	1700000	225000	72420
14	2012450	233300	88080
14	2145360	228000	95509
13	1012400	354087	12000
13	120,000	355000	9000
13	1100000	354000	39000
14	1350000	351080	32000
14	1210000	354000	29000
9	1012400	220000	67000
9	1200000	229000	51000
9	1100000	225000	55000
10	1350000	233300	31000
10	1210000	228000	31000
15	1012400	110000	12000
15	1200000	109000	9000
15	1100000	125000	39000
15	1350000	133300	32000
15	1210000	130000	29000
12	1012400	250000	137000
12	1200000	242001	121000
12	1100000	220000	122000
13	1350000	211000	131000
13	1210000	237000	134000
16	2015000	355782	201000
16	2200000	355000	198000
16	2100000	335000	144000
15	2018000	311000	122010
15	2011000	310782	128010
10	2454812	251270	101000
10	2500800	262000	98000
12	2433000	214000	77000
12	2000812	271270	78400
12	2111812	200270	99010
13	1500400	110000	6600
13	1200000	109000	5040

13	1100000	125000	11000
10	1300000	133300	11021
11	1200000	128000	11024
14	812400	98000	3000
14	900000	72000	5000
14	780,000	90000	7000
14	895,000	50300	4000
14	777,000	78000	6000
11	1,012,400	110000	12000
11	1,200,000	109000	9000
13	1,100,000	125000	39000
13	1,350,000	133300	32000
12	1,210,000	128000	29000
8	54,000	22000	2500
8	56,000	21000	3500
8	53,000	25000	5500
8	52,200	30300	5300
8	46,000	28000	4200
12	2,300,012	189000	12000
13	2,300,000	156000	55000
13	2,300,012	125000	39000
13	2,589,702	147000	32000
13	2,400,000	181000	29000

SUMMARY OUTPUT						
Regression Statistics						
Multiple R	0.761305					
R Square	0.610019					
Adjusted R Square	0.520474					
Standard Error	2.277704					
Observations	99					
ANOVA						
	df	*SS*	*MS*	*F*	*Significance F*	
Regression	3	13.16637	4.388788	2.845961	0.0422106	
Residual	95	492.8538	5.187935			
Total	98	506.0202				
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	11.7764	0.499271	23.5872	1.7E-41	10.78522	12.76757
TAsset	-1.3E-08	6.12E-08	-2.20726	0.036247	-1.3E-07	1.09E-07
GReven	3.28E-06	2.75E-06	2.19087	0.023667	-2.2E-06	8.75E-06
NProfit	-9.5E-07	4.65E-06	-0.20395	0.838828	-1E-05	8.28E-06

Correlation

	Bsize	*TAsset*	*GReven*	*NProfit*
Bsize	1			
TAsset	-0.0717	1		
GReven	0.157746	0.176116	1	
NProfit	0.013781	0.262989	0.77528	1

	Bsize	*TASSET*	*Greven*	*Nprofit*
Mean	12.41414	2922640	227037.1	79590.2
Standard Error	0.228377	411026.2	13008.87	8134.586
Median	13	1350000	214000	53000
Mode	15	1200000	125000	32000
Standard Deviation	2.272327	3985047	129436.7	78867.73
Sample Variance	5.163471	1.59E+13	1.68E+10	6.22E+09
Kurtosis	-0.70964	4.92357	0.279947	2.383914
Skewness	-0.39474	2.506961	0.763671	1.481385
Range	9	16133102	566944	384912
Minimum	8	46000	21000	2500
Maximum	17	16179102	587944	387412
Sum	1229	2.75E+08	22476669	7481479
Count	99	94	99	94
Largest (1)	17	16179102	587944	387412
Confidence Level (95.0%)	0.453208	816216.6	25815.69	16153.67

5. Conclusion and Recommendation

Thus, our findings from the study indicates that:
- There is a negative relationship between board size and total assets
- There is a positive relationship between board size and gross revenue
- There is a positive relationship between board size and Net profit. Although this relationship was not statistically significant.

From the forgoing, the research clarifies the effect of the board size and its activities on the performance of commercial banks in Nigeria. Board size and its structure is very important to firm in areas of ensuring that all controls that will safe guard the assets of the organization are in place. A Board with competent and professional individual will in no little way contribute to the net income of any firm. Gross revenue and net profit have been proved to increase if the board is properly constituted with effective and professional individuals. The result of negative relationship between board size and total does not negate it importance it only refers to the size as to whether the small size board is more effective on total asset or large size board. A firm's board according to Companies and Allied Matters Act 2004 and Securities and Exchange Commission must have a minimum of seven members which includes the managing director. From the research general result has fully explain the high importance of company's board on Gross revenue, net profit and

the total performance of firms. The study further recommended that; (1) Commercial banks and quoted firms must ensure that a proper board of directors is composed in other to institute standards and controls that boost the net income of the firm. (2) Regulatory bodies should ensure that firms constitute a board with the standard size. This board also must have professionals who have requisite knowledge in the business. (3) Firm's board must ensure that the committees in the board are most effective in safe guarding the asset of the organization. (4) Firm's board should continuous make decisions that will boost the revenue and net profit of the firm.

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