

CEO Attributes and Accounting Numbers

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Abstract

The study investigates how the homogenous attributes of the Chief Executive Officers of listed Banks in Nigeria influence the performance of the Banks. The study is rooted in the positivist research philosophy, directed by the inductive approach, and based on the panel research design which combines the characteristics of cross-sectional and longitudinal research strategies. Data was sourced from the content analysis of the annual reports of the banks. The study is a census of the target population of listed banks operational over the period 2009 to 2016. The panel regression technique forms the basis of data estimation, having achieved the usual regression diagnostics. The result of the analysis could not reject the proposition that the tenure of the CEO has no significant influence on the performance of the listed Banks at the 5% level of significance. The result of the interaction between the CEO tenure and bank size, could not sustain the Graham et al. (2010) hypothesis that longer CEO tenure in larger organisations has a positive implication for accounting numbers. The influence of women CEO on the performance of the Banks in Nigeria is negative and significant at the 5% level. Flowing from the above, it is recommended that the CEO of Nigerian Banks should be allowed longer tenure, long enough to acclimatise with the culture and the internal workings of the Bank. No doubt, longer tenure will help them improve the performance of the banks. Without prejudice to the high-performing women CEOs and women leaders

all over, the result of the study does not support women as the drivers of banks in Nigeria.

Keywords: Denorming, profitability, acclimatised, organisational culture, micronumerosity.

JEL Classification Codes: M410, M490.

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Introduction

Organisational decision making is ideally supposed to be the product of collaboration or consensus between the corporate board and the management of the business. In reality, the board is surprisingly an administrative structure that wields little or no influence on the activities of the organisation. This lacklustre attitude of the board was what gave rise to the concept of rubber stamp board—where the board act solely to ratify the decisions of top management. This is not unexpected because, in group dynamics, the challenges of denorming-erosion of the standard of conduct of good members are not

unexpected. It describes a situation where group members drift in different directions a situation which negates the group quality of collective norm. This individualism disintegrates the group quality of social cohesion, and this tends to affect the dynamogenic stimulus of the group which is the ability of the presence of other group members to stimulate or arouse the competitive spirit of others. This loss of group identity creates powerful and excessively dominant CEOs whose activities suffocates the influence of the board of directors.

The CEO is an individual with high abilities, competencies, and the requisite expertise to efficiently superintend over the activities of the business organisation. The nexus between CEO attributes and firm financial performance has assumed a front burner in public discourse and has attracted a robust research interest in recent times. Conventional wisdom, reinforced with hardcore empiric (Bertrand & Schorlar, 2003; Hambrick & Quigley, 2014; Mackey, 2008; and Thomas, 1988) reports a positive relationship between CEO presence and the firm financial performance. The CEO is a force to reckon with in the original emergence of the business as a going concern; this is made possible due mainly to the discretionary ability of the business managers. Discretion extenuates the relationship between executive characteristic (Values, experience, and so on) and organisational results. With higher discretion, executive orientation becomes reflected in organisational outcomes; if low discretion exists they do not (Hambrick & Fintelstein, 1987). Diverse theoretic is in support of the influence of CEO heterogeneous attributes on the financial performance of the firm (Landier, 2007; Rosen, 1981). Extant literature has established a significant correlation between CEO attributes and financial performance. However, the direction of these relationships has been predominantly inconsistent. In addition to the inconsistency cited above, the issue has a developed economy colouration. This is because extant literature is silent on any study that focuses on developing countries with Nigeria as a reference point. To

the best of our knowledge, there is no known study on the relationship between CEO attributes and firm financial performance in Nigeria.

In this current paper, we explore a new strand of literature designed to investigate how the long tenure of the CEO interacts with the size of the organisation to significantly affect the financial performance of the business organisation. We attempt to address the question: does longer tenure of the CEO in large organisations affect the performance of the organisation differently? This is against the backdrop of the study of Graham, Harvey, and Puri (2010) who reported that CEOs from large companies are perceived to be more competent, and their competency translates into better performance. From the perspective of hierarchy in an organisation, the CEO occupies the exalted position of the Captain of industry no doubt his actions and inaction can affect the overall success of the organisation. They formulate the strategy for the organisation, craft the mission and vision and ultimately give direction to the organisation as to where and where not to invest (Porter, 1980).

The study is a census of CEOs of banks listed on the Nigerian Stock Exchange market as at 31 December 2017. The choice of banks is premised on the vibrancy of the Nigerian banking sector coupled with the track record of powerful CEOs whose activities are well documented. The study spanned eight years period from 2009 to 2016. As at that period, 14 banks were actively quoted in the Nigerian banking sector. We adopted a panel regression technique based on the panel nature of the data.

Literature Review and Hypotheses Development

The Concept of Firm Value

The fundamental objective of any business organisation is profit or value maximisation. The extent to which this objective is realised is determined by the value placed on the firm. Investors' perception of the prospect of the business is based on the value of the firm. According to Modigliani and Miller (1961)

firm value is determined by the earnings power of the operating assets of the business. Firm value has been viewed from two perspectives of accounting measures of profitability and the stock market measures of firm value. The accounting measures of performance involve using profitability ratios of return on assets (ROA), return on equity (ROE), profit before tax (PBT), and profit after tax (PAT). The stock market measures of firm value are the Tobin'Q and share prices (Bao & Bao, 1989; Beaver, Lambert, & Morse, 1980). For purposes of the current study, we measure firm value using the stock market approach with emphasis on Tobin'Q. Tobin; Q is a popular index of firm value and featured in several studies ((Allayannis & Weston, 2001; Bhabra, 2007; Desai & Dharmapala, 2009; McConnel & Servaes, 1990; and Morck, Shleifer & Vishny, 1988). The index is calculated as the ratio of the market value of a firm to the year-end book value of the assets (Allayannis & Weston, 2001). The popularity of the index stems from its ability to measure management efficiency in the use of the operating assets of the business. It is a measure of the growth prospect of the business as well as a viable tool in the evaluation of the financial performance of the business. Against the background of the above, we proxy firm value using the Tobin'Q.

The Chief Executive Officer (CEO)

The CEO occupies the peak of the organisational hierarchy, and he is ordinarily responsible for championing the course of the business from visioning, acquisition of requisite personnel to formulating the policy and setting the strategy for the organisation. He is the highest-ranking executive of any business organisation. The CEO is known by other titles such as President, Executive director, and Managing director. CEOs of large business organisations sometimes rise to a level of fame and become household names. Steve Jobs, the late founder of Apple Corporation, Bill Gates, the owner of Microsoft, Mark Zuckerberg, the founder Facebook and Aliko Dangote, the head and founder of the Dangote conglomerates are well known all over the world. Managerial heterogeneity is known to

be the driving force behind the actions, inaction and ultimately the performance of the business organisation. (Bertrand & Scholar, 2003). Different CEOs exhibit this heterogeneity differently in superintending business organisations. Extant studies have revealed that CEOs differ in their natural endowment in terms of both demographic and cognitive qualities (Gabaix & Landier, 2007 and Murphy & Zbojnik, 2004). This difference was succinctly captured by Drucker (1967) when he posited that CEOs "differ widely in their personalities, strengths, weaknesses, values and beliefs. All they have in common is they get the right things done." The influence of these qualities on financial performance has been explored considerably in extant literature (CEO talents by Rosen, 1981; CEO resoluteness and execution skills by Bolton et al., 2009; CEOs general ability by Kaplan, Klebanov, & Sorensen (2008); CEO female gender by Dezo & Ross, 2008). In addition to the usual variables in the CEO attributes-performance dynamics, we investigated the joint effect of the long tenure of CEO and company size on the performance of the organisation. In Nigeria for example, the average tenure of the CEO of publicly listed companies is 10 years. From inception about 13 years ago, Mark Zuckerberg has been at the helm of affairs of Facebook. The Dangote group under the leadership of Aliko Dangote was probably formed as far back as 1981. It is not clear if the 10 years tenure of CEOs in Nigeria is based on hardcore empiric or a pure administrative accident or coincidence. It is therefore imperative to explore the influence of these CEO attributes on the value of the firm.

CEO Tenure and Firm Value

The relationship between the tenure of the CEO and the performance of the organisation is rather complicated. This is because the optimum length of time that will confer a positive impact on the performance of the firm is not known in the extant literature. The relationship between the tenure of CEOs and the performance of the firm has been researched along two perspectives. The proponents of long tenure are of the view that

with time, the CEO become acclimatised to the norms of the business become acculturated and the new knowledge gained will manifest in increased numbers. They become accustomed to the internal stakeholders of the business, and this relationship tends to confer positive effect (Wang et al., 2009). In the same vein, increase experience arising from long tenure will also confer positive impact on the value of the firm due to the knowledge gained (March 1991). However, the excessively long tenure of the CEO may also elicit a negative relationship. This is because, with time, the CEO find a comfort zone with their investment in the firm and relationship with owners of the business and become complacent with issues that concern the external stakeholders such as market forces and relationship with customers (Luo et al., 2013). The concept of dinosaur dynamics creeps in with time. They feel too big to fail and become less innovative and more committed to the obsolete paradigm of the business, and hence their impact on the performance of the business become negative (Hambrick & Fokutomi; Miller & Shamsie, 2001 and Giambattista, 2004 and Henderson, et al., 2006).

Proponents of the short run relationship believe that the new CEO is learning the rope acquiring relevant information that will make him succeed. He is using his experience in the industry to the optimum, and he is open to information with open door policy. These qualities tend to confer a positive relationship within the first four years of the CEO tenure (Hambrich et al., 1993). Where the tenure is excessively short, the performance of the CEO hardly fit the set standard of the organisation, and this is likely to result in a negative relationship (Hambrich & Fukutomi, 1991). However, management is likely to accommodate this initial negative relationship since they are not able to assess the potentials of the CEO due to the shortness of time. Merika, Triantapyllou, Kalogeropoulou, and Kalokuirinos (2016) believe that a bi-directional relationship exists between CEO tenure and firm performance. To the extent that tenure granger cause performance and in the

same vein, performance granger cause CEO long tenure. While this strand of literature may not be very popular, confirming or contradicting this position will form a significant contribution to extant literature.

Against the backdrop of these gaps, we hypothesise in a null form that: ***there is no significant relationship between CEO long tenure and firm value. Secondly, that performance does not Granger cause CEO long tenure.***

CEO Female Gender and Firm Value

The issue gender inequality has become heightened in recent times and this culminated in the convocation of different fora to address this age-long issue first of such gathering was the popular Beijing conference. The agitation for gender participation has received different blessings in a different form and different places. The European Parliament adoption of the 40% female gender representation on the board of listed companies was a fallout of the need for women representation. In Nigeria, the 2006 national policy on gender diversity and the subsequent gender mainstreaming of the Jonathan' administration were all a recognition of the importance of women. Christiansen, Lin, Pereira, Topalova, and Turk (2016) reported a positive relationship between return on assets and women representation in a senior management position of companies. Greater gender participation is natural drawing analogy from the electromagnetic force of physics, like terms, are said to repel while unlike terms attract. The attraction of women to men in a social group such as the board will no doubt introduce a better perspective in corporate board decisions (OECD, 2012). Greater women participation results in heterogeneity in beliefs and values which will advance a better performance through cross-fertilisation of ideas. Women are known to be innovative, creative and involved with calculated risk. These qualities will collectively confer positive relationship on the value of the firm (Lee & Farh, 2004). McKinsey (2007); Catalyst (2007); and Dezso and Ross (2012) reported along this line of positive relationship.

Another strand of literature reported a negative relationship between gender representations in a senior management position and firm performance (Ahern & Dittmar, 2012). Women are said to be averse to risk. If the saying that high-risk yield high return is a truism, then this extreme level of conservatism is likely to have a negative or at the very best insignificant positive relationship with firm performance. Wolfers (2006) find no systematic difference in stock return between male and female managed CEO firms. It was also observed that there is an adverse reaction to the appointment of a female CEO compared to her male counterpart (Lee & James, 2003). This negative feeling may not be unconnected with the public perception of a woman as a second-class citizen who should not have a voice. There is also the possibility that women are attracted to high-performing organisations this raises the question of the possibility of a bidirectional relationship between female CEO and firm performance. Flowing from the above inconsistencies, we hypothesise in a null form that: ***female CEOs do not significantly affect the performance of the firm. We also propose a bidirectional relationship between female CEOs and firm value, to the extent that female CEOs granger cause firm performance and firm performance granger cause female CEOs.***

Firm Size and Firm value

The relationship between firm size and firm value has received considerable empirical attention. The size of the firm can determine the financial performance of the firm. Larger businesses are exposed to better resources which enhances the economics of scale. They enjoy optimum investment in operating assets and human capital which transform into better performance compared to smaller firms (Mwange & Muringu, 2015). Lee (2009) reported that the rate of profit is positively correlated with the size of the firm. In the same vein, Jossion (2007) reported a positive relationship between firm size and firm value. The justification advanced for the positive relationship is the ability to manipulate cash flows to take advantage of investment opportunities. Steward (2005) in a Study done

in Australia, also reported a positive relationship. On the contrary, Banchuenvijit (2012), Becker-Blease, Kaen, Etebari and Baumann (2010) reported a negative relationship between firm size and corporate profitability. Size increases the operating cost of the business to some extent that it will obliterate the benefit accruable from the economics of scale and results in a negative outcome. In the Portuguese scenario, it was observed that the relationship between firm size and performance was negative for large firms, but the reverse is the case for small and medium scale enterprises (Serrasqueiro & Nunes, 2008). In the same vein, Diaz and Sanchez (2008) found a negative relationship between large firms and profitability in their study of Spanish firms. Against the backdrop of the argument of Graham et al. (2010), we hypothesise the effect of firm size on the relationship between CEO tenure and firm value as ***Firm size will not significantly moderate the relationship between CEO tenure and firm value.***

Methodology

Theoretical Framework and Model Specification

The vast amount of empirical studies have demonstrated the validity of the Upper echelon theory in the analyses of the relationship between senior managers' attributes and financial performance (Bantel & Finkelstein, 1990; and Chen, 1991). Therefore, it serves a useful theoretical foundation for the current study. The upper echelon theory was founded on the premise that senior managers' possess the relevant attributes (skill, knowledge, experience, and other characteristics) which directly correlates with organisational outcomes. Focusing on these managerial attributes, Hambrick and Manson (1984) argued that emphasis should be directed to the observable characteristics of the senior managers. That these observable attributes can correctly predict the outcome of the organisation. Based on this theory and drawing inspiration from the work of Henderson, Miller, and Hambrick (2006), we expect a functional relationship between the observable

attributes of CEO tenure, CEO female gender diversity and organisational financial performance of the form:

Financial performance = f (CEO tenure, CEO female gender diversity) ----- (i)

Substituting Tobin'Q as a proxy for the dependent variable of firm performance and integrating the usual acronyms for the explanatory variables of the regression, equation one is represented as:

Tobin'Q = f (CEOTE, CEOGE) ----- (ii)

Introducing the control variable of firm size that may cause variation in the dependent variable of firm performance, equation two is modified as:

Tobin'Q = f (CEOTE, CEOGE, FSIZE) ----- (iii)

In econometric form and considering the panel nature of our regression data, equation three is transformed as:

TOBIN'Q_{it} = β₀ + β₁CEOTE_{it} + β₁CEOGE_{it} + β₁FSIZE_{it} + μ_{it} ----- (iv)

We expect that CEO tenure in larger organisations will influence business outcome better than smaller organisations (Graham et al., 2010). It is assumed that the size of the firm will significantly moderate the relationship between CEO tenure and corporate financial performance. This moderating effect of firm size is introduced into equation four as:

TOBIN'Q_{it} = β₀ + β₁CEOTE_{it} + β₂CEOGE_{it} + β₃FSIZE_{it} + β₄CEOGE*FSIZE_{it} + μ_{it} ----- (v)

Data and Measurement

The research data are primarily from banks listed on the Nigeria Stock Exchange between 2009 and 2016. CEO archival data, the moderating variable of firm size, and the dependent variable of Tobin'Q were computed from the harmonised statement of financial position, statement of profit or loss and other comprehensive income of the listed banks. To circumvent the limitations of micronumerosity

of the regression data, we took a census of the listed deposit money banks in Nigeria, instead of the usual sampling. The dependent variable of **Tobin'Q** was used as a proxy for firm performance. Tobin'Q is the ratio of the market value of a firm' asset to the replacement value of the assets (Tobin, 1969). It is assumed that efficient firms effectively utilise their operational assets to generate economic value. Unlike the historical nature of accounting measures of performance, the stock market measure of Tobin'Q is forward-looking and to a reasonable extent cured of the challenges of backwards-looking indices of profitability which may not be completely cured of the effects of creative accounting (Bertrand & Scholar, 2003; Dezso & Ross, 2012). We also employed accounting variable of Return on Assets to test for the robustness of our regression results. **CEO tenure** is proxy as the number of years a CEO spent in that position (Hambrick et al., 1993; Henderson et al., 2006; **The CEO gender** is taken as a dichotomous variable of one (1) if the CEO is a female and zero (0) if otherwise (Dezso & Ross, 2012; Wolfers, 2006). **The size of the bank** is proxy by the natural logarithm of the total assets of the banks (Akinyomi & Olagunju, 2012; and Ilaboya & Ohiokha, 2016). With a firm-year observation of 112 covering a period of eight (8) years from 2009 to 2016, it is expected that the time is long enough for the effect of the explanatory variables to manifest on the dependent variable.

Regression Technique

The panel nature of the regression data necessitated the adoption of the panel regression technique in testing the three hypotheses of the study. The usual classical regression assumption techniques of heteroscedasticity using the Breusch-Pagan-Godfrey, the model specification test using Ramsey RESET and the serial correlation using the Breusch-Godfrey test preceded the panel regression to test for the accuracy of the regression model. The variables were considered significant at the 5% level.

Estimation Results and Discussion*Univariate Analysis**Descriptive Analysis***Table 1: Results of the Descriptive Statistics**

	<i>ROA</i>	<i>TOBIN</i>	<i>CEOTE</i>	<i>CEOGE</i>	<i>CEOT</i>	<i>FSIZE</i>
<i>Mean</i>	0.123214	0.991071	2.714286	0.080357	0.142857	9.014375
<i>Median</i>	0.125000	0.970000	2.000000	0.000000	0.000000	9.030000
<i>Maximum</i>	0.500000	1.440000	8.000000	1.000000	1.000000	9.680000
<i>Minimum</i>	-0.530000	0.840000	1.000000	0.000000	0.000000	8.260000
<i>Std. Dev.</i>	0.170918	0.104669	1.710743	0.273067	0.351500	0.350379
<i>Skewness</i>	-0.800150	1.794170	1.046634	3.087365	2.041241	-0.196602
<i>Kurtosis</i>	5.588316	7.139698	3.574337	10.53182	5.166667	2.379318
<i>Jarque-Bera</i>	43.21491	140.0620	21.98763	442.6597	99.68519	2.519329
<i>Probability</i>	0.000000	0.000000	0.000017	0.000000	0.000000	0.283749
<i>Sum</i>	13.80000	111.0000	304.0000	9.000000	16.00000	1009.610
<i>Sum Sq. Dev.</i>	3.242643	1.216071	324.8571	8.276786	13.71429	13.62696
<i>Observations</i>	112	112	112	112	112	112

The results of the descriptive statistics are presented in Table 1. The mean value of the dependent variable of return on assets (ROA) 12% and the mean value of Tobin'Q, the alternate dependent variable is .991071. The independent variable of CEO tenure reported a mean value of 2.714286 (approximately three (3) years) which is indicative of short tenure. The other variant of CEO tenure (CEOT) is a measure of the long tenure of the CEO. The variable was assigned 1 if the tenure of the CEO was up to eight years and zero if otherwise. The mean average of 0.142857 is relatively small and not significantly different from 0 indicating short-term average for the CEOs. The low mean value of CEO gender (0.080357 is relatively small an indication of a

large number of banks without female CEO. Physical evaluation of the regression data shows that only two banks had women CEOs within the period under consideration. The large Jarque-Bera values are indicative of a normal distribution. The standard deviations are relatively small which shows little dispersion from their respective mean values. The histogram normality test reinforces the normality of the variables. The mean JB statistic is 39.58702 with a significant probability value of 0.000000. The mean kurtosis of 5.611535 is indicative of leptokurtic residual since it is above the benchmark of 3.00. The distribution is negatively skewed with a mean value of -0.644751).

*Correlation Analysis***Table 2: Results of the Correlation Coefficient**

Covariance Analysis: Ordinary

Date: 08/07/17 Time: 00:42

Sample: 1 112

Included observations: 112

Correlation

t-Statistic Probability	ROA	TOBIN	CEOTE	CEOGE	CEOT	FSIZE
ROA	1.000000 ----- -----					
TOBIN	0.203203 2.176621 0.0316	1.000000 ----- -----				
CEOTE	0.178791 1.905887 0.0593	-0.086825 -0.914077 0.3627	1.000000 ----- -----			
CEOGE	-0.038399 -0.403026 0.6877	0.387812 4.412750 0.0000	0.049590 0.520749 0.6036	1.000000 ----- -----		
CEOT	-0.192158 -2.053641 0.0424	0.022738 0.238538 0.8119	0.428055 4.967591 0.0000	-0.120678 -1.274996 0.2050	1.000000 ----- -----	
FSIZE	0.316250 3.496300 0.0007	-0.042848 -0.449806 0.6537	0.052304 0.549319 0.5839	-0.052671 -0.553188 0.5813	-0.517170 -6.337464 0.0000	1.000000 ----- -----

The results of the correlation analysis are presented in Table 2. The coefficient of correlation is relatively weak and indicative of the absence of collinearity problem in the regression variables. The highest coefficient of (-0.517170) is between Firm size and CEO long tenure. It still did not pose any challenge of multicollinearity. The correlation coefficients are mixed with negative coefficients between

CEO gender and ROA (-0.038399), CEO long tenure and ROA (-0.192198) CEO tenure and Tobin’Q (-0.086825), firm size and Tobin’Q (-0.42848), firm size and CEO gender (-0.52671), and CEO gender and CEO long tenure (-0.517170). All others are positively and weakly correlated. The result of the variance inflation factor in appendix ----- are relatively low and below the benchmark of 10.

**Multivariate Analysis
CEO Tenure and Firm Performance**

Table 3: Results of the Random Effect Model

VARIABLE	BASE REGRESSION	ROBUST REGRESSION
Constant (C)	-1.380871 (0.1702)	-1.202702 (0.2317)
CEOTE	2.373648* (0.0194)	0.220805** (0.8257)
CEOGE	-2.022622* (0.0456)	-1.985184* (0.0497)
FSIZE	1.488318** (0.1396)	1.293056** (0.1988)

<i>CEOTE*FSIZE</i>		-1.130124** (0.8967)
<i>R-Squared</i>	0.129215	0.128126
<i>Adj. R-Squared</i>	0.105026	0.095532
<i>F-Statistic</i>	5.34199	3.931032
<i>Prob(F-Statistic)</i>	0.001807	0.005122
<i>Durbin-Watson Statistic</i>	2.152093	2.134614
<i>Hausman Test</i>	0.3155	0.1640

*Shows significance at the 5% level ** Shows significance at the 10% level. Probability values are reported under each t-value in parenthesis

Table 3 presents the balanced panel random effect regression results of the effect of firm size on the relationship between CEO tenure and firm values. The preference for random effect regression is motivated by the results of the Hausman test of 0.3155 and 0.1640 respectively for the base and robust regression results. The values of the adjusted R-squared shows that the explanatory variables of CEO tenure and CEO gender in both the base and robust regression accounts for about 10% systematic cross-sectional variation in the dependent variable of return on assets. The Durbin Watson statistic (2.152093 and 2.134614) are not substantially different from the 2.00 benchmark and indicates the absence of autocorrelation. In both cases, the F-statistic and the probability values are significant and show the presence of a linear relationship between the regressand and the regressors.

The first hypothesis predicts that the tenure of the CEO has no impact on the outcome of the organisation. The variable of CEO tenure (CEOTE) measured by the number of years a CEO spent on the position reported a positive relationship with firm value. The descriptive statistics in Table 1, reported a mean CEO tenure of approximately three years and the base case regression result reported a t-value and a probability value of 2.373648 and 0.0194 which is statistically significant at the 5% level. In the robust regression case, the tenure of the CEO is significant at the 10% level. The result of the analyses could not sustain the null hypothesis hence the alternative of a significant relationship between CEO tenure and the firm value was accepted.

The result of the relationship between CEO gender and firm performance is negative and significant at the 5% level. The base case regression reported a t-value of -2.022622 (0.0194) while the t-value of the robust regression is -1.9985184 (0.0497). The result shows that women CEO reduces the performance of banks in Nigeria. The result is expected because the mean value of women CEO in Table 1 is 0.080357 which is low and not substantially different from zero (0) showing the absence of women CEO. The physical observation of the data shows that only two banks had women CEO for the eight years under consideration.

The third and hypothesis of interest predict the relationship between the joint effect of CEO tenure and the size of the firm on the dependent variable of firm value. This is inline with the conventional wisdom and the position of Graham et al. (2010) that the profit implication of the tenure of CEOs in larger companies far exceeds the business outcome of CEO tenure in smaller companies. The result of the analysis shows that the joint effect is negative and significant at the 10% level. The result of the negative relationship shows that the size of the firm matters in the relationship between CEO tenure and firm value. The average tenure of 3 years appears short for CEO to make any difference in larger organisations.

Robustness Check

To ensure the validity of our research findings, we carried out two robustness check on our regression results. First, we considered an alternative measure of CEO tenure, called CEO long tenure which is a dichotomous variable of

one (1) for CEO tenure of eight years and above and zero (0) if otherwise. The idea is that the longer the CEO stays in a large company, the better the financial indices. With time, the CEO get acclimatised with both the environment and culture of the company and can use his expertise to generate positive outcomes.

Table 4: Result of Alternative measure of CEO Tenure

VARIABLE	BASE CASE	ROBUST CASE
CEOT	-1.052907** (0.2947)	
CEOT*FSIZE		2.365726* (0.0198)

*Shows significance at the 5% level ** Shows significance at the 10% level. Probability values are reported under each t-value in parenthesis.

With the alternative measure of CEO long tenure, the baseline case reported a negative relationship at the 10% level of significance. The robust case was however positive and significant at the 5% level indicating that CEOs with long tenure in large organisations perform exceedingly better compared to CEOs in smaller organisations. The argument of a bidirectional relationship between CEO tenure and firm value and female CEO and firm value could not be substantiated in the study. When a lag of the dependent variable of return on assets was included in the model, the result was not substantially different. The causality issue between CEO tenure and return on asset, meaning that CEOs are attracted to well-performing organisations was subjected to Granger causality test, and it was observed that CEO tenure granger causes return on assets and the reverse was not the case.

Pairwise Granger Causality Tests

Date: 08/08/17 Time: 03:37
 Sample: 1 112
 Lags: 2

Null Hypothesis:	F-	Obs	Statistic	Prob.
CEOTE does not Granger Cause ROA	110	3.922470	0.0228	
ROA does not Granger Cause CEOTE		0.136920	0.8722	

Discussion of Findings

The positive relationship between CEO tenure proxy with the number of years in the position is consistent with the extant literature (Hambrick et al., 1993; March, 1991; and Wang et al., 2009). The justification for the positive impact is that with time, the CEO can leverage his relationship with both the internal and external stakeholders to increase the numbers (financial indices) of the organisation. The joint effect of tenure and firm size was negative this is probably because the average CEO tenure for banks was about 3years, which may be considered relatively small for any meaning impact on large organisations. With alternative proxy of CEO long tenure, the relationship became positive. This means that CEO with long tenure in large organisations does better. The finding corroborates the position of Graham et al. (2010).

The relationship between female CEO and the firm value was negative and significant at the 5% level. The result is not unexpected considering the few numbers of women CEO in Nigerian banks. In the banks studied, only two had women CEO female. The negative relationship is consistent with findings of Ahern and Dittmor (2012) and Lee and James (2003). The result shows that the insignificant number of women CEO does not have the critical mass to make any significant difference.

Conclusion

The fundamental objective of the study is to investigate the nexus between CEO attributes and firm value. Taking a census of money deposit banks in the Nigeria Stock Exchange comprising of 112 firm-year observations, we find a significant positive relationship between

CEO tenure and firm value. To ensure the validity of the research finding, we substituted the variable of CEO tenure with a variant of dummy variable assigned one (1) if the length of stay of the CEO is eight (8) years and above, and zero (0) if otherwise. The variant of CEO tenure reported a positive and significant relationship with firm value at the 5% level of significance.

The research finding negates the consensus proposition of bidirectional causality between CEO tenure and firm value. When we lagged the dependent variable on the right-hand side of the equation, the result was not substantially different. While CEO tenure granger cause firm value, firm value did not Granger cause CEO tenure. In addition, the result of the relationship between female gender CEO and firm value is negative and significant at the 5% level.

The result of the interaction between CEO tenure and firm size on firm performance is negative and significant at the 10% level. The result is contrary to conventional wisdom and negates the position of Graham et al. (2010) that the profit position of long-tenured CEO increases with increase in the size of the firm. The joint effect of firm size and CEO tenure reduces the performance of deposit money banks under consideration.

Against the backdrop of the positive relationship between CEO tenure and firm value, we recommend a longer tenure for bank CEOs in Nigeria. The prolonged presence of the CEOs will afford them the opportunity leverage on their industry experience to varying the performance of the banks. The time will be sufficient for the CEOs first to unlearn the past business culture that may not be relevant to the current employment and relearn the operational activities of their current employment. However, the tenure of the CEO should not be too long to avoid excessive attachment to an obsolete business model in a dynamic business world where cutting-edge business practices change with the speed of light.

Common to most studies, this contribution is limited by the micronumerosity of the regression data. Even though we employ a census of money deposit banks in Nigeria, a firm-year observation of 112 is considered relatively small. However, this limitation did not in any way vitiate the extensive generalisation of the research result.

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