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EFFECT OF RISK COMMITTEE DIVERSITY ON FINANCIAL PERFORMANCE OF LICENSED DEPOSIT MONEY BANKS IN SELECTED SUB SAHARAN AFRICAN COUNTRIES

Amarachi Rosita Ejimadu[1] Ugochukwu J. Nwoye[2] Olufemi Yeye[3] Patrick A. Egbunike[4]
[1,2&4]Department of Accountancy, Nnamdi Azikiwe University Awka, Anambra State
[3]Department of Financial Studies, National Open University of Nigeria, Abuja.
Emails: amy4real88@yahoo.com[1]; uj.nwoye@unizik.edu.ng[2]
oyeye@noun.edu.ng[3]; pa.egbunike@unizik.edu.ng[4]
***All correspondence to**:* amy4real88@yahoo.com

ABSTRACT

This study investigated the effect of risk committee diversity on financial performance of licensed deposit money banks in selected sub saharan African countries. In specific terms, it investigated the effects of risk committee independence diversity, risk committee gender diversity, and risk committee tenure diversity on total assets of selected commercial banks in Nigeria, Ghana and South Africa. Adopting the ex post facto research design, a total of 12 commercial banks out of 29 commercial banks with license for international operations in Nigeria, Ghana and South Africa was judgmentally sampled for the years 2014 – 2024. Data extracts from the audited financial reports of the sampled commercial banks were analysed for test of hypotheses purpose using the panel least square statistical tool through STATA ver 17 statistical software. The findings showed that board risk management committee independence diversity has a positive but non-significant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistic 0.97; p-value 0.335); board risk management committee gender diversity has a positive but very weak insignificant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistic 0.04; p-value 0.967); and board risk management committee tenure diversity has a strong and positive significant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistics 2.03; p-value 0.045). The study concluded that deep-level diversity attributes especially tenure structure plays a more meaningful role in strengthening the performance of commercial banks in the sub Saharan Africa. It therefore recommends that Banks should improve board independence by adopting stricter conflict-of-interest policies, ensuring independent directors have full access to risk information, and reducing practices that limit independent oversight. Also, banks should ensure that gender-diverse appointees are assigned meaningful functional roles within BRMCs rather than symbolic positions. Lastly, commercial banks should therefore adopt staggered board renewal policies, ensuring a mix of long-serving and newly appointed directors in BRMCs to facilitate knowledge continuity and fresh perspectives.

Key words: *Financial Performance, Risk Committer Gender diversity, Risk Committee Independence diversity, Risk Committee Tenure diversity, Sub Saharan Africa, Total Assets.*

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INTRODUCTION

In recent years, corporations have increasingly prioritised risk management and governance processes, reflecting their critical role in enhancing firm performance (Malik, Zaman, & Buckby, 2020). The banking industry faces a wide range of risks that can negatively impact its operations (Ullah et al., 2024). Sub-Saharan banking sectors share similar challenges of financial instability and inadequate risk management frameworks, which hinder their ability to respond effectively to systemic shocks (Odubuasi, Ofor, & Ugbah, 2022). Presently, managers are dealing with important risk occurrences when overseeing many firms (Rubino, Vitolla, & Garzoni, 2017). Such as the risk associated with new technologies, shifting worker demographics, financing options, etc. (Liff & Wahlstrom, 2018). Banks grapple with liquidity, foreign exchange, interest rates, and other market risks, which could lead to organisational failure (Yahaya & Yakubu, 2022).

Risk management has emerged as a crucial function for banks and financial institutions in recent decades, driven by the increasing complexity and interconnectedness of global financial markets, rapidly evolving regulatory landscapes, and the ever-present threat of financial crises and systemic shocks (Jia, 2019). The risk management committee has emerged as a key factor in modern corporations (Bensaid, Bin Ishak, & Binti Mustapa, 2021). This subcommittee supports the board with sufficient information and helps the business keep an eye on management's actions that improve business performance and reduce the likelihood of earnings manipulations (Subramaniam, McManus, & Zhang, 2009).

Financial intermediaries are inherently exposed to various types of risks, including credit, market, operational, etc. (Khalid & Amjad, 2012). Understanding different risks (credit, market, operational, etc.) enables shareholders to evaluate the financial health of banks (Akbar, Zeb, & Zada, 2024). Credit risk arises from the potential default of borrowers or counterparties (Ding & Wei, 2023), while market risk stems from adverse movements in interest rates, exchange rates, and other market prices (Kayani, 2023). Operational risk encompasses potential losses due to inadequate or failed internal processes, people, systems, or external events (Kibria & Siddiqui, 2022). Liquidity risk relates to a bank's ability to meet its financial obligations as they come due, and reputational risk can arise from negative public perception, which can impact customer confidence and, consequently, the bank's ability to attract and retain business (Akbar, Zeb, & Zada, 2024). Other types of risks faced by banks include compliance risks from legal and regulatory matters (Ullah et al., 2024). The global financial crisis of 2007-2008, which originated from the subprime mortgage crisis in the United States, highlighted the severe consequences of ineffective risk management practices.

The crisis led to the collapse of several prominent financial institutions, widespread credit freezes, and massive government bailouts, underscoring the systemic importance of risk management in maintaining financial stability (Khalid & Amjad, 2012).

Over the past two decades, Nigeria and Ghana have implemented significant banking sector reforms to enhance stability, competitiveness, and economic financing capacity. In Nigeria, the Central Bank of Nigeria (CBN) initiated a series of reforms following the 2008–2009 global financial crisis, addressing issues such as poor corporate governance, lax risk management, and insider abuses (Uford & Duh, 2021). These measures included special audits, license revocations, mergers, and the establishment of the Asset Management Corporation of Nigeria (AMCON) to purchase non-performing loans, thereby freeing up capital for lending. Additionally, the gradual adoption of Basel II and III frameworks aimed to strengthen regulatory standards and supervision. Similarly, Ghana's banking sector underwent a comprehensive clean-up between 2017 and 2019, reducing the number of banks from 36 to 23. The Bank of Ghana (BoG) implemented measures to address insolvency and governance issues, including revoking licenses and consolidating banks to form the Consolidated Bank Ghana Ltd. These reforms aimed to create a more stable banking system with stronger institutions and improved loss-absorption capacity. Both countries' reforms have led to more resilient banking sectors, better equipped to support economic growth and withstand financial shocks. In South Africa, Fofack (2005) observed that the concentration of market power among a few large banks can heighten systemic vulnerability, particularly when the accumulation of non-performing or impaired loans escalates. This scenario is evident in South Africa, where the banking sector is largely dominated by four major institutions: Standard Bank, Absa (Amalgamated Bank of South Africa), Nedbank, and FirstRand Bank (FNB), as identified by the South African Reserve Bank (SARB). The dominance of these institutions implies that any significant rise in their levels of non-performing loans (NPLs) could pose a substantial threat to the overall stability of the financial system. Supporting this view, Ergungor and Thomson (2006) find that poor risk management practices are a critical factor contributing to systemic banking crises. Consequently, if these leading South African banks fail to effectively prioritise and manage credit risk, the likelihood of a broader financial crisis significantly increases. Hence, reforms in Sub-Saharan Africa were substantially geared at improving capitalisation, asset quality and resilience of DMBs to withstand shocks.

Banks in Sub-Saharan Africa face heightened risks due to economic volatility, governance inefficiencies, and inadequate regulatory enforcement, leading to recurring financial instability (Arun, Ashraf, Jayasinghe, & Soobaroyen, 2023). Nigerian, Ghanaian and South

African banks struggle with weak risk governance, as evidenced by corporate failures and financial losses despite implementing internationally recommended risk management strategies (Arun, Ashraf, Jayasinghe, & Soobaroyen, 2023). For instance, the Nigerian banking sector faces a troubling pattern of failures, underscored by the recent collapse of Heritage Bank. The Central Bank of Nigeria (CBN) mandated that DMBs comply with new regulatory frameworks by March 31, 2024, to bolster the resilience of the banking system. This underscores the ineffective nature of risk management committee structures, thereby often failing to mitigate credit, market, and operational risks (Odubuasi, Ofor, & Ugbah, 2022). Hence, despite the implementation of various governance and risk management strategies, in the countries, banks in Sub-Saharan Africa have struggled to maintain financial stability and resilience. The weaknesses have become increasingly evident, suggesting that these frameworks may not adequately address the multifaceted risks banks face in today's volatile economic environment (Alasin & Briggs, 2018; Gacheru, 2021). Thus, with a growing emphasis on risk management, significant gaps remain in addressing the core factors affecting financial performance, particularly in the diversity of risk committees.

The composition of the risk management committee can therefore significantly impact the financial performance of banks (Ibiamke, Tauhid, & Okpanachi, 2023; Agyemang, Kankam-Kwarteng, Kyekyeku, & Mogunde, 2020). However, the effects are nuanced and multifaceted, with various aspects of the risk management committee playing different roles. For instance, Kallamu, Saat, and Senik (2013), who studied 37 financial institutions listed in Malaysia between 2007 and 2011, found a positive relationship between risk management committee size and financial performance, using ROA and Tobin's Q as performance measures. In contrast, Hoque, Islam, and Azam (2013) identified a significant negative association between risk management committee size and financial performance, adding further complexity to the ongoing debate regarding the optimal size of the risk management committee. Against this backdrop, the study investigate the effect of risk management committee diversity on the financial performance of listed Deposit Money Banks in Sub-Saharan African with a focus on Nigeria, Ghana and South Africa.

Objectives

The main objective of the study is to evaluate the effect of board risk management committee diversity on financial performance of DMBs listed in selected Sub-Saharan Africa countries. The specific objectives include to;

1. ascertain the effect of board risk management committee independence diversity on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa.
2. determine the effect of board risk management committee gender diversity on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa.
3. examine the effect of board risk management committee tenure diversity on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa.

LITERATURE REVIEW

Risk Management

Risk management is a process that enables businesses to identify, assess, and mitigate potential threats to their operations, finances, and reputation. In today's dynamic and interconnected global economy, organisations face an increasingly complex array of risks, making effective risk management more important than ever (Dionne & Triki, 2005). The primary goal of risk management is to anticipate and address challenges before they escalate into crises. Risk is said to be inherent in banking operations as banks deal with finances and are involved in various risky activities like lending. The evolution of corporate governance practices has underscored the increasing importance of risk management as a distinct and essential function. While risk oversight was traditionally handled by the audit committee (Elamer & Benyazid, 2018), the growing complexity of the business environment and its associated corporate risks revealed significant limitations in this approach (Frank & Ukpong, 2024). Several high-profile corporate collapses, such as those of Enron and WorldCom in the United States, exposed the inadequacies of existing mechanisms and underscored the urgent need for a more robust risk governance structure (Quon, Zeghal, & Maingot, 2012).

These failures highlighted the necessity of strengthening corporate governance frameworks. In addition to the complex and dynamic risks, ranging from financial and operational uncertainties to reputational and regulatory challenges, further emphasised the need for specialised attention. The skills, expertise, and focused effort required to navigate such risks often exceed the capacity of audit committees, which are already burdened with a broad array of responsibilities. This shortfall created a pressing demand for an autonomous committee solely devoted to risk oversight (Battaglia, Gallo, & Graziano, 2014). One pivotal response

to this challenge was the recommendation to establish a separate board-level committee dedicated exclusively to risk management. The primary mandate of an RMC is to oversee an organisation's risk management processes and ensure the establishment of a strong and effective risk management framework (Fali, Philomena, Ibrahim, & Amos, 2020).

In the banking context, one of the most prominent concerns is credit risk, which stems from the possibility that borrowers may fail to meet their repayment obligations (Ding & Wei, 2023; Haddad, 2023). This risk threatens the institutions' financial health and underscores the importance of robust credit evaluation mechanisms. Another critical challenge is market risk, which arises from changes in key economic variables such as interest rates, foreign exchange rates, and equity prices. These fluctuations can significantly influence the banks' investment portfolios and profitability, causing a volatile financial environment (Alshater, Khan, Hassan, & Paltrinieri, 2023; Kayani, 2023). Operational risk further adds to the complexities faced by these banks. Internal system failures, human errors, and instances of fraud can disrupt their processes and erode trust among stakeholders (Kibria & Siddiqui, 2022; Mairafi, Hassan, & Mohamed-Arshad, 2022). Addressing such risks demands a focus on improving technological infrastructure and strengthening operational protocols.

Liquidity risk also poses a persistent challenge, affecting a bank's capacity to meet its short-term obligations. Whether due to sudden withdrawals or mismatched cash flow timings, the inability to manage liquidity efficiently can undermine the confidence of depositors and investors alike (Maroof, Basit, & Khan, 2022).

Board Risk Management Committee Diversity (BRMCD)

Risk management committee diversity represents a vital dimension of contemporary corporate governance, reflecting the variety of demographic, professional, and cognitive characteristics among members responsible for overseeing an organization's risk framework. Conceptually, it encompasses differences in gender, age, ethnicity, educational attainment, professional experience, and cognitive styles. These dimensions of diversity influence how committee members identify, assess, and respond to organizational risks, shaping the overall effectiveness of risk governance. In the post-financial crisis era, growing regulatory emphasis on board oversight and enterprise risk management has intensified scholarly and practical interest in how diverse risk committees contribute to organizational stability and accountability.

Theoretically, Social Identity Theory (Tajfel & Turner, 1986) and Cognitive Diversity Theory (Page, 2007) and others provide strong conceptual foundations for understanding the dynamics of risk management committee diversity. Social Identity Theory posits that individuals derive part of their self-concept from their group memberships, and these identities influence how they perceive issues and interact with others. Applied to risk committees, this means that members from different social categories such as gender or ethnicity bring varied perspectives and values that can improve deliberation and reduce conformity pressures. Diversity challenges homogeneous thinking, fostering richer dialogue and a broader appreciation of risk exposure. Conversely, Cognitive Diversity Theory emphasizes variation in members' mental models, experiences, and problem-solving approaches. When applied to risk governance, this theory suggests that committees composed of individuals with diverse cognitive and professional backgrounds such as accountants, lawyers, engineers, and economists are more capable of analyzing complex, multidimensional risks. The interaction of different cognitive schemas promotes creativity, improves scenario planning, and strengthens the organization's ability to respond to uncertainty.

Empirical literature supports the conceptual link between diversity and enhanced risk oversight. Studies show that gender-diverse risk committees are more vigilant in monitoring financial practices and exhibit greater prudence in risk-taking (Li, sands, Daff, Arian & Busulwa, 2025). Women directors, often characterized by higher ethical sensitivity and long-term orientation, contribute to more balanced risk decisions. Similarly, professional diversity introduces complementary expertise that enhances collective judgment; members from non-financial backgrounds can question assumptions that financial experts might overlook, thereby improving the robustness of risk assessments. Ethnic and cultural diversity, meanwhile, enriches understanding of global market and regulatory risks, which is essential for multinational firms. These findings align with governance reforms by global institutions such as the Basel Committee on Banking Supervision and the OECD, which advocate for diverse board compositions to strengthen enterprise risk management systems.

This is more as dversity is not without its challenges. While heterogeneity increases informational richness, it may also lead to communication barriers, interpersonal tension, and slower decision-making. Differences in perspectives can generate conflict if not properly managed, and excessive diversity without shared purpose may hinder consensus. Therefore, the benefits of diversity depend on moderating factors such as inclusive leadership, psychological safety, and organizational culture. Effective chairs and governance structures are needed to ensure that diverse members contribute equally and that their insights are

integrated into collective decisions. Inclusion transforms diversity from a potential liability into a strategic asset by fostering openness, mutual respect, and constructive debate.

Risk management committee diversity is conceptually linked to improved governance quality, transparency, and organizational resilience. Through the lens of social identity and cognitive diversity theories, diversity enhances the committee's ability to anticipate, evaluate, and mitigate risks in a complex and uncertain business environment. When managed inclusively, diverse risk committees promote more ethical, informed, and forward-looking decision-making, thereby strengthening the overall risk culture and long-term sustainability of firms.

Board Risk Management Committee Independence Diversity (BRMCID)

Risk-committee independence diversity refers to heterogeneity in the degree and form of independence among members of a board-level risk committee: the mix between independent (outside) directors and insiders or affiliated directors; variation among independent directors in their true detachment from management (e.g., tenure, prior ties, network centrality); and differences in independence-related attributes such as financial expertise, regulatory experience, and external appointments. Conceptually, independence diversity is not simply a binary count of "independent" seats; it captures the distribution of independence-related qualities that influence how the committee monitors management, processes risk information, and resists capture or groupthink. This multi-dimensional conception matters because different configurations yield different incentives, information flows, and governance dynamics (OECD, 2022).

Prior study suggests that outside directors are motivated to establish a reputation as skilled monitors, which leads them to exert greater oversight over the firm's operations (Elamer & Benyazid, 2018). Additionally, independent directors are not personally invested in the company's long-term career prospects, enabling them to make decisions with a greater degree of objectivity and without the fear of personal career repercussions (Almulhim, Aljughaiman, Al Naim, & Alosaimi, 2024). Amin (2024) argues that a higher proportion of independent directors on the board can contribute to more objective decision-making processes. These findings support the notion that independent directors tend to be more impartial and less influenced by internal company politics. However, contrary to the theoretical claims, some empirical evidence suggests that independent directors may not always be as effective at managing corporate governance compared to their internal counterparts. In particular, Yusuf, (2023) challenge the idea that independent directors enhance firm performance, finding no significant link between the independence of the board and corporate success.

Regarding risk management functions, the role of independent directors has also been a subject of debate. Elamer and Benyazid (2018) discovered that the presence of independent directors on the board led to an increase in the use of interest rate derivatives, raising the overall risk profile of the firm. Similarly, Yusuf, (2023) found no clear connection between the independence of directors and risk management activities. These findings question the assumed benefit of independent directors in reducing business risk. In another study, Alzayed, Batiz-Lazo and Eskandari (2024) found a positive association between the percentage of independent members on the risk committee and firm performance, indicating that a greater proportion of independent directors may contribute to better financial outcomes in certain contexts. Similarly, Amin (2024) also reported a positive relationship between the percentage of independent directors on the risk committee and financial performance, along with a positive effect on the market valuation of firms. Kantudu and Samaila (2016) found that independent directors can reduce the occurrence of earnings manipulation practices. Fali, Philomena, Ibrahim, and Amos (2020) on the other hand concluded that RMC independence does not influence financial performance. Lamidi, Adebayo, Olorede, and Oyekanmi (2022) in their study found that RMC independence has a negative impact on the financial performance of deposit money banks. These mixed findings highlight the complex and varied impact of independent directors on corporate governance, risk management, and financial performance.

H_0: *Board risk management committee independence diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa*

Board Risk Management Committee Gender Diversity (BRMCGD)

Risk management committee gender diversity refers to the presence of both male and female members on the committee (Lamidi, Adebayo, Olorede, & Oyekanmi, 2022). The topic of women serving on boards of directors has gained significant attention in recent years, emerging as a vital area of research. Contributions from academics, professional organisations and societal advocacy groups emphasise the need for greater representation of women in boardrooms. A consistent argument in this discourse is the importance of reducing the prevalence of all-male boards, which not only lack diversity but also miss opportunities for enhanced governance and decision-making (Maxfield & Wang, 2024). Yet others established a connection between gender diversity and various corporate outcomes, such as the quality of financial reporting, firm value, growth, and other performance-related factors (Mumtaz, Rehan, Khan & Zaidi, 2021).

Prior study argues that women commonly bring different perspectives on prudence, stakeholder concerns, and ethical considerations, which can shift the committee's attention toward downside and compliance risks rather than short-term upside gambles. They further showed a consistent negative association between board gender diversity and certain measures of downside risk, suggesting that women's presence helps temper excessive risk-taking under many conditions (Lee & Thong, 2022).

Cognitive diversity theory highlights that gender diversity increases the heterogeneity of mental models and heuristics in deliberation. When risk committees include women with diverse functional backgrounds (finance, legal, technology, compliance), committees gain broader information processing capacity: they are more likely to surface distinct risk scenarios and to challenge dominant framings. Several recent studies find that gender-diverse boards and committees are more likely to produce richer risk disclosures, consistent with the idea that gender diversity enhances informational breadth and anticipatory oversight (Qazi, Khan, Haq, & Talat, 2025).

Studies suggest that women tend to exhibit greater vigilance compared to men (Khlif & Achek, 2017), with some research highlighting that females are generally more risk-averse yet capable of managing risk within acceptable limits (Lamidi, Adebayo, Olorede, & Oyekanmi, 2022). In addition, Jia (2019) found that women are often appointed to risk management committees due to their proficiency in overseeing risk across the organisation. The inclusion of women on these committees is believed to enhance decision-making by introducing a more balanced perspective, ultimately leading to improved risk management and, consequently, better corporate performance. Such diversity can bring a different approach to problem-solving and ensure more comprehensive and thoughtful assessments of risks, which are crucial for making strategic decisions that optimise the company's outcomes. In the Nigerian context, Odubuasi, Ofor, and Okoye (2020) found that RMC gender diversity has a positive and statistically significant effect on the financial performance of banks in Nigeria. In contrast, Odubuasi et al. (2021) found that RMC gender diversity had an inverse effect on performance.

H_0: Board risk management committee gender diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa

Board Risk Management Committee Tenure Diversity (BRMCTD)

Tenure diversity on a risk committee refers to heterogeneity in members' lengths of service (tenure) on the committee or board typically operationalized as variety (presence of short- and long-tenured members), dispersion (standard deviation of tenure), and separation (gaps between cohorts) (Ji, Peng, Sun, & Xu, 2021). Conceptually tenure diversity differs from mean tenure. Mean tenure captures persistence/experience, whereas tenure diversity captures the mix of fresh perspectives and institutional memory within the same decision-making body (Tran Phuong, Le, & Ouyang, 2022). For a risk committee whose tasks include horizon scanning, scenario analysis, stress testing, escalation and rapid response, this mix shapes both the content of risk judgments and the process by which those judgments are produced.

Long-tenured members often carry firm-specific knowledge, institutional memory, and historical perspective about past crises, model failures and regulatory responses; short-tenured members are more likely to bring recent external experience, novel mental models and reduced susceptibility to organizational capture (Gao & Huang, 2024). When combined, these perspectives widen the committee's scenario set and reduce blind spots. Long tenure supplies lessons-learned; short tenure supplies sensitivity to emergent risks. Empirical cross-country work shows that tenure variety at board level is associated with more conservative investment policies and lower return volatility, consistent with the idea that mixed tenures produce more prudent risk choices (Murphy, Brown & Ward, 2021).

Research on director tenure indicates that the effects of tenure on monitoring versus advising are dynamic and contingent on governance context, tenure can enhance advising (leveraging experience) but can weaken monitoring if it reduces independence or creates cozy relations with management (Paolone, 2023). Tenure correlates with career stage, incentives and time horizons. Longer-serving directors especially those with accumulated reputational capital may be more loss-averse regarding reputational or regulatory shocks and thus favour caution. Newer directors may prioritize growth or technology adoption and be more willing to accept certain strategic risks (Gao & Huang, 2024). The committee's aggregate risk posture therefore depends on the balance: tenure diversity can produce richer debate about acceptable short-term versus long-term trade-offs, but can also create deadlock during crises if temporal preferences are strongly opposed. Pandemic and crisis-context studies suggest that mixed tenure teams performed better when tasks required both rapid adaptation and institutional memory (Murphy, Brown & Ward, 2021).

From a prior study standpoint, tenure diversity is not uniformly good or bad, its effect is conditional on mediating factors. First, process design matters: chairs who deliberately solicit minority or newer voices, structured pre-reads that equalize information asymmetries, role-allocation (e.g., pairing a new director with a mentoring long-tenured member), and explicit escalation protocols help convert tenure heterogeneity into productive deliberation (Paolone, 2023). Second, complementary attributes are essential: tenure diversity should be combined with independence, relevant expertise (financial, cyber, regulatory) and adequate meeting frequency; studies find tenure benefits are strongest when directors also bring relevant skills and the committee meets actively (Murphy, Brown & Ward, 2021). Third, monitoring for entrenchment and network effects is critical: long tenures can lead to reduced independence and increased social ties to management. Empirical work on independent-director tenure shows longer independent director tenure can sometimes weaken governance (e.g., more opportunistic insider trading), so tenure diversity should be accompanied by safeguards (periodic re-election scrutiny, limit policies, external rotation) (Gao & Huang, 2024).

H_0: Board risk management committee tenure diversity has no significant effect on the Return on Assets (ROA) of listed DMBs in Sub-Saharan Africa

Financial Performance

Financial performance plays a crucial role in attracting investors' attention, as it serves as a key indicator of the business's potential for success (Bensaid, Bin Ishak, & Binti Mustapa, 2021). Financial performance, in particular, is commonly used to assess the effectiveness of management's strategies and actions. This financial information is vital not only for measuring internal management performance but also for stakeholders in the financial reporting ecosystem, who rely on it to make informed economic decisions. A risk management committee plays an essential role in ensuring that the organisation’s approach to risk is well-aligned with its overall strategy (Gontarek, 2016). Financial performance is a fundamental measure of a company's overall financial health, reflecting its ability to generate revenue, manage expenses, and create value for shareholders. It encompasses various financial metrics and ratios that provide insights into profitability, liquidity, solvency, and efficiency (Quoc Trung, 2021). In today's dynamic business environment, characterised by rapid technological advancements and global economic uncertainties, understanding and optimising financial performance has become increasingly essential for organisations to maintain competitiveness and ensure long-term sustainability. Authors have highlighted the multifaceted nature of financial performance. Dutta, Lawson, and Marcinko (2013) argue that traditional accounting-

based measures, such as return on assets (ROA) and return on equity (ROE), while valuable, may not fully capture a company's financial prowess in the digital age. They propose integrating market-based indicators like Tobin's Q and economic value added (EVA) to better reflect investor confidence and value creation potential. The impact of environmental, social, and governance (ESG) factors on financial performance has gained significant attention.

Returns on Asset

Return on Assets (ROA) is a fundamental financial ratio that measures a company's profitability in relation to its total assets. This metric provides investors, analysts, and managers with a clear indication of how effectively a firm utilises its assets to generate earnings. ROA is particularly valuable in assessing capital-intensive industries where substantial investments in fixed assets are common (Seo, Woo, Mun, & Soh, 2021). By quantifying the return generated per dollar of assets, ROA enables stakeholders to evaluate management's efficiency in deploying capital resources.

Net Income represents the company's after-tax profit, found at the bottom of the income statement. Total Assets, comprising both current and non-current assets, are listed on the balance sheet. Some analysts prefer using average total assets (beginning-of-year assets plus end-of-year assets, divided by two) to account for fluctuations throughout the year (Jabbouri, Satt, El Azzouzi, & Naili, 2024). Variations of the ROA formula exist to offer deeper insights. Higgins and Omer (2022) advocate for using Earnings Before Interest and Taxes (EBIT) instead of Net Income to focus on operational efficiency, excluding the effects of financial leverage and tax strategies. This modification allows for more accurate comparisons between companies with different capital structures and tax jurisdictions. Recent studies have shed light on ROA's nuances. Li and Zhang (2021) examined the relationship between intangible assets and ROA in the technology sector. They found that traditional ROA calculations may undervalue firms with substantial intangible assets like patents, brands, and software. These assets, often internally generated and not fully reflected on balance sheets, contribute significantly to earnings. The authors propose an "Innovation-Adjusted ROA" that estimates and includes the fair value of intangible assets in the denominator.

The COVID-19 pandemic has underscored ROA's importance in assessing business resilience. Ozili (2023) studied ROA trends across industries during the crisis. Interestingly, sectors like e-commerce and healthcare saw ROA improvements due to increased demand, while travel and hospitality experienced sharp declines. This research highlights ROA's role as an indicator of adaptability in turbulent times. In cross-border investments, ROA's

interpretation requires caution. Nakamura and Shibuya (2022) warn that varying accounting standards can affect ROA comparability. For instance, IFRS allows revaluation of fixed assets, potentially inflating the asset base compared to U.S. GAAP. They recommend adjusting for these differences or using sector-specific benchmarks when comparing ROA internationally.

Return on Assets (ROA) is a key indicator of financial performance, measuring how efficiently a company utilises its assets to generate profit. The formula for ROA is:
ROA = Net Income /Total Assets A higher ROA indicates better asset management and profitability. Thus, effective asset utilisation is crucial for enhancing overall financial health and investor confidence. This metric remains vital for stakeholders assessing operational efficiency.

Theoretical Review

Cognitive Diversity Theory

Cognitive Diversity Theory emerged from the fields of organizational behavior, psychology, and complexity science, and it was popularized by Scott E. Page. He built upon earlier decision and social learning theories to argue that diversity of thought, perspectives, heuristics, and problem-solving approaches enhances group performance more effectively than homogeneity of expertise. Rather than focusing only on visible or demographic forms of diversity such as gender or ethnicity, Cognitive Diversity Theory emphasizes the variety of mental models' individuals use to perceive problems and develop solutions. The core proposition is that organizations and teams with members who think differently will outperform more uniform groups, especially in complex or uncertain environments like risk management.

At its foundation, Cognitive Diversity Theory distinguishes between identity diversity (who people are) and cognitive diversity (how people think). While social identity affects group dynamics, cognitive diversity directly influences information processing and decision quality. Individuals possess distinct mental frameworks shaped by their education, experiences, professional training, culture, and personality. These mental frameworks affect how they interpret data, identify risks, weigh probabilities, and forecast potential outcomes. For instance, an economist, an engineer, and a lawyer may interpret the same financial data differently with each focusing on different aspects based on their cognitive lenses. Cognitive diversity thus broadens a group's collective intelligence and expands the range of possible solutions. One of the theory's key assumptions is that diversity enhances collective problem-

solving by expanding the cognitive toolkit. According to the popularizer of the theory, a team's ability to solve complex problems depends not only on the intelligence of its members but also on the diversity of cognitive tools they bring. These tools include varied ways of framing problems, alternative assumptions, different analytical methods, and unique approaches to synthesizing information. When diverse thinkers collaborate, their differing cognitive schemas lead to the discovery of novel insights and prevent uniform biases from dominating decisions. This theoretical mechanism explains why cognitively diverse groups are better at addressing ambiguous, multifaceted challenges, precisely the type of problems that risk committees confront in corporate governance.

In applying Cognitive Diversity Theory to risk committees, the theory underscores that committees composed of members with heterogeneous professional, educational, and experiential backgrounds are likely to make more balanced and comprehensive risk assessments. Risk management is inherently complex, involving quantitative, qualitative, strategic, and behavioral elements. Members trained in finance might focus on credit and market risks, while members with backgrounds in operations, law, or sustainability might emphasize compliance, process, or environmental risks. The presence of multiple cognitive styles reduces the likelihood of groupthink and fosters constructive debate, where assumptions are challenged, and alternative risk scenarios are considered. This diversity of thought not only strengthens the robustness of risk oversight but also improves the firm's ability to anticipate emerging threats. Another central insight from the theory is the role of cognitive complementarity which is the idea that the interaction of different thinking styles creates synergy. For example, analytical thinkers contribute depth and precision, creative thinkers contribute novelty and innovation, while pragmatic thinkers ensure implementability. In an effective risk committee, these cognitive differences blend to produce superior outcomes, as each member's unique cognitive approach compensates for the limitations of others. However, cognitive diversity yields benefits only when the team environment encourages psychological safety and open communication. Without these enabling conditions, cognitive differences can lead to misunderstanding, conflict, and slower decision-making.

Despite its strengths, Cognitive Diversity Theory is not without limitations. One criticism is that cognitive diversity is difficult to measure empirically, as it involves internal thought processes rather than observable attributes. Researchers often rely on proxies such as educational background, professional experience, or functional diversity, which may not perfectly capture true cognitive differences. Another limitation is that excessive cognitive

diversity can, under certain conditions, reduce cohesion and efficiency. When team members think too differently, they may struggle to reach consensus or communicate effectively, leading to decision paralysis or conflict. Furthermore, the benefits of cognitive diversity depend heavily on contextual factors such as leadership quality, team size, and organizational culture. Without inclusive leadership or psychological safety, cognitive differences can create friction rather than synergy. Nonetheless, the advantages of cognitive diversity generally outweigh its drawbacks, particularly in contexts that demand innovation, complex reasoning, and adaptive thinking. In risk committees, where decisions often involve uncertainty and ambiguity, cognitive diversity enables members to consider multiple risk perspectives and anticipate second-order effects. It encourages committees to question assumptions, explore alternative scenarios, and design more resilient risk mitigation strategies. By contrast, homogenous groups tend to converge on familiar ideas, overlook warning signals, and exhibit overconfidence in their judgments.

Relevance of Cognitive Diversity Theory to Risk Committee Diversity and Performance

Cognitive Diversity Theory offers a powerful framework for understanding how variation in thought processes enhances group decision-making, especially in governance settings. It shifts attention from who people are to how they think, emphasizing the value of multiple cognitive lenses in solving complex problems. When applied to corporate risk committees, the theory explains why diversity in education, experience, and expertise produces richer deliberation and more effective oversight. However, the theory also cautions that the positive impact of cognitive diversity depends on organizational culture, leadership, and communication practices that support mutual respect and shared learning. As such, Cognitive Diversity Theory complements other perspectives like Social Identity Theory and Resource Dependence Theory, providing a cognitive-behavioral foundation for the study of board and committee diversity.

Empirical Review

Awotomilusi, Ajoloko, Saka, Adeniran, Owonifari, and Dagunduro (2025) examined the influence of risk management committee (RMC) attributes, specifically independence on the market performance of listed insurance firms in Nigeria. The study was grounded in the agency theory, which posits that strong governance mechanisms such as independent risk committees can mitigate conflicts of interest and improve firm outcomes. The researchers employed a quantitative research design using secondary data from 22 Nigerian insurance firms listed on the Nigerian Exchange Group (NGX) covering the period 2012–2023. Panel

data regression analysis was applied to assess the relationship between RMC characteristics and firm market performance, proxied by Tobin's Q. The result showed that risk committee independence has a positive and significant impact on market performance, suggesting that greater independence within the RMC enhance oversight effectiveness and investor confidence.

Afrizal, Oktavendi, and Irawan (2025) investigated the influence of risk management committee (RMC) characteristics specifically independence on firm performance in Indonesia, while also examining the moderating role of political connections. Using a quantitative research design, the study analyzed panel data from Indonesian firms listed on the Indonesia Stock Exchange (IDX) for the period 2018–2023. Applying multiple regression analysis, the authors tested how RMC attributes affect firm financial performance measured by Return on Assets (ROA) and Tobin's Q. The findings revealed that RMC independence has a positive and significant impact on firm performance, supporting the view that independent members improve oversight and risk control. However, political connections weakened the relationship, implying that political involvement can diminish the benefits of independence.

Aldoseri (2025) investigated the determinants of risk management committee (RMC) formation and its relationship with corporate governance mechanisms and firm characteristics in Saudi Arabia. Using a quantitative research approach, the author analyzes panel data from Saudi-listed firms covering the period 2017–2020. Logistic regression was employed to identify the firm-specific and governance-related factors that affect the likelihood of having a separate RMC. The findings showed that board independence and audit/risk committee independence significantly increase the probability of forming an RMC.

Yahaya (2025) examined the extent to which board gender diversity influences risk practices among publicly listed firms. It aimed to determine whether a higher proportion of female directors is associated with enhanced risk oversight, reduced risk-taking behaviour, and improved risk disclosure. The study further seeks to contribute to policy discourse by providing evidence that informs board composition guidelines for effective risk governance. The study employed a quantitative research design using panel data derived from annual reports of 85 publicly listed non-financial firms over ten years (2014–2023). Board gender diversity was measured using the percentage of female directors and a binary indicator for the presence of at least one female director. Risk practices were proxied by financial risk indicators (e.g., leverage, earnings volatility) and qualitative disclosures from sustainability

and corporate governance reports. A Random Effects Model (REM) regression analysis was used to control for firm-specific unobserved heterogeneity, while robustness checks include the use of Fixed Effects and Generalized Method of Moments (GMM) estimations. The results revealed a statistically significant negative relationship between board gender diversity and risk-taking, suggesting that firms with more women on their boards tend to adopt more conservative financial strategies and disclose risk information more transparently. Specifically, the presence of female directors was associated with lower leverage ratios, reduced earnings volatility, and improved quality of risk-related disclosures.

Sahu (2025) investigated the underlying mechanisms linking board gender diversity to firm performance, emphasizing how gender inclusion affects decision-making processes, innovation capacity, and governance quality. The study was anchored in upper echelons theory and social role theory. The research used a quantitative panel design with data from publicly listed Indian firms spanning 2013–2022, obtained from the ProwessIQ and CMIE databases. Board gender diversity was measured through the percentage of female directors and a Blau diversity index, while firm performance was proxied by Return on Assets (ROA), Return on Equity (ROE), and market-to-book ratio. The study applied hierarchical regression and structural equation modeling (SEM) to explore both direct and indirect effects through mediating variables such as board effectiveness, innovation intensity, and corporate social responsibility (CSR) engagement. Results revealed that board gender diversity has an indirect but significant positive effect on firm performance, primarily mediated by enhanced board effectiveness and CSR commitment. Direct effects were weaker but still positive, suggesting that the value of gender diversity was largely realized through improved internal governance and stakeholder relations.

Pernamasari (2025) examined how board gender diversity affects firms' environmental, social, and governance (ESG) performance in Indonesia, where sustainability reporting practices are still developing. Using panel data from Indonesian listed companies covering the period 2016 to 2022, the study employed multiple regression analysis to test the relationship between the proportion of female directors and ESG performance, controlling for firm size, leverage, profitability, and board independence. Grounded in stakeholder theory and resource dependence theory, the study argued that gender-diverse boards foster ethical decision-making, stakeholder engagement, and access to diverse resources that enhance sustainability practices. The findings revealed that board gender diversity has a positive and statistically significant effect on overall ESG performance, particularly on the social and

governance dimensions. Furthermore, the presence of women in leadership positions was found to strengthen firms' commitment to sustainability disclosure and ethical governance.

Huang, Gao and Wang (2025) investigated how top management team (TMT) tenure heterogeneity affects innovation efficiency in Chinese manufacturing firms listed on the A-shares in Shanghai and Shenzhen during the period 2015–2019. Drawing on upper-echelons theory and principal-agent theory, the authors posit that a mix of long-tenured and newer executives enhances strategic decision-making and innovation output by combining stability and fresh perspectives. Employing panel fixed-effects regressions, propensity-score matching (PSM) with difference-in-differences (DiD) design and robustness checks, they found that greater TMT tenure heterogeneity significantly improves innovation efficiency, particularly in declining firms. Furthermore, they show that concentrated ownership structures weaken this positive effect. The results suggested that in the context of organizational decline, injecting tenure diversity into the top management team can accelerate recovery and enhance innovation performance, albeit moderated by the firm's ownership configuration.

Al-mutari and Bennett (2025) examined how board tenure diversity influences the long-term quality of financial reporting in Kuwaiti publicly listed firms. Board tenure diversity, defined as the variance in years of service among board members, was hypothesized to enhance decision-making quality through a balance of historical knowledge and fresh perspectives. Using panel regression on a panel dataset of 88 Kuwaiti nonfinancial firms from 2011 to 2021, the study found that higher tenure diversity correlates with lower earnings restatements and improved accrual quality over time. The results underscore the importance of dynamic board composition in fostering sustainable financial transparency.

Osta and Parveen (2025) investigated the relationship between board diversity and environmental performance with much emphasis on the moderating effect of board independence in this context. The research hypotheses were tested and analyzed using the data from 108 companies listed on the Tehran Stock Exchange (TSE), Tehran, Iran, during 2018- 2023 (including 648 company-year observations) through Logistic Regression (LR). The study results established a significant positive relationship between tenure diversity and environmental performance in the companies listed on the TSE, Tehran, Iran. As well, board independence had moderating effects in the relationship between tenure diversity and environmental performance.

Tao-Schuchardt and Kammerlander (2024) examined how board tenure and gender diversity influence firm financial performance in publicly listed European companies and how these effects differ between family and non-family firms across cultural contexts. Using a dataset of 4,192 firm-year observations from 2010 to 2020, the study drew on upper echelons theory to argue that diversity enhances cognitive variety and decision quality, though its benefits may depend on firm type and cultural setting. Employing panel regression analysis with firm and country fixed effects and moderation tests, the authors found that tenure diversity positively affects financial performance overall but that this effect is significantly weaker in family firms, where differing priorities and power dynamics between family and non-family directors can dampen the advantages of diverse perspectives. Moreover, the moderating influence of national culture, particularly the masculinity dimension of Hofstede's framework, alters the relationship between diversity and performance indicating that cultural context shapes how board diversity translates into firm outcomes.

Gavana, Gottardo and Moisello (2024) examined the effect of structural and demographic board diversity as well as board tenure on family firms' environmental performance, by analyzing the differences between family and non-family businesses and within family firms. Tobit regressions were applied to investigate the effect of board tenure on environmental performance. The study also controlled for other board and firm characteristics, as well as for time, industry and country-fixed effects. The authors relied on a sample of non-financial listed firms from France, Germany, Italy, Spain and Portugal over the period 2014–2021. The study found that women on the board positively influence environmental performance and this effect is significant only in family firms, although board tenure negatively moderates the relationship.

Ardianto, Cahyono and Harymawan (2024) investigated the association between director tenure diversity and corporate sustainability performance. This study utilized a sample comprising 578 firm-year observations from non-financial companies listed on the Indonesia Stock Exchange. To test the hypothesis, the study employed the Ordinary Least Squares method, complemented by a series of endogeneity tests. This study revealed that the sustainability performance of corporations in Indonesia falls significantly short of satisfactory levels. Furthermore, the study indicated that there is a negative association between tenure diversity and sustainability performance, demonstrating a U-shaped curve pattern.

Amachukwu and Yahaya (2024) investigated the moderating effect of board independence on the relationship between CEO tenure and firm performance. The research adopted a

quantitative methodology, utilizing a panel data set of publicly listed firms from 2014 to 2023 across eleven (11) industries in Nigeria. Regression analysis was employed to assess firm performance, measured by Tobin's Q while controlling for variables such as audit quality, firm size, and leverage. Board independence was quantified by the percentage of independent directors on the board. The findings revealed that all the variables were significant in terms of Tobin's Q, but the effect was significantly moderated by board independence. Specifically, in firms with higher levels of board independence, the positive impact of CEOs tenure on firm performance was amplified. The results suggested that board independence plays a critical role in maximizing the potential benefits of tenure in leadership.

Abdulazeez (2024) explored the impact of risk management committee characteristics on the financial performance of listed deposit money banks (DMBs) in Nigeria over the period from 2007 to 2022. Specifically, the study among others investigated whether committee independence influences the performance of these banks. A census sampling approach was applied to the adjusted population of 13 listed DMBs. Secondary panel data were extracted from the banks' annual reports and financial statements. The data were analysed using the panel-corrected standard error regression technique to account for heteroskedasticity and autocorrelation within the dataset. The findings revealed among others that risk management committee independence demonstrated a positive and significant effect on financial performance of listed DMBs in Nigeria.

Almulhim, Aljughaiman, Al Naim, and Alosaimi (2024) examined the effects of the risk committee (RC) on agency costs and financial performance of firms in Saudi Arabia. The study was grounded in agency theory, which suggests that strong governance mechanisms such as independent and well-structured risk committees can reduce conflicts of interest and enhance firm performance. Using a quantitative research design, the authors analyzed panel data from Saudi-listed financial firms covering the period 2010–2022. They employed multiple regression analysis to assess the impact of various RC attributes, including independence on agency costs and firm performance. The findings revealed that risk committee independence has a significant negative relationship with agency costs and a positive impact on firm financial performance, indicating that independent RC members improve monitoring effectiveness and reduce managerial opportunism.

Ayeni, Adebayo, and Adeboboye (2024) investigated the influence of risk management committee (RMC) dynamics including independence on the financial performance of listed insurance companies in Nigeria. The study was anchored on agency theory, which posits that

independent and effective board committees can reduce managerial opportunism and enhance firm value. The research adopted a quantitative design and used secondary data extracted from the annual reports of Nigerian insurance firms listed on the Nigerian Exchange Group (NGX) for the period 2013–2022. The authors employed panel regression analysis to test the relationship between RMC characteristics and firm financial performance, measured using Return on Assets (ROA) and Tobin's Q. The findings revealed that risk management committee independence has an insignificant relationship with performance, suggesting that independence alone may not guarantee effectiveness without complementary expertise and engagement.

Frank and Ukpong (2024) examined the effect of risk management committee attributes, specifically committee independence on financial performance of listed deposit money banks in Nigeria. The research employed an ex-post facto design and analysed secondary data from 14 commercial banks listed on the Nigerian Exchange Group (NGX) for the period 2013 to 2022. A purposive sampling technique was applied to select the banks under review. Data were analysed using descriptive statistics and regression analysis. The study revealed that RMC independence has a negative and insignificant impact on financial performance.

Haque, Adejei-Mensah, Nguyen and Ntim (2024) examined how gender diversity in both corporate boards and executive management teams influence both procedure-oriented carbon management performance (PCMP) and real carbon emission reduction performance (RCRP) of European listed firms. Drawing on multiple theoretical perspectives, their empirical models employed firm fixed-effects estimators to analyse a large dataset, consisting of 5327 firm-year observations, covering a period of fifteen years (2005-2019). The study findings suggest that gender diversity in both corporate boards and executive management teams has a statistically significant positive association with PCMP and RCRP. The study also found that board gender diversity reinforces the positive influence of gender-diverse executive management teams on PCMP and RCRP.

Firew (2024) investigated the impact of gender diversity on firm performance, with a focus on the extent to which female representation in corporate boards and top management influences organizational outcomes. The study was grounded in resource dependence theory and human capital theory. Using panel data from publicly listed firms in Ethiopia over the period 2012–2021, the study employed panel regression models (fixed and random effects) to assess the relationship between board gender diversity (measured by the proportion of women on the board) and firm financial performance, proxied by Return on Assets (ROA) and

Tobin's Q. Findings showed a positive and statistically significant relationship between gender diversity and firm performance, indicating that increased female participation contributes to improved profitability and market valuation.

Wu et al. (2024) examined how board gender diversity influences corporate environmental, social, and governance (ESG) performance, emphasizing how female directors contribute to sustainable corporate strategies. The study draws theoretical support from the stakeholder theory and resource dependence theory. The study used panel data from 480 listed firms in China covering the period 2012–2021, with data obtained from CSMAR and Bloomberg ESG databases. ESG performance was measured using composite ESG scores, while board gender diversity was proxied by the percentage of female directors and a gender diversity index (Blau index). The authors employed fixed-effects and two-step system GMM estimations to mitigate endogeneity concerns. Findings revealed that board gender diversity positively and significantly affects ESG performance, particularly in the social and governance dimensions, while the effect on the environmental dimension is moderate but still positive. The relationship is more pronounced in state-owned enterprises and firms with strong institutional ownership.

Wang (2024) explored the impact of board gender diversity on firm performance among Japanese listed companies, focusing on how cultural, regulatory, and governance factors shape the effectiveness of women's participation on corporate boards. The study was grounded in agency theory and resource-based view (RBV) theory. The study used panel data from Nikkei 225-listed firms covering the period 2011–2022, sourced from the Orbis and Nikkei NEEDS databases. Board gender diversity was measured using the proportion of female directors and the Blau and Shannon diversity indices, while firm performance was captured through Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q. The authors employed panel regression with firm fixed effects and robust standard errors, and conducted endogeneity tests using 2SLS estimation. Results indicated a positive and statistically significant relationship between gender diversity and firm performance, suggesting that gender-balanced boards contribute to stronger governance and innovation outcomes. However, the effect was more pronounced in non-family firms and those with international operations, implying that diversity benefits are context-dependent.

Essam Bedeir (2024) investigated the role of board gender diversity in influencing conditional accounting conservatism and executive remuneration among non-financial firms listed on the Egyptian Exchange. Drawing on agency theory and resource dependence theory, the study

proposed that gender-diverse boards enhance oversight quality, reduce managerial opportunism, and promote more conservative financial reporting. Using data from 2014 to 2022, the study employed panel regression analysis to examine the moderating effect of board gender diversity on the relationship between governance mechanisms and financial outcomes. The findings revealed that higher female representation on boards strengthens the positive association between accounting conservatism and firm performance, while also mitigating excessive executive remuneration.

Jilani (2024) examined the impact of board gender diversity on the value of excess cash holdings among publicly listed firms. The study aimed to determine whether having more women on corporate boards influences how efficiently firms utilize their excess cash resources. Grounded in agency theory and resource dependence theory, the research argued that female directors contribute to stronger monitoring, improved financial discipline, and more value-enhancing cash management decisions. Using a quantitative panel data approach covering 2012 to 2021, the study employed fixed-effects regression analysis to test the relationship between board gender diversity and excess cash value, while controlling for firm size, leverage, profitability, and board independence. The results showed that higher female representation on boards enhances the value of excess cash, implying that gender-diverse boards are more effective in preventing managerial overinvestment and wasteful spending.

Akosile and Obele (2024) investigated the effect of board gender diversity on corporate social responsibility (CSR) disclosure among listed consumer goods companies in Nigeria. The study aimed to determine whether the inclusion of women on corporate boards enhances transparency and commitment to social and environmental responsibilities. Using panel data covering the period 2013 to 2022, the researchers employed multiple regression analysis to examine the relationship between board gender diversity measured as the proportion of female directors and CSR disclosure, while controlling for board size, firm size, leverage, and profitability. The findings revealed that board gender diversity has a positive and significant effect on CSR disclosure, indicating that firms with more women on their boards tend to provide more comprehensive and transparent CSR information.

Al-Eid Omri and Alfaleh (2024) examined the impact of boardroom gender diversity on the financial performance of European listed companies. The study aimed to assess whether the inclusion of women on corporate boards contributes to improved profitability and market valuation. Using panel data from a sample of European publicly listed firms covering the period 2012 to 2021, the study employed generalized least squares (GLS) regression analysis

to evaluate the relationship between board gender diversity measured by the percentage of female directors and key performance indicators such as return on assets (ROA) and Tobin's Q. The results showed a positive and statistically significant relationship between board gender diversity and firm performance, suggesting that greater female representation in boardrooms enhances both accounting-based and market-based measures of performance.

Cahyono, Harymawan and Kamarudin (2023) examined the relationship between tenure diversity, corporate innovation, and carbon emission performance in developing countries, with a particular focus on the interaction model of corporate innovation in the nexus. The study was conducted in a unique setting of Indonesian firms with a high level of tenure diversity and carbon performance, excluding the financial industry from 2015 to 2021 and covering 1466 firm-year observations. The study used quantitative analysis, including several robustness checks and endogeneity tests, to ensure the reliability of the results. Carbon emission performance was quantitatively measured based on the Global Reporting Initiative standards. The study confirmed that tenure diversity in the boardroom is a significant driver in reducing carbon emissions, as it has the potential to lower emissions during production cycles.

Abba, Sabo, and John (2023) investigated the effect of risk management committee characteristics on the value of listed oil and gas companies in Nigeria. The study specifically examined among others, the effect of risk committee independence on the value of the firm. The study adopted a correlational research design and relied on secondary data obtained from the annual reports and accounts of the selected firms over five years, spanning 2016 to 2020. The sample included seven oil and gas companies listed on the Nigerian Stock Exchange (NSE) as of December 31, 2021. Data analysis was conducted using ordinary least squares (OLS) regression. The findings indicated that risk management committee independence has a significant positive effect on firm value.

Hasan, Sufi, and Hussainey (2023) explored the interplay between risk committee characteristics and risk disclosure in banks. Risk committee characteristics was proxied by risk committee independence among others. The study used data collected through manual content analysis of 21 banks regulated by the State Bank of Pakistan from 2011 to 2020. The study employed a generalised least squares (GLS) regression model for analysis. The findings revealed that risk committee independence has a negative association with risk disclosure.

Yusuf, Ahmed Aliyu, and Al-Faryan (2023) examined the relationship between board risk committee composition proxied by risk committee independence and risk-taking of deposit money banks in Nigeria. The study examined a sample of 12 DMBs listed on the Nigerian Exchange Group (NGX) over the period 2009 to 2020. Data analysis employed the Driscoll-Kraay Robust Standard Errors for Panel Regressions with Cross-Sectional Dependence (SCC) model to address issues of heteroskedasticity and cross-sectional dependence. The findings revealed that risk committee independence is associated with reduced risk-taking.

Yusuf, Aliyu, and Al-Faryan (2023) examined how the composition of board risk committees influences risk-taking behaviour among deposit money banks in Nigeria. Drawing on agency theory, the authors argued that a well-structured risk committee especially one with a higher proportion of independent directors enhances oversight and mitigates excessive risk-taking. Using panel data from 14 listed Nigerian deposit money banks covering the period 2009 to 2020, the study employed generalised method of moments (GMM) estimation to address potential endogeneity. Key variables include board risk-committee independence, size, expertise, and frequency of meetings, with risk-taking measured through metrics such as the Z-score and loan-to-deposit ratio. Findings reveal that greater independence within the risk committee significantly reduce bank risk-taking.

Ferrary (2023) explored how gender diversity within organizational structures particularly at the board and managerial levels influences firm performance. The study integrated social capital theory and resource-based view (RBV) to explain the relationship. Using panel data from large European firms over the period 2010–2020, the paper employed multivariate regression analysis to assess the effects of female representation on financial indicators such as Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q. The findings revealed that gender diversity positively and significantly influences firm performance, especially in firms operating in knowledge-intensive industries. However, the results also suggested a nonlinear relationship meaning that beyond a certain threshold, the marginal effect of additional gender diversity may diminish.

Rodriguez (2023) investigated the relationship between board gender diversity and firms' expected risk, assessing whether the inclusion of women on corporate boards leads to more prudent risk-taking and improved stability. The study was grounded in agency theory and risk aversion theory. Using a quantitative panel-data approach, the research examined European listed firms across 15 countries over the period 2011–2020. Firm-level data were obtained from the Thomson Reuters Eikon database, and risk was measured using stock return

volatility and systematic risk (beta). The econometric model employed fixed-effects and two-step system GMM estimations to control for endogeneity and firm-specific heterogeneity. Empirical results showed that board gender diversity is negatively associated with firms' expected risk, indicating that companies with higher proportions of female directors tend to adopt more risk-averse strategies and maintain lower earnings volatility.

Phuong, Le, and Ouyang (2022) investigated the influence of board tenure diversity on firms' investment efficiency using data from 45 countries over the period 2001–2018. Grounded in agency theory and resource dependence theory, the study proposed that variation in directors' tenure enhances board oversight, information processing, and strategic judgment, thereby improving investment decisions. Employing firm fixed-effects regression, two-stage least squares, and propensity-score matching to address endogeneity concerns, the authors found that tenure diversity significantly increases investment efficiency. The effect was stronger among firms with longer average board tenures and those facing financial constraints, suggesting that tenure heterogeneity alleviates managerial over- or under-investment tendencies. Furthermore, the positive influence of tenure diversity was amplified in institutional environments with high shareholder protection, robust governance structures, and greater social trust. Overall, the findings support the notion that tenure-diverse boards improve corporate decision-making by balancing experience with fresh perspectives and by enhancing the board's monitoring capacity.

Wang, He and Yang (2022) explored how differences in top management team (TMT) characteristics such as tenure, age, education, and functional background affect firms' innovation capacity and overall performance. Using data from Chinese listed manufacturing firms covering the period 2010–2019, the study applied panel regression analysis and structural equation modeling (SEM) to evaluate both direct and mediating effects. The results confirmed that higher TMT heterogeneity, particularly in tenure and educational background, significantly enhances innovation performance and indirectly boosts firm financial performance through innovation efficiency. However, excessive heterogeneity can also create communication and coordination challenges that may offset some benefits. Overall, the findings suggest that balanced diversity in TMT composition is key to leveraging varied experience and perspectives for superior organizational outcomes.

Kang, Kim, and Oh (2022) investigated whether demographic diversity on corporate boards particularly diversity in director tenure, experience, and gender enhances cognitive diversity and improves monitoring effectiveness. Using a comprehensive dataset of U.S. public firms

from 1996 to 2016, the authors employed panel regression models and logit analyses to examine the relationship between board demographic heterogeneity and director dissent as a proxy for cognitive diversity. The study also analyzed market reactions and subsequent firm performance following director dissent events. Grounded in agency theory and resource dependence theory, the research proposed that diverse boards enhance information processing, encourage multiple viewpoints, and strengthen oversight. The findings revealed that directors whose tenure or experience differs from their peers are more likely to dissent, and boards with greater demographic heterogeneity display higher overall dissent levels. Overall, the study concludes that tenure and experience diversity contribute meaningfully to cognitive diversity and more effective board monitoring within U.S. firms.

Ain et al. (2022) explored the relationship between board gender diversity and a firm's sustainable growth rate (SGR), emphasizing how the inclusion of women on corporate boards affects long-term financial sustainability. The study was anchored on resource dependence theory and stakeholder theory. The research employed panel data from non-financial firms listed on the Pakistan Stock Exchange (PSX) for the period 2010–2020. Board gender diversity was measured using the proportion of female directors, while sustainable growth rate was calculated using financial ratios derived from retained earnings, equity, and profitability. The authors applied panel least squares regression and fixed-effects models to test the hypothesized relationships. Findings revealed a positive and statistically significant association between board gender diversity and sustainable growth rate, indicating that firms with greater female representation experience higher long-term growth potential. The study also found that the effect was stronger in firms with independent boards and smaller ownership concentration, suggesting that governance context enhances the benefits of gender diversity.

Lamidi, Adebayo, Olorede, and Oyekanmi (2022) investigated the relationship between risk management committees' characteristics which was proxied by risk committee independence and the financial performance of deposit money banks (DMBS) in Nigeria. They examined the impact of risk management committees on the financial performance of DMBs in Nigeria, using secondary data from annual reports of 13 banks selected through purposive sampling and analysed with a fixed effects panel regression model. It found that the independence of risk management committees negatively impacted financial performance of DMBs in Nigeria.

Yahaya and Yakubu (2022) explored how risk committee independence influences enterprise risk management of banks in Nigeria. The study utilises 130 observations (13 banks over 10

years, from 2012 to 2021) and adopted a correlational research design to develop a panel model that examines the relationship between risk committee characteristics and risk management. Data analysis involved the use of descriptive statistics, a correlation matrix, and regression while addressing issues such as outliers, normality, homoscedasticity of residuals, multicollinearity, model specification error, and panel effects. The findings indicated that risk committee independence has a positive and significant effect on risk management.

Smith et al. (2021) examined how gender diversity on corporate boards and CEO characteristics jointly influence corporate innovation. The study was grounded in upper echelons theory and resource-based theory. Using a panel dataset of Danish firms over the 2005–2016 period, the authors analyze the relationship between gender composition at the board and top management levels and firm innovation performance, measured by patent applications and R&D intensity. The study applied panel regression models with firm fixed effects to control for unobserved heterogeneity. Findings revealed that greater board gender diversity is positively associated with corporate innovation, particularly when the CEO is male and younger, suggesting complementarities between leadership characteristics and board diversity.

Ji, Peng, Sun and Xu (2021) examined the relationship between board tenure diversity and firm risk using data from non-financial firms across 37 countries between 2001 and 2016. The study aimed to determine whether differences in directors' tenure reduce firm risk and how national cultural factors such as individualism and power distance influence this effect. Drawing on agency theory and resource dependence theory, the research argued that tenure diversity enhances board monitoring and decision-making by balancing experience and fresh perspectives, thereby mitigating managerial risk-taking. Using panel regression models with firm and country fixed effects and a difference-in-differences approach, the findings revealed that greater tenure diversity significantly reduces firm risk, measured by stock return volatility. The effect was particularly pronounced in firms with longer average board tenures, suggesting that tenure diversity counteracts board entrenchment. However, the mitigating influence of tenure diversity on risk was weaker in cultures characterized by high individualism or high-power distance. Additional analysis indicated that tenure-diverse boards tend to adopt less risky investment policies, reinforcing the conclusion that board tenure diversity contributes to firm stability within the broader context of cultural norms.

Mollah, Liljeblom, and Mobarek (2021) investigated how heterogeneity in independent non-executive directors' (INEDs') attributes particularly board tenure affects risk-taking behavior

in large banks. The study used a cross-country sample of 185 major banks from 35 countries worldwide, covering the period 2004–2016, to explore the influence of board-level diversity on banking risk profiles. The study was Grounded in agency theory and resource dependence theory. Employing panel regression models, two-stage least squares (2SLS) estimation, and additional robustness checks to address endogeneity concerns, the authors found that greater heterogeneity among INEDs significantly lowers bank risk-taking, as measured by accounting and market-based risk indicators. The effect was especially pronounced during the post–global financial crisis period, implying that diversity strengthens governance resilience during periods of heightened uncertainty. Overall, the study concludes that diversity in tenure among independent directors improves board oversight and reduces excessive risk-taking in complex banking institutions.

Bourdeau, Barki and Legoux (2021) developed a multilevel research model that examined job tenure and organizational tenure diversity in Information system Project (ISP) teams and their influence on team members' satisfaction in Canada. Hypotheses of the study were tested via hierarchical linear modeling (HLM) with data that were collected from 200 participants in 41 ISP teams. The results indicated that job tenure influences the effect that job tenure diversity has on a team member's satisfaction: while team "rookies" were more satisfied in teams that had greater job tenure diversity, team "veterans" were more satisfied when their teams had lower job tenure diversity.

Fali, Philomena, Ibrahim, and Amos (2020) examined the interplay between risk management committee size, independence, expertise and financial performance of listed insurance firms in Nigeria. The study utilised a sample of 24 insurance firms selected from a population of 27, using secondary data obtained from their annual reports between 2012 and 2018. The dependent variable was measured by ROA. Using a Random Effects model, the findings revealed that RMC expertise has a negative and significant effect on financial performance, while RMC size and independence show no significant influence.
return on equity (ROE) and return on assets (ROA).

MATERIALS AND METHODS

The *ex-post facto* research design was employed in this study. The population comprised licensed DMBs with international, universal, group and specialized authorization in Ghana, Nigeria and South Africa as of January 2025. Therefore, the target population for this study consisted of 29 commercial banks operational in Ghana, Nigeria and South Africa; from information obtained from the Nigerian Exchange Group (NGX), Bank of Ghana, and

Johannesburg Stock Exchange (2025). This approach ensured the most comprehensive analysis of risk management approaches and financial performance across varied industries, as these major players have the greatest national coverage and market influence compared to smaller niche competitors.

Table 1: Licensed Commercial Banks in Nigeria with International Authorization

S/N	Bank Name	License Type
1	Access Bank Plc	Commercial Banking with International Authorisation
2	Fidelity Bank Plc	Commercial Banking with International Authorisation
3	First Bank of Nigeria Limited	Commercial Banking with International Authorisation
4	First City Monument Bank Limited	Commercial Banking with International Authorisation
5	Guaranty Trust Bank Plc	Commercial Banking with International Authorisation
6	Union Bank of Nigeria Plc	Commercial Banking with International Authorisation
7	United Bank for Africa Plc	Commercial Banking with International Authorisation
8	Zenith Bank Plc	Commercial Banking with International Authorisation
9	Citibank Nigeria Limited	Commercial Banking with International Authorisation
10	Ecobank Nigeria Limited	Commercial Banking with International Authorisation

Source: Central Bank of Nigeria (2024)

Table 2: Licensed Commercial Banks in Ghana

S/N	Bank Name	License Type
1	Absa Bank Ghana Limited	Universal Banking License
2	Access Bank (Ghana) PLC	Universal Banking License
3	Bank of Africa Ghana Limited	Universal Banking License
4	Ecobank Ghana PLC	Universal Banking License
5	FBNBank (Ghana) Limited	Universal Banking License
6	First National Bank (Ghana) Limited	Universal Banking License
7	Guaranty Trust Bank (Ghana) Limited	Universal Banking License
8	Republic Bank (Ghana) PLC	Universal Banking License
9	Société Générale Ghana PLC	Universal Banking License
10	Stanbic Bank Ghana Limited	Universal Banking License
11	Standard Chartered Bank Ghana Limited	Universal Banking License
12	United Bank for Africa (Ghana) Limited	Universal Banking License
13	Zenith Bank (Ghana) Limited	Universal Banking License

Source: Bank of Ghana's official website (2024)

Table 3: Licensed Banks Listed on the Johannesburg Stock Exchange (JSE)

S/N	Bank Name	License Type
1	FirstRand Limited	Banking Group License
2	Capitec Bank Holdings Limited	Banking License
3	Standard Bank Group Limited	Banking Group License
4	Absa Group Limited	Banking Group License
5	Nedbank Group Limited	Banking Group License
6	Finbond Group Limited	Specialised Banking License

Source: Johannesburg Stock Exchange (2025)

The judgemental sampling technique being a type of non-probability sampling method was used to select twelve (12) banks that were sampled. The selection was based on the banks that have their annual reports on their websites for the period under study. The banks that formed part of the sample size were six from Nigeria (Access Bank Nig, Fidelity Bank, Guarantee Trust Bank, United Bank for Africa, Wema Bank and Zenith Bank), three from Ghana (Access Bank Ghana, Standard Chartered Bank and Republic Bank) and three from South-Africa (Capitec Bank, NedBank and FinBond Bank).

In line with the prior research, this study adapted and modified the model of Yahaya and Yakubu (2022) to determine the nexus of risk management and financial performance. This is shown below:

$RM_{i,t} = \beta_0 + \beta_1 RCP_{i,t} + \beta_2 RCS_{i,t} + \beta_3 RCI_{i,t} + \beta_4 RCGD_{i,t} + \beta_5 RCM_{i,t} + \beta_6 LAGE_{i,t} + \beta_7 ACS_{i,t} + \beta_8 BSZ_{i,t} + \varepsilon_{i,t}$ eqn1

Where:

RM = Risk management

RCP = Risk committee presence

RCS = Risk committee size

RCI = Risk committee independence

RCGD = Risk committee gender diversity

RCM = Risk committee meetings

LAGE = Listing age of the bank

ACS = Audit committee size

BSZ = Board committee size

β_0 = Model constant

β_{1-8} = Beta coefficients

i,t = Firm and year scripts

ε = Idiosyncrasy error term

The adapted model of Yahaya and Yakubu (2022) for our study is stated in the functional form as: ROA = f(RMCID, RMCGD, RMCTD)

The econometric form of the model is stated below as:

$ROA_{it} = \alpha_0 + \beta_1 RMCID_{it} + \beta_2 RMCGD_{it} + + \beta_3 RMCTD_{it} + \beta_4 FSIZ_{it} + \beta_5 FAGE_{it} + \varepsilon_{it}$ .....

Eqn 2

Where:

ROA = Return on assets

RMCID = Risk Management Committee Independence Diversity

RMCGD	=	Risk Management Committee Gender Diversity
RMCTD	=	Risk Management Committee Tenure Diversity
FSIZ	=	Firm size
FAGE	=	Firm age
α_0	=	Model constant
β_{1-7}	=	Beta coefficients
it	=	Firm and year scripts
ε	=	Idiosyncrasy error term

Data sourced from the Annual Reports and Accounts of the selected banks in Nigeria, Ghana and South Africa for the years 2014 to 2024 were used for the relevant computations carried out and further subjected to statistical analysis using the panel least squares regression analysis to examine the relationships between variables through the stata version 17 statistical software. The decision was based on a 5% (0.05) level of significance. The null hypothesis (Ho) will be accepted if the Prob (F-statistic) value is greater than the stated 5% level of significance; otherwise rejected.

RESULTS AND DISCUSSIONS

Test of Hypotheses

Hypothesis One

H_o: Board risk management committee independence diversity does not have significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

H_{i1}: Board risk management committee independence diversity has a significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

Table 4 Regression analysis result on independence diversity

Source	SS	df	MS	Number of obs	=	132
				F(1, 130)	=	0.93
Model	3.26628882	1	3.26628882	Prob > F	=	0.3354
Residual	454.174998	130	3.49365383	R-squared	=	0.0071
				Adj R-squared	=	-0.0005
Total	457.441287	131	3.49191822	Root MSE	=	1.8691

ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
Independence_Diversity	.8463464	.8753078	0.97	0.335	-.8853454	2.578038
_cons	2.285611	.3410499	6.70	0.000	1.610884	2.960337

Source: STATA Ver 17

The t-statistics of 0.97 indicating a positive effect was recorded. Likewise the coeeficient of the predictor variable was 0.846 implying that the predictive contribution of independence diversity is explaining the variations of Total Assets of selected commercial banks in Nigeria, Ghana and South Africa is non significant. And since the p-value of 0.335 in table 4, which is higher than the margin of error of 0.05, the null hypothesis is therefore accepted and this means that board risk management committee independence diversity has a positive but non-significant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistic 0.97; p-value 0.335).

Recent evidence also showed that in many developing economies, independent directors may lack the autonomy, resources, or influence to meaningfully impact strategic direction (Adeabah et al., 2020; ElBannan, 2022). As a result, increasing the number of independent directors may not necessarily produce better performance outcomes, particularly in contexts where committee independence is more formal than functional. This supports the findings of the current study, where independence diversity appears statistically insignificant.

Hypothesis Two

H_o: Board risk management committee gender diversity does not have significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

H_i: Board risk management committee gender diversity has a significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

Table 5 Regression analysis result on gender diversity

Source	SS	df	MS	Number of obs	=	132
				F(1, 130)	=	0.00
Model	.00615368	1	.00615368	Prob > F	=	0.9667
Residual	457.435133	130	3.51873179	R-squared	=	0.0000
				Adj R-squared	=	-0.0077
Total	457.441287	131	3.49191822	Root MSE	=	1.8758

ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
Gender_Diversity	.0359035	.8585447	0.04	0.967	-1.662625	1.734432
_cons	2.565679	.284833	9.01	0.000	2.002171	3.129187

Source: STATA Ver 17

Table 5 clearly showed that the t-statistics of 0.04 was recorded indicating a positive but very weak effect of gender diversity on Total Assets of selected commercial banks in the sub Saharan Africa. The statistics output of the coeeficient however showed that the extent such effect of gender diversity has on the Total Assets of these commercial banks in Nigeria, Ghana and South Africa is statistically significant (0.0359) at 5% level of significance. Since the p-value of 0.967 in Table 5 is higher than the margin of error of 0.05, the study accepts the null hypothesis and this Implies that board risk management committee gender diversity has a positive but very weak insignificant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistic 0.04; p-value 0.967).

Prior studies as Gyapong et al. (2021) and Ofoeda (2022) .argued that although gender diversity is symbolically important, its performance outcomes often remain insignificant due to structural constraints, limited decision-making power of female directors, and cultural tokenism.

Hypothesis Three

H_o: Board risk management committee tenure diversity does not have significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

H_1: Board risk management committee tenure diversity does not have significant effect on the return of assets of commercial banks in Sub-Saharan Africa.

Table 6 Regression analysis result on Tenure diversity

Source	SS	df	MS	Number of obs	=	132
				F(1, 130)	=	4.11
Model	14.0306942	1	14.0306942	Prob > F	=	0.0446
Residual	443.410592	130	3.41085071	R-squared	=	0.0307
				Adj R-squared	=	0.0232
Total	457.441287	131	3.49191822	Root MSE	=	1.8468

ROA	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
Tenure_Diversity	.2589447	.1276729	2.03	0.045	.0063591	.5115303
_cons	1.931446	.3558929	5.43	0.000	1.227354	2.635537

Source: STATA Ver 17

With a t-statistics output of 2.03, the study clearly records a strong and positive effect of tenure diversity of selected commercial banks in Nigeria, Ghana and South Africa on their Total Assets. In like manner, the coeeficient of the predictor variable was 0.258 implying that the predictive contribution of tenure diversity in explaining the variations of Total Assets of selected commercial banks in Nigeria, Ghana and South Africa is non-significant at 5% level of significance. And since the p-value of 0.045 in Table 6 is lower than the margin of error of 0.05, the null hypothesis is rejected and the alternate hypothesis accepted. This means that Board risk management committee tenure diversity has a strong and positive significant effect on the return of assets of commercial banks in Sub-Saharan Africa (t-statistics 2.03; p-value 0.045).

This suggests that risk management committee with heterogeneous tenure structures benefit from a combination of fresh perspectives and accumulated firm-specific experience, enhancing both monitoring and advisory roles. Recent studies support this claim, showing that tenure heterogeneity improves cognitive variety, reduces groupthink, and strengthens committee effectiveness (Haque & Jones, 2021; Lee & Park, 2022). These studies argue that a mix of long-serving and newly appointed directors creates an optimal balance of stability and innovation, which is consistent with the significant positive effect observed in this study.

CONCLUSION AND RECOMMENDATIONS

The empirical findings provide mixed but insightful evidence on the role of BRMC diversity in shaping bank performance. Among the dimensions examined, tenure diversity emerged as the only statistically significant predictor of financial performance (measured by ROA). This suggests that committees composed of members with varying lengths of service possess a more balanced blend of institutional memory and fresh perspectives, enabling richer deliberations and more informed risk oversight. Overall, the study concludes that deep-level diversity attributes especially tenure structure plays a more meaningful role in strengthening the performance of commercial banks in the sub Saharan Africa.

Thus, the following recommendations were made in the study:

1. Although independence diversity did not significantly influence performance, its theoretical importance in enhancing objective oversight remains. Banks should improve board independence by adopting stricter conflict-of-interest policies, ensuring independent directors have full access to risk information, and reducing practices that limit independent oversight.

2. Although gender diversity showed a negative but insignificant relationship with ROA, this does not imply that gender diversity is unimportant. Instead, banks should ensure that gender-diverse appointees are assigned meaningful functional roles within BRMCs rather than symbolic positions. Training, empowerment, and inclusion programs should accompany gender diversification efforts to maximize their impact on risk oversight.
3. Given that tenure diversity significantly improves financial performance, which suggests that combining experienced members with newer appointees enhances cognitive diversity and decision-making, banks should therefore adopt staggered board renewal policies, ensuring a mix of long-serving and newly appointed directors in BRMCs to facilitate knowledge continuity and fresh perspectives.

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