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Board Member's Competence and Financial Performance of Listed Pharmaceutical Companies in Nigeria

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Abstract: The study sought to determine the influence of board members' competence on the financial performance of listed pharmaceutical companies in Nigeria between the periods of 2016 to 2022. Ex-post-facto research design was used for the study. Stewardship theory was used to underpin the study. The predictor variable of the study, Board member's competence had its proxies as Board member's tenure (BMT) and Board Members' qualification (BMQ) while the criterion variable financial performance had its dimension as return on equity (ROE) and return on Asset (ROA). The secondary data obtained were analysed using descriptiveand regression analysis aid by SPSS version 22.0.The result of the empirical analysis discovered a positive significant relation amid board members' Qualification (BMQ) and return on equity as well as return on the asset while Board Member's Tenure (BMT) show a significant negative relationship on return on equity as well as return on asset. The study concluded a significant relationship between board members' competence and the performance of listed pharmaceutical companies in Nigeria. . The study recommended, among other things, the appointment of well-trained and qualified persons to serve on the boards of directors of Nigerian pharmaceutical companies.

Keywords: board members competence, financial performance, board members Qualification, board members tenure, return on asset and return on equity

INTRODUCTION

The efficient performance of corporate entities is dependent on the skill and experience of its members in terms of effective deliverance of its function when

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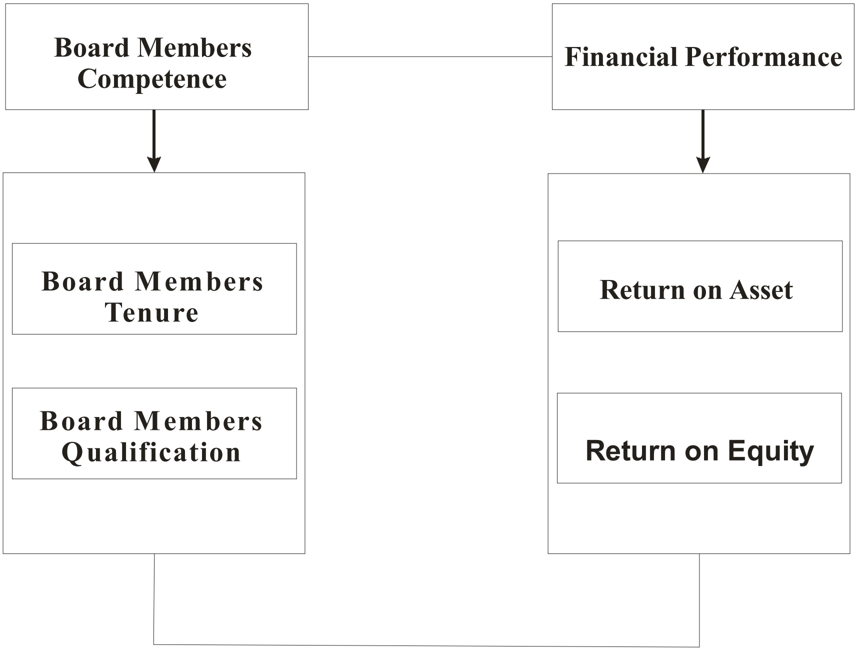
necessary. For any board member to deliver on its mandate depends on his competence. Competence emanates from knowledge, experience; attitude, values, and skill, the competence of directors are pre-requisite for effective management and contribution to the board

Kalu, (2016), posited that for a board to function efficiently a high measure of skill and knowledge is required by would-be board members to show that they are competent. Among the characteristics of corporate governance, the competence of board members remains prominent in enhancing the effectiveness of the board. The competence could be achieved through educational attainment and experience in the work, without which it will be difficult for a director to conduct the activities of the board as the cost of corporate governance is prescribed. Companies with effective boards and qualified management that operate with integrity and interact with shareholders and other stakeholders are better able to achieve their business objectives and make a positive contribution to society (Code of Corporate Governance, 2018).

For the optimal financial performance of a corporation the competence of directors on the board is necessary due to evidence of the failure of corporate organizations worldwide thereby beaming light on the board of directors on the way their oversight functions are been performed. The importance of the competence of board members inthe efficient financial performance of an organization cannot be over-emphasized because the quality of the board of directors in terms of competence is the most essential human asset that brings about effective decision-making that can improve the organizational performance (Rizvi, *et al* 2023). To improve performance, proper prioritization of diversity of skill and expertise (in terms of qualification and tenure) should be incorporated into the board of a company.

Several studies have been piloted on corporate governance and financial performance in the past but very few of them paid attention to the competence of board members which is a pre-requisite for corporate performance. Despite the identification of factors that contribute to board effectiveness, many companies appoint board members without a clear understanding of the roles they should play and without the necessary information about their responsibilities and roles. Also sometimes directors appointed on the board of a corporation are not properly empowered to perform their due function which may result in corporate failure or collapse. This creates a gap in the literature. Hence this study of board members' competence and financial performance of listed Pharmaceutical companies in Nigeria is undertaken with particular interest on Board members' qualification and tenure as a dimension to determine its influence on the financial performance of the corporation.

CONCEPTUAL FRAMEWORK



Source: Kalu, 2016, Kenga and Nzulwa, (2018),

Purpose of the Study

The main purpose of this study is to determine the influence of Board Members' Competence on the Financial Performance of Pharmaceutical Companies in Nigeria. The preciseaims as used below are to;

(1) Determine the influence of board members' tenure on the return on assets of listed Pharmaceutical companies in Nigeria.

(2) Determine the influence of board members' tenure on the return on equity of listed pharmaceutical companies in Nigeria.

(3) Determine the influence of board members' qualifications on the return on assets of listed pharmaceutical companies in Nigeria.

(4) Determine the influence of board members' qualifications on the return on equity of listed pharmaceutical companies in Nigeria.

Research Hypotheses

The null hypotheses relevant to this study are as follows;

Ho_1: There is no significant influence between board member tenure and return on assets of listed Pharmaceutical companies in Nigeria.

Ho_2: There is no significant influence between board members' tenure and return on equity of listed Pharmaceutical companies in Nigeria.

Ho_3: There is no significant influence between board member qualification and return on assets of listed Pharmaceutical companies in Nigeria.

Ho_4: There is no significant influence between board members' qualifications and the return on equity of listed Pharmaceutical companies in Nigeria.

STEWARDSHIP THEORY

Donaldson and Davis (1991) propounded the theory of stewardship. This theory advocates that managers left alone, will act as stewards of wealth they control and designates the presence of a strong affiliationamong satisfaction and organizational accomplishment. Stewardship theory take on that managers are stewards whose manners are aligned with the objectives of their stakeholders (Tornyeva & Wereko, 2012). The stewardship theory promotes goal congruence to remove agency conflict. This theory views managers as disciplined, honest, and loyal to the corporation's interest in achieving its goal.

Stewardship theory contends that a steward knows that personal, opportunistic, and self-servicing goals will not be achieved if you work towards the overall goals of the organization. Stewards are inspired by inherentrewards, such as trust, reputational improvement, mutuality, job satisfaction, stability of tenure, and mission alignment. Steward's goals are to maximize the shareholder's wealth through corporate performance thereby promoting goal congruence between top management and shareholders. Based on the Stewardship theory it is not important to control the top management in the meantime they stand as stewards who are expected to act in the utmost interest of the investors through firm performance (Htay et al, 2013, Kalu, 2016).

For effective performance, an organization must appoint a large number of senior managers with a broad range of skills and qualifications as well as independent minds. The directors on the boardplaysa vital function in creating good corporate governance by ensuring the setting up and enforcing clear lines of responsibility and accountability throughout the organization, making sure that all board members are qualified and are clear of their roles on the board of a corporation and that they are free from interference from management or outsiders, ensuring that financial compensation is following the ethical values, objectives, strategies, and control of the corporation.

CONCEPTUAL REVIEW

Board Members Competence

The discharge of the responsibilities of the board will be assured by a balance of appropriate skills and diversity with competence, integrity, and independence (Nigerian Code of Corporate Governance, 2018). Kalu, (2016) stated that for directors to perform effectively their tasks on the board they must combine their knowledge and skill required in different functional areas and properly use this knowledge to the benefit of the firm. The increasing rate of competition for resources, complexity, and external regulation potentially need a high-quality board of directors to effectively handle the task at hand. This is necessary because the governing board of any corporation serves as a human asset needed for the effective running of an organization.

Kenga and Nzulwa, (2018) classified elements of board competence into six: educational, political, analytical, contextual, interpersonal, and strategic. Educational means board members are well informed of their roles and responsibilities. Political means board members maintaina good relationship with stakeholders; Analytical entails board member intelligence in relying on multiple analytical perspectives to Problems and prefer solutions without delay; Contextual means board membersunderstand the culture and norms of the organization and environment where the corporation operates; Interpersonal means board members collective welfare will foster a sense of cohesiveness in the group (injury to one is an injury to all) while strategic means board activism to ensure the future of the organization (Kenya et al, 2018). Tornyera and Wereko (2012) posited that corporate failures can be traced to the nonexistence of skill and competence of board members to identify the problem early enough to prefer a solution.

Board Member Tenure

Board member tenure has to do with the duration of time a member lasts on the board of a corporation because it is believed that the longer a member stays on the board of any corporation the more experience he or she will gather which will improve his participation in decision making resulting to improve corporate performance. A board member who has been on the board of a corporation for at least five years is considered appropriate to understand the business of the board and key in for effective deliberation and offer proper contributions that can navigate the corporation towards business success.

Board Member Qualification

The competence of board membersin any corporation is a pre-requisite for the efficient performance of the members leading to the effective improvement of the corporation. The qualification of the board members in terms of educational level, experience, and skill is a panacea for robust deliberation resulting in effective decision-making that will improve the entity's overall performance. A board member with at least a master's degree or professional qualifications in his or her field of study is an essential profile for consideration in terms of qualification.

Rizvi et al (2023) assert that directors'skills and knowledge are necessary to effectively carry outthe task of advising, providing critical support, and monitoring which are capable of improving the performance of the entity.

Financial Performance

Financial performance deals with the degree to which financial goalscan be accomplished. It is the means of assessing the outcomes of companies' policies and operations in monetary terms. The financial performance measure is used to determine the financial health of a corporation over a set period and to compare related firms across the industries or sectors of the economy. Naz et al (2016) posited that financial performance is the extent to which a company's financial well-being over a given dated is measured to provide information to shareholders as well as stakeholders for effective decision-making. Financialperformances matrices arereturn on asset,operating profit margin, return on equity, and net income among others.

Prodip and Waheed (2018) assert that financial performance has to do with the overall financial health of the corporation over a setdated and it is used to compare relatedfirms or industries across the same firm or sector in aggregation.

Return on Asset

Assets are economic resources, which are possessed by an enterprise and are anticipated to profit future operations. Return on asset is an essential performance ratio and provides a basis for determining how efficiently financial managers employ the resources invested in the corporation to generate earnings for the firm. It measures the volume of return a corporation makes as a proportion of the worth of its aggregateassets.

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Asset} x \frac{100}{1}$$

Return on Equity

Return on equity provides information on how efficient an organization is at using debt in its capital structure. It is the ratio of net profit after tax to the aggregate equity funds and displays the efficiency with which the equity funds are employed (Sanni *et al,* 2008).

Return on equity calculates firm profitability by investigating in what way a firm profit achieves the amountthat shareholders have invested. It is calculated as

$$ROE = \frac{Net\ Profit\ After\ Tax}{Shareholders\ Fund} x \frac{100}{1}$$

EMPIRICAL REVIEW

Anthony and Makori (2016) conducted a study on the influence of corporate governance on organizational performance in Kenya. The precise objectives were to determine board structure influence on organizational performance. The study anchored on stakeholder theory, agency, resource dependence, and stewardship theory. The study wasa descriptive research design. The pilot study was used to determine the validity and reliability of the research instruments. The study population comprised seven hundred fifty (750) workers out of eighty (80) respondents randomly selected among the population. The instrument for data analysis was regression analysis and product-moment correlation. The finding showed that board managerial skill, board structure, organizational culture, and customer relationship management significantly influence organizational performance positively. The study concluded that board managerial skill is the most essential variable influencing performance in an organization. It was recommended that leadership training should be organized for managers and that there should be good customer relationships in an organization.

Deschones *et al*. (2015) investigated the impact of board traits on the social performance of Canadian firms. The dimension used for the independent variables isthe size of the board of directors, director compensation, tenure years of managers, director's ownership, and gender while social performance variables used were corporate social responsibility community and society corporate governance employeescareand environment score. The theory used in the study was stakeholder theory. This study espoused a descriptive research method. . The data source is secondary data extracted from the annual financial statements of the selected companies. Descriptive and multiple regressionsare statistical tools used. The analysis of data collected from 60 large public Canadian firms from 2004 to 2008 was carried out by means of regression analysis. The finding indicated that the company social responsibility score had a significant positive association with members of independent directors and the female gender. There was no connection between corporate social responsibility and director remuneration, director's tenure, and director ownership. It was concluded that the choice of women and independent managersmust be given betterprominence because it helps to improve corporate social responsibility.

Jonah (2023) investigated corporate governance attributes and financial performance of Nigerian listed industrial goods companies. The study employed a retrospective research design and utilized stakeholder theory to support the study. The secondary data used in the study emanated from the audited annual financial reports of the research company from 2009 to 2019. Data were analysed by means of descriptive statistics, correlation, and regressions. The outcome of the finding showed a significant positive connectionamong board size, board composition (non-executive), and board member's competence on net profit margin as well as return on assets. The research work concludes that corporate governance attributes significantly affectfinancial performance of industrial goods listed companies in Nigeria. Among other things, it is recommended to appoint qualified outside directors with the required experience to the company's board of directors.

Kalu (2016) studied the corporate governance and profitability of listed Nigerian food and beverage industry. The specific goal of the study is to determine the connection between board size, board composition skills and competencies, and board gender diversity in terms of board performance. The research uses agency theory, shareholder value theory, stakeholder theory, resource dependence theory, political theory and values synergy approach. The research design adopted was descriptive. The study utilized secondary sources to collect data from annual reports of selected companies. The statistical tools employed were descriptive statistics and inferential statistics. The analysis of formulated hypotheses was done using ordinary least square multiple regression with secondary data obtained from eight (8) out of 23 companies quoted in the stock exchange ofNigeria using random sampling techniques within the time frameof 2004 to 2014. The finding depicted a positive connection among board size, board gender diversity and return on equity as well as net asset per share whereas board composition, competence and skills negatively relate tonet assets per share and return on equity. The study concluded the acceptance of good corporate governance practices willimproves transparency, ensures accountability, improves risk management as well as aligns shareholders' interest with that of managers, and unwraps way for corporate accomplishment. The study therefore recommended that Nigerian food and beverages companies have totake on effective corporate governance practices as a solution for enterprise advancement and existence.

Kamau (2018) studied corporate governance and the performance of financial institutions in Kenya. The precise studyaims were to determine the affiliationamong board skill and board committee on firm performance. Stakeholder and agency theory were used to back the study. The methodology adopted was a cross-sectional survey design. Primary data source was used. The population of the study comprises two hundred and seventy-one financial institutions in Kenya of which a sample of one hundred and sixty-two (162) were used for the study. Structured questionnaire are used to collect data on afive-pointLikert scale, corporate index, and ratio were used to measure the variable. The data were analyzedby means of sample regression analysis. The end result of the finding showed that board skill had a positive significant affiliation with firm performance; board committee has a strong negative relation with firm performance. However, board independence, board diversity, and board size had no significant relationship with firm performance. The study concluded that possession of requisite skills should be considered in the appointment of board members.

Kenga and Nzolwa (2018) studied the role of corporate governance practices on corporate performance in Kenya. The precise objective of the study is to determine the impact of board skill level, composition, and size on firm performance. This study adopted a descriptive research design. The study used primary data. The systematic sampleprocedure was adopted in selecting the appropriate sample of three hundred and eighty-five (385) respondents in a population of MSEs of Kilifi Count in Kenya. The instruments for the collection of data used are semi-structured questionnaires.Descriptive, inferential statisticsin addition to regression were used for analysis. The outcome of the study showed that board size, board composition, and board skill level effect firm performance. The study concluded that corporate governance influenced firm performance in MSEs in Kenya.

Muhammad (2016) investigated corporate governance on a firm's financial performance in the USA and Pakistan through a comparative study. The precise aims of the study were to ascertain the effect of board size and board independence on return on asset alongside return on equity. The study focused on agency theory. The study adopted both primary and secondary data. The population comprised all listed firms on the Stock Exchange of Pakistan and the New York Stock Exchange in the USA. The data were obtained from a sample of thirty (30) listed firmsin both countries using a structured questionnaire which was physically distributed to Pakistan firms and floated online to the USA-selected firm. Data related to financial performance were downloaded from the annual report of selected firms in both countries for the period 2010 to 2015. Descriptive statistics aided by Excel aid the analysis, The result revealeda significant positive association among board education and experience, board ownership, board effectiveness, andchief executive officer duality with the performance of the firm whereas a negative significant correlation exists between board size and firm performance, likewise, no relationship was found amid firm performance and director independence. It was discovered from the study that codes of corporate governance are been monitored in both countries but it was enhanced in industrialized countries.

Nwaiwu and Joseph (2018) investigated the code of corporate governance structure and financial performance of manufacturing companies in Nigeria. The study was anchored on stakeholder theory. Secondary data was used for the study, which was retrieved from the yearly report of selected manufacturing companies in Nigeria's stock exchange from 2012 to 2016. Data collected were using ordinary least square multiple regressions aided by SPSS version twenty-one (21) and E-view vision7. The finding indicated that audit committee members influence return on assets alongsideearnings per share. The researchers recommended that well-educated and competent board members should be on the board of the corporation to improve performance and that non-executive managers be educated on corporate governance mechanisms.

METHODOLOGY

This study board member competence and financial performance of listed pharmaceutical companies in Nigeria adopted an ex-post factor research design. The research design was preferred because it helps to gather data and identify things that need further investigation and it is not likely to manipulate the characteristics.Population of the study comprises of six pharmaceutical companies listed in Nigeria for the period 2016 to 2022 financial years. The sample size was obtained through a non-probability sampling technique known as judgmental sampling based on the obtainability of financial data covering the period. The collected secondary data were analysed with descriptive statistics, and multiple regression techniques by means of statistical package for Social Sciences (SPSS) version 22.0.

MEASUREMENT OF VARIABLES

This has to do with how the researcher measures the variables of the study.

Abbreviation	*Variables*	*Measurement*
BMT	Board members Tenure	Number of board members that have been on the board for at least five years
BMQ	Board member Qualification	Number of board members with at least a master's degree or professional qualification.
ROA	Return on Asset	$\frac{\text{Net income after tax}}{\text{Total asset}} \times \frac{100}{1}$
ROE	Return on Equity	$\frac{\text{Net income after tax}}{\text{Total equity}} \times \frac{100}{1}$

Model Specification

The model for this research was formulated as a guide to empirically test the influence of board member's competence on financial performance.

$$FP= B_{0+}B_1\ BMC + et \tag{1}$$

$$ROA= B_0+B_1\ BMT + B_2\ BMQ + et \tag{2}$$

$$ROE= B_0+B_1\ BMT + B_2\ BMQ + et \tag{2}$$

Where:

FP= Financial Performance

BMC= Board Member Competence

ROA= Return on Asset

ROE= Return on Equity

BMT= Board Member Tenure

BMQ= Board Member qualification

B_0 = Intercept

B_{1-2} = Regression coefficient
et = error terms

DATA PRESENTATION, ANALYSIS AND DISCUSSION

Table 1: Descriptive statistic for all variables of the study

Descriptive Statistics										
	N	*Minimum*	*Maximum*	*Sum*	*Mean*	*Std. Deviation*	*Skewness*		*Kurtosis*	
	Statistic	*Statistic*	*Statistic*	*Statistic*	*Statistic*	*Statistic*	*Statistic*	*Std. Error*	*Statistic*	*Std. Error*
BMT	42	2.00	9.00	244.00	5.8095	1.68549	.283	.365	.129	.717
BMQ	42	3.00	6.00	190.00	4.5238	1.04153	-.134	.365	-1.120	.717
ROA	42	-.18	.28	.97	.0231	.08688	.089	.365	1.437	.717
ROE	42	-.53	2.72	5.80	.1381	.49842	2.696	.365	4.966	.717
Valid N (listwise)	42									

Source: SPSS Version 22.0 Output 2023.

Table 1 depicts the result of the descriptive statistics on minimum, maximum, sum, mean, standard deviation, skewness, and kurtosis. It shows 42 cases with no missing cases in all variables of the study. The mean of the data which indicates the measures of central tendency is displayed on the table for all variables. Likewise, the standard deviation which indicates the spread of the distribution as a measure of dispersion is also displayed. It was observed that the variables are positively and negatively skewed. All the values of skewness are less than one except for return on equity (ROE) meaning that the data assume normal distribution. The kurtosis showed positive and negative values. The positive value indicates that the regression is at its peak. Likewise,a Kurtosis value greater than three indicates leptokurtosis (ROE) while a Kurtosis value less than three indicates platykortic distribution (BMT, BMQ, ROA).

Table 2.1, 2.2, and 2.3 Regression Result on Board Member's Tenure and Board Members Qualification on Return on Equity

Model Summary										
Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Change Statistics*					*Durbin-Watson*
					R Square Change	*F Change*	*df1*	*df2*	*Sig. F Change*	
1	.382[a]	.146	.102	.47235	.146	3.326	2	39	.046	1.952

a. Predictors: (Constant), BMQ, BMT
b. Dependent Variable: ROE

Source: SPSS Version 22.0 Output 2023.

ANOVA[a]						
Model		*Sum of Squares*	*Df*	*Mean Square*	*F*	*Sig.*
1	Regression	1.484	2	.742	3.326	.046[b]
	Residual	8.701	39	.223		
	Total	10.185	41			
a. Dependent Variable: ROE						
b. Predictors: (Constant), BMQ, BMT						

Source: SPSS Version 22.0 Output 2023.

Coefficients								
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*T*	*Sig.*	*95.0% Confidence Interval for B*	
		B	*Std. Error*	*Beta*			*Lower Bound*	*Upper Bound*
1	(Constant)	-.072	.329		-.219	.828	-.737	.593
	BMT	-.180	.072	-.608	-2.495	.017	-.326	-.034
	BMQ	.277	.117	.580	2.378	.022	.041	.513
a. Dependent Variable: ROE								

Source: SPSS Version 22.0 Output 2023

From the tables above, the Pearson correlation coefficient is 0.382, which indicates that the relationship between regressors and return on equity is weak. The determinationcoefficient r^2= 0.146, implies that 14.6% changes in Return on equity account for variation in the regressions, while 85.4% changes in return on equity are attributed to variables other than the one used in the model. The f-calculated value of |3.326| and aequivalent Alpha value of 0.046<0.05 level of significance indicates the efficacy of the model. Likewise, the Durbin-Watson statistic in the same table shows a value of 1.952. Durbin Watson's test statistic ranges from 0 to 4. Values close to 2 indicate non-auto correlation while value close to 0 or 4 depicts greater positive or negative auto-correlation. Hence from the result obtained the researcher upheld the usefulness of the model since it indicates an absence of autocorrelation.

Board Member Tenure (BMT) had a t-value of |2.495| and an alpha value of 0.017<0.05 showing a significant negative connection between Board Members Tenure and return on equity. This means that a decrease in Board members' tenure will improve financial performance resulting in to increase in Return on Equity. The finding of the study agreed with Deschores *et al(*2015) who discovered a negative significant connection between Director Tenure and corporate social responsibility in the industries investigated

Board Members Qualification (BMQ) had a t-value of |2.378| and an alpha value of 0.022<0.05 indicating a significant positive connection between board members qualification and return on equity. From Table 2.3 the result showed that 0.58 increases in board member qualification will improve financial performance increasing return on equity. This finding is in consonant with Kamau, (2018), and Jonah, (2023) who discovered a positive relationship but disagree with the finding of Kalu, (2016) who discovered a negative relationship between board skill and financial performance.

Table 3.1, 3.2, and 3.3 Regression Result on Board member's qualification onreturn on assets

ANOVA[a]						
Model		*Sum of Squares*	*Df*	*Mean Square*	*F*	*Sig.*
1	Regression	4.014	2	2.007	2.210	.048[b]
	Residual	35.412	39	.908		
	Total	39.551	41			

a. Dependent Variable: ROA
b. Predictors: (Constant), BMQ, BMT
Source: SPSS Version 22.0 Output 2023

Model Summary										
Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Change Statistics*					*Durbin-Watson*
					R Square Change	*F Change*	*df1*	*df2*	*sig. F Change*	
1	.218[a]	.047	-.001	.10387	.047	2.210	2	39	.048	1.722

a. Predictors: (Constant), BMQ, BMT
b. Dependent Variable: ROA
Source: SPSS Version 22.0 Output 2023.

Coefficients								
Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*T*	*Sig.*	*95.0% Confidence Interval for B*	
		B	*Std. Error*	*Beta*			*Lower Bound*	*Upper Bound*
1	(Constant)	.005	.060		.191	.928	-.117	.128
	BMT	-.018	.013	-.351	-2.363	.034	-.045	.009
	BMQ	.027	.021	.325	2.263	.041	-.016	.071

a. Dependent Variable: ROA
Source: SPSS Version 22.0 Output 2023.

From the tables above, the Pearson correlation coefficient is 0.218, which indicates that the connectionamongregressors and return on asset is weak. The determination coefficient of $r^2 = 0.047$, signifies that 4.7% of changes in return on asset is attributed to variation in the regressors, however 95.3% of changes in return on asset is as a result of changes in further variables not used in the study. The F-calculated value of |2.210| and a probability value of 0.048<0.05 significance level upheld the model's usefulness. The value of Durbin Watson statistic from the table shows 1.722 which is closer to 2.0 indicating the absence of serial correlation. Hence the researcher upheld that the model is useful for this study.

Board members Tenure (BMT) had a t-value of |2.363| and a significant alpha value of 0.034<0.05 showing a significant negative relationship on return on asset. This implies from the table that 0.351 decreases in board tenure will improve the company's financial performance resulting in to increase in return on assets. The finding of the study agreed with Deschores *et al(*2015) who discovered a negative significant relationship between Director Tenure and corporate social responsibility in the industries investigated

Board Members Qualification (BMQ) had a t-value of |2.263| and an alpha value of 0.043<0.05 indicating a positive significant relationship between board member's qualification and return on asset. This means that 0.325 increases in board members qualification will increase the company's financial performance leading to an increase in return on asset. The finding of the study agrees with Kamau (2018), Jonah (2023), Kenga and Nzulwa, (2018), Anthony and Makori, 2016, and Muhammad (2016) who observeda significant relationship among board skill, board managerial skill, board education and experience on the financial performance of the industries investigated but fail to agree with Kalu, (2016) that observed a negative significant relationship on board skill and competence.

CONCLUSION AND RECOMMENDATION

The performance of any individual on the board of a corporation is very important for the success of that corporation. Effective performance emanates from knowledge, skill, and experience gotten overtime. From the empirical analysis, it is evident that qualification and experience on the board a prerequisites for successful corporate performance.

The study therefore concluded a significant relationship between board member competence and financial performance of listed Pharmaceutical companies in Nigeria.

Based on the finding the study recommended that:

- Before an individual is to be appointed to the board of listed pharmaceutical companies his or her educational level should be ascertained.
- Board members should be trained on the rudiment of the board and should not be allowed to overstay on the board.
- Educated and well-competentindividuals should be appointed to the board of listed Pharmaceutical companies in Nigeria.

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