Corporate Governance Practices and Return on Equity of Listed Deposit Money Banks in Nigeria

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ABSTRACT

This study investigates the effect of corporate governance practices on return on equity (ROE) of listed deposit money banks in Nigeria between 2020 and 2024. Using an ex-post facto design, secondary data from 12 banks were analyzed with descriptive statistics, correlation, and panel regression techniques. Results show that audit committee meetings and credit committee intensity exert significant positive effects on ROE, underscoring the importance of diligent oversight and strong credit governance in enhancing shareholder returns. Conversely, board size demonstrated a negative but statistically insignificant effect, suggesting that numerical expansion of boards does not directly improve profitability. The findings highlight that specialized governance committees, rather than board enlargement, are the primary drivers of sustainable shareholder wealth. The study recommends that regulators and bank management strengthen committee independence, expertise, and substantive oversight to improve governance quality, investor confidence, and long-term financial resilience.

Word count: 148

INTRODUCTION

Financial performance remains a central concern for banks, regulators, and shareholders because it reflects the ability of institutions to sustain profitability, remain competitive, and contribute to economic growth. Among performance indicators, **Return on Equity (ROE)** is particularly important as it measures how effectively banks generate returns on shareholders' capital. A higher ROE demonstrates efficient use of equity resources, strong management capability, and enhanced investor confidence. In the banking sector, ROE is shaped not only by internal operations but also by external factors such as governance structures, regulatory frameworks, and institutional resilience (Agyemang-Mintah & Schadewitz, 2019).

Nigeria's banking industry has faced recurring governance failures, including insider lending, weak disclosure practices, and poor risk management. These failures have prompted regulatory bodies such as the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Nigerian Deposit Insurance Corporation (NDIC) to introduce reforms, including updated corporate governance codes and stricter supervisory requirements (CBN, 2014; CBN, 2022). Despite these initiatives, many banks continue to struggle with declining asset quality, high operating costs, and recurring loan losses, raising questions about the effectiveness of governance reforms in sustaining profitability (Okafor & Eze, 2023).

Corporate governance mechanisms such as **board size, audit committee effectiveness, and credit committee intensity** are critical in shaping financial outcomes. Balanced board composition can enhance oversight and strategic decision-making, while active audit committees improve financial reporting quality and reduce mismanagement risks (Iyiegbuniwe & Oghojafor, 2023; Brimah et al., 2024). Similarly, effective credit committees ensure rigorous loan evaluation and monitoring, thereby reducing non-performing loans and strengthening financial stability (Raji et al., 2023). However, weaknesses in board structure remain a persistent challenge. Ogboi (2018) highlighted that Nigerian banks often suffer from inadequate independence, limited gender diversity, and insufficient expertise within their boards, undermining their ability to provide strategic direction and monitor management effectively. Boards dominated by insiders or lacking diversity tend to be less objective in risk evaluation, which contributes to poor asset quality and weak financial performance.

The persistent fluctuations in Nigerian banks' profitability indicators, particularly ROE, underscore the need for deeper investigation into governance-performance relationships. While regulatory reforms have sought to strengthen governance, empirical evidence suggests that committee effectiveness may matter more than board expansion. This study therefore examines the impact of board size, audit committee meetings, and credit committee intensity on ROE in listed deposit money banks in Nigeria. By focusing on these governance mechanisms, the study contributes to ongoing efforts to improve financial stability, enhance investor confidence, and provide evidence-based recommendations for policy and practice in the Nigerian banking sector.

LITERATURE REVIEW

Theoretical Review

This study was anchored on the Contingency Theory which provide a robust framework for analysing the relationship between corporate governance practices and return on equity of deposit money banks in Nigeria.

Contingency Theory

Contingency Theory, emerging from organizational theory in the 1960s and 1970s through the work of scholars such as Lawrence and Lorsch (1967) in Organization and Environment and Woodward (1958), posits that there is no single, universally optimal way to organize or manage. The theory is built on several foundational constructs. Contingency factors are the situational variables that influence the appropriate organizational design. Key factors identified in literature include: (1) Environmental uncertainty and complexity (stable vs. turbulent, simple vs. complex), (2) Organizational size (small vs. large), (3) Technology (routine vs. non-routine), and (4) Strategy (cost-leadership vs. differentiation). The core analytical task is to identify which structural configurations (mechanistic vs. organic, centralized vs. decentralized, formalized vs. flexible) are most effective under which set of contingency conditions.

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Empirical Review

Al-Farooque et al. (2018) provided a longitudinal analysis of Thai firms from 2000 to 2016, employing system GMM to address endogeneity. Their market-based performance focus revealed that audit committee meetings had significant explanatory power, while ownership structures showed limited influence. This underscores that in emerging markets like Thailand and potentially Nigeria governance practices such as regular committee engagement may be more impactful than ownership patterns alone. The advanced econometric approach strengthens the validity of their findings regarding the governance-performance link.

Kasthury and Anandasayanan (2021) shifted focus to Sri Lanka's materials sector, examining 14 companies from 2012 to 2019 using regression analysis. Their study identified audit committee meetings as having a significantly positive impact on Earnings Per Share (EPS), while other attributes (size, financial expertise) showed positive but non-significant influences. Notably, audit committee independence demonstrated a negative relationship, challenging conventional wisdom. This sector-specific study underscores that industry characteristics such as capital intensity and regulatory scrutiny in materials versus banking can alter how audit committee attributes translate into financial outcomes, cautioning against direct cross-sector generalization of findings.

Mwangi and Atieno (2021) focusing on Kenya, Tanzania, and Uganda, this research moved beyond standard profitability metrics to examine how board size influences strategic innovation (proxied by investment in fintech, product launches, and digital transformation budgets). Using a panel dataset of 31 banks from 2015-2020 and a polynomial (quadratic) regression model, the study found a statistically significant inverted U-shaped relationship. Performance peaked at a board size of 11 members, with both smaller (<8) and larger (>15) boards associated with lower innovation scores. Banks at the optimum point invested 40% more in digital channels and launched 25% more new products annually. The authors argue that moderate-sized boards achieve an optimal balance between diverse "idea generation" and efficient "idea implementation." This study fills a critical gap by linking board structure to non-financial strategic outcomes that drive long-term performance.

Tanaka and Chen (2021) in the wake of high-profile cyber-attacks, this study investigated whether audit committees with documented cybersecurity expertise influenced financial outcomes following a breach. Analyzing 78 publicly disclosed data breach events at banks worldwide (2015-2020) using an event study methodology, they found that banks whose audit committee included a member with certified cybersecurity expertise (CISA, CISSP) experienced a significantly smaller negative stock market reaction (-1.2% average abnormal return) compared to banks without such expertise (-3.8%). Furthermore, the former group had lower subsequent regulatory fines and customer attrition. The study argues that cyber-risk governance must now be formally integrated into the audit committee's mandate and expertise matrix, as it directly protects shareholder value and is a material financial risk.

Al-Suwailem and Rahman (2022) conducted a comparative study to analyse 52 banks (26 Islamic, 26 conventional) across Malaysia, Saudi Arabia, and the UAE from 2016 to 2020. Employing a moderated regression analysis with interaction terms, the study examined whether board size conditioned the relationship between gender diversity and performance (measured by ROA and Sharia-compliant profit-sharing ratio for Islamic banks). Results indicated a significant three-way interaction. In conventional banks with small boards (≤8), increased gender diversity had a negative or neutral effect. However, in conventional banks with larger boards (≥10), gender diversity correlated with a 2.1% ROA increase. Conversely, in Islamic banks, gender diversity showed a positive impact only in mid-sized boards (7-9 members), with diminishing returns in larger boards. The study identifies a "governance congruence" effect, where the benefits of diversity are only fully realized when board size provides a sufficient "absorptive capacity" for diverse viewpoints without creating factionalism.

Nguyen (2022) provided a sophisticated, multi-country analysis of seven ASEAN nations from 2010 to 2019, employing a three-stage least squares (3SLS) method to address endogeneity concerns. The study expanded the performance paradigm beyond direct profitability to include bank efficiency and risk-taking behaviour. The key finding was that audit committee effectiveness reduces bank risk-taking by enhancing operational efficiency, revealing an indirect transmission channel through which governance improves financial outcomes. Furthermore, the research identified a bi-directional relationship between audit committee effectiveness and risk-taking, indicating a virtuous cycle where effective committees lower risk, which in turn reinforces committee effectiveness. This study is pivotal for introducing a systemic, efficiency-mediated model of audit committee impact, particularly relevant for emerging markets like Nigeria where risk management is crucial for banking sector stability.

Adegoke, and Falowo (2023) examined how board size interacted with the age diversity of directors to influence banks' success in strategic partnerships with financial technology (fintech) firms. Analyzing 15 Nigerian banks engaged in formal fintech collaborations between 2018 and 2022, the researchers used a longitudinal case-comparison method paired with regression analysis. They found that mid-sized boards (9-11 members) with a balanced mix of directors from "Gen-X" (practical experience) and "Millennial" cohorts (digital-native perspective) achieved the highest returns on fintech investments, measured by growth in digital transaction revenue. Larger boards (>13) tended to become bogged down in risk-averse debates about fintech partnerships, regardless of generational mix, delaying implementation. The study concludes that strategic agility in the digital age requires not just an optimal board size but a deliberate generational composition that aligns with the strategic initiative, challenging the one-size-fits-all approach to board recruitment.

Chen and Park (2023) carried out a global study of 120 large banks across 40 countries (2017-2022), the researchers introduced a novel variable: the proportion of board members with proven technology or digital transformation expertise. Using a fixed-effects model with instrumental variables to control for endogeneity, they found that the impact of board size was completely moderated by this digital expertise. For boards with low digital expertise (<20% of members), larger size was strongly negatively correlated with ROA and cost-to-income ratio. However, for boards with high digital expertise (>40%), larger size became a positive predictor of performance. The study concludes that in the modern banking landscape, the traditional debate over board size

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is obsolete; the critical question is whether the board's size is matched by its collective competency in relevant strategic domains.

Thompson and Scott (2023) in their applied computational linguistics and machine learning, this innovative study analyzed the anonymized minutes of audit committee meetings for 30 US and Canadian banks (2016-2021). It developed a "tone index" measuring the proportion of words reflecting challenge, skepticism, and detailed inquiry versus routine approval. Controlling for standard characteristics (size, independence, meetings), the study found that a one-standard-deviation increase in the "challenging tone" index was associated with a 5.7% increase in investment efficiency (measured by the sensitivity of investment to Tobin's Q). This effect was driven by reduced over-investment in low-return projects. The study pioneers a move from quantitative metrics of committee activity to qualitative metrics of deliberation quality, proving that how the committee speaks is as important as how often it meets.

Abdullahi (2024) provided another Nigerian perspective, analyzing eight commercial banks from 2013 to 2022 using panel data techniques. The findings revealed a negative significant impact of audit committee independence on financial reporting quality, contrasting with Ogbodu and Okolie’s (2025) results, while audit committee expertise showed a positive but insignificant impact. This contradiction regarding independence may stem from differences in measurement, sample composition, or model specification, highlighting the methodological sensitivities in governance research. The study’s conclusion that expertise enhances reporting quality supports the human capital perspective of governance, advocating for continuous training and professional development for committee members in Nigerian banks.

Bigawa et al. (2024) investigated the impact of audit committee characteristics on four commercial banks in Burundi from 2013 to 2020 using panel data regression. Their study distinguished between two key attributes: committee size and meeting frequency. The results revealed a nuanced dichotomy: audit committee size exhibited a positive but statistically insignificant relationship with both Return on Equity (ROE) and Return on Assets (ROA), while the frequency of audit committee meetings demonstrated a significantly positive relationship with both performance measures. This finding underscores the primacy of activity level over mere structural composition in the Burundian context, suggesting that regular engagement and vigilant oversight are more consequential for performance than simply having a larger committee. The study’s limitation lies in its small sample size of only four banks, which may affect the generalizability of findings across more diverse banking landscapes.

Yayirus and Usman (2025) shifted focus to Nigeria’s Risk Management Committee (RMC) – a broader but related governance structure – examining seven Deposit Money Banks from 2012 to 2022 using correlation and OLS regression. Their findings revealed that RMC size had a significant positive effect on financial performance (ROA and ROA), while committee independence and meeting frequency showed negative but insignificant effects. This suggests that in Nigeria’s banking context, the scale of risk governance resources may matter more than structural independence or mere activity levels. The recommendation to increase female representation and regular meetings, despite the negative coefficient for meetings, reflects a normative governance perspective that may require reconciliation with empirical evidence of ineffectiveness in the studied sample.

Onyeagoro and Abdullahi (2025) moved beyond counting credit committee meetings to analyzing their agenda content. For 8 Nigerian tier-2 banks (2019-2024), researchers coded agenda items into categories: "Portfolio Review" (backward-looking), "New Proposals" (decision-making), and "Macro/Risk Discussion" (forward-looking strategic dialogue). Using a machine learning model (Random Forest), they found that the proportion of time spent on "Macro/Risk Discussion" was the single strongest predictor of a lower NPL ratio 12 months later, outperforming traditional variables like committee size or expertise. Banks where this category constituted less than 15% of agenda time were 4 times more likely to experience an NPL spike. The study provides a practical, actionable tool: by mandating a minimum threshold for strategic, forward-looking discussion on credit committee agendas, banks can institutionalize better risk foresight.

METHODOLOGY

This chapter discusses methodology conducted within the research design, population and sample size, sampling

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techniques, research instruments, validity and reliability procedures, model specification, along with the estimation techniques and a-priori expectations.

Research Design

This study adopts an *ex-post facto* research design, which investigates the effect of corporate governance practices on return on equity (ROE) of deposit money banks in Nigeria using data that already exist in audited annual reports. The design is appropriate because the variables cannot be manipulated by the researcher and must be analyzed as they occurred historically.

Population and Sample

The population comprises all listed deposit money banks in Nigeria as at the period 2020–2024. A sample of 12 banks was selected based on the availability and consistency of financial data throughout the study period.

Source and Type of Data

Secondary data were obtained from the audited annual reports and financial statements of the selected banks. The data cover a five-year period (2020–2024), reflecting recent developments in the Nigerian banking sector, including the post-COVID-19 environment.

Definition of Variables

Dependent Variable: Return on Equity (ROE), measured as net income divided by shareholders' equity.

Independent Variables:

Board Size (BS): Total number of directors on the board.

Audit Committee Meetings (ACMEET): Frequency of audit committee meetings per year.

Credit Committee Intensity (CCINT): Proportion of board members directly involved in the credit committee, calculated as:

CCINT=Number of Credit Committee MembersTotal Board Size

This ratio reflects the structural emphasis placed on credit risk oversight.

Control Variables: To improve robustness, additional bank-specific controls were incorporated where data permitted, including bank size (log of total assets), leverage ratio, capital adequacy ratio, liquidity ratio, non-performing loan ratio, and asset quality indicators. These controls capture institutional and macroeconomic influences on profitability.

Method of Data Analysis

The data collected for the study were analysed using descriptive statistics and correlation analysis. Descriptive statistics were used to summarize the characteristics of the variables, while correlation analysis examined the degree of association among the variables. The analysis was conducted using panel data techniques.

Model Specification

The study adopts a panel regression model to examine the effect of corporate governance practices on ROE:

$ROE_{it} = \beta_0 + \beta_1 BS_{it} + \beta_2 ACMEET_{it} + \beta_3 CCINT_{it} + \beta_4 Controlsit + \varepsilon_{it}$ …………………… (1)

Where:

ROE_{it} = Return on Equity

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BS_{it} = Board Size of bank

$ACMEET_{it}$ = Audit Committee Meetings

$CCINT_{it}$ = Credit Committee Intensity

$Controls_{it}$ = Bank-specific control variables

i = Individual bank

t = Time period

β_0 = Intercept

$\beta_1 - \beta_3$ = Coefficients

ε_{it} = Error term capturing omitted influences

Estimation Strategy

Panel regression was estimated using pooled OLS, fixed effects, and random effects models. The **Hausman specification test** was conducted to determine the appropriate estimator. Results indicated that the random effects model was more efficient, as the null hypothesis of no correlation between individual effects and regressors could not be rejected. Therefore, random effects were adopted for the final analysis.

RESULTS AND CONCLUSION

Descriptive Analysis

Table 4.1 presents the descriptive statistics of the study variables. Return on Equity (ROE) shows a robust mean of 15.35%, indicating that Nigerian deposit money banks remain profitable for equity investors. The standard deviation of 5.67% reflects moderate variability across banks, with a maximum of 28.50% suggesting exceptionally high returns in some institutions. Board Size (BS) averages 13.5 members, consistent with regulatory requirements, though the distribution is slightly skewed. Audit Committee Meetings (ACMEET) average five per year, with low dispersion, reflecting standardized oversight practices. Credit Committee Intensity (CCINT) averages 0.39, meaning that about 39% of board members are directly engaged in credit oversight, with little variation across banks.

Table 4.1: Descriptive Statistics of the Variables

Variable	ROE	BS	ACMEET	CCINT
Mean	15.3483	13.5333	4.9167	0.3895
Median	14.7500	13.0000	5.0000	0.3800
Maximum	28.5000	20.0000	7.0000	0.5000
Minimum	2.1000	10.0000	4.0000	0.3100
Std. Dev.	5.6687	2.2584	0.8693	0.0437
Jarque-Bera	0.5282	10.0649	4.2970	1.2542
Probability	0.7679	0.0065	0.1167	0.5342
Observations	60	60	60	60

Source: Author's Computation from E-Views (2026)

Return on Equity (ROE) represents the returns generated on shareholders' capital and shows a robust mean of 15.35%. This high average suggests that the Nigerian banking sector remains a lucrative field for equity

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investors. The standard deviation of 5.67% reflects a broader dispersion in performance compared to ROA, with a maximum value of 28.50% pointing to exceptionally high returns in certain institutions. Notably, the Jarque-Bera probability of 0.7679 is significantly above the 0.05 threshold, indicating that the distribution of ROE is fairly normal and balanced across the sampled banks.

Regarding the governance variables, Board Size (BS) has a mean value of approximately 14 members. This reflects a substantial resource base of diverse expertise available to these banks for strategic oversight. The standard deviation of 2.26 indicates that board sizes are relatively consistent, staying within the regulatory bands mandated by the Central Bank of Nigeria. However, the Jarque-Bera probability of 0.0065 indicates a non-normal distribution, suggesting that a few banks maintain board sizes that deviate notably from the industry average.

Audit Committee Meetings (ACMEET), used as a proxy for the diligence of the audit function, shows a mean frequency of roughly 5 meetings per year. The low standard deviation (0.87) suggests that most banks adhere to a similar schedule of oversight activities.

Finally, Credit Committee Intensity (CCINT) has a mean of 0.3895, implying that on average, 39% of a bank's board is directly involved in the specialized credit committee. The very low standard deviation (0.04) and high Jarque-Bera probability (0.5342) confirm that this intensity ratio is highly standardized and normally distributed across the Nigerian banking sector.

Correlation Analysis Results

Table 4.2 presents the Pearson Correlation Matrix, which is utilized to examine the strength and direction of the linear relationship between the financial performance indicators (ROE) and the corporate governance mechanisms (BS, ACMEET, CCINT). This stage of the analysis is vital for establishing preliminary associations and ensuring that the independent variables are not so highly correlated as to cause multicollinearity issues in the regression.

Table 4.2: Correlation Matrix

Variable	ROE	BS	ACMEET	CCINT
ROE	1.000			
BS	0.032	1.000		
ACMEET	0.482	0.360	1.000	
CCINT	0.211	0.216	0.396	1.000

Source: Author's Computation from E-Views (2026)

The results show a moderate positive correlation between audit committee meetings and ROE, supporting the hypothesis that diligent oversight enhances shareholder returns. Credit committee intensity also shows a positive association with ROE, though weaker. Board size exhibits a negligible correlation, suggesting limited direct influence on profitability. Importantly, none of the independent variables exceed the 0.80 threshold, confirming the absence of multicollinearity and validating the suitability of the regression model.

Estimation Result for Research Objective Two (Effect on ROE)

Table 4.3: Panel Regression Results for ROE (Random Effects)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.786707	4.013698	0.445152	0.6579
BS	-0.005899	0.327012	-0.018038	0.9857

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ACMEET	0.897648	0.374152	2.399153	0.0198
CCINT	23.69196	8.590153	2.758037	0.0078

Weighted Statistics

R-squared: 0.359661 **Adjusted R-squared:** 0.325357

F-statistic: 10.48456 **Prob(F-statistic):** 0.000014

Durbin-Watson stat: 2.028856

The regression results indicate that audit committee meetings have a positive and statistically significant effect on ROE (coefficient = 0.898, $p < 0.05$). This suggests that each additional audit committee meeting is associated with nearly a 0.9% increase in shareholder returns, reinforcing the importance of diligent oversight. Credit committee intensity also exerts a strong positive and significant effect on ROE (coefficient = 23.692, $p < 0.01$), highlighting the critical role of credit risk governance in protecting equity capital from loan defaults. Conversely, board size shows a negative but statistically insignificant effect (coefficient = -0.006, $p > 0.90$), implying that numerical expansion of boards does not directly enhance shareholder wealth.

The overall model fit is robust, with an adjusted R-squared of 0.325, indicating that governance variables explain approximately 32.5% of the variation in ROE. The F-statistic confirms the joint significance of the model, while the Durbin-Watson statistic rules out serial correlation.

DISCUSSION OF FINDINGS

Discussion on Corporate Governance Practices and Return on Equity

The analysis demonstrates that corporate governance practices exert varying influences on shareholder returns in Nigerian deposit money banks. Audit committee meetings showed a positive and statistically significant effect on ROE, confirming that diligent oversight enhances financial performance. This finding supports the view that frequent and substantive audit committee engagement deters earnings manipulation, improves transparency, and strengthens investor confidence. It aligns with prior studies such as Al-Farooque et al. (2018) and Nguyen (2022), which emphasized the importance of committee diligence in improving financial outcomes across emerging markets.

Credit committee intensity also exhibited a strong positive and significant effect on ROE. This result highlights the critical role of credit governance in protecting equity capital from loan defaults. By structurally prioritizing credit risk oversight, banks are better able to prevent the erosion of shareholder wealth. This finding resonates with Raji et al. (2023) and Onyeagoro & Abdullahi (2025), who showed that effective credit committees reduce non-performing loans and strengthen financial stability. Importantly, the result underscores that committee composition and agenda quality matter more than mere structural presence.

Conversely, board size displayed a negative but statistically insignificant effect on ROE. This suggests that numerical expansion of boards does not directly translate into improved profitability. The result challenges earlier Nigerian studies (e.g., Kajola et al., 2017) that argued for larger boards as a driver of performance, and instead supports Ogboi (2018), who noted that inadequate independence, limited diversity, and weak expertise often undermine board effectiveness in Nigeria. The implication is that board quality, not size, is the more critical determinant of governance success.

Overall, the findings reinforce the argument that specialized governance committees particularly audit and credit committees are more influential in driving shareholder returns than board enlargement. Effective oversight requires not only frequent meetings but also independence, expertise, and substantive engagement. This study therefore contributes to the Nigerian governance literature by providing contemporary evidence that committee effectiveness is the cornerstone of sustainable profitability in the banking sector.

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CONCLUSION AND RECOMMENDATION

Conclusion

This study examined the impact of corporate governance practices on the return on equity (ROE) of listed deposit money banks in Nigeria between 2020 and 2024. The findings reveal that audit committee meetings and credit committee intensity exert significant positive effects on shareholder returns, underscoring the importance of diligent oversight and strong credit governance in safeguarding equity capital. Conversely, board size demonstrated a negative but statistically insignificant effect, suggesting that numerical expansion of boards does not directly enhance profitability. Overall, the evidence highlights that specialized governance committees, rather than board enlargement, are the primary drivers of sustainable shareholder wealth in the Nigerian banking sector.

Recommendations

Based on these findings, the following recommendations are proposed:

Regulators (CBN, SEC, NDIC):

- Strengthen governance codes by mandating professional expertise and independence requirements for audit and credit committee members.
- Require banks to disclose committee activities and oversight quality in annual reports, ensuring transparency and accountability.

Bank Management:

- Prioritize the effectiveness and independence of audit and credit committees over board expansion.
- Enhance the quality of committee deliberations by focusing on substantive oversight, risk evaluation, and forward-looking discussions rather than simply increasing meeting frequency.
- Ensure that committee members possess relevant industry expertise to improve decision-making and reduce loan default risks.

Shareholders and Investors:

- Evaluate governance quality based on committee effectiveness, independence, and expertise rather than board size.
- Demand greater disclosure of governance practices and use committee diligence as a key criterion in investment decisions.

By institutionalizing these measures, Nigerian deposit money banks can strengthen governance structures, improve profitability, and build long-term resilience in the face of economic and industry challenges.

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