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Impact of Corporate Governance on the Financial Performance of Tier-One Banks in Nigeria

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Abstract:
Following the consolidation exercise in the banking sector in 2006 in Nigeria, Corporate Governance practices in the banking sector have received significant attention. The 2009 banking crisis underscores the need for financial regulators to take more than a cursory look at corporate governance practices in the sector. Previous studies on corporate governance and bank performance have mixed outcomes. Premise on this, this study examines the impact of corporate governance on the financial performance of tier-one banks in Nigeria. Corporate governance was operationalized using; board size, board composition, board (gender) diversity, and board meetings. While Return on Equity (ROE) and Return on Asset (ROA) were proxies for financial performance. The annual reports of five sampled banks over a period of ten years (2009-2018) were used to collect secondary data, while primary data was obtained via a survey of 115 respondents. Descriptive (Min., Max., Mean, Standard Deviation, Skewness and Kurtosis) and Inferential (Pearson Correlation, ANOVA, and Multiple Regression) statistical tools were used to measure the relationship between the corporate governance variables and financial performance. The study findings reveal that the four corporate governance mechanisms accounted for 9% and 15% of the variances in ROE and ROA respectively. Specifically, the results show that board size and board meetings have a negative but statistically significant relationship with financial performance. While board composition and board (gender) diversity show a positive relationship with performance, the relationship is not statistically significant with ROE and ROA for board composition. Though board (gender) diversity reveals a statistically significant relationship with only Return on Equity, the study recommends that stakeholders must ensure that bank board's operate with the optimal board size, and also effort must be made to improve board composition and board (gender) diversity; as these will increase investors' confidence and impact positively on the performance of the banks.

Keywords: *Corporate governance, financial performance and banking*

1. Introduction

1.1. Background to the Study

The modern corporation arrangement has the unique advantage of making enormous financial resources available to managers of corporations, when compared to other forms of business; Sole Proprietorship, Partnership, and Closed Corporations. The challenge though is if managers who are saddled with the responsibility of managing this wealth are going to use such wealth judiciously for the benefit of the shareholders. This is largely what led to the financial crisis in the banking industry in Nigeria in 2008/2009. The consolidation program witnessed a huge surge in capital availability to the banks. This was at a point when the Corporate Governance (CG) standard of these banks was at its lowest ebb, the program could not overcome the fundamental Corporate Governance weaknesses in many of these banks (Sanusi, 2010).

Coincidentally, the issue of Corporate Governance (CG) has been in existence for as long as corporations existed. The modern corporation brought along with-it huge opportunities for growth and expansion of business enterprise; however, it was not without challenges. The Modern Corporation redefined private property, ownership, and private enterprise as we use to know it. The Modern Corporation presents an economic arrangement that put tremendous wealth and corporations' resources in the hands of a few persons. These persons and corporations became so big and powerful with enough economic resources to undermine the position and interest of stockholders/residual claimant (Berles & Means, 1932).

A major challenge posed by the modern corporation is the separation of ownership and control. As stockholders (principal) invest their wealth in corporations which are run by managers (agents), just to lay claim to a fraction of the corporations' ownership. Alchian (1968) wondered why millions of individuals will transfer a significant portion of their wealth to corporations run by managers, who have little or no interest in their welfare and worst still these individuals are willing to make these commitments as residual claimants. To assert that managers (agent) will at all times take decisions in the best interest of the principal may be expecting too much.

Jensen & Meckling's (1976) agency theory highlighted the new economic order which the Modern Corporation present. While the agency theory defines the contractual arrangement between the principal and agent, it still does not

address the problem posed by the separation of ownership and control structure. Attempts by both the principal and agent to mitigate the agency problem, which arise mainly due to conflict of interest between both parties is not without cost. They suggested that the principal can do the following;

- Provide sufficient incentive to agents, such that the desire to act against the principal becomes less.
- The principal should put mechanisms in place that would checkmate the activities of the agent.
- Lastly, the principal could limit the powers of the agent in making certain decisions.

These undoubtedly will lead to a rise in the agency cost. Agency cost is defined as the total of monitoring cost, bonding cost, and residual loss arising from the activities of both the agent and principal (Jensen et al, 1976).

Jensen & Fama (1987) are of the opinion that the agency problem can be mitigated with good corporate governance practices put in place by organizations. They recommend the appointment of board of directors as a solution to the quagmire which separation of ownership and control bring forth with the coming of Modern Corporation. Though they warn that care must be taken to ensure the cost of putting up good corporate governance practices does not outweigh the benefits. As the cost of good corporate governance practice may have an overbearing effect on the production cost and corporations' competitiveness. Corporations that survive are those that satisfy customers' needs at the lowest price while covering production cost (Jensen et al, 1987).

In contrast, Freeman (1984) argued that the potential loss arising from the action or inaction of Managers do not affect the stockholders alone. He asserts that the agency theory focusses only on protecting the stockholder/residual claimant (principal) in the modern corporation. Freeman's argument, however, is that protection of stakeholders has become equally important. As the stakeholders have become a critical group in the corporation, and like the stockholders/residual claimants are affected by the decision of Managers of corporations. This resulted in further investigation of the Stakeholder's Theory. This theory sits well with the banking industry as bank failures also lead to loss of depositors' funds.

Armed with enormous financial resources, intense competition and globalization forced corporations to begin to look beyond their shores for new market opportunities. Competition globally becomes stiffer, thus major corporations began to indulge in sharp practices to gain economic and market advantage. These led to the collapse of major corporations such as Enron-2001, WorldCom-2002, Tyco-2002, Freddi Mac-2003, AIG-2005, & Lehman Brothers-2008. Investigation reveals that a major cause of the collapse of these corporations were largely due to inadequate supervision by the Board of Directors. As the Board of Directors who were responsible for providing leadership and control looked the other way while the managers of these corporations behaved irresponsibly (Uwuigbe, 2011).

Although Corporate Governance (CG) policies and regulations existed in developed economies, it gained traction with the collapse of these hitherto referred to as "Too Big To Fail" corporations. The need for an improved Corporate Governance mechanism became inevitable. These led to a universal review of the CG practices in various countries (Cadbury Report-1992, Greenbury report-1995, OECD principles-1999, Sarbanes-Oxley Act-2002, and the Basle Committee on Banking Supervision (BCBS)-Basel III-2010). These initiatives were meant to curtail the institutional weaknesses in regulation, supervision, increase awareness and focus on the activities of managers and board of directors became eminent.

The Basle Committee on Banking Supervision (BCBS) made genuine effort to produce a document which will serve as a guiding principle for Corporate Governance in the banking sector globally (Agyemand, Aboagya, Antwi & Frimpong, 2014). However, global applicability of the principle became difficult, owing to the peculiarity in the social, cultural, political and economic factors in different countries around the world. Though the initiative drove Central Banks around the world to begin to brainstorm and find solutions to the issues of Corporate Governance as it relates to their immediate environment, as it became apparent that the risk of doing nothing was deadly.

In Nigeria there was no singular document that served as a reference point for addressing issues of poor Corporate Governance until 2003. The Securities and Exchange Commission (SEC) set up a committee headed by Chief Atedo Peterside. The committee produced the 2003 Code of Corporate Governance (CCG) for firms listed on the Nigerian Stock Exchange (NSE). This became the first Corporate Governance reference document in Nigeria (Adegbite, 2010). Coincidentally, the Bankers' Committee also set up a sub-committee on Corporate Governance for banks and other financial institutions in Nigeria. This is in recognition of the critical role of corporate governance in the success or failure of companies (Uwuigbe, 2011)

Unfortunately, the 2003 Code of Corporate Governance (CCG) had several shortcomings, as it showed significant weaknesses in addressing the emerging Corporate Governance challenges bedeviling corporations in Nigeria. The document failed to address specific CG issues affecting the banking industry. This necessitated further review of the 2003 CCG owing to the identified lapses. The 2011 Code of Corporate Governance was birthed which became unarguably the most comprehensive regulatory document on Corporate Governance in Nigeria (Ofo, 2010). The Federal Government of Nigeria recently launch the 2018 Code of Corporate Governance which is currently going through circulation.

The spates of distress within the banking industry in Nigeria refuse to abate. This became a huge cause of concern for regulators and indeed other stakeholders. In Nigeria, the banking sector crisis has been a major part of its evolution since 1952. In 1998 alone, 26 commercial banks became distressed in one full sweep (Ademola, Olusegun, & Kehinde, 2013), with 9 additional banks declaring distress between 2000 and 2006 (NDIC, 2007). These gave rise to the need for an industry-specific corporate governance mechanism that addresses the peculiar nature of the malfeasance by Chief Executives Officers (CEOs) and board of directors, which have characterized the banking industry.

The Central Bank of Nigeria (CBN) in 2006 designed an industry-specific Code of Corporate Governance to exist concomitantly with other existing legislation on corporate governance such as; NDIC Act 1998, CAMA 1990, CBN Act 1991 and the Prudential Guideline 2000. While this may seem like cherry news, suffice to say that of the 25 banks that made it

through the 2006 consolidation exercise, eight (8) of them (Intercontinental Bank, Oceanic Bank, Afri Bank, Union Bank, Spring Bank, Platinum Habib Bank (PBH), and Fin Bank) became insolvent. The CBN injected over N600bn in three (Mainstreet Bank Ltd, Keystone Bank Ltd and Enterprise Bank) of the nationalized banks to recapitalize them (CBN, 2010).

Sanusi (2010), listed failure of Corporate Governance as one of the major factors responsible for the extremely fragile financial system in the country. He identified three major factors spanning from the board members abdicating their duty to shareholders and depositors, the regulatory agencies looked the other way while CEOs of these commercial banks engaged in a deliberate act of prestidigitation, and insider trading. Ironically, the various Corporate Governance codes introduced by the CBN in 2006 and 2014 have not been effective. Insider related fraud in the banking industry amounted to N12.01bn in 2017, an increase of N3.3bn from its previous position in 2016 (NDIC, 2018).

These call for increased research in the field of Corporate Governance (CG) especially in the banking sector. Although, CG in Africa and other developing economics have received significant attention (Ujunwa, 2012; Sando, Garba & Mikailu, 2011; Aboagye et al 2014; Adeusi, Akeke, Aribaba, & Adebis, 2013; Fenta, Kamal, & Waka, 2013; Roger, 2008; Akingunola, & Olusegun, 2013; Abdul-Qadir & Kwambo, 2012; Peters & Bagshaw, 2014; Manini & Abdullahi, 2015; Emmanuel & Hodo, 2012; Shungu & Ndlovu, 2014; Bebeji, Mohammed & Tanko, 2015; Morekwa & Temesgen, 2013; Akpan & Amran, 2015; Okpeh, Okpe & James, 2016; & Isaac, 2014), what is clear is that a lot still needs to be done. Clearly, CG still remains a major issue in the banking industry, especially in Nigeria.

The studies (Adeusi, Akeke, Aribaba, & Adebisi, (2013); Adegbemi, Donald, & Ismail (2011); Akingunola & Adekunle (2013); Ahmad & Mansur, (2012); Lambe Isaac (2014); George & Karibu (2014); Akpan & Rima (2012); Aminu, Aisha, & Mohammed (2015), Abu, James, & Uchenna (2016), on corporate governance and performance in the banking sector in Nigeria mostly focused on a single or a combination of two components of the corporate governance mechanism i.e. board size, board composition, audit committee or CEO duality etc. thus ignoring the likely causal effect that interplays within the corporate governance mechanism.

As such, this study examines the Impact of Corporate Governance (CG) on the financial performance of Tier-One Banks in Nigeria. Unlike previous studies, this study examines the impact of four internal CG mechanisms; board size, board composition, board diversity (gender), and frequency of board meetings on the performance of banks in Nigeria. This study made use of both primary and secondary data to analyze the impact of corporate governance on the performance of these banks. Lastly, the study adopted the use of; Financial Measurement-Return on Assets (ROA) and Operational Measurement-Return on Equity (ROE) as proxies for financial performance.

1.1. Statement of the Problem

Since the global financial crisis, there have been increased call globally for a more resilient and sound Corporate Governance culture in the banking sector. This is essential as a result of the role the banks play in the overall economy of any nation. There have been efforts by the Basel Committee on Banking Supervision (BCBS) to develop a universal code of Corporate Governance (Agyemang et al. 2014). Financial institutions in developing countries like Nigeria have not been spared from the malaise of weak corporate governance. Considering the role banks play in the economy of Nigeria, the need for a strong and resilient banking system with sound corporate governance practices cannot be overemphasized.

Nigerian banking sector has witness crisis since its evolution. Major causes of bank failure in the early years of banking in Nigeria stem from; inadequate capital, fraud, non-performing loans, and insider sharp practices (Ubom & Ubom, 2003). This malaise still pervades the banking industry till today. To curb this, the Central Bank of Nigeria (CBN) had in 2004 introduced reforms via a paper delivered at the Special Bankers Committee meeting by the then CBN Governor, Prof. Charles Soludo titled "Consolidating the Nigerian Banking Industry to Meet the Development Challenges of the 21st Century".

Soludo (2004) opines that the banking industry in Nigeria is characterized by weak Corporate Governance practices such as; late or non-publication of annual returns, gross insider abuses leading to huge non-performing loans, weak capital base, over-dependent on public sector funds, consistent operating losses, and a negative capital adequacy ratio which completely eroded shareholder's fund. Unarguably, it became apparent that part of the challenges facing the banking industry was lack of strict enforcement mechanism which would help implement laws and regulations on corporate governance and global best practices by the regulatory bodies (Quadri, 2010).

In order to regain public confidence in the banking industry in Nigeria, the CBN in April 2006 introduced the Code of Corporate governance for banks. Among the major corporate governance weaknesses identified by the code in the banking sector are: boardroom squabbles, poor board oversight, insider trading, overbearing influence of CEO & Chairman, weak internal control systems, poor regulatory compliance, lending abuses, sit-tight-directors and huge knowledge gap amongst board members (CBN, 2006). Thus, corporate governance policy framework that would help mitigate the identified weaknesses was introduced with clear sanctionable grids for non-compliance.

Some of the measures introduced by the CBN include; regular board meetings, powers of oversight to board members, Executive duality, restrictive residual claimant, board size limit of twenty (20) members, and a whistle blowing policy. The code did not achieve the desired expectation. As barely two years after it was launched the CBN had to bail out three banks with a whooping N600bn of tax payers' money. Ironically, weak corporate governance, the abdication of duty by board members, insider trading and overbearing CEO influence on board members were major causes of these failed banks (Sanusi, 2010).

The CBN in 2014 introduced a revised Code of Corporate Governance (CG) for banks. As the 2006 code essentially lacked clear sanction grids for non-compliance. The code was not in consonant with contemporary happenings in the banking sector with inherent inadequate in view of present developments and challenges in the sector (Ofo, 2011). The 2014 code of CG was more robust with major policies such as: the responsibilities, powers, liability, and sanctions for

board members were more specific, a minimum board size of five (5) and maximum of twenty (20) members, the tenure of the MD/CEO was limited to a maximum period of ten (10) years and board meetings were to hold at least once every quarter to improve monitoring.

While this may seem good on paper, it did not eliminate issues of poor corporate governance that has plaque the banking industry thus far in Nigeria. This is evidence in the large number of insider fraud cases amounting to N12.01bn in 2017 (NDIC, 2018). And more recently, the Central Bank of Nigeria in September 2018 revoked the banking license of Skye Bank Plc. The CBN Governor stated that the bank had a negative net asset worth of N1trillion and this was largely due to incidence of bad insider loans granted to recalcitrant directors disguised as debtors (CBN, 2018).

Apparently, despite all the measure taken by the regulatory agencies, the problem of poor Corporate Governance remains an albatross in the banking industry. Undoubtedly, for the industry to regain it confidence and perform it critical role in the development of Nigeria's economy, a good corporate governance practice is imperative (Soludo, 2004).

It is premise on the above, that this study in broad terms investigates the impact of corporate governance on the financial performance of Tier-One Banks in Nigeria. However, the study addressed specifically the impact of the under listed Internal Corporate Governance mechanism on the financial performance of Tier-One Banks;

- The impact of board size on the financial performance of Tier-One Banks
- Examined the impact of board composition on the financial performance of Tier-One Banks
- Examined the impact of board (gender)diversity on the financial performance of Tier-One Banks
- Examined the impact of frequency of board meetings on the financial performance of Tier-One Banks.

1.2. Research Questions

The study addresses the following questions within the purview of the study problem:

- Does Board Size have positive impact on the financial performance of Tier-One Banks in Nigeria?
- Does Board Composition have positive impact on the financial performance of Tier-One Banks in Nigeria?
- Does Board Diversity (gender) impact on the financial performance of Tier-One Banks in Nigeria?
- Does frequency of board meetings (Board Activity) impact on the financial performance of Tier-One Banks in Nigeria?

1.3. Hypotheses

The study is guided by the following hypotheses.

1.3.1. Board Size

Board size refers to the number of directors that are on the board of a corporation. Appropriate board size is essential because size can be a determinant of the effectiveness of corporate governance mechanism beyond optimal levels (Manini & Abdullahi, 2015). There is conflicting argument about the appropriate size of the board of directors in both financial and non-financial firms (Zulkafli & Samad, 2015). While the 2014 code of corporate governance for banks and discount houses, recommended a minimum of 5 and maximum of 20 board members for banks (CBN, 2014).

Two extreme views on the most effective and efficient board size for a corporation exist. One school of thought argue that large board size increases the agency cost and mostly result in frequent board squabbles (Ujunwa, 2012). Yermack (1996) study on board size has been the most prominent. He argued in favour of small board size and recommended a maximum number of ten (10) board members. Corporations with large board size are usually slow in decision making and this reduces a firm's competitiveness. As corporations with large board size use assets less efficiently and thus earn less profit (Adeusi, Adekeke, Aribaba, & Adebisi, 2013; Jensen, 1993; Yermach, 1996).

Large board size also has the following problems; coordination problems, difficulty in reaching consensus, social loafing, and free-rides which reduce firms' efficiency (Yen Hsu & Petchsakulwong, 2010; Peters & Bagshaw, 2014; Eisenberg, 1998). However, Shunga, Ngirande, & Ndlove (2014) argued in favour of large board size, according to them more people on the board bring about more knowledge and skills which enhance firms' performance. A large board size also has the advantage of members with specialty from a diverse background which enhances decision making, varieties of opinion and reduces the likelihood of CEO dominance (Ruhul, Amir, & Juergen, 2014; Yen Hsu et al, 2010; Peters & Bagshaw, 2014).

Although, board size represents an internal governance mechanism use for monitoring the activities of managers, there still exist divergent views as to its effect on the performance of corporations. James & Joseph (2015) study reveals no significant relationship between board size and firm performance. Similarly, board size showed significant negative effect of financial performance of firms, using Return on Equity (ROE), Return on Asset (ROA), and Tobin's Q as proxies for performance (Bebeji, Mohammed, & Tanko, 2015; Nyamongo & Temesgen, 2011; Abdul-Qadri & Kwanbo, 2012; Shungu, Ngirande, & Ndlovu, 2014; Fantua, Kamal, & Waka, 2013).

In contrast, Buallay, Hamdan, & Zureigat (2017) using five control variables; firm size, firm age, auditing quality, size of board and industry, measured firm performance using ROA, ROE, and Tobin's Q and found that board size has a significant positive relationship with performance. Also, board size shows a robustly positive effect on efficiency, ROE and performance of firms (Babatunde & Olaniran, 2009; Onakoya, Adegbemi, Fasanya. & Ofoegbu, 2014; Ruhul, Amir, & Juergen, 2016). Given the above conflict, it became imperative for this study to develop and test the below hypotheses on board size;

1.3.1.1. Hypothesis 1

- H_{01}: Board size has a negative impact on the financial performance of Tier-One Banks in Nigeria

1.3.2. Board Composition

Board composition refers to the proportion of outside directors (Non-Executive Directors (NEDs) and Independent Directors) to the total number of directors on the board. Mathematically, the total number of directors brought from outside the company to sit on the board divided by the board size (Enobakhare, 2010). Given the critical role that outside directors play, the CBN code stipulate that the number of NEDs shall be more than the Executive Directors (Insider director) and at least two (2) of the NEDs shall serve as independent directors, and directors shall be jointly and severally liable for the bank (CBN, 2014).

The role of independent directors is critical, they are in a better position to monitor and control the firms' activities to ensure opportunistic managers do not take advantage and expropriate the resources of the firm (Jensen & Fama, 1983). Though, there are contrasting views on the impact of board composition on the performance of firms. Bebeji et al. (2015) argued that a board comprises mainly of more independent directors will perform better. There is limited conflict of interest, as independent directors do not have any affiliations with the firm. As such they will be more effective in monitoring managers.

Manaseer, Al-Hindawi, Al-Dahiyat & Sartawi (2012) studied the effect of various corporate governance dimension for fifteen (15) banks quoted on the Amman Stock Exchange (ASE). The findings reveal that board composition has positive impact of the performance of the banks. This is because independent directors are able to monitor the activities of managers better. Independent directors are more likely to protect the interest of shareholders and other stakeholders given that they have no financial or material interest in the firm and hold their integrity in high regard. (Sanda, Mikaila & Garba, 2011).

Several other studies have shown that when a board is mainly composed of outsider directors, it reduces the conflict of interest between insiders (managers and executives) and shareholders. Non-Executive Directors (NED) possess the independent and objectivity to balance the interest of the various stakeholders, especially the minority shareholders in the firm. The availability of more outside members on the board also brings about more resources for the firm, it also gives external investor confidence in the firms' ability to play within the rules and avoid managers from taken reckless behavior that will endanger the resources of the firm. (James et al. 2015).

Farber (2005) examined eighty-seven (87) fraudulent firms listed by Securities Exchange Commission in the USA. Findings show that these firms had fewer numbers of outsider directors and the reputation of firms also increased as they introduced more outsider directors. The benefit of having more outsiders on the board is that they work freely and are not subject to the control and undue influence of managers. Outsider directors are critical for internal monitoring, risk aversion, promote audit committee effectiveness, and they control top management decision, which improve performance (Song & Windram, 2004; Zegorchev & Geo, 2015; Salim, Argomandi & Seufert, 2016; Shungu et al, 2014; Nyamongo et al, 2011; & Yen Hsu et al 2010).

While proponents of the stewardship theory, see managers as trustworthy individuals who will always work in the best interest of the shareholders. The stewardship theorists argue that managers are interested in the growth of the firms, as they believe their success is tied to the success of the firm. Narwal & Jindal (2015) studied the impact of corporate governance on profitability of selected Indian textile firms, findings show that Non-Executive Directors (NEDs) have no significant association with the firms' profitability. A similar study of 171 listed firms in Saudi Arabia shows board composition have no significant impact on performance using Tobin's Q as a proxy for measuring performance (Bualley et al, 2017).

This could be because non-executive directors merely influence the decision and most times do not follow through with the implementation of such decisions. Thus, the effect of such a decision is not immediately felt by the firm especially when measured by the market value of the firm's shares (Zulkafli et al 2015; Pandya, 2011). Also, the problem of information asymmetry arises as outsider directors do not have access to as much information as managers, thus base their decisions on the information provided by managers. Such information could have been manipulated or presented by managers in such a way that would enable them to achieve predetermine goal or objective.

However, excessive monitoring and control would make managers become risk-averse, and unwilling to take advantage of market opportunities if they feel they are being over-supervised. This could damage the advisory role of the board and thus result in unproductive effect which would negatively impact the performance of the firm as they become susceptible to takeover (Stepanova and Ivantsova, 2012; Donaldson and Davis, 1991; Adams, 2002; & Mehram, 2003). Following the above divergent views, this study proposed the following hypotheses on board composition.

1.3.2.1. Hypothesis 2

- H_{02}: Board Composition has no positive impact on the financial performance of Tier-One Banks in Nigeria

1.3.3. Board (Gender) Diversity

Board diversity refers to the representation of the various categories of human difference such as race, gender, age, marital status, ethnicity, and other social psychological orientations on the board of a firm. However, this study focusses on a single component of diversity which is Gender. Board (gender) diversity is calculated as the total number of

women on the board divided by the board size (Shungu et al. 2014). Thus board (gender) diversity refers to the percentage of female on the board of corporations.

Over the last two decades, various advocacy groups have called for increased participation of women at the top level of corporations. Although there has been noticeable improvement in the representation of women on the board of corporations, available evidence shows that women are still underrepresented (McKinsey & Co., 2010). Ironically, the 2014 code of corporate governance for banks and discount houses has no specific provision for gender representation on the boards of Banks, though the CBN encourage financial institutions to promote diversity in board representation.

The literature on the impact of board diversity (gender) on the financial performance of firms has been mixed. Stepanova et al (2012) study on a sample of 300 commercial banks in Spain reveals that female directors provide banks with better monitoring which leads to impact performance positively. They assert that this could be as a result of the creativity, innovation, knowledge, and soft skills a diverse perspective brings to the board.

The diverse view provided by female representation on the board is better when compared to an all-male dominated board. Managers will find it difficult to manipulate a more heterogeneous board. Lastly, female directors provide better representation of the shareholders demography (Bolye & Jane, 2011). The study of Shungu et al. (2014) using a sample of five (5) commercial banks in Zimbabwe found that a positive relationship exists between board diversity and bank performance.

Pletzer, Nikolova, Kedzior, & Voelpel (2015) using meta-analysis investigated the relationship between females' representation on corporate board and financial performance. Their study found a positive but not statistically significant relationship between female representation on boards and firms' performance. Board diversity provides an improved perspective on the board. The evidence shows that companies with a high representation of female directors outperform companies with no woman on their board by 40% in terms of ROE. Gender diversity truly improves performance of banks (McKinsey & Co., 2010; Garcia-Meca, Sanchez, & Farrero, 2014).

Farrel & Hersch (2003) studied a sample of three hundred (300) Fortune-500 companies. The study used board diversity (gender) as proxy for corporate governance, while performance was measured using ROE. The study findings reveal that the addition of women to the board of corporations does not result in any value creation. They claim that the addition of women on the board of corporations is mainly due to either internal or external call for diversity rather than being performance based.

Akpan & Amran (2014) also studied a sample of ninety (90) firms listed on the Nigerian Stock Exchange (NSE). The objective of the study was to investigate the impact of more women on the board of these firms and the performance of the firms. The findings reveal a significant negative impact between the presence of women on the board of these firms and financial performance. They conclude that the appointment of women on the board of firms is mere window dressing as their numbers cannot impact any meaningful positive effect on the performance of the firms.

Several other studies also show that female representation on the boards of corporation either has negative or no significant impact on the financial performance of firms (Rose, 2007; Manini et al 2015; Abu, Okpeh & Okpe, 2016). Thus, this study tests the hypotheses;

1.3.3.1. Hypothesis 3
- H_{03}: Board (gender) diversity has a negative impact on the financial performance of Tier-One Banks in Nigeria.

1.3.4. Frequency of Board Meetings

Frequency of board meetings refer to the number of times board members meet in a financial year. It is also defined as the frequency of board meetings in a year (Ugbede et al. 2013). For the board of directors to effectively perform its oversight and monitor functions, the board shall meet at least once a quarter (CBN, 2014). These meetings enable the board to monitor the activities of managers. The board can fulfill this function by meeting frequently (Akpan, 2015). This enhances supervision of top management, effective monitoring, mitigation residual loss, and help the board set the strategic agenda for the firm (Grove, Patelli, Xu, 2011; Akpan, 2015). To underscore the importance of board meetings, directors seeking re-election into the board must have attended at least two-third of all meetings each financial year (CBN, 2019)

The effect of board meeting frequency on the performance of firms has divergent views in the literature. Ugbede et al (2013) using sample of all listed firms in Malaysia, reveal that frequent board meetings provide effective monitoring mechanism of corporate financial reporting. As lower levels of earnings are associated with fewer board meetings amongst the firms.

Frequency of board meetings was also found to have a robustly significant and positive effect on the efficiency of the sampled banks in Australia (Salim et al. 2016). The frequent board meetings also provide board members with the opportunity to acquaint themselves with the business of the firm, increase their ability to scrutinize, advise, and support management activities. These increase firm's profitability vis-à-vis performance (Kakanda, Salim & Chandren, 2017; Taghizadeh & Saremi, 2013; Agyemang et al. 2014; Ugwoke, Onyeanu, & Modebe, 2013; Eluyela, Akintimehin, Okere, Ozordi, Osuma, Ilogho & Oladipo, 2018).

On the contrary, Jensen (1993) study of a sample of two hundred and fifty (250) firms in the United States of America reveal that board meeting frequency show a negative significant effect on the performance of the studied firms. He argued that this could be as a result of the fact that the board members do not have enough time to exchange meaningful ideas concerning the managers' activities. As such the views of board members during such meetings are reactive rather than proactive, especially as the agenda of such meetings are set by the managers.

Akpan (2015) studied seventy-two (72) firms listed on the NSE. The study found that frequency of board meetings shows a significant negative effect with the ROE of the listed firms. Such meetings increase agency cost of the firms. The increased financial burden on the firm due to travel expense, sitting allowance, accommodation and other allowances which are associated with these meetings.

Lastly, Grove et al. (2011) study show weak evidence of positive relationship between board meetings and financial performance of firms in the USA. Board meetings show no effect in the financial performance of the sampled banks in South Africa and textile firms in India. These meetings are likely to lead to waste of managerial time and resources (Narwal & Jindal, 2015; Alhassan, Bajaheer & Alshehri, 2015). Premise on the above, this study tests the following hypotheses;

1.3.4.1. Hypothesis 4
- H_{04}: Frequency of board meetings (board activity) have a negative impact on the performance of Tier-One Banks in Nigeria.

1.4. Objectives of Study
The major aim of the study is to examine the impact of Corporate Governance on the financial performance of Tier-One Banks in Nigeria. The specific objectives are to;
- Examine the impact of board size on the financial performance of Tier-One Banks
- Examine the impact of board composition on the financial performance of Tier-One Banks
- Examine the impact of board (gender)diversity on the financial performance of Tier-One Banks
- Examine the impact of the frequency of board meetings (board activity) on the financial performance of Tier-One Banks.

1.5. Significance of the Study
This study has both theoretical and practical benefits to regulators, government, shareholders, investors, depositors, researchers, and other relevant stakeholders. In more specific terms the study will;
- Provide investors with adequate information on the level of compliance with Corporate Governance Codes by the banks. Thus, the opaqueness that usually characterizes the banking sector in Nigeria is dismantled.
- Industry regulators will be able to measure the effectiveness of the various initiatives towards strengthening Corporate Governance in the financial services sector, especially in relation to the protection of depositors of banks.
- It will highlight the level of financial disclosure by the various banks in compliance with the principles and code of Corporate Governance introduced by the CBN especially as it relates to full disclosure by banks.
- There is a clear yardstick for measuring the performance of board members, as the measure of financial performance is an index of productivity and/or efficiency.
- Dismantle the barrier of information asymmetry that is common with the agency problem. As shareholders and relevant stakeholders alike would better appreciate the role of the board in the agency theory principle.
- To provide empirical basis for policy formulation and development of sound code of Corporate Governance by industry regulators.
- Board members would be able to measure the effectiveness of their internal Corporate Governance Mechanism, and where necessary fine-tune it to fit their business model.
- An improve Corporate Governance in the banking industry will have a ripple effect on the entire economy, given the critical role the banks play in economic stabilization.

1.6. Scope of the Study
The recapitalization of banks in 2006 provided enormous resources for financial institutions in Nigeria. This was a significant leap from the initial capital base of N2bn to N25bn by the deadline of December 2005. To ensure prudency in financial management, the CBN introduced the 2006 Code of Corporate Governance for banks. Ironically, poor corporate governance was still an issue after the consolidation exercise and the introduction of the code. It seems consolidation created bigger banks but failed to address the fundamental weaknesses in the Corporate Governance practices in many of the banks (Sanusi, 2010).

This study focuses on a ten years (2009-2018) post-consolidation period to investigate the impact of corporate governance of the financial performance of Deposit Money Banks. The intermediation role of the banking sector, through the creation of credit and channeling of excess savings is critical for the development of any economy. This informed the choice of the banking sector for this study. This study focus on Tier-One banks, as these banks account for 70% of the market share in the banking sector in Nigeria (CBN, 2018). In 2018, the gross earnings of these Tier-One banks combined accounted for 82% of the gross earning of the entire banking industry. Thus, these banks have a systemic impact on the industry and economy at large. Except for Access Bank, the other selected banks were not involved in any merger and acquisition exercise during the study period.

Furthermore, the study focusses on internal corporate governance mechanisms which are; board size, board composition, board diversity (gender) and frequency of board meetings (board activities). These CG mechanisms are largely within the control of the banks and are critical elements for resolving the agency problem.

1.7. Limitations

Accessing and obtaining of objective views from directors (board Members) of the selected financial institution was difficult. They would have been a veritable source for Key Informant Interview (KII) for this study. As they have first-hand information on issues relating to Corporate Governance.

The study also did not consider the impact of macroeconomic variables (GDP growth, exchange rate, interest rate, and inflation) on the performance of the banks.

Four internal corporate governance mechanisms were selected for this study. Thus, the causal relationships between other internal and external Corporate Governance mechanisms were not considered in this study.

Furthermore, this study did not consider the impact of the ownership structure (i.e., government, private or foreign ownership) of the banks on Corporate Governance vis-à-vis their performance.

Lastly, this study did not control for bank size or bank age, though the selected banks are all classified as Tier-One Banks by the CBN with equal balance-sheet sizes.

2. Literature Review

2.1. Introduction

This chapter is presented in subheads to reflect the various dimension in the literature on Corporate Governance and Financial Performance: Concept of Corporate Governance, Historical Overview of Corporate Governance, Link Between Corporate Governance and Firm Performance, Corporate Governance and Banks, State of CG in Nigerian Banks, Previous Empirical Studies on Corporate Governance and Financial Performance of Banks and Theoretical Framework.

2.1. The Concept of Corporate Governance?

There is a lack of a universally accepted definition of Corporate Governance (CG)**.** As the concept of CG is broad and multi-disciplinary in nature. It incorporates several organizational functions such as management, finance, accounting, business law, business ethics, and economics simultaneously (Ahmad & Omar, 2014). The Organization for Economic Corporation and Development (OECD), (2004) defined Corporate Governance as a system by which organizations are directed and controlled. Peters and Bagshaw (2014); Emmanuel and Hodo (2012); Ahmed and Hamdan (2015); and Shungu et al. (2014); Abdul-qadir et al (2012); and Akpan (2015) adopted the OECD definition as the general principle by which businesses and management are directed and controlled. While this definition is widely used it does not provide a comprehensive detail of the concept of Corporate Governance.

The World Bank (2013) on her part defined Corporate Governance (CG) as a set of rules and incentives by which the management of a company is directed and controlled. It refers to the way the rights and responsibilities are distributed among the board, company management, shareholders, and other stakeholders. The World Bank definition is suggestive, that if managers are adequately compensated, they will act in the best interest of the shareholders. Though, Munisi and Randoy (2013) study reveals that CEO remuneration hurts firms' performance. They hold the view that CG is used to protect the interest of the different stakeholders.

While Manini and Abdullahi, (2015) see Corporate Governance as the mechanism which commands the interest of companies and other stakeholders. The Concept of CG has continued to gain traction over the last three (3) decades. As sound Corporate Governance has become a critical tool for corporations' survival and competitiveness.

The original objective of Corporate Governance was to provide an amicable solution to the agency problem. This perspective is shared by several authors in their definition of the Concept. Sanda et al. (2011) see CG as the relevant tool required to solve the agency problem. Similarly, Adeusi et al. (2013); Gore et al. (2011); and Morekwa and Temesgen (2013) assert that Corporate Governance provide a solution to how the agency problem/conflict can be resolved, by ensuring that managers pursue interest that align with the wishes of shareholders.

In the same vein, Zogo and Gao, (2015) affirm that Corporate Governance addresses the agency problem which arises as a result of the separation of ownership and control. As with the agency theory, one of the shortcomings of the above definitions is that the authors focused only on the protection of shareholders.

Another perspective sees Corporate Governance as providing solution to the problem of ownership and control arising from the revolution created by the Modern Corporation. Ujunwa (2012) defines corporate governance as the practice design to solve problems associated with the ownership and control and protecting shareholders. Fenta, Kamal and Waka, (2013) define corporate governance as an essential tool for the separation of ownership and control in publicly held companies. James and Joseph (2015) on their part believe that corporate governance should provide compliance, ensure effective internal control systems and protect shareholders. Akpan and Amra (2015); Aboaagye et al (2014); Tomar and Randoy (2012) stress that Corporate Governance is an important element in running the affairs of a company for the best interest of the shareholders.

However, other authors argue that Corporate Governance (CG) has become more complex than just addressing the agency problem. Their position is that CG has become too important to be left in the hands of Management and Shareholders alone. They advocate for greater involvement by government and institutional regulators. Their position is that poor corporate governance has a multiplier effect not just on the immediate shareholders but also has implication on a nation's economy as well. Thus, they define CG in a much broader perspective.

Moca, Maris and Ferrero, (2015) prescribe for a more regulatory and institutional role in enhancing Corporate Governance. Roger (2008) says Corporate Governance is about transparency, accountability, and full disclosure that would enhance performance. While Ugbede, Lizam and Kaseri (2013) see CG as the process of maximizing the value of shareholders legally, ethically, and in a sustainable basis while ensuring equity and transparency to every stakeholder.

Brown and Caylor (2003) see CG as institutional mechanism made to enhance shareholders value. Buallay et al. (2017) defined corporate governance as the combinations of policies, laws, and institutions that influence how firms are managed and controlled.

There is a consensus that a broader view should be espoused for Corporate Governance as it relates to the banking industry. This is because of the peculiar nature of the banking sector which demands that Corporate Governance mechanisms for banks should encapsulate depositors as well as shareholders (Macey & O'Hara (2001). They further argued that, the unique nature of the banking sector, whether in the developed or developing world, requires that a broad view of Corporate Governance, which captures both shareholders and depositors, be adopted for banks. They posit that, in particular, the nature of the banking sector is such that regulation is necessary to protect depositors as well as the overall financial system and indeed the survival of the national economy.

Premise on the above, this study adopts an operational definition of Corporate Governance taking into cognizance the peculiarity of banking industry. And defines Corporate Governance as the Internal, External, Regulatory and Institutional framework put in place by management, shareholders, regulators, government and other stakeholders, to ensure that corporations are managed in a manner that is responsible, equitable, fair, transparent, and provides a commensurate measure of return and protection to the diverse stakeholders.

2.2. Historical Overview of Corporate Governance

The origin of Corporate Governance could be traced back to the work of Berle and Means (1932). They observed that the emergence of the Modern Corporation has made managers too powerful such that they can undermine the role of the shareholders who provides the funds for the corporation. The Modern Corporation magnified the critical issue of separation of ownership and control. As corporations having access to enormous financial resources have the ability to separate the control of firms from its direct owners. Berle and Means' observation of the departure of the owners of corporation from the actual control of the corporations led to a renewed emphasis on the behavioral dimension of the theory of the firm.

Though Corporate Governance is viewed as a recent issue but nothing is new about the concept, because it has been in existence as long as the corporation itself (Imam, 2006). Jensen and Fama (1986) suggested that one way to address the conflict arising from the separation of ownership and control is through the introduction of "Board of Directors". Though, they warn that care must be taken to ensure that the cost does not outweigh the benefits. As the cost of good corporate governance practice may have an overbearing effect on the production cost and corporation's competitiveness. Corporations that survive are those that satisfy customers' need at the lowest price while covering production cost (Jensen et al, 1987).

Recognizing the impending danger that looms in an economic arrangement that allows ownership of wealth without appreciable control and control of wealth without appreciable ownership became of huge concern to scholars. Alchian (1968) marveled at an economic order that allowed millions of individuals transfer a significant portion of their wealth to corporations run by managers, who have so little interest in their welfare. To address this impasse Jensen and Meckling (1976) popularized the Agency Theory.

The Agency Theory created a contractual agreement between the Principal (fund providers/shareholders) and Agents (Managers), where the former hires or engages the services of the latter to act and make decision on his behalf. However, the core of the relationship between the principal and agent is based on trust. Where there is doubt, both the principal and agent can introduce mechanisms that would checkmate the activities of the agent. Though, this does not come without a price and may lead to a rise in the Agency Cost.

One of the limitations of the Agency Theory by Jensen and Meckling (1976) was its overemphasis on the protection of shareholders. Freeman (1984) developed the Stakeholders' Theory; his position was that business benefits should change from shareholders to stakeholders and the latter should be given serious decision-making powers. Freeman defined stakeholders as any individual or group who can affect and be affected by the activities of an organization (Stieb, 2008).

Freeman argued that stakeholders are equally affected by the decisions taken by managers and as such should be protected. A classic example is the collapse of Enron, Parmalat, and WorldCom as demonstrated in the number of job losses, cost of litigations, and loss in tax revenue by employees, creditors/suppliers, and government respectively who were also affected (Sanda et al, 2013). However, one of the flaws with the stakeholders' theory is that it pokes several holes within the modern corporation arrangement. As it assumes a fiduciary relationship exist between managers and all stakeholders. The theory is also not explicit on which stakeholder gets what?

Corporate Governance (CG) systems and practices have evolved over the decades, oftentimes in response to huge systemic corporate failures. The South Sea Bubbles of 1720 in Great Britain was the first well documented case of failed corporate governance. The incident led to the enactment of the Bubble Act of 1720 meant to checkmate insider trading, margin loans, and other fictitious financial hemorrhage by CEOs of corporations. In like manner, the Great (Wall Street) Crash of 1929 precipitated much of the reforms in the Securities and Exchange laws in the United State of America. More recently, the collapse of global corporations like Enron, WorldCom, Tyco, AIG, Freddie Mac, Lehman Brothers, and Arthur Andersen informed the promulgation of Sarbanes-Oxley Act of 2002, Cadbury Report, Greenbury Report, OECD Principles and the Basel Commission on Banking Supervision-2010 in Europe and America.

2.3. Linkage between Corporate Governance and Firm Performance

Increased shareholders activism globally stems from the conviction that better corporate governance will deliver higher shareholder returns (McKinsey & Company, 2000). The expectation is that good Corporate Governance practices is

supposed to enhance the performance of corporations. As CG is meant to prevent managers from expropriating the resources of the corporation and at all times, act in the best interest of the shareholders via its decision-making functions. Such action is believed will intrinsically trigger a respond from value of the corporations' shares price, as investors are more than likely to respond to news indicative of good corporate governance. However, repeated attempts by academics have not be able to show an irrefutable statistical link between corporate governance and firm performance, this is the complex nature of the relationship (McKinsey & Company, 2000).

Good corporate governance means transparency, equity, fairness, accountability and full disclosure of the activities of the corporation by the board and managers. It entails the lack of expropriation of organizations' resources for the selfish interest of managers or shareholders with controlling interest. Good corporate governance is an important step towards building market confidence and encouraging stable, long-term international investment flows into the country (Sanusi, 2002).

The practice of good corporate governance will assure investors, lenders, creditors, and other stakeholders of the corporation's ability to remain as a going concern. Corporations with good corporate governance are more likely to get access to cheap fund as investors will be willing to put money is such corporations, this will lower cost of capital, improve its competitiveness, and performance (Uwuigbe, 2011).

Good corporate governance practices have far-reaching implications, especially for a developing economy. With good corporate governance, the likelihood of systemic collapse that would have a ripple effect on the entire economy is minimized. A survey of 200 institutional investors by McKinsey and Coy (2002) reveal that one-third of these investors will completely avoid investing in countries with a reputation of poor corporate governance.

Countries with good Corporate Governance attract the needed Foreign Direct Investment (FDI) that is critical for economic growth. This offers better protection for investors and lead to a more robust and developed capital market which will be less vulnerable to systemic shocks. Good corporate governance guarantees an equitable society where shareholders and other stakeholders can be assured of the safety of their investments and interest in the corporation.

To underscore the importance of corporate governance to firms' performance, McKinsey & Company (2000) revealed that institutional investors with a combined global asset of $2trn show willingness to pay a premium on well-governed corporations, as much as; 12-14% for corporations in America and Europe and as high as 30% for corporations in Africa. Well-govern corporations are corporations having a majority of outside directors on the board with no form of relationship with the management, holding formal evaluation of directors and being responsive to the request of investors regarding information on corporate governance issues (McKinsey & Company, 2002).

2.4. Corporate Governance and Banks

The economic performance of any country is largely shaped by the quality and effectiveness of the nation's corporate governance practices. The major drivers of economic activities in any country lie in the banking sector, especially in the light of it impact on the national economy as Corporate Governance in Banks is necessary for ensuring a sound and stable financial system (Sanusi, 2002).

The financial system has become more than an institution that facilitates the ease of payments and extend credits, it has become the central nervous system of every market economy. The emphasis on sound CG in banks by regulatory authorities in the last decades underscores the critical role of banks in the national economy (Sanusi, 2012). This is particularly as a result of the fact that globalization, deregulation and technological advancement are steadily increasing the risk in the banking sector (Carse, 2000).

From an industrial perspective, the Basel Commission on Banking Supervision (BCBS), (1999) assert that Corporate Governance has to do with how businesses and the affairs of individual institutions are managed by the board of directors and those in senior management positions. According to Sanusi (2003) shareholders and depositors put their money in the bank with the expectation that the bank will be run in accordance with sound corporate governance principles. Thus, they expect safety and a commensurate return for the foregone consumption and this is a legitimate expectation. As such, directors of banks are expected to serve as checks on the excesses of managers, however, where directors themselves are involved in the expropriation it becomes difficult to protect the stakeholders.

One of the key functions of the banking sector is to play the role of intermediation between savers and users of fund. The banks serve as the major providers of fund for driving sectors of the economic, through the creation of risk assets. Risk management is one of the most significant corporate governance mechanisms that banks must make genuine effort to improve on. As one of the most effective policy tools to forestall financial crisis is the prudential management of risk asset in banks (Brash, 2001).

No singular factor contributes more to institutional problems and can precipitate crisis in the financial system than the lack of effective Corporate Governance in the management of assets of banks (Sanusi, 2004). Weak, poor, and abuses in the management of risk assets in banks were one of the major factors that led to the banking crisis in Nigeria in 2008 which almost brought the financial system to the brink of collapse (Sanusi, 2012).

The role of banks in the proper functioning and stability of any economy is not in doubt. Thus, it has become sacrosanct for banks to maintain good Corporate Governance which is a prerequisite for attracting Foreign Direct Investment required to put the economy on the part of sustained growth. Unlike other corporations, most of the funds used by the banks to conduct their business belongs to the creditors and in particular the depositors. As such, trust is a very important element in the relationship between the banks and these stakeholders. When trust is undermined then public confidence in the financial system is eroded and the entire economy becomes worse for it. The most valuable assets in the banking sector are public trust and confidence. Therefore, it is in the best interest of managers, board of directors, regulators, government and other stakeholders to do everything it takes to guard it jealously (Sanusi, 2003).

Below is a model representation adapted by the study showing the relationship between Corporate Governance and banks.
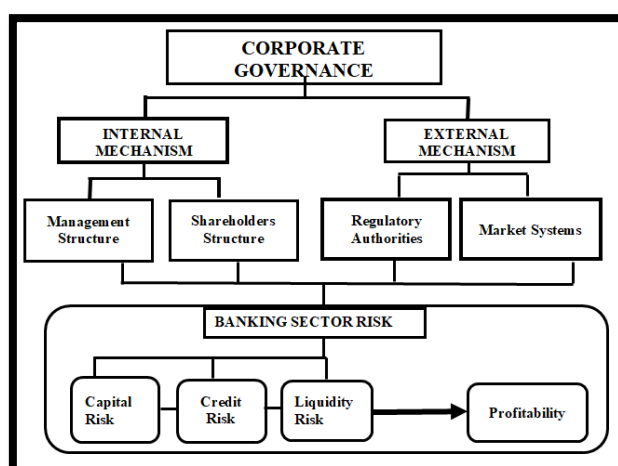

Figure 1: Model Showing Corporate Governance and Banks
Source: Adapted from Truong, Thai and Thao (2016)

2.5. State of Corporate Governance in Nigeria Banks

In the last decade, Corporate Governance in the financial sector has attracted significant attention by the CBN and other regulatory authorities. This is no doubt as a result of the increased relevance Corporate Governance continue to have on the entire economy of the country. Sanusi (2012) stressing on the importance of Corporate Governance in the banking sector, he described it as the Central Nervous System (CNS) of the economy. This underscores the pivotal role Corporate Governance in the financial sector plays in the overall economy, especially of a developing nation like Nigeria. Ironically, the consolidation exercise in Nigeria in 2006 created tremendous wealth for the banking sector, there was however, no strategic policy to address the Corporate Governance lapsed that have hitherto characterized the banking sector.

Unlike other firms, Corporate Governance in banks is very critical as the banks carry out their operations with other peoples' money (Carse, 2000). Various laws and regulations have been put in place by the CBN to promote sound Corporate Governance in Nigeria, such as: Company and Allied Matters Act of (CAMA) 2012, Banks and Other Financial Institutions Act (BOFIA) of 2007, Statement of Accounting Standard (SAS), CBN Periodic Prudential Guidelines, CBN Periodic Circulars and Governance Code amongst others.

Governmental agencies and professional bodies such as Securities and Exchange Commission (SEC), Nigeria Stock Exchange, Chartered Institute of Bankers of Nigeria CIBN, Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Taxation of Nigeria (CITN) and the Financial Institutions Training Centre (FITC) among other, preach good corporate governance practices amongst their members during seminars and workshops.

In Nigeria, no one single factor contributes more and is responsible for bank failure than poor corporate governance practices within the board and banks (Sanusi, O. 2002). At the board level, most banks' board members are not immune from the menace. They conspire with management and engage in unethical and fraudulent business practices with shocking scope and depth. Unfortunately, this ugly trend has become prevalence and widespread in the banking sector immediately after the consolidation period in 2006. Thus, those who are saddled with the responsibility of ensuring sound corporate governance and protecting the interest of the shareholders and other stakeholders became complacent, willing conspirators and culprits themselves (Sanusi, 2010).

The expectation is that Corporate Governance in the banking sector is supposed to provide the enabler upon which sound and equitable banking business should be conducted. However, a critical review of the banking system in Nigeria over the decades has revealed that poor corporate governance continues to be a menace confronting the sector and indeed the entire economy of Nigeria.

The various NDIC reports on the liquidated banks after the consolidation exercise between 2007 and 2018 showed clear evidence that the root cause of the banks' failure was mainly due to poor corporate governance. As shown in the reports, infractions spanning from; misuse of privileged position by executives and management, insider trading, unsecured credit facilities to board members, related parties' transactions, purchasing of own shares my managers and other abuses in foreign exchange transactions (Osota, 2009).

To buttress the extent of the decay in the corporate governance practices in banks, the CBN in 2010 published the details of infractions by executives in most of the banks. From CEOs setting up Special Purpose Vehicles (SPVs) then creating risk assets for themselves, to bank executives engaging in margin loans, using of depositor's fund to trade on own shares and IPOs, one bank even went as far as purchasing private jets which was registered in the name of the CEO's son and executives setting of over 100 fictitious companies for the sole purpose of perpetrating fraud (CBN, 2010). This was the depth of the corporate governance state in the banking industry during and after the consolidation exercise.

Sanusi also disclosed that 30% of the share capital of Intercontinental Bank was purchased with customers' deposits. Afri-bank used depositors' funds to purchase 80% of its IPO. It paid =N=25/per share when the shares were trading at =N=11 on the NSE and these shares later collapsed to under N3. The CEO of Oceanic bank controlled over 35%

of the bank through Special Purpose Vehicles (SPVs) borrowing customers' deposits. The collapse of the capital market wiped out these customers' deposits amounting to hundreds of billions of Naira. Therefore, a lot of the capital supposedly raised by these so called "mega banks" was fake capital financed from depositors' funds. Based on this, we can conclude that the consolidation process was a sham and that most of the banks never raised the capital they claimed they did (CBN, 2014).

Above ethical infractions resulted in the CBN and other regulatory agencies to tighten it noose on enforcement of sound corporate governance practices in the banking sector. The CBN has also introduced stiffer sanction grid for none-conformity with code of corporate governance by the banks. This underscores the importance of corporate governance in the banking sector especially given the critical role the banks play in the national economy.

To guarantee investors' confidence in the banking sector, industry players must keep to the rules, adhere to regulatory guidelines and each individual bank operate in a manner that is seen as fair, open, transparent and in the interest of all stakeholders. This undoubtedly, will increase public trust and confidence within the banking sector which will have a ripple effect on the economy at large through improved financial system stability.

However, when there are huge incidences on ethical and professional misconduct by the management, and board of directors, who are supposed to serve as watch-dog on behalf of the shareholders, are also found culpable. This is the case of failed banks since consolidation. These dampen public confidence in the banking sector and to an extent the economy.

2.6. Previous Empirical Studies on Corporate Governance and Financial Performance of Banks

Several studies have attempted to address the issue of Corporate Governance (CG) in the banking sector, giving its peculiar opaque nature of operation. While the agency theory offers protection to shareholders, the theory did not envisage the effect of poor corporate governance on stakeholders like depositors in the case of banks.

Garcia et al (2015) studied the impact of corporate governance on the financial performance of 159 banks in nine countries. They used board diversity (gender and nationality) as a proxy for corporate governance while banks' performance was measured using Tobin's Q. Findings show that while gender diversity increases banks' performance, nationality diversity has significant negative effect on the performance of banks.

In the study of financial institution in the United States of America, Zagorchev and Gao (2015) shows evidence that good and sound corporate governance positively impact on the performance of financial institutions. Their study revealed that sound corporate governance led to reduction in the volume and value of non-performing loans (NPLs). They used board independence, board committee and board classification as proxies for corporate governance while the market value of the institutions' stock (Tobin's Q was used as proxy for financial performance).

Similarly, Grove et al (2011) studied the effect of corporate governance on the performance of 236 commercial banks in the United States of America. The study adopted the factor structural model to measure the multiple dimensions of corporate governance. Findings reveal that while CEO duality has significant negative effect on financial performance, board characteristics (executive compensation, frequency of meeting and board size) have positive effect on the performance of the banks when measured on Return on Assets (ROA).

Tomar and Bino (2012) studied the impact of Corporate Governance on the performance of 14 commercial banks listed on the Amman Stock Exchange. Using the linear regression analysis method, they evaluated the impact of ownership structure, board composition and board size on the performance of the banks. The findings reveal that ownership structure play a significant role in the performance of these banks as banks with institutional majority ownership display better performance than those with government or family ownership. The results also suggest that board composition has a strong impact on the financial performance of banks, board size has no effect on the performance of the banks when measured on ROA and ROE.

A similar study by Manaseer et al. (2012) conducted on fifteen (15) banks on the Amman Stock Exchange reveal that board size and CEO duality have negative impact on the performance of the banks while board composition and foreign ownership have positive impact on performance.

Salim, Arjomandi and Seufert (2016) studied the effect of Corporate Governance on the performance of Australian banks. They measured Corporate Governance using; board size, board composition, board meetings, committee meetings and ownership structure as proxies. Financial performance of the banks was measured using liquidity, capital and ROA. Findings reveal that board size and board meetings have robustly significant and positive impact on the performance of the banks. While ownership structure and board composition have no significant impact on the performance of the studied banks. Their findings are in sync with the stewardship theory which assert that managers would always act in the best interest of the firm. This supports the view of Jensen (1993) that independent directors do not have sufficient enough information and time to make an impact in the firm.

Pandya (2011) investigated the effect of corporate governance on the performance of public and private banks operating in India. Corporate Governance was operationalized with CEO duality and board composition while ROE and ROA were used as proxies for financial performance of the banks. The study findings show no significant relationship between CEO duality on ROE and ROA, ditto for board composition no significant relationship was found between it and ROE and ROA. Thus, the researcher concluded that corporate governance has no significant effect on the financial performance of both public and private banks in India. The researcher also noted that the outcome would have been as a result of the narrow indicators used for both Corporate Governance and financial performance.

In Malaysia, James and Joseph (2015) examined the effect of regulatory and internal corporate governance mechanisms on the performances on banks in Malaysia. A sample of eighteen (18) banks was chosen for the study. Board size and board independence were used as proxies for internal CG mechanism while Capital Adequacy Ratio (CAR) was

adopted as regulatory CG mechanism, and Return on Assets (ROA) for measuring financial performance. Findings show that CAR has significant positive relationship with the financial performance of the selected banks. While board size and board independence show no significant relationship with the performance of the banks. The study findings amplify the need for more regulatory involvement in the banking sector by ensuring strict compliance and enforcement of policies and guidelines on corporate governance by financial institutions.

Following the post-financial crisis in Asia, Zulkafli and Samad (2007) examined the impact of Corporate Governance on the financial performance of Asian banks. A total of 107 banks were selected from nine Asia countries. The study classified Corporate Governance mechanisms into four dimensions namely: Ownership Monitoring Mechanism (Large shareholders, Govt. ownership and Foreign ownership), Regulatory Monitoring Mechanism (Capital Adequacy Ratio), Internal Control Monitoring Mechanism (CEO duality, board size, board independence) and Disclosure Monitoring Mechanisms (Comprehensive, Information and Timely disclosures) while ROA and Tobin's Q were used as proxies for financial performance.

The study adopted the Estimated General Least Square (EGLS) regression model for data analysis. Findings show that ownership monitoring mechanism has statistically significant relationship with performance of the banks when measured using Tobin's Q while it has a negative relationship on ROA. Internal Control Monitoring Mechanisms was not statistically significant relationship on both Tobin's Q and ROA, the Regulatory and Disclosure Monitoring Mechanisms reveal a statistically positive relationship on financial performance of the banks both on Tobin's Q and ROA.

Ugbede, Lizam, and Kaseri (2013) carried out a comparative study to investigate the impact of Corporate Governance on earning management in Nigeria and Malaysia. The study sample was all banks listed on the Nigerian Stock Exchange and the Malaysia Exchange. The researchers used board independence, board composition, board size, frequency of board meetings, leadership independence, audit committee size, CEO duality, and audit committee meetings as proxies for capturing Corporate Governance while the modified Jones Model was adopted for measuring earnings management.

Overall, the findings show that Nigeria banks' earning management has a negative mean; by implication total accruals were negative in majority of the sampled banks whereas their Malaysian counterpart shows a positive total accrual. The key elements of Corporate Governance have positive association with earning management in Malaysian banks. These were found to be lacking in the Nigerian banks' Corporate Governance structure, resulting in the poor accruals and weak earning quality.

Poor Corporate Governance (CG) has been the bane of most developing countries, especially in Africa. This could be attributable mainly to the decay of regulatory institutions, absence of a unified CG Code, weak stock exchange, corruption, and of course the high rate of government intervention in the market economy. The banking sector that plays a critical role in the economic development of the continent is not spared the menace of institutional decay, government intervention and corruption.

Fenta, Kamal and Waka (2013) assessed the impact of Corporate Governance (CG) on the financial performance of commercial banks in the absence of an organized stock exchange markets such as in Ethiopia. Nine banks were used as sample for the study. The study adopted Internal and External Corporate Governance mechanisms. Board size and audit committee were used as proxies for internal CG while CAR and NPL represented the external CG mechanism. Findings reveal that both internal CG mechanism had statistically significant negative effect on the performance of the banks while CAR and bank size have statistically significant positive effect on the performance of the banks on both ROE and ROA. Findings also reveal a lack of legal framework for the protection of minority shareholders.

Morekwa and Temesgen (2013) investigated the effect of Corporate Governance of the performance of 37 commercial banks in Kenya. The study measured performance of the banks using ROA and ROE. Three dimensions of Corporate Governance: board size, independent directors and CEO duality were used. Findings show the existence of independent directors improves performance, while no evidence was found for CEO duality on performance.

The study reveals that a large board size impact negatively on performance, this is in sync with Yemack (1993) that large board size increases the agency cost and thus negatively affect firm's performance. Similarly, Manini and Abdillahi (2015) examined the impact of CG on the performance of two banks in Kenya. Board size, audit committee size, and board gender operationalized Corporate Governance. Financial performance was measured based on the profitability on the banks as reported in their annual accounts. Findings show that all three mechanisms have no effect on performance, however, bank size show significant positive impact on the profitability of the banks.

Persistent poor financial performance of banks in Uganda provoked Roger (2008) to investigate the role of the core pillars of Corporate Governance on the performance of banks. Transparency, Disclosure and Trust were used as proxies for Corporate Governance while financial performance was measured using: Capital Adequacy, Asset Quality, Management, Earnings Quality and Liquidity (CAMEL) Model. The corporate governance proxies were further measured as: Transparency (information asymmetry), Disclosure (Financial and Voluntary Disclosures) and Trust (Openness and Reliability).

Findings reveal that openness and reliability which are measure of "Trust" contribute significantly to the performance of the four sampled banks. While Credit Risk which measures Financial Disclosure has negative relationship with performance. The researcher suggested that banks should ensure full disclosure and transparent practices, which would boost the trustworthiness of the banks thereby enhancing performance since trust has a significant impact on performance.

Poor Corporate Governance (CG) was attributed as one of the major causes of the unprecedented failure in the financial sector between 2003 and 2009 in Zimbabwe. Shungu, Ngirande and Ndlove (2014) investigated the effect of

corporate governance on the performance of banks. Board size, board composition, board committee and board diversity served as independent variables while ROE was used as a measure of performance.

Findings reveal that board composition and board diversity have significant positive relationship with performance of the banks while board size and board committee show negative effect on the performance of the studied banks. The researchers recommended that to improve performance banks must adopt good corporate governance practices, which includes improved board structure, full disclosure, and fiduciary duties of directors must be strictly adhered.

Aboagye et al. (2014) examined the effect of Corporate Governance on the performance of firms in the banking sector in Ghana. A sample of eight (8) banks listed on the Ghana Stock Exchange was selected for the study. Data from the audited financial statements of the banks between 2007 and 2012 was used. Board composition, board meetings, board size, audit committee, and CEO status were used as proxies for corporate governance while financial performance was measured using Tobin's Q and ROA.

The findings of the study reveal that the proportion of non-executive directors on the board positively influence the performance of the banks, this could largely be due to their monitoring and advisory role. Board meetings were also seen to have positive effect on performance of the banks, as meeting frequency increases, so does monitoring and advisory which improve performance. However, board size, audit committee and CEO status did not show any significant relationship with performance.

Like any other Africa country, the case in Nigeria is not different. Weak Corporate Governance has remained a front burner issue, which has continued to plaque firms in Nigeria and the banking sector has suffered huge casualties. Abu, Okpeh and Okpe (2016) investigated the influence of Corporate Governance of the financial performance of Deposit Money Banks (DMBs) between 2005 and 2014 in Nigeria. A sample of 15 banks listed on the Nigerian Stock Exchange were selected for the study. The researchers use independent directors (grey directors), women directors and foreign directors as proxies for corporate governance/board characteristic, while financial performance was measured using ROE and ROA.

The findings reveal that foreign directors have significant positive impact of the performance of the banks. This could be as a result of the ability of foreign directors to attract Foreign Direct Investment (FDI) to the banks, due to the prevalence of sound corporate governance practices in their home country. However, independent and women directors show no have no significant impact on the financial performance of the studied banks.

Bebeji, Mohammed and Tanko (2015) analyzed the impact of corporate governance on the performance of banks in Nigeria. They selected five (5) banks as sample for the study for a period of nine (9) years. The researchers used board size and board composition as proxies for corporate governance while financial performance was measured using ROE and ROA. The finding reveals that board size has significant negative effect on ROE and ROA, while board composition reveals a significant positive effect with both ROE and ROA.

By implication when a board is too large this would lead to a decline in the profitability of the bank, this is in tandem with the agency cost. On the other hand, a board that is made up of a significant number of outsider and independent directors improves the board's monitoring and supervisory activities which in turn impacts on the performance of the banks. The researchers recommend that banks should have adequate board size to scale up the complexity of its operation and be composed of members from diverse background with experience and integrity.

Obeten, Ocheni, and John (2014) studied the effect of Corporate Governance on the performance of commercial banks in Nigeria. They expressed Corporate Governance as a managerial tool for the judicious, preservation and prudential management of the resources of an organization. They used Shareholders, Debtholders and Competition in Product Market and Take-Over as proxies for Corporate Governance mechanisms while Profitability, Dividend Per Share (DPS) and Earnings Per Share (EPS) were used to measure the performance of the banks.

The study findings in absolute terms reveal that corporate governance does not affect the performance of the banks and value of the firm, especially in the short run. Though they admit that strong governance standards are important for banks, and an increased governance quality led to higher levels of Foreign Direct Investment (FDI) and increase in public confidence. Finally, the researchers concluded that good governance practice is usually rewarded in the long run.

Eluyela, Akintimehin, Okere, Ozordi, Osuma, Illogho, and Oladipo (2018) while examining the nexus in Nigerian Deposit Money Banks (DMBs) investigated the impact of Corporate Governance on the financial performance of DMBs in Nigeria. A sample of 15 commercial banks listed on the NSE was selected for the study. The researchers use frequency of board meetings and board size as proxies for Corporate Governance while financial performance of the banks was measured using Tobin's Q.

The study made use of secondary data which were analyzed using the Pearson Correlation Test (PCT). The findings show a positive relationship between frequency of board meetings and firm performance, while board size was found to have positive relationship with firm performance though it was not significant. The researchers recommended that banks should increase the frequency of board meetings to at least four times a year. This will also be in compliance with the code of good corporate governance for banks as enshrined in the 2014 code of governance by the CBN (CBN, 2014).

Using the audited annual reports of ten (10) selected banks, Adeusi, Akeke, Aribaba, and Adebisi (2013) examine the relationship between Corporate Governance and financial performance of banks in the Nigerian banking sector covering a period of six (6) years (2005 to 2010). Corporate Governance was measured using board size and board composition while financial performance was measured using Return on Assets (ROA) and firm size was controlled.

The econometric model adopted by the study reveal that board size has a significant impact on the performance of the banks while board composition represented by number of external board members does not increase the performance of the banks. This is in sync with Jensen (1993) assertion that NED do not have enough time to participate in the activities

of the firm for their impact to be felt. The researchers recommended for an increase in board size and a decrease in board composition, as measured by the number of outsider directors to the total number of directors.

Following the certification of twelve banks in 2010 by the CBN. Declaring these banks as healthy and in substantial compliance with the Code of Corporate Governance (CCG) for banks and discount houses. Abdul-Quadri and Kwambo (2012) investigated the impact of the compliance of these banks with the corporate governance code on the performance of the twelve (12) banks between 2006 and 2010.

The researchers used Dispersed Equity Holdings (DEH), Board Size (BS), and Chief Compliance Officer (CCO-compliance status) as proxies for measuring corporate governance, while performance was measured using EPS, DPS, Profit Before Tax (PBT), and Profit After Tax (PAT). Findings reveal positive impact of DEH on the profitability of the banks, however, findings for board size are mixed, while large board size impact on profitability does not significantly impact on the financial performance of the firm. The position of CCO which is a mandatory requirement for banks by the CCG does not enhance the profitability of the banks in anyway.

Akpan and Riman (2012) investigated the impact of Corporate Governance on the profitability of banks in Nigeria. The researchers used ROE, ROA and Non-Performing Loans (NPLs) as proxies for measuring the dependent variable, Bank Performance. While Board Size (BS) and Number of Shareholders (SHOD) were used as index for corporate governance with Total Asset (TA) and Total Equity (TE) as control variables.

Findings reveal that Board size and number of shareholders are statistically significant when measured on ROE and ROA, while SHOD showed significant positive relationship with NPL, there was a negative relationship between board size and NPLs. Coincidentally, TA and TE did not show any significant impact on ROE and ROA, an indication that the balance sheet size of a bank is not a major determinant of performance.

Uwuigbe and Fakile (2012) critical of the increasing poor corporate governance in the banking sector investigated the effect of corporate governance on the performance of all listed banks on the Nigerian Stock Exchange. Board size was used as a proxy for corporate governance while the Return on Equity of the firm was used as proxy for banks' performance. Findings reveal that banks with a board size of less than 13 directors are more profitable than those with above 13 directors.

The study further reveals that banks with large board size recorded lower profit compared to the pair with smaller board. Thus, the researchers concluded that there is a significant negative relationship between board size and the financial performance of banks in Nigeria measured on ROE. This is because a large board increase the agency cost and give room for directors' free-riding/social loafing they assert. They recommend for a smaller board size with professional and competent directors.

This study improved on the works of Abu et al (2016); Bebeji et al (2015); Eluyela et al (2018); Adeusi, Akeke, et al (2013); Akpan and Riman (2012); and Uwuigbe and Fakila (2012) by increasing the number of internal governance mechanism to four; board size, board composition, board diversity and frequency of board meetings. Also, this study covers a longer period (ten years) compare to the work of the above scholars. This will provide ample time for the impact of the various governance mechanisms to manifest.

For measuring financial performance, this study adopted the Return on Equity (ROE) and Return on Asset (ROA) which are in sync with those of Rondaki and Bhuiyan (2015); Ferede (2012); Tomar and Bino (2012); Fanta, Kemal and Waka (2013); and Shungu et al (2014). However, this study selected banks with equal balance sheet sizes, which served as a common denominator for the banks. The effect of this is that, the variables for measuring financial performance will have smaller disparity as indicated by the standard deviation of the Dependent Variables (ROE & ROA).

Specifically, financial performance is measured using Return on Equity (ROE) and Return on Assets (ROA) this is the most popular form of measurement by previous studies. The ROE shows the contribution of one unit of equity to the Net Operating Income. The ROA shows how the company has been able to use it resources (Assets) to generate wealth.

The combined measure provides a more holistic measurement parameter. This is an improvement on the performance measurement variables used by (Gracia et al, 2015; Zagorchev & Gao, 2015; Tomar & Bino, 2012; Salim et al, 2016; Pandya, 2011; James & Joseph, 2015; Morekwa & Temesgen, 2013, & Shungu et al, 2014) which used either a market or an accounting-based measurement.
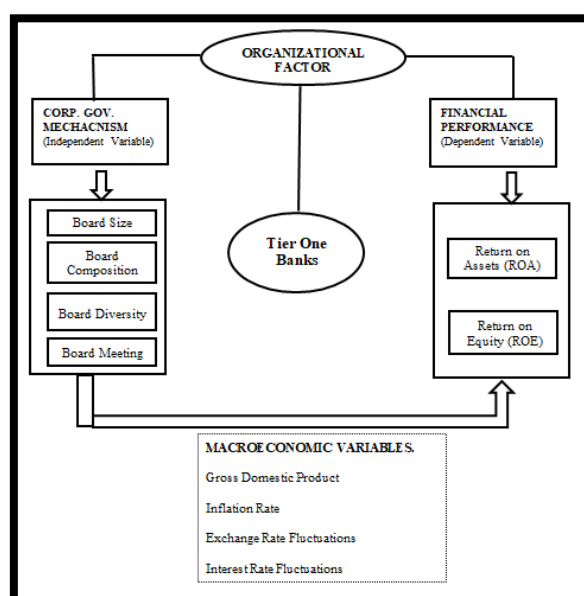
Figure 2: Graphical Model of This Study
Source: Adapted from Peter and Bagshaw (2014)

2.7. Theoretical Framework

The evolution of theories or models on corporate governance has never been in short supply. This is largely as a result of the minimal social consciences and crave for profit making by corporations (Abdullah & Valentine, 2009). However, the most fundamental theory in corporate governance began with the Agency Theory, which became popular in the 1970s. Though, Freeman (1984) expanded on the agency theory and developed the Stakeholders' Theory. While several other theories exist, such as; Stewardship Theory, Resource Dependency Theory, Transaction Cost Theory etc. This study focuses on the Agency and Stakeholders Theories, as both theories provide the theoretical underpinning upon which the literature on corporate governance has its foundation (Sanda, Garba & Mikailu, 2011). These two theories are discussed below:

2.7.1. Agency Theory

The principal and agent theory emerged in the 1970s from the combined discipline of Institutional Theory and Economics. Agency theory remains dominate in the corporate governance literature. Though, there exists some level of contention as to its original owner, as Stephen Ross and Barry Mitnick both lay claim to its authorship. However, the first documented exposition on the theory was by Alchian and Demsetz (1972) and it was further developed and made popular by Jensen and Meckling (1976). The original idea of the agency theory was to process solutions to the agency problem which arose with the emergence of the Modern Corporation and Private Property (Berles and Means, 1972) where corporations become too powerful as a result of the enormous wealth in the hands of corporations' managers.

Agency theory expresses the relationship (mostly contractual) between the Principal (fund providers) and Agents (managers). The Principal hires the Agent (base on agreed terms and conditions) to act, make decision and take certain risk on behalf of the principal at an agreed compensation. However, the principal's expectation is that the agent will at all times act or make decision that will be in the best interest of the principal.

Daily et al (2003) suggest that one of the two factors that influence the popularity of the agency theory is that, Agents (managers) in organizations can be very self-interested and pursue objectives that suit their needs rather than that of the principal. Especially in the presence of information asymmetry where the principal is not so conversant with the dynamics of the business. The agents are more than likely to pursue interest that will benefit him more rather than the principal (Fama, 1980).

On the corporate level, agency theory explains the relationship between the providers of fund (shareholders) through share acquisition and those appointed to manage the affairs of the firm (top management). Under this contextual arrangement, the agency theory is seen as a contractual agreement between one or more persons referred to as the principal(s) who appoints other people known as the agents to carry out certain functions on their behalf, to that extend the principal delegates certain decision-making function to the agent (Jensen and Meckling, 1976).

Though on the corporate level, shareholders through the use of the board of directors have the sole responsibility of checkmating the activities of managers. Sadly, recent events have shown that the board of directors often times either do not have the skill or are themselves compromised by managers to expropriate the resources of the firm. As a result of the conflict of interest between the principal and agent, the relationship is saddled with what is termed the Agency Problem. This usually arise when the goals, aspirations and interest of the principal are in conflict with those of the agent. However, the principal and agent could through the instrumentality of corporate governance mechanism monitor the activities of the agent, though this would lead to a rise in what is term the Agency Cost.

Agency cost refers to a combination of monitoring cost, bonding cost and residual loss. Monitoring cost are those mechanisms put in place by the principal to ensure the agent acts in their best interest. While bonding cost refers to

activities such as internal audit carried out by the agent to assure the principal that the agent is acting in his/her best interest while residual loss arises when the interest of the principal and agent differs.
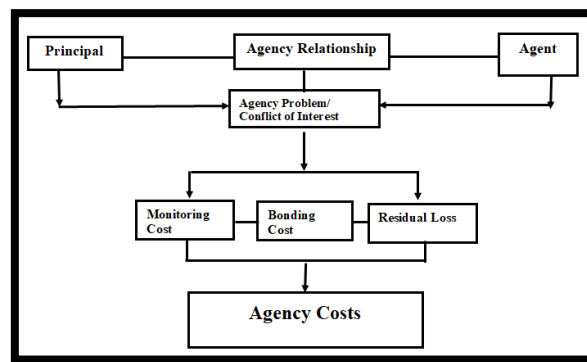
Figure 3: Pictorial Model of the Agent-Principal Relationship

Though, the effectiveness of the agency theory has largely been questioned especially as it relates to other forms of business such as family-owned businesses, social entrepreneurship, and venture capitalist. The assertion is that the agency theory does not provide enough explanation on how the agency problems associated with these kinds of businesses could be solved and the theory is silent when goal congruent exit between the principal and agent (Bendickson, Muldoon & Davis, 2016; Arthurs & Busenitz, 2003).

2.7.2. Stakeholder Theory

A major setback of the agency theory is that it focusses on the shareholders as the sole group whose interest must be protected by Managers. This perspective seems narrow as it tends to identify shareholders as the only interest group in the corporate entity (Coleman, 2008; & Sanda et al 2013). Irked by this, Freeman (1984) developed the Stakeholders Theory which seek to widen the agency theory to allow for multiple principals, such as employees, creditors, suppliers, investors and government etc.

Freeman's argument is that managers' decision does not just affect the shareholders but affect employees, creditors, suppliers, and government whom he referred to as Stakeholders. As a result, he argued that business beneficiaries must change from shareholders to stakeholders and the latter must also be consulted by managers during decision making. Freeman defined stakeholders "as any group or individual who can affect or is affected by the activities of an organization".

Below is a pictorial model developed Donaldson and Preston (1995) for the stakeholder's theory, which is adopted by this study. It shows the various numbers of groups or individuals who have relationship with the organization. They explained that under this model, all person or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no prima facie priority of one set of interests and benefits over another.
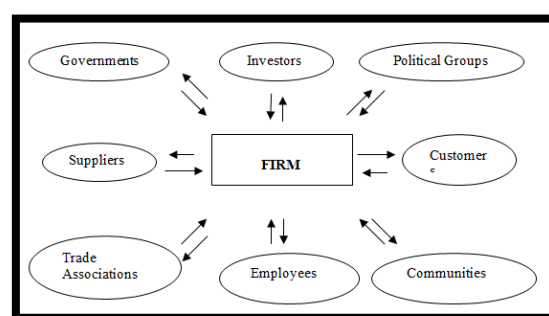
Figure 4: The Stakeholder Model
Source: Donaldson and Preston (1995)

Freeman's position is that the theory is concerned with the nature of relationship between the firm and its stakeholders. However, the theory is built on a false premise that a fiduciary relationship exists between managers and all the stakeholders. It also assumes that manager can identify all stakeholders, with equal and intrinsic value thus, no set of interest should be given dominance over the other (Donaldson and Preston, 1995; Sundaram and Inkpen, 2004).

However, as corporations continue to evolve the stakeholders' theory provides managers with practical ways of tackling the ever changing and complex business environment. Which most corporations are faced with today. It allows for a comprehensive and holistic approach to dealing with the various internal and external factors which have the potential of affecting the smooth running of the corporations. A proper understanding of the stakeholder's theory will lead to better engagements, better work environment, increased customer satisfaction, improved local/indigenous development, and improved reputation for the corporations (Harrison, Freeman and Sa' de Abreu, 2015).

3. Research Methodology

3.1. Introduction

The objective of the study is to examine the impact of Corporate Governance on the performance of Deposit Money Banks (DMBs). In order to achieve the study objective, this chapter presents details of the method and procedures adopted in carrying out the research. It focuses on the research design, study population, sampling design, data collection, model specification, data analysis and ethical considerations.

3.2. Research Design

Research design refers to the strategy and programme that guides the researcher through the process of collecting, analyzing and interpretation of data (Osuagwu, 2008). This study adopted the retrospective causal-comparative design. This design method allows the researcher to examine the effect of the independent variable on the behavior of the dependent variable and seeks to investigate the causes of such behavior afterwards (Mills & Gay, 2016).

This study employed the used of data triangulation (primary and secondary sources) method for data collection. Though not a popular method for such studies, but similar method of data collection was used in the works of (Rogers, 2006; and Fanta, Kemal & Waka, 2013). The primary data were extracted with the use of questionnaires. While the secondary data were from published audited annual reports of the sampled banks. By using both primary and secondary data, the study is able to provide better (stronger) inferences that narrow down the likelihood of bias and error.

3.3. Population of the Study

The population of this study comprises of the twenty-four (24) banks listed on the Nigeria Stock Exchange as at 31st December, 2018 and has consistently published their audited annual report from December 2009 to December 2018 Financial Year End for the secondary data. (See Appendix 3.0 for a list of these banks). While the population for the primary data are bank customers, Staff of all the Deposit Money Banks in Nigeria, Senior Management Staff of financial regulatory agencies and the academia in Nigeria.

The study time frame is from 2009 to 2018, this time frame is long enough to capture both the immediate and remote impact of corporate governance on the performance of the banks. As it provides for significant time lag for the banks to review, implement and adopt the various corporate governance policies and recommendations by the CBN post consolidation codes (Uwuigbe, 2011).

3.4. Sampling Design

Sampling design refers to the procedure for selecting a subset of a study population that is truly representative of the population that is intended to be studied (Osuagwu, 2008). This study adopted both the Stratified Random Sampling and the Judgmental Sampling Methods. The study selected the five (5) Tier-One banks, as these banks account for seventy percent (70%) of the market share in the banking sector in Nigeria (CBN, 2018).

For the primary data collection, the stratified random sampling method was adopted by this study. The justification for this selection is to enable the researcher increase substantially, the precision of the sample survey such that it includes a significant characteristic of the total population which is well represented in the different strata of the sample. Thus, a sample of 150 respondents made up of regulators of financial institutions, depositors, bankers, financial consultants, economist, accountants and academicians was selected.

3.5. Data Collection Method

This study adopted data triangulation method (primary and secondary sources). Primary data are those which are originally generated by the researcher for a specific research project while secondary data are those which are already in existence. The primary data were structured closed-ended questionnaires. The questionnaire targets respondents in middle, senior and executive management positions who are familiar with corporate governance practices in Nigerian banks.

The secondary data were extracted from the published audited annual accounts of the selected banks were downloaded from the corporate website of the selected banks. Published annual reports are generally considered to be the most important and influential sources of information about a corporate entity.

The respondents were assured that the survey was an anonymous survey and purely for the purpose of research. The respondents were also given two (2) weeks to complete the questionnaire. The questionnaire has an average completion time of ten (10) minutes, these accounted for the high rate of returned questionnaires.

The published audited accounts of the banks serve as a veritable instrument for extracting the secondary data, especially as the annual returns have been certified by reputable independent auditors as required by the CBN. Information on the dependent (Return of Equity and Return on Assets) and independent (Board size, board composition, board diversity and board meetings) variables were extracted from the income statement, balance sheet and governance structure respectively.

3.5.1. Research Instruments

The primary research instrument for gathering data is the structured questionnaire. A total of one hundred and fifty (150) respondents were sampled, 25 respondents were selected randomly from each of the six (6) identified strata. A total of 115 questionnaires were returned representing 76% of the total respondents sampled. While the secondary instrument are financial statements that have been audited by external auditors of the sampled banks and approved by the

CBN. The questionnaire has seven (7) sections; A, B, C, D, E, F and G, on a five (5) point Likert scale (see Appendix 3.1). Section A consists of eight (8) questions which capture the demographics of the respondents. Section B has Fifteen (15) questions measuring the perception of respondents on corporate governance while C-F consist of 10, 8, 9 and 9 questions which captures; board size, board composition, board diversity and board meeting with financial performance respectively. And section G evaluates the respondents' response validity.

3.5.2. Content Validity of the Questionnaire

      The content of the questionnaire was developed by the researcher. The questions/statements were drawn from extant literature and anecdotal evidence of the researcher. The questions specifically focused on addressing the research problem. In order to validate the content of the questionnaire, the following steps were taken;

- A pre-test was conducted to validate the content of the questionnaire
- A Content Evaluation Panel made up of Seven (7) expert respondents were selected (Malhotra, 2008)
- The experts were senior executives in the financial services sector
- An Instrument Rating Form was designed with respondents' choices ranging from "Essential" "Useful But Not Essential" and "Not Essential" (see appendix 3.2).
- The Lawshe (1975) Content Validity Rating (CVR) index was used to determine the validity of each construct (see appendix 3.3)
- Contents which CVR index fell below 0.50% were discarded and those above were considered valid
- The corrections were affected then the final output sent out to the respondents.

3.5.3. Reliability of the Questionnaire

      The Cronbach (1947) reliability coefficient was used to evaluate the reliability of the content of the questionnaire. See table below;

S/N	Research Measure	CRONBACH ALPHA
1	Corporate Governance and Financial Performance	0.807

Table 1
Source: Computed by the Researcher Using IBM SPSS Version 23

      From the above table, the computed Cronbach Alpha Coefficient value is 0.807 which is above the standard benchmark of 0.70. As such the questionnaire has good reliability.

3.6. Model Specification

      A model is a mathematical, graphical or pictorial representation of a phenomenon. It shows the relationship between variables (dependent and independent) to determine the impact of corporate governance on the financial performance of banks. This study adopted similar model that has been used by Ujunwa, (2012); Akpan and Amran, (2014); Tomar and Bino, (2012); Adeusi et al, (2013); Fanta, Kemal and Waka, (2013), and Uwuigbe, (2011) to address the research problem and test the hypothesis for this study, for the secondary data collected.

The base model of the study for the secondary data is;

$Y_{it} = \beta o + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4(\beta MEET_{it}) + et$

      Where Y represents the Financial Performance, which is measured by Return on Equity (ROE) and Return on Assets (ROA), the under listed models where developed;

Model 1:

$ROE_{it} = \beta_o + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4(\beta MEET_{it}) + e_t$...................(1)

Model 2:

$ROA_{it} = \beta_o + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4(\beta MEET_{it}) + e_t$..................(2)

The financial performance measured by ROE and ROA are dependent (outcome) variables while Board Size, Board Composition, Board Gender Diversity and Frequency of Board Meetings serve as proxy for Corporate Governance which is the independent (predictors) variable.

ROE: Return on Equity, measured by: Profit after Tax
                                       Total Equity

ROA: Return on Asset, measured by: Profit after Tax
                                         Total Equity

Consistent with the work of Hanoku (2008); Wakefield (2005); and Akpan (2012) the operationalization of the independent variables are as follows;

Board Size (BSIZE)   : The total number of directors on the board
Board Composition (BCOMP)   : Number of Non-Executive Directors (NED) to the number of directors on the board.
Board (Gender) Diversity (BDIV) : Number of women divided by the total number of directors on the board.
Board Meeting (BMEET): Total number of meetings held during the period
i denotes the number of banks ranging from 1 to 5 (Cross Sectional Dimension)
t denotes the number of years ranging from 2009 to 2018 (Time Series Dimension)

3.7. Data Analysis Technique

In order to examine the impact of corporate governance on the financial performance of the sampled banks. Both the primary and secondary data were analyzed. Using the IBM SPSS (Statistical Package for Social Science) Version 23. Descriptive statistics (Mean, Standard Deviation, Skewness and Kurtosis) were computed on the primary data. While on the secondary data, descriptive statistics and multiple regression analysis (Pearson correlation, ANOVA and coefficient correlation) were computed.

Osuagwu (2008) assert that the use of multiple regression technique becomes very effective when some or all of the independent variable cannot be controlled directly by the researcher or when more than one key independent variable affects the behaviour of the dependent variable significantly. This provides justification for the use of multiple regression analysis on the secondary data.

3.8. Ethical Consideration

According to the U.S.A Department for Health and Human Services (HHS) CRA 46, subpart A. An agency responsible for the protection of human subject in research, classified employees as people with "Pay Check Vulnerability". This the agency assert could lead to decision making impairment vulnerability. Majority of the respondents in this study are employees. As such this study adopted the following procedure in providing additional protection for the respondents;

- Adequate care was taken when designing the questionnaire to ensure that no unique identifier of the respondents is disclosed.
- The respondents were informed of the purpose of the study.
- The researcher asked if they are willing to participate voluntarily in the study.
- d) The respondents were assured that the survey will not require any individually   identifiable data from them.
- The respondents were also asked the preferred means and location they would want the survey sent to them.
- The respondents were given two (2) weeks to complete and return the questionnaire, the questionnaire has an average completion time of ten (10) minutes.

4. Data Presentation and Analysis

4.1. Introduction

This chapter deals with the presentation, analysis and interpretation of the study findings. Data collected from both primary and secondary sources are presented and analyzed in two broad sections (4.1 & 4.2). Section 4.1 will deal with the presentation and analysis of the primary data, while section 4.2 will deal with presentation and analysis of the secondary data. The presentation will be in form of tables, graphs, descriptive statistics, and multiple regression analysis.

4.2. Presentation and Analysis (Primary Data)

4.2.1. Response to the Questionnaire

One hundred and fifty (150) questionnaires were distributed in this study. 115 questionnaires were completed and returned. This gives a response rate of 76%. There is no consensus in the literature as regards to the adequate response rate. However, Baruch and Holtom (2008); Johnson and Owens (2003) assert that a good response rate should be between 25% and 80%.

Though, the non-responders should not be characterized by people with significant enough information that could alter the outcome of the study. As such, the response rate of 76% is considered adequate. The returned questionnaires were properly completed by the respondents. Computation of the return rate is as follows;

$$\frac{115 * 100}{150} = 76\%$$

4.2.2. Sectorial Distribution of Questionnaire

The table below shows the various sectors of the respondents. Twenty-five copies of the questionnaires were evenly distributed to respondents in the six (6) segments.

S/N	SECTOR	Questionnaires Distributed	Questionnaires Returned
1	Financial Services	25	24
2	Manufacturing	25	21
3	Financial (Regulator)	25	23
4	Telecommunication	25	14
5	Oil & Gas/Energy	25	15
6	Education	25	18
	Total	150	115

Table 2: Sectorial Distribution of Questionnaire
Source: Field Survey, 2019

Above table shows respondents from the Financial Services sector having the highest number of returned questionnaires. The financial services sector accounted for 20.8% (24) of the entire questionnaires returned. While the

least number of returned questionnaires is from the Telecommunications sector which accounted for 12.2% (14). On the average, all sectors recorded over 50% return rate of the questionnaires given to the respective sectors.

4.2.3. Gender
Below table presents the gender distribution of the respondents;

Gender	Frequency	Percentage (%)
Female	48	41.7
Male	67	58.3
Total	115	100

Table 3: Gender Distribution of Respondents
Source: Computed using IBM SPSS Version 23

The above table shows that 58.3% (67) of the respondents are Male while 41.7% (48) of the respondents are Female. The gender disparity can be considered adequate as it is not too wide.

4.2.4. Respondents' Age Distribution
Below table shows the age distribution of the respondents

Age Range	Frequency	Percentage (%)
25-35	45	39.1
36-45	51	44.3
46-55	15	13
56-65	4	3.5
Total	115	100

Table 4: Age Distribution of Respondents
Source: Field Survey, 2019

From the above table, 39.1% (45) of the respondents are between the ages of 25-35 years. While 44.3% (51) of the respondents are between the age bracket of 36-45years, this age group accounted for the highest number of respondents in the distribution. Respondents between the ages of 56-65 make up only 3.5% (4) of the respondents, being the least number of respondents in the distribution. While respondents between the ages of 46-55years make up 13% (15) of the distribution.

4.2.5. Respondents' Academic Qualification

Academic Qualification	Frequency	Percentage (%)
OND/Equivalent	3	2.6
BSc/Equivalent	39	33.9
MSc/Equivalent	66	57.4
PhD/Equivalent	7	6.1
Total	115	100

Table 5: Academic Qualification of Respondents
Source: Field Survey, 2019

Of the 115 respondents, 97.4% (112) of the respondents were people with BSc/Equivalent and above. These respondents were strategically targeted as in the researcher's opinion, these respondents have adequate information about the research area. Respondents with MSc/Equivalent has the highest frequency with 57.4% (66), while respondents with OND/Equivalent is the lowest with just 2.6% (3) as seen in the above table. Respondents with PhD/Equivalent make up 6.1% (7) of the total respondents while those with BSc/Equivalent were 33.9% (39) of the total respondents.

4.2.6. Employment Status of the Respondents
The table below shows the employment status of the respondents

Employment Status	Frequency	Percentage (%)
Unemployed	2	1.7
Self-Employed	6	5.2
Employed	107	93
Total	115	100

Table 6: Employment Status of the Respondents
Source: Field Survey, 2019

Majority of the respondent are employed, this group accounted for 93% (107) of the respondents. While 5.2% (6) are self-employed with 1.7% (2) representing the unemployed.

4.2.7. Current Position of the Respondents
The table below shows the designation of the respondents in their places of employment

Current Position	Frequency	Percentage (%)
Junior Level Position	17	14.8
Middle Level Mgt.	66	57.4
Senior Level Mgt.	24	20.9
Executive Mgt. Position	8	7
Total	115	100

Table 7: Current Position of the Respondents
Source: Field Survey, 2019

From Table 6 above, 57.4% (66) of the respondents are in Middle Level Management Positions in their various organizations making the highest number of respondents. While the least number of respondents are those in Executive Management position, these respondents constitute 7% (8) of the total respondents. Respondents in Junior and Senior Management Level positions accounted for 14.8% (17) and 20.9% (24) of the total respondents respectively.

4.2.8. Distribution of Respondents Who Are Conversant with the Concept of Corporate Governance
Below table shows the distribution of respondent that are conversant with the concept of Corporate Governance.

How Conversant Are You with Corporate Governance	Frequency	Percentage (%)
Not Very Conversant	12	10.4
Averagely Conversant	5	4.3
Fairly Conversant	7	6.1
Very Conversant	91	79.1
Total	115	100

Table 8: Respondents Knowledge on Corporate Governance
Source: Field Survey, 2019

Above table shows that majority of the respondents are very conversant with the concept of Corporate Governance. This accounted for 79.1% (91) of the total respondents. While 6.1% (7) of the respondents have a fair knowledge of the concept of Corporate Governance and 4.3% (5) of the total respondents have average knowledge of it. While 10.4% (12) of the respondents are not conversant with the concept of Corporate Governance at all.

4.2.9. Organization with A Written Corporate Governance Code
The table below gives details of respondents whose are in organization with written Corporate Governance codes.

My Org. Has Written Corporate Governance Code	Frequency	Percentage (%)
No	15	13
Yes	100	87
Total	115	100

Table 9: Respondents in Org. with Corporate Governance Code
Source: Field Survey, 2019

Of the surveyed respondents 87% (100) work in organizations that have written codes on Corporate Governance. While 13% (15) are in Organizations with no written Corporate Governance Code.

4.2.10. Respondents Perception of Corporate Governance in Nigeria Banks
Respondents were made to response to fifteen (15) statements on Corporate Governance (See appendix 4.1.0). This was used to assess how the respondents perceived the level of Corporate Governance in Nigeria Banks. Table 9 shows the descriptive statistical analysis of the respondents' perception to the issue of Corporate Governance in Nigerian Banks.

Section Code	N	Mean	Standard Deviation	Skewness	Kurtosis
B1	115	3.5739	1.35764	-0.662	-0.908
B2	115	4.4957	0.59786	-0.986	1.317
B3	115	4.2261	0.72621	-1.354	3.828
B4	115	4.2435	0.72052	-1.262	3.508
B5	115	4.5478	0.74036	-1.817	3.171
B6	115	4.2957	0.72516	-1.08	1.609
B7	115	3.6696	1.04899	-1.017	0.498
B8	115	3.913	1.0725	-0.997	0.233
B9	115	3.2174	1.28952	-0.291	-1.162
B10	115	3.4696	0.94888	-0.569	-0.423
B11	115	3.5478	1.14894	-0.702	-0.423
B12	115	2.8696	1.21049	0.134	-1.126
B13	115	3.6522	1.17759	-0.668	-0.515
B14	115	2.6435	1.27177	0.31	-1.121
B15	115	3.3826	1.24663	-0.57	-0.794
	115	3.7165	1.01887	-0.76	0.512

Table 10: Response Rating on Corporate Governance Perception
Source: Computed Using IBM SPSS Version 23

The result in Table 9 above, showing the respondents rating on the fifteen (15) statements aimed at assessing the respondents' perception of Corporate Governance in Nigeria banks. The result reveals a Mean score of 3.7165 indicate that the respondent's perception of the level of Corporate Governance in Nigeria banks is above average. The standard deviation of 1.02 is an indication that the disparity between the Mean score and the distribution is not wide. As seen table above, the distribution is negatively skewed at -0.76 as such the responses are pretty symmetric. While the Kurtosis of 0.512 shows the distribution is almost flat.

4.2.11. Board Size and Financial Performance

The Respondents provided responses to ten (10) statements on Corporate Governance. The statements in the section assessed board size and financial performance of banks in Nigeria. The respondents were asked to honestly select from the five (5) options; ranging from Strongly Agree with a score of five (5) to Strongly Disagree with a score of one (1). The result is presented on Table 11 below.

Section Code	N	Mean	Std. Deviation	Skewness	Kurtosis
C1	115	3.8348	1.01679	-0.986	.249
C2	115	3.4522	1.17162	-0.482	-.978
C3	115	3.0870	1.17403	-0.105	-1.146
C4	115	3.6000	1.11450	-0.508	-.904
C5	115	3.4174	1.13927	-0.263	-1.112
C6	115	3.9826	0.93642	-1.009	.928
C7	115	3.4696	1.02016	-0.396	-.743
C8	115	2.8174	1.15912	0.261	-1.096
C9	115	3.2348	1.08685	-0.399	-.974
C10	115	2.9478	1.17610	0.136	-1.087
Valid N (listwise)	115	3.3843	1.0995	-0.375	-0.686

Table 11: Respondents Scores on Board Size and Financial Performance
Source: Computed using IBM SPSS Version 23

The result in Table 10 above, showing the respondents rating on the ten (10) statements aimed at measuring the board size and financial performance on Nigerian banks. The result reveals a Mean score of 3.3843, an indication that the respondents feel board size have little influence on the performance of banks. The standard deviation of 1.09 is an indication that the disparity between the Mean responses is not too far from the distribution. As seen table above, the skewness of -0.375 is < 0.5 an indication that the responses are pretty symmetric. While the Kurtosis at -0.512 shows the distribution is flat.

4.2.12. Board Composition and Financial Performance

Board composition refers to the ratio of non-executive directors (NED) to the total number of directors on the board. In order to measure the effect of board composition on financial performance, respondents were made to provide response to eight (8) statements. Table 12 shows the descriptive statistical analysis of the respondents' perception to the issue of Corporate Governance in Nigerian Banks.

Statement Code	Statistic	Mean	Std. Deviation	Skewness	Kurtosis
D1	115	3.6000	0.98051	-0.484	-0.819
D2	115	3.6870	0.93062	-0.529	-0.528
D3	115	3.6783	0.96924	-0.724	-0.019
D4	115	3.0522	0.97192	-0.106	-0.713
D5	115	2.8696	0.90342	0.190	-0.282
D6	115	2.7739	0.96483	0.291	-0.801
D7	115	2.9304	1.01499	0.244	-0.759
D8	115	3.2522	1.13047	-0.217	-0.973
Valid N (listwise)	115	3.2304	0.9833	-0.1668	-0.6116

Table 12: Respondents Scores on Board Composition and Financial Performance
Source: Computed Using IBM SPSS Version 23

Above table depict a mean score of 3.23 on the set of statements use to measure the responses on board composition and performance. This is an indication that the respondents think board composition might not influence the performance of banks in Nigeria. The standard deviation of 0.98 shows the general response is not far from the Mean score. The distribution skewness is also an indication of a near normal distribution as its score of -0.16 is symmetric. The kurtosis score of -0.61 is an indication that the distribution is flat.

4.2.13. Board (Gender) Diversity and Financial Performance
Board (Gender) Diversity is the number of female directors to the total number of directors on the board. To measure board diversity and financial performance, the respondents were requested to select options from a five (5) point Likert scale with "Strong Agree" being the highest on a scale of five (5) and "Strongly Disagree" being the lowest on a scale of One (1).

Statement Code	N	Mean	Std. Deviation	Skewness	Kurtosis
E1	115	2.0783	0.88998	0.833	0.915
E2	115	3.8783	1.01002	-1.103	0.737
E3	115	2.6696	0.96174	0.228	-0.427
E4	115	2.7304	0.93021	0.233	-0.684
E5	115	2.5043	0.85197	0.636	0.243
E6	115	2.8957	1.00327	0.266	-0.771
E7	115	2.8174	0.97857	0.548	-0.408
E8	115	3.7217	1.00479	-0.523	-0.761
E9	115	2.2957	0.94566	0.830	0.812
Valid N (listwise)	115	2.8435	0.9529	0.2162	-0.0384

Table 13: Respondents Scores on Board (Gender) Diversity and Financial Performance
Source: Computed Using IBM SPSS Version 23

Above table show a Mean score of 2.84 a strong indication that the respondents feel women as board members do influence on the financial performance of banks in Nigeria is low. The standard deviation of 0.95 clearly shows this opinion is shared by majority of the respondents. The distribution has a skewness of 0.21 which is less than 0.5 thus showing a symmetric distribution. The kurtosis score of -0.03 gives a perfectly negative point.

4.1.14. Board Meeting and Financial Performance
The board meeting provides the avenue for members to carry-out their supervisory function. In order to measure the influence of board meeting on financial performance of banks, the questionnaire elicited responses from the respondents using nine (9) statements. The statements were on a five (5) point Likert scale with "Strongly Agree" having the highest score of five (5) and "Strongly Disagree" having the lowest score of one (1). Below table shows the result.

Statement Code	N	Mean	Std. Deviation	Skewness	Kurtosis
F1	115	4.3391	.80445	-1.827	4.848
F2	115	4.4261	.67617	-1.632	5.446
F3	115	3.7739	1.00926	-.989	.404
F4	115	4.2435	.73259	-1.370	3.744
F5	115	4.1478	.69134	-.690	1.003
F6	115	3.5217	1.07889	-.356	-.903
F7	115	2.6491	1.10496	.575	-.519
F8	115	3.2435	1.04790	-.319	-.818
F9	115	2.6609	1.16142	.387	-1.030
Valid N (listwise)	115	3.6673	0.9230	-0.6912	1.3528

Table 14: Respondents Scores on Board Meeting and Financial Performance
Source: Computed Using IBM SPSS Version 23

Above table depict a mean score of 3.66 on the set of statements use to measure the responses on board meeting and financial performance. This is an indication that the respondents think board meeting though important but might not influence the performance of banks in Nigeria. The standard deviation of 0.92 shows the general response is not far from the Mean score. The distribution skewness is also an indication of a near normal distribution as its score of -0.69 is symmetric. The kurtosis score of 1.35 is an indication that the distribution is quite pointy.

4.1.15. Respondents' Response Certainty
The respondents' response certainty is the degree of certainty of the respondents to their various responses in the questionnaire. Three questions were used to elicited responses from the respondents on the level of clarity of the statements and the certainty of the response to the statements in the questionnaire. The statements were on a six (6) point Likert scale with "Very High Extent" having the highest score of Six (6) and "Not Relevant at All" having the lowest score of one (1). Below table shows the result.

Statement Code	N	Mean	Std. Deviation	Skewness	Kurtosis
G1	115	5.1304	.60003	-.054	-.266
G2	115	5.3652	.67966	-.776	.199
G3	115	5.1304	.76688	-1.534	6.398
Valid N (listwise)	115	5.2087	0.6822	-0.7882	2.1104

Table 15: Respondents Response Certainty Scores
Source: Computed using IBM SPSS Version 23

Above table shows a mean score of 5.20 on the set of statements use to measure the certainty of the responses given by the respondents. This score (5.20) clearly shows that the respondents are very certain of their responses. The standard deviation of 0.68 shows the general response is not far from the Mean score. The distribution skewness is also an indication of a pretty symmetric distribution with a score of -0.78. The kurtosis score of 2.11 is an indication that the distribution is very pointy.

4.2. Presentation and Analysis (Secondary Data)
The secondary data collected from the published annual reports of the five (5) sampled banks will be presented and analyzed in this section. The presentation of the data will be in form of graphs, table and mathematical models. The data will be analyzed using both descriptive and inferential statistical tools. The presentation and analysis will be in two folds; one for the individual banks and the other for the sampled banks combined.
The justification for presenting and analyzing the variables for the individual banks is to enable the study examine the individual contributions of the sample banks to the dependent variables (Return of Equity and Return on Asset). This will help provide the basis for a comparative analysis on the effect of the independent variable on the dependent variable of the sampled banks (Uwuigbe, 2011).

4.2.1. Data Presentation-Access Bank Plc
The table below presents descriptive statistics of Access Bank Plc. showing the dependent variables; Return on Equity (ROE) and Return on Asset (ROA) and the independent variables; Board Size (BSIZE), Board Composition (BCOMP), Board Diversity (BDIV) and Board Meetings (BMEET) for a ten (10) years period.

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
	%	%		%	%	
2009	12.75	3.20	14	0.57	0.07	5
2010	7.09	1.78	14	0.57	0.07	5
2011	7.35	1.44	16	0.56	0.13	5
2012	13.58	2.40	16	0.56	0.13	8
2013	10.69	1.54	16	0.56	0.13	8
2014	14.57	2.02	16	0.56	0.31	6
2015	16.35	2.44	16	0.56	0.31	6
2016	15.18	2.07	15	0.53	0.33	6
2017	11.03	1.50	15	0.53	0.33	5
2018	16.70	2.25	15	0.53	0.33	6
Min	7.09	1.44	14	0.53	0.07	5
Max	16.70	3.20	16	0.57	0.33	8
Mean	12.53	2.06	15.30	0.55	0.21	6
Std. Dev.	3.43	0.54	0.82	0.01	0.11	1.15

Table 16: Descriptive Statistics-Access Bank Plc
Source: Extracted from annual reports of Access Bank from 2009-2018

Above table shows Access Bank Plc has a minimum Return on Equity of 7.09% this was recorded in 2010 at a time when the Board Size was 14, Non-Executive Directors (NED) accounted for 57% of the board members and female board members were 7% of the entire board, and board meetings held five (five) times that year. However, for the same year (2010) Return on Assets was not the minimum recorded by the bank. This is an indication that the created more value with assets than they did with shareholders equity. The Maximum Return on Equity is 16.70% this feat was recorded in 2015 at a time when the board size was 16, Non-Executive Directors (NED) accounted for 56% of the board member and female representation on the board was 31%. Ironically, the maximum Return on Asset (ROA) was not recorded in that year, but in 2009 at 3.2%. The Mean ROE and ROA were 12.53% and 2.06% respectively with a standard deviation of 3.43(ROE) and 0.54(ROA), this is an indication that the ROE is not so consistent throughout the ten (10) years period compare to the ROA with a standard deviation of 0.54. As seen in the above table, the Mean and Standard deviation for BSIZE, BCOMP, BDIV and BMEET are 15.30/0.82, 0.55/0.01, 0.21/0.11 and 6/1.15 respectively. Except for the BMEET which show disparity in the standard deviation of 1.15 the other component (BSIZE, BCOMP and BDIV) have less than one (1) score of standard deviation an indication of consistent with the Mean and the distribution.

4.2.2. Data Presentation-First Bank Nig. Ltd.

This table presents descriptive statistics of First Bank Nig. Ltd. showing the dependent variables; Return on Equity (ROE) and Return on Assets (ROA) and the independent variables; Board Size (BSIZE), Board Composition (BCOMP), Board Diversity (BDIV) and Board Meetings (BMEET) for a ten (10) years period.

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
	%	%		%	%	
2009	9.99	2.10	15	0.53	0.20	6
2010	9.29	1.63	16	0.50	0.19	5
2011	10.03	1.52	16	0.50	0.19	5
2012	17.59	1.66	17	0.53	0.24	5
2013	24.77	2.36	20	0.55	0.30	7
2014	17.40	2.15	19	0.63	0.16	6
2015	11.65	1.61	19	0.63	0.21	7
2016	10.30	1.41	17	0.76	0.18	6
2017	1.61	0.20	13	0.62	0.23	8
2018	1.37	0.18	13	0.62	0.23	8
Min.	1.37	0.18	13	0.50	0.16	5
Max.	24.77	2.36	20	0.76	0.30	8
Mean	11.40	1.48	16.50	0.59	0.21	6.30
Std. Dev.	7.14	0.74	2.41	0.08	0.03	1.16

Table 17: Descriptive Statistics-First Bank Nig. Ltd.
Source: Extracted from Annual Reports of First Bank Nig. Ltd. from 2009-2018

First Bank Nig. Ltd has a Minimum score for both the dependent and independent variables as follows; ROE, ROA, BSIZE, BCOMP, BDIV and BMEET of 1.37%, 0.18%, 13, 0.50, 0.16 and 5 respectively. While the Maximum Values for all the variables are; 24.77%, 2.36%, 20, 76%, 30% and 8 for ROE, ROA, BSIZE, BCOMP, BDIV and BMEET respectively. The bank has the following Mean/Std. Dev.; ROE (11.40%/7.14), ROA (1.48%/0.74), BSIZE (16.50/2.41), BCOMP (0.59/0.08), BDIV (0.21/0.03) and BMEET (6.30/1.16). Noticeably, the standard deviation score on ROE of 7.14 indicates a very high disparity between the Mean (11.40%) and the distribution. This is a clear signal that the banks performance especially when measured using ROE cannot be said to be consistent. Noticeably, the ROE and ROA recorded the maximum scores of 24.77% and 2.36% in 2013 when the BSIZE and BDIV were equally at their maximum values of 20 and 0.30 respectively. However, it cannot be conclusively deduced if the ROE and ROA values were as a result of the increase in board size (BSIZE) and female director (BDIV) as the performance was not consistent throughout the period.

4.2.3. Data Presentation-Guarantee Trust Bank Plc (GTB)

The table below presents descriptive statistics of Guaranty Trust Bank (GTB) Plc. showing the dependent variables; Return on Equity (ROE) and Return on Asset (ROA) and the independent variables; Board Size (BSIZE), Board Composition (BCOMP), Board Diversity (BDIV) and Board Meetings (BMEET) for a ten (10) years period.

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
	%	%		%	%	
2009	12.65	2.34	14	0.57	0.21	6
2010	17.80	3.42	14	0.57	0.21	6
2011	22.06	3.39	14	0.57	0.21	5
2012	29.59	5.26	14	0.57	0.21	4
2013	25.95	4.49	15	0.73	0.20	4
2014	11.67	2.03	15	0.73	0.20	4
2015	13.45	2.21	16	0.63	0.25	5

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
2016	26.60	4.85	16	0.63	0.25	5
2017	27.43	5.62	14	0.57	0.29	4
2018	32.61	6.15	14	0.57	0.29	4
Min	11.67	2.03	14	0.57	0.20	4
Max	32.61	6.15	16	0.73	0.29	6
Mean	21.98	3.98	14.60	0.61	0.23	4.70
Std. Dev.	7.61	1.50	0.84	0.06	0.03	0.82

Table 18: Descriptive Statistics- Guaranty Trust Bank (Gtb)
Source: Extracted from Annual Reports of Guaranty Trust Bank (Gtb) Plc. from 2009-2018

The table above shows the bank's Minimum Scores of the dependent and independent variables as follows; ROE, ROA, BSIZE, BCOMP, BDIV and BMEET of 11.67%, 2.03%, 14, 0.57, 0.20 and 4 respectively. While the Maximum Values for all the variables are; 32.61%, 6.15%, 16, 0.73, 0.29 and 6 for ROE, ROA, BSIZE, BCOMP, BDIV and BMEET respectively. The Mean and Standard Deviations (Mean/Std. Dev.) are; ROE (21.98%/7.61), ROA (3.98%/1.50), BSIZE (14.60/0.84), BCOMP (0.61/0.06), BDIV (0.23/0.03) and BMEET (4.70/0.82). Noticeably, the standard deviation score on ROE of 7.61 indicates a very high disparity between the Mean (21.98%) and the distribution. This is a clear signal that the banks performance especially when measured using ROE cannot be said to be consistent during the period. Coincidentally, the bank recorded its highest ROE (32.61%) and ROA (6.15%) at a point when its board size (BSIZE) and female director (BDIV) were at their minimum values of 14 and 0.20 respectively. Thus, what this shows is that the two dependent variables (ROE and ROA) and not influence by BSIZE and BDIV at least from the above table.

4.2.4. Data Presentation-United Bank for Africa (UBA) Plc

This table presents descriptive statistics of United Bank for Africa (UBA) Plc. showing the dependent variables; Return on Equity (ROE) and Return on Asset (ROA) and the independent variables; Board Size (BSIZE), Board Composition (BCOMP), Board Diversity (BDIV) and Board Meetings (BMEET) for a ten (10) years period.

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
	%	%		%	%	
2009	6.87	0.92	25	0.60	0.16	11
2010	1.15	0.15	19	0.53	0.21	3
2011	-2.06	-0.23	21	0.48	0.19	4
2012	23.11	2.63	18	0.33	0.22	4
2013	17.91	2.10	19	0.53	0.26	6
2014	14.22	1.71	16	0.56	0.25	6
2015	14.09	2.15	16	0.63	0.25	7
2016	12.16	1.87	19	0.53	0.16	7
2017	10.33	1.41	19	0.53	0.21	7
2018	11.26	1.14	19	0.53	0.21	5
Min.	-2.06	-0.23	16	0.33	0.16	3
Max.	23.11	2.63	25	0.63	0.26	11
Mean	10.90	1.39	19.10	0.53	0.21	6
Std. Dev.	7.45	0.90	2.55	0.08	0.03	2.26

Table 19: Descriptive Statistics- United Bank for Africa (UBA)
Source: Extracted from annual reports of United Bank for Africa (UBA) Plc. from 2009-2018

The table above shows the bank's Minimum Scores of the dependent and independent variables as follows; ROE, ROA, BSIZE, BCOMP, BDIV and BMEET of -2.06%, -0.23%, 14, 0.33, 0.16 and 3 respectively. While the Maximum Values for all the variables are; 23.11%, 2.63%, 25, 0.63, 0.26 and 11 for ROE, ROA, BSIZE, BCOMP, BDIV and BMEET respectively. The Mean and Standard Deviations (Mean/Std. Dev.) are; ROE (10.90%/7.45), ROA (1.39%/0.90), BSIZE (19.10/2.55), BCOMP (0.53/0.08), BDIV (0.21/0.03) and BMEET (6/2.26). Noticeably, the standard deviation score on ROE of 7.45 indicates a very high disparity between the Mean (10.90%) and the distribution. This is a clear signal that the banks performance especially when measured using ROE is not consistent during the period. Also, the Maximum ROE (23.11%) and ROA (2.63) was recorded at a point when all the other independent variables were not at their peak value.

4.2.5. Data Presentation-Zenith Bank Plc

This table presents descriptive statistics of Zenith Bank Plc. showing the dependent variables; Return on Equity (ROE) and Return on Asset (ROA) and the independent variables; Board Size, Board Composition, Board Diversity and Board Meetings for a ten (10) years period.

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
	%	%		%	%	
2009	4.88	0.99	12	0.50	0.17	4
2010	10.35	1.97	11	0.55	0.18	4

YEARS	ROE	ROA	BSIZE	BCOMP	BDIV	BMEET
2011	11.10	1.90	13	0.54	0.15	6
2012	21.38	3.93	13	0.54	0.15	5
2013	17.65	2.90	11	0.64	0.18	4
2014	18.04	2.70	12	0.67	0.17	5
2015	18.06	2.63	12	0.67	0.17	5
2016	19.35	2.78	11	0.55	0.18	4
2017	21.92	3.17	11	0.55	0.18	4
2018	24.51	3.34	12	0.50	0.08	6
Min.	4.88	0.99	11	0.50	0.08	4
Max.	24.51	3.93	13	0.67	0.18	6
Mean	16.72	2.63	11.80	0.57	0.16	4.70
Std. Dev.	6.08	0.83	0.78	0.06	0.03	0.82

Table 20: Descriptive Statistics- Zenith Bank Plc
Source: Extracted from annual reports of Zenith Bank Plc from 2009-2018

The table above presents the descriptive analysis of Zenith Bank Plc from 2009 to 2018. The Minimum Scores on all the variables (dependent and independent) as captured in the above table are as follows; ROE, ROA, BSIZE, BCOMP, BDIV and BMEET of 4.88%, 0.99%, 11, 0.50, 0.08 and 4 respectively. While the Maximum Values for all the variables are; 24.51%, 3.93%, 13, 0.67, 0.18 and 6 for ROE, ROA, BSIZE, BCOMP, BDIV and BMEET respectively. The Mean and Standard Deviations (Mean/Std. Dev.) are; ROE (16.72%/6.08), ROA (2.63%/0.83), BSIZE (11.80/0.78), BCOMP (0.57/0.06), BDIV (0.16/0.03) and BMEET (4.70/0.82). Also, the Maximum ROE (24.51%) and ROA (3.93%) were recorded at a period when all the other independent variables (BSIZE, BCOMP, BDIV and BMEET) were not at their peak value.

4.2.6. Data Presentation-Descriptive Analysis of the Sampled Banks Combined

The table below presents descriptive statistics displaying the Minimum, Maximum, Mean and Standard Deviations of all the sample banks. This provides for a basis to perform a comparative analysis on the individual banks. This would present at first glance the major contributors to the dependent variable and enable the researcher examine to what extend if any, the independent variables are responsible for the behaviours or outcome of the dependent variables.

Banks	Variables	Minimum	Maximum	Mean	Std. Dev.
Access Bank Plc.	ROE (%)	7.09	16.70	12.53	3.40
	ROA (%)	1.44	3.20	2.06	0.54
	BSIZE	14	16	15	0.82
	BCOMP (%)	0.53	0.57	0.55	0.01
	BDIV (%)	0.07	0.33	0.21	0.11
	BMEET	5	8	6	1.15
First Bank Nig. Ltd	ROE	1.37	24.77	11.4	7.14
	ROA	0.18	2.36	1.48	0.74
	BSIZE	13	20	16.5	2.41
	BCOMP	0.50	0.76	0.59	0.08
	BDIV	0.16	0.30	0.21	0.03
	BMEET	5	8	6.3	1.16
Guaranty Trust Bank Plc	ROE	11.67	32.61	21.98	7.61
	ROA	2.03	6.15	3.98	1.50
	BSIZE	14	16	14.60	0.84
	BCOMP	0.57	0.73	0.61	0.06
	BDIV	0.20	0.29	0.23	0.03
	BMEET	4	6	4.70	0.82
United Bank for Africa Plc	ROE	-2.06	23.11	10.90	7.45
	ROA	-0.23	2.63	1.39	0.90
	BSIZE	16	25	19	2.55
	BCOMP	0.33	0.63	0.53	0.08
	BDIV	0.16	0.26	0.21	0.03
	BMEET	3	11	7	2.26
Zenith Bank Plc.	ROE	4.88	24.51	16.72	6.08
	ROA	0.99	3.93	2.63	0.83
	BSIZE	11	13	11.8	0.78
	BCOMP	0.50	0.67	0.57	0.06
	BDIV	0.08	0.18	0.16	0.03
	BMEET	4	6	4.7	0.82

Table 21: Descriptive Statistics- Comparative Analysis of the Sampled Banks
Source: Extracted from Annual Reports of Tier-One Banks from 2009-2018

From the above table showing the descriptive analysis of the dependent and independent variables of the combined sampled banks.

4.2.6.1. Return on Equity (ROE)

United bank of Africa (UBA) recorded the Minimum Return on Equity of -2.06% while Guaranty Trust Bank (GTB) Plc. had the Maximum ROE of 32.61% and equally the highest Mean ROE of 21.98% with a standard deviation of 7.61. Though, the bank's (GTB) standard deviation is high and shows significant disparity with the Mean ROE of the bank, this is however, consistent with the standard deviation on ROE of all the sampled banks.

4.2.6.2. Return on Asset (ROA)

The Minimum ROA within the period was also recorded by UBA at -0.23%. While GTB had the Maximum and Mean ROA of 2.03% and 3.98% respectively. The standard deviation of 1.50 recorded by GTB on the ROA shows that the ROA presents investors with a more reliable value for measuring consistency in the bank's performance in the long term.

4.2.6.3. Board Size (BSIZE)

Zenith Bank Plc has the Minimum board size with 11 board members. While United Bank for Africa (UBA) has the Maximum board size of 25 members within the study period. UBA equally has the highest Mean board size of 19 board members with a standard deviation of 2.55. Coincidentally, UBA with the highest number of board members had the minimum ROE and ROA as seen above. This could be an indication on the level of influence that board size has on the performance of the banks.

4.2.6.4. Board Composition (BCOMP)

The composition of the board is measured by the number of Non-Executive Directors (NED) to the total number of directors on the board. United Bank for Africa (UBA) Plc has the Minimum number of NED with a score of 33% while First Bank Nig. Ltd. NED constituted 76% of the board members. However, Guaranty Trust Bank (GTB) Plc has the highest Mean figure of 61% with a standard deviation of 0.06 showing a high degree of symmetry in the board composition of GTB over the ten (10) years period.

4.2.6.5. Board (Gender) Diversity (BDIV)

Board (Gender) diversity measures the number of women on the board to the total number of directors. Access Bank Plc has the Minimum representation of women on the board within the study period. The bank's board was made up of 7% women, ironically, the bank also has the Maximum representation of women on the board at 33%, and this is an indication that the bank increases female membership on the board by almost 26% within the study period. Guaranty Trust Bank (GTB) Plc has the highest Mean representation of women at 23% with a standard deviation of 0.03 within the study period.

4.2.6.6. Board Meeting (BMEET)

This measures the number of times the board members meet in a given year. Though, the Central Bank of Nigeria (CBN) requires that the Board meets at least four (4) times a year. United Bank for Africa (UBA) Plc has the Minimum, Maximum, and Mean board meetings of three (3), eleven (11), and seven (7) times respectively within the study period. An indication that the bank increased the number of meetings during the study period. See below schedule as well.

Variables	Minimum	Maximum	Mean	Std. Dev.
ROE	UBA (-2.06%)	GTB (32.61%)	GTB (21.98%)	GTB (7.61%)
ROA	UBA (-0.23%)	GTB (6.15%)	GTB (3.98%)	GTB (1.50)
BSIZE	Zenith (11)	UBA (25)	UBA (19)	UBA (2.55)
BCOMP	UBA (33%)	FBN (76%)	GTB (61%)	GTB (0.06)
BDIV	Access (7%)	Access (33%)	GTB (23%)	GTB (0.03)
BMEET	UBA (3)	UBA (11)	UBA (7)	UBA (2.26)

Table 22: Descriptive Statistics- Ranking of the Sampled Banks
Source: Extracted Annual Returns of Tier-One Banks

Variables	Mean	Std. Deviation	N
ROE	14.7076	7.54827	50
ROA	2.3076	1.32821	50
BSIZE	15.46	2.908	50
BCOMP	0.57	.07019	50
BDIV	0.20	.06308	50
BMEET	5.54	1.474	50

Table 23: Descriptive Statistics- Mean & Standard Deviation of the Sampled Banks
Source: Computed Using IBM SPSS Version 23 from the Extracted Annual Reports of Tier-One Banks (2009-2018)

4.2.7. Data Presentation-Inferential Statistical Testing-Sampled Banks Combined

Below schedule shows the result of the statistical test computed on the dependent and independent variables; Return on Equity (ROE), Return on Asset (ROA), Board Size (BSIZE), Board Composition (BCOMP), Board (Gender) Diversity (BDIV) and Board Meeting (BMEET) to find out if any, the degree of association between the dependent and independent variables.

Result presentation of the Pearson correlation, regression, and Coefficients computed using IBM SPSS Version 23 on each of the Models formulated in Chapter 3 are shown below;

Model 1

$$ROE_{it} = \beta_o + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4 (\beta MEET_{it}) + e_t \ldots\ldots\ldots\ldots(1)$$

4.2.7.1. Pearson's Correlation Coefficient Analysis-Model 1

The Pearson Correlation Coefficient is a well-established measure of correlation between variables. The Pearson Correlation Coefficient tells the strength of the linear relationship, it has a range of +1 to -1, where +1 being Perfectly Positive Relationship and -1 being Perfectly Negative Relationship. Thus, this study measures the level of association between the Corporate Governance variables (Board Size, Board Composition, Board Diversity and Board Meeting) and financial performance (Return on Equity).

Table 20 presents the correlation coefficients for all the variables considered in this study.

Variables		ROE	BSIZE	BCOMP	BDIV	BMEET
ROE	Pearson Correlation	1	-.243 **	0.046	.225	-.283**
	Sig. (1-tailed)	.	.044	.375	.058	.023
	N	50	50	50	50	50
BSIZE	Pearson Correlation	-.243**	1	-.140	.148	.422*
	Sig. (1-tailed)	.044	.	.166	.152	.001
	N	50	50	50	50	50
BCOMP	Pearson Correlation	.046	-.140	1	-.054	.122
	Sig. (1-tailed)	.375	.166	.	.354	.218
	N	50	50	50	50	50
BDIV	Pearson Correlation	.225**	.148	-.054	1	-.027
	Sig. (1-tailed)	.052	.152	.354	.	.426
	N	50	50	50	50	50
BMEET	Pearson Correlation	-.283**	.422*	.112	-.027	1
	Sig. (-tailed)	.023	.001	.218	.426	.
	N	50	50	50	50	50

Table 24: Pearson's Correlation-Model 1- CG Mechanisms and ROE
Source: Computed Using IBM SPSS Version 23. Data Extracted from Annual
Reports of Banks (2009-2018). (**Significant at 5% Level, * Significant at 1% Level)

From the above Table 20, Pearson's correlation was computed using IBM SPSS Version 23 to show the degree of association between the selected proxies for corporate governance (board size, board composition, board diversity and board meeting) and financial performance measured by Return on Equity (ROE). The result reveals as follows;

4.2.7.1.1. Board Size (BSIZE) & Return on Equity (ROE)

Findings show that board size is negatively and significantly correlated with ROE at 5% level of significant. As seen in correlated result on Table 20 board size has a correlation of -24% with Return on Equity, as such a change in the board size will lead to a decrease in return of equity by -24%.

4.2.7.1.2. Board Composition (BCOMP) & Return on Equity (ROE)

Board composition is positively but not statistically significantly correlated with ROE. The Pearson correlation on above table shows a positive relation between board composition and return on equity at 4.6% but not statistically significant at 10% level of significant. As such, an indication that the relationship might have happen by chance or due to a sampling error. As the P value is greater that the level of significant at 0.375.

4.2.7.1.3. Board (Gender) Diversity (BDIV) & Return on Equity (ROE)

Board (Gender) Diversity is positively and statistically significant with ROE at 5% significance level. As seen in above table, Pearson correlation coefficient of board (gender) diversity on ROE is 23%. As such an increase in the number of women on the board will lead to a 23% rise on ROE.

4.2.7.1.4. Board Meeting (BMEET) & Return on Equity (ROE)

From the above computation, board meeting is negatively and statistically significant with ROE at 5% level of significance. The Pearson correlation coefficient of board meeting has a -28% influence on ROE. Thus, board meeting reveals a strong association with ROE though in a negative way.

4.2.7.2. Pearson's Correlation Coefficient Analysis-Model 2
Model 2

$$ROA_{it} = \beta_o + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4(\beta MEET_{it}) + e_t ....(2)$$

A similar computation on the second Model as captured above using the Pearson Correlation Coefficient analysis. This measures the level of association between the Corporate Governance variables (Board Size, Board Composition, Board Diversity and Board Meeting) and financial performance (Return on Asset).

Variables		ROA	BSIZE	BCOMP	BDIV	BMEET
ROA	Pearson Correlation	1	-.368*	0.130	.101	-.353*
	Sig. (1-tailed)	.	.004	.185	.242	.006
	N	50	50	50	50	50
BSIZE	Pearson Correlation	-.368*	1	-.140	.148	.422*
	Sig. (1-tailed)	.004	.	.166	.152	.001
	N	50	50	50	50	50
BCOMP	Pearson Correlation	.0130	-.140	1	-.054	.122
	Sig. (1-tailed)	.185	.166	.	.354	.218
	N	50	50	50	50	50
BDIV	Pearson Correlation	.101	.148	-.054	1	-.027
	Sig. (1-tailed)	.242	.152	.354	.	.426
	N	50	50	50	50	50
BMEET	Pearson Correlation	-.353*	.422*	.112	-.027	1
	Sig. (-tailed)	.006	.001	.218	.426	.
	N	50	50	50	50	50

Table 25: Pearson's Correlation-Model 2- CG Mechanisms and ROA
Source: Computed by Using IBM SPSS Version 23 on the Data Extracted from Annual Reports of Banks (2009-2018)
**Significant at 5% Level, * Significant at 1% Level

Above table shows Pearson's correlation computation using IBM SPSS Version 23 depicting the degree of association between the selected proxies for corporate governance (board size, board composition, board diversity and board meeting) and financial performance measured by Return on Asset (ROA). The result reveals as follows;

4.2.7.2.1. Board Size (BSIZE) & Return on Asset (ROA)

Findings show that board size is negatively and statistically significantly correlated with ROA at 1% degree of significance. The Pearson correlation measure shows that board size has a very strong association with Return on Asset at -37%. As such a change in the size of the board will affect the return on asset by -37%.

4.2.7.2.2. Board Composition (BCOMP) & Return on Asset (ROA)

Board composition is positively but not statistically significantly correlated with ROA. The Pearson correlation on above table shows a positive relation between board composition and return on asset at 13% but not statistically significant at 10% level of significant. As such, an indication that the relationship might have happen by chance or due to a sampling error. As the P value is greater that the level of significant at 0.185.

4.2.7.2.3. Board (Gender) Diversity (BDIV) & Return on Asset (ROA)

Board (Gender) Diversity is positively but not statistically significant with ROE at 5% significance level. As seen in above table, Pearson correlation coefficient of board (gender) diversity on ROA is 10%. As such, other factors might have been responsible for the positive association not as a result of the number of women on the board.

4.2.7.2.1. Board Meeting (BMEET) & Return on Asset (ROA)

From the above computation, board meeting is negatively and statistically significant with ROA at 1% level of significance. The Pearson correlation coefficient of board meeting show a -35% influence on ROA. Thus, board meeting reveals a strong association with ROE though negatively.

4.2.8. Regression Analysis on Corporate Governance Impact on Financial Performance

IVs(Independent Variables)	Dependent Variable: Model 1=ROE			Constant=18.32	
	Regression Values				
	Adjusted R²	ANOVA Model F Sig. Value	ANOVA Model Sig. P-Value	Unstandardized Coefficient Value (β)	Coefficient P-Value
Board Size	0.088	2.177	0.087	-0.485	0.023
Board Composition	0.088	2.177	0.087	6.074	0.689
Board (Gender) Diversity	0.088	2.177	0.087	29.993	0.077
Board Meeting	0.088	2.177	0.087	-1.044	0.193
Dependent Variable-Model 2-ROA					
	Regression Value-			Constant=3.435	
IVs(Independent Variables	Adjusted R²	ANOVA Model F Significant Value	ANOVA Model Sig (P-Value)	Unstandardized Coefficient Value (β)	Coefficient Sig. (P-Value)
Board Size	0.148	3.120	0.024	-0.121	0.046
Board Composition	0.148	3.120	0.024	2.432	0.349
Board (Gender) Diversity	0.148	3.120	0.024	2.966	0.299
Board Meeting	0.148	3.120	0.024	-0.277	0.098

Table 26: Regression Results of Corporate Governance Components on Financial Performance of Banks (Model 1 & 2)
Source: Computed Using IBM SPSS Version 23 on the Data Extracted from Annual Reports of Banks (2009-2018)

Above table is a summarized schedule on the multiple regression analysis computed on the dependent variables (Return on Equity and Return on Asset) and the independent variables; Board size, Board composition, Board diversity and Board meeting. It can be seen from the table 4.2.7 that the overall regression (BSIZE, BCOMP, BDIV & BMEET) for Model 1 (Return on Equity) is not significant since the p-value (0.087) in the ANOVA Model F significant value column is greater than 0.05. What this indicate is that the four independent variables; Board Size, Board Composition, Board Diversity and Board Meeting collectively, only account for 8.8% of the changes in the dependent variable ROE (Model 1) as obtained from the Adjusted R^2 computation. Also, the Unstandardized Coefficient Value computed for Model 1(ROE) shows a constant of 18.32 an indication that the independent variables of board size, board composition, board diversity and board meeting have no influence to the extent of 18.32 of what happens to the Return on Equity (ROE). This can be seen in the graph below.
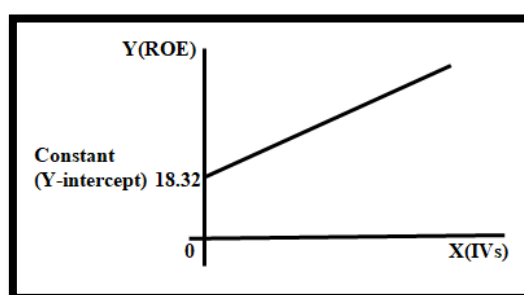

Figure 5: Showing A Graphical Representation of Model 1 (ROE) Intercept

As depicted in the above diagram, the independent variables (IVs) have no effect on ROE up to the constant value of 18.32. However, the independent variables board size, board composition, board diversity and board meeting influence the dependent variable (ROE) by -0.485, 6.074, 29.993 and -1.044 respectively. However, the p-Values are greater than 0.05. This can be inputted into the Model below;
Model 1
$ROE_{it} = β_0 + β_1(BSIZE_{it}) + β_2(BCOMP_{it}) + β_3(βDIV_{it}) + β_4(βMEET_{it}) + e_t$..............(1)
ROE= 18.32 – (0.485*BSIZE) + (6.074*BCOMP) + (29.993*BDIV) - (1.044*BMEET) + et
Similarly, table 4.2.7 equally displayed the output of the regression computed on the second model;
Model 2
$ROA_{it} = β_0 + β_1(BSIZE_{it}) + β_2(BCOMP_{it}) + β_3(βDIV_{it}) + β_4(βMEET_{it}) + e_t$...............(2)
The above table shows the independent variables (BSIZE, BCOMP, BDIV & BMEET) regressed on Model 2 (Return on Asset) is significant since the p-value (0.024) in the ANOVA Model F significant value column is less than 0.05. This is an indicate that the four independent variables; Board Size, Board Composition, Board Diversity and Board Meeting collectively,

accounted for 15% (0.148) of the variance in the dependent variable ROA (Model 2) as obtained from the Adjusted R^2 computation. The Unstandardized Coefficient Value computed for Model 2(ROA) shows a constant of 3.435 an indication that the independent variables of board size, board composition, board diversity and board meeting have no influence to the extent of 3.435 of what happens to the Return on Asset (ROA). See below diagram.
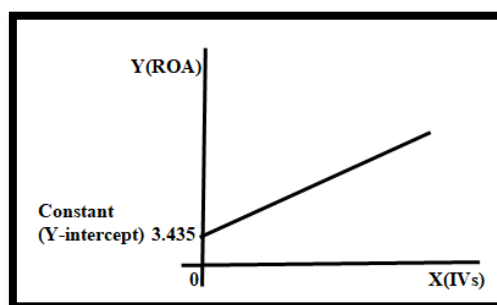

Figure 6: Showing a Graphical Representation of
Model 2 (ROA) Intercept

The graph 4.2.1 above, the independent variables (IVs) have no effect on ROA up to the constant value of 3.435. However, the independent variables board size, board composition, board diversity and board meeting accounted for variance in the dependent variable (ROA) by -0.121, 2.432, 2.966 and -0.277 respectively. However, the p-Values are greater than 0.05. This can be inputted into the Model below;
Model 1
$ROA_{it} = \beta_0 + \beta_1(BSIZE_{it}) + \beta_2(BCOMP_{it}) + \beta_3(\beta DIV_{it}) + \beta_4(\beta MEET_{it}) + e_t$...............(2)
$ROA = 3.435 - (0.121*BSIZE) + (2.432*BCOMP) + (2.966*BDIV) - (0.277*BMEET) + e_t$

4.3. Result and Discussion
The results from the descriptive and inferential analysis computed on the primary and secondary data are discussed in this section. The study extracted the primary data from the responses of the 115 respondents. Descriptive analysis; Mean, Standard Deviation, Skewness, and Kurtosis were computed on the scores of the respondents. Data for the secondary data were equally analyzed using both descriptive and inferential statistical analysis. For the descriptive analysis, Min, Max, Mean and Standard Deviation were computed on the secondary data while the inferential analysis, the Pearson Correlation and Multilinear Regression were computed.

4.4. Board Size (BSIZE) and Financial Performance (ROE & ROA)
This study measured the impact of Board Size (BSIZE) and Financial Performance measured by Return on Equity (ROE) and Return on Asset (ROA). The primary data extracted from the questionnaire response of 115 respondent was analysed using descriptive statistics; Mean, Standard Deviation, Skewness and Kurtosis, this is captured in Table 10 above. While the secondary data extracted from the published annual reports of the sample banks. Both descriptive and inferential statistics were performed on the secondary data. As shown in Tables 4.2.6, 4.2.7, 4.2.8 and 4.2.9 which captures the descriptive analysis (Mean, Standard Deviation and N), Pearson correlation and Multiple-linear regression analysis respectively.
Finding show that the average board size of the sampled banks is 15 and the standard deviation of 2.908 is an indication that the board size of most of the banks are so disperse from the Mean. The regression computation reveals that Board Size is negatively associated with both Return on Equity and Return on Asset. The statistical analysis computed on both the primary and secondary data reveal that board size has a negative and statistically significance relationship with ROE and ROA.
This is evidence in the Pearson correlation computation (See table 4.2.7 and 4.2.8) of -24% at 5% significance level and -36% at 1% significance level for ROE and ROA respectively. The ANOVA regression computation (see table 4.2.9) also reveal that our p-value is less than 5% significance level at 0.023 and 0.046 for ROE and ROA respectively. As such we Accept the Null hypotheses developed in chapter one (1) which states specifically;
- H_{01}: Board size has a negative impact on the financial performance of tier-one banks in Nigeria
The above result might be due to some of the problems associated with the size of the board e.g., a board size that is too large might lead to an increase in the agency cost, brings about frequent squabbles between board members, lead to inefficient use of assets, creates problems of coordination, and social loafing. The findings also tally with the previous work of the following scholars (Jensen, 1993; Yermack, 1996; Peter & Bagshaw, 2014; Bebeji, Mohammed & Tanko, 2015; Uwuigbe, 2013; Fantu, Kamal & Waka, 2013, & Shungu et al 2014).

4.5. Board Composition (BCOMP) and Financial Performance (ROE & ROA)
The impact of Board Composition (BCOMP) and Financial Performance measured by Return on Equity (ROE) and Return on Asset (ROA) was measured. The primary (115 respondents to survey) and secondary (published annual report of the sampled banks) data were analysed using descriptive statistics (Mean, Standard Deviation, Skewness and Kurtosis) only on the primary data, this is captured in Table 11 above.

The secondary data was analyzed using descriptive and inferential statistics. As shown in Tables 4.2.6, 4.2.7, 4.2.8 and 4.2.9 which captures the descriptive analysis (Mean, Standard Deviation and N), Pearson correlation and Multiple-linear regression analysis respectively.

Though, on the primary data finding reveal that Board Composition (BCOMP) is not statistically significant with Performance as the Mean score of 3.230 is less than 5%. This is equally revealed by the inferential analysis computed on the secondary data.

The average board composition of the sampled banks is 57%, this means that 57% of the board members in the sampled banks are outside directors (Non-Executive Directors and Independent directors). The standard deviation of 0.071 clearly shows the board composition of all of the sampled banks is very close to the Mean score of 57%. Although, the findings reveal that Board Composition has a positive association with financial performance measured by ROE and ROA but the relationship is not statistically significant.

This is evidence in the Pearson correlation computation (See table 4.2.7 and 4.2.8) of 4.6% at 10% significance level and 1.3% at 10% significance level for ROE and ROA respectively. The ANOVA regression computation (see table 4.2.9) also reveal that our p-value is greater than 5% significance level at 0.689 and 0.346 for ROE and ROA respectively. Though, the variance in ROE and ROA can be influenced by board composition by 6% and 2% respectively but we cannot authoritatively say that other factors did not play a role as the significance level is low. However, our null hypotheses below are nevertheless rejected.

- H_{02}: Board Composition has no positive impact on the financial performance of tier-one banks in Nigeria.

As reveal from the statistical computation, there exist a positive relationship between board composition and ROE and ROA however, the relationship is not statistically significant. This could due to several factors, the Non-Executive Directors (NED) have no conflict of interest with the banks and would act in the best interest of the shareholders. However, the lack of significant outcome will be largely due to information asymmetry and the fact that the NED are not involved in the implementation process of the decisions made during board meetings.

Manaseer et al (2012); Song and Windram, (2004); Salim et al (2016); and Nyamongo et al (2011) studies reveal that board composition has positive impact of the performance of the banks. This they assert could be as a result of the fact that the independent directors are better at monitoring the activities of managers, protect the interest of shareholders and other stakeholders given that they have no financial or material interest in the firm and hold their integrity in high regard. Bualley et al (2017) and Narwal and Jindal (2015) studies reveal that board composition has no significant impact on the performance of firms.

4.6. Board (Gender) Diversity and Financial Performance (ROE and ROA)

Board (Gender) Diversity was computed both on the primary and secondary data. Although, the descriptive analysis calculated on the 115 responses score show a Mean of 2.8435 with a standard deviation of 0.9529. This is an indication that no relationship exists between board diversity and financial performance.

Descriptive analysis computed on the published annual reports of the sampled banks show a Mean board (gender) diversity of 20%. This means that women constitute only 20% of the board membership of the sampled banks. The standard deviation score of 0.06 is an indication that the Mean score is a true reflection of the percentage of women on the board of the sampled banks.

Ironically, on the computed multiple regression on the secondary data reveal a positive Pearson correlation of 23% at 5% significance level and 10% at 10% significance level on ROE and ROA respectively. The ANOVA show that board (gender) diversity account for 29% and 3% for the variance in ROE and ROA respectively but the p-Values of 0.077 and 0.024 was not significant for ROE but less than 5% for ROA.

Therefore, it can be concluded that while board (Gender) diversity has a positive relationship with ROE and ROA, this relationship is only significant with ROA. Thus, our hypotheses formulated in chapter one (1) below;

H_{03}: Board (gender) diversity has a negative impact on the financial performance of tier-one banks in Nigeria.

The findings do not support the hypotheses, although, there is no statistically significant relationship between board (gender) diversity and return on equity (ROE) the relationship with ROA is statistically significant. Secondly, contrary to our hypotheses there is a positive relationship between BDIV and ROE and ROA. As such this study Rejects the Null hypotheses developed in chapter one (1) of the study.

The poor representation (20%) of women on the board of sampled banks might be responsible for the statistically insignificant relationship between board diversity and ROE. However, female directors bring to the board creativity, innovation, knowledge, and soft skills which enhance financial performance. The findings above support the result of Pletzer et al (2015) whose study reveal that female representation on corporate board has positive but not statistically significant relationship with firms' performance.

McKinsey & Co., (2010); Garcia-Meca, Sanchez, and Farrero, (2014); Bolye and Jane, (2011); and Shungu et al (2014) studies equally show that companies with a high representation of female directors outperform companies with no woman on their board by 40% in terms of ROE. As the female directors on the board provide a different perspective and bring about a better representation of the shareholders demography.

4.7. Frequency of Board Meeting (BMEET) and Financial Performance (ROE & ROA)

The impact of board meeting on the financial performance of banks was also measured. The hypotheses were tested using both primary and secondary data. The hypothesis developed is as stated below;

- H_0: Frequency of board meetings (board activity) have a negative impact on the performance of tier-one banks in Nigeria.

The primary data was analyzed using respondents' scores from the study questionnaire. The Mean, Standard deviation, Skewness and Kurtosis were computed. The overall Mean from the statements on board meeting and performance is 3.6 with a standard deviation of 0.923 (refer to Table 13). However, on the questionnaire statement F6 was specifically designed to test the above hypotheses and it states thus "Frequent board meetings improve the profitability and performance of the banks" From the statistical computation our t-value (0.504) is less than the t-critical value on our two-tail test (+ or – 1.96). As such, falls within the acceptance level of the hypotheses.

The descriptive and inferential analysis was computed on the secondary data. As seen in Tables 4.2.6, 4.2.7, 4.2.8 and 4.2.9 which captures the descriptive analysis (Mean, Standard Deviation and N), Pearson correlation and Multiple-linear regression analysis respectively. Board meetings have an overall Mean of 5.54 with a standard deviation of 1.47. This is an indication that the sampled banks on the average hold board meetings six (6) times in a year. This is in line with the CBN Corporate Governance Code which recommends that at least one (1) board meeting should be held every quarter by the banks (CBN, 2014).

Findings from the multiple regression analysis (see tables 4.2.7, 4.2.8, and 4.2.9) computation reveal that Board meeting (BMEET) is negatively and statistically significant to both ROE and ROA. The Pearson correlation are -28% and -35% for ROE and ROA respectively with p-values of 0.023 and 0.006 significance at 5% and 1% for ROE and ROA respectively. However, while the ANOVA coefficient equally reveal a negative association between board meeting and ROE and ROA at -1.044 and -0.277 respectively, its p-value was not statistically significant for both ROE and ROA as both values were greater (> 0.05) that five percent at 0.193 and 0.098 respectively.

The findings support the hypotheses and is therefore accepted. Though the coefficient correlation shows there is negative association between board meeting and ROE and ROA but the association is not statistically significant. The findings are supported by the works of Jensen, (1993); Akpan, (2015); Narwal and Jindal, (2015); Alhassan, Bajaheer and Alshehri, (2015) who assert that frequent board meetings increase the agency cost, and that the board members are affect largely by information asymmetry, as such the views of board members during such meetings are reactive rather than proactive, especially as the agenda of such meetings are set by the managers.

5. Summary, Conclusion and Recommendations

5.1. Summary
The objective of this study is to examine the impact of Corporate Governance on the financial performance of banks in Nigeria. The annual reports of five banks were analyzed over a ten (10) year period, along with 115 surveyed respondents. This chapter presents a summary of the findings and recommendations.

5.2. Conclusion
The study adopted the use of descriptive and inferential statistics to compute the primary and secondary data. The consensus is that there is a significant leap in the corporate governance practices in banks. Also, the various initiatives by the regulatory authorities have helped to improve the level of corporate governance amongst banks in Nigeria.

The descriptive analysis on the dependent variables (ROE & ROA) reveals a Mean value of 14.70% and 2.30% with a standard deviation of 7.5% and 1.3% for Return on Equity (ROE) and Return on Asset (ROA) respectively. This is an indication that the ROA is a much better index for measuring performance consistency over a long period of time. As seen above in the lower standard deviation score of 1.3%. However, the ROE indicates that the sampled banks shareholders equity attracts greater return than the banks' assets though the wide disparity in the standard deviation figure of 7.5% shows huge inconsistency from the Mean.

On the corporate governance mechanism, the descriptive statistics reveal a Mean board size of 15 and a board composition of 57%. By implication outsider directors constitute 57% of board membership in the sampled banks. Notably, the boards of the sampled banks are dominated by men, as women account for only 20% of the board membership. Overall, the number of times the banks meet annually fully complies with the CBN's directive on board meetings.

The computed multiple regression analysis indicate that board size (BSIZE) and board meetings (BMEET) have negative and statistically significant association with Return on Equity (ROE) and Return on Asset (ROA). Although, board composition (BCOMP) and board (gender) diversity (BDIV) reveal positive relationships with ROE and ROA, board composition is not statistically significant with both ROE and ROA while board (gender) diversity is statistically insignificant with Return on Asset only.

The ANOVA table result reveal that the combined independent variables (board size, board composition, board (gender) diversity and board meeting) account for 18% of the variance in the Return on Equity (ROE) and 15% in Return on Asset (ROA), based on the Adjusted R^2 values obtained from the computation.

5.3. Recommendations
The corporate governance mechanisms were examined against the performance of banks in Nigeria by this study. As such, based on the evidence from the investigation, the following recommendations are made;

5.3.1. To Investors

- When evaluating for long term investment in the banking sector, the focus should be on the Return on Asset. As this measure of financial performance provide a more consistent and reliable measurement index over a long period of time.
- The Return of Equity has better yield for investors looking for short term investment opportunities. However, they must equally ensure that sound corporate governance practices exist in banks they intend to invest in.

5.3.1.1. To Banks

- Steps must be taken to identify the optimal board size that would add value to the activities of the board and indeed the performance of the bank. As board size has significant negative association with financial performance of banks.
- Banks must make genuine effort to improve board (gender) diversity and board composition, with strong presence of independent directors. This would improve investors' confidence and renew shareholders faith in the board. As the result of this study reveal board (gender) diversity and board composition both have positive association with bank performance.
- Effort should be made by banks to reduce the cost associated with board meetings. While board meeting is an important monitoring activity, findings of this study reveal that board meetings has significant negative impact on the financial performance of the sampled banks.

5.3.2. To Regulatory Authorities

- The Central Bank of Nigeria (CBN) should ensure there exists a uniform standard policy guide for reporting Corporate Governance disclosure by the banks. This will ensure proper assessment of the corporate governance practices in the banks. This will help prevent systemic unexpected shocks.
- There should be regular on-sight and off-sight supervision by the regulatory authorities. Malfeasance by board members and financial institutions must be severely punished and sanctioned in a timely manner. This will improve public confidence in the banking sector.

5.3.3. To Government

- The government should ensure stability in the fiscal and macroeconomic (budget, taxes, exchange rate, inflation and unemployment etc.) policy thrust. As the stability in fiscal and macroeconomic situation have a multiplier effect on the banking system and investors' confidence in the economy of which the banks play a significant role.
- There should be a unified National Policy on Corporate Governance. This will create a barometer for measuring corporate governance practices countrywide.

5.4. Methodological Contribution

- This study highlights that the effect of corporate governance mechanisms on banks' performance is better felt when the study period is longer that ten (10) years.
- Also, this study reveals that selection of sampled banks with common denominator such as balance sheet sizes provides a more realistic display of the descriptive statistical measurement of financial performance indicators.

5.5. Suggestions for Further Study

The identified study limitations provide the basis for further study in the area of corporate governance;

- This study has extended the research scope on corporate governance and banks performance in Nigeria. By exploring the use of primary and secondary data to examine the impact of the relationship. However, a key aspect that was not explored is getting the perspectives of the directors themselves. Further studies could extract data by conducting Key Informant Interviews from the directors of banks. This will provide in-depth information on how boards work.
- The study measured banks' financial performance using return on equity (ROE) and return on asset (ROA). These are accounting measures which output can be influenced by both fiscal and monetary policies changes in the economy. For instance, a change in the exchange rate policy will greatly affect the foreign currency balances in the financial statements of the banks. Thus, this will lead to an increase or decrease in the banks' ROE and ROA. Subsequent studies should control for key fiscal and monetary policy changes.
- Further studies can explore the corporate governance practices in government owned institutions. This is an area that has been largely unattended to.
- This study only considered the use of four internal corporate governance mechanisms. Though, this is an improvement from previous studies which consider only one or two governance mechanisms. Further research could investigate the causal effect of both external and internal corporate governance mechanisms on banks' performance.

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Appendix

Name	Date Reregistered	Ownership Type	Date Licensed
Access Bank Plc	1/17/1990	Domestic	1/17/1990
Citibank Nigeria Limited	10/11/2004	Foreign	10/08/2004
Diamond Bank Plc	12/31/1990	Domestic	12/31/1990
Ecobank Nigeria Plc	4/24/1989	Transnational	4/24/1989
Fidelity Bank Plc	01/02/2006	Domestic	01/02/2006
First City Monument Bank Plc	11/11/1983	Domestic	11/11/1983
Guaranty Trust Bank Plc	1/17/1990	Domestic	1/17/1990
Key Stone Bank	05/02/2001	Domestic	05/02/2001
Polaris Bank	01/03/2006	Domestic	01/03/2006
Stanbic IBTC Bank Ltd.	01/02/2006	Foreign	01/02/2006
Standard Chartered Bank Nigeria Ltd.	12/01/2004	Foreign	06/09/1999
Sterling Bank Plc	1/25/1999	Domestic	11/25/1960
SunTrust Bank Nigeria Limited	9/16/2015	Domestic	03/12/2009
Union Bank of Nigeria Plc	01/02/2006	Domestic	01/02/2006
United Bank For Africa Plc	01/02/2006	Domestic	01/02/2006
Unity Bank Plc	01/02/2006	Domestic	01/02/2006
Wema Bank Plc	1/18/1965	Domestic	1/17/1945
Zenith Bank Plc	9/13/2004	Domestic	6/20/1990
Heritage Banking Company Ltd.	01/01/2019	Domestic	12/27/2012
First Bank Nig. Limited	01/01/2019	Domestic	2/20/2014
Providus Bank	01/01/2019	Domestic	
Titan Trust Bank Ltd	01/01/2019	Domestic	12/12/2018
Globus Bank Limited	01/01/2019	Domestic	07/10/2018

Table 27: List of Licensed Deposit Money Banks as at December 31st 2018

Study Questionnaire
School of Business & Entrepreneurship
American University of Nigeria, Yola.
September 12, 2019
Dear Respondent,

Invitation To Participate As A Respondent

I am a post-graduate student at the American University of Nigeria, Yola. My research interest is on the impact of Corporate Governance and banks' performance.

You are kindly invited to participate in this survey as a respondent.

Your response (along with those of other respondents) will be analysed, interpreted, summarized and form part of the basis for the study findings.

Your responses are confidential and cannot be traced back to you. A complimentary report of this research will be made available to you, if you so desire.

For queries, comments, and suggestions, please do not hesitate to contact me via email: anayo.chukwu@aun.edu.ng or Phone: 08126214829.

Section A:

This section captures the general information of the respondent. Kindly provide (by marking X in the appropriate box below) the following pieces of information which would assist in the analysis of the various respondents.

1. Gender: Male ☐   Female ☐   Others ☐   Prefer Not To Say ☐

2. Age Range (yrs.):   25-35 ☐   36-45 ☐   46-55 ☐   56-65 ☐   > 65 ☐

3. **Educational Qualification(s):**

PhD/Equivalent ☐
MSc/Equivalent ☐
BSc/Equivalent ☐
OND/Equivalent ☐
Others (specify) ☐

4. **Employment Status**: Employed ☐   Self-Employed ☐   Unemployed ☐

5. **Sector:**   Financial ☐   Oil & Gas ☐   Telecommunications ☐   Energy ☐
   Manufacturing ☐   Education ☐   others (specify) ☐

6. **Current Position:**
Executive Position ☐   ☐
Senior Level Position ☐
Middle Level Position ☐
Junior Level Position ☐
Others (specify) ☐

7. How conversant are you with the concept of Corporate Governance?

Very Conversant ☐   Not Very Conversant ☐   Never Heard of It ☐

8. Do your organisation have a written code of Corporate Governance?   Yes ☐   No ☐

Section B:

This section aims to find out your perception of Corporate Governance of Nigerian banks. Kindly respond by selecting one of the alternatives 5, 4, 3, 2, and 1. Comments might be added to give clarity to your chosen response. **5= Strongly Agree**

(SA), 4= Agree (A), 3= No Idea (NI), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Perception of Corporate Governance.	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
1	Corporate Governance should be the sole responsibility of the Board of Directors.						
2	Effective Corporate Governance aid the monitoring and supervisory activities of the Board of Directors.						
3	In the last ten years, there have been significant improvement in the Corporate Governance practices in Banks in Nigeria.						
4	The various initiatives by the CBN have helped significantly in improving Corporate Governance practices amongst Nigerian Banks.						

S/N	Perception of Corporate Governance.	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
5	Good Corporate Governance practices will improve investors' confidence in the banking sector in Nigeria						
6	Good Corporate Governance practices have led to an increased in the financial performance of banks in Nigeria.						
7	Issues of poor Corporate Governance are still prevalent in Nigerian banking industry.						
8	Poor Corporate Governance is a major factor responsible for banks' failure in Nigeria.						
9	The general perception is that Nigerian Banks do no adhere to sound Corporate Governance practices.						
10	The Corporate Governance disclosure by banks in their Annual Financial statements clearly reflects the actual CG practices in those banks.						
11	Board of Directors, at all times, act in the best interest of the shareholders and other stakeholders.						
12	Corporate Governance has not helped in reducing the spate of insider related fraud in the banking sector.						
13	Most banks' failures are caused by top executives of banks.						
14	The CBN and other regulatory agencies are not doing enough to improve Corporate Governance practices in banks in Nigeria.						
15	The general belief is that banks in Nigeria are not honest about the true state of affairs in the banking sector.						

Table 28

Section C:

One of the major mechanisms of Corporate Governance is Board Size. Board Size refers to the number of directors that sit on the board of each bank. Kindly respond by selecting one of the alternatives 5, 4, 3, 2, and 1. Comments might be added to give clarity to your chosen response. 5= Strongly Agree (SA), 4= Agree (A), 3= No Idea (NI), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Board Size and Financial Performance	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
1	Board size improves the monitoring and supervisory role of the directors						
2	Large board size increases the skills and expertise available to the banks.						
3	Large board size increases the resources available to the banks.						

S/N	Board Size and Financial Performance	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
4	The quality of decision-making is usually enhanced by the board size.						
5	Board size has a positive impact on the profitability of banks.						
6	Large board size increases the operating cost of the bank.						
7	Large board size prevents CEOs from having an over-bearing influence on the banks.						
8	The size of the board does not affect the performance of the bank in any way.						
9	A large board size brings about coordination and control problems.						
10	Small board size limits the amount of resources and expertise that is available to the banks.						

Table 29

Section D:

Board Composition refers to the proportion of outside directors (non-executive and independent directors) compared to the total number of directors. Kindly respond by selecting one of the alternatives 5, 4, 3, 2, and 1. Comments might be added to give clarity to your chosen response. 5= Strongly Agree (SA), 4= Agree (A), 3= No Idea (NI), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Board Composition and Financial Performance.	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
1	Outside directors possess adequate skill, experience, and expertise to ensure effective monitoring and supervision of managers						
2	Managers provide outside directors with adequate information that enable them perform their duties effectively.						
3	Managers provide outside directors with timely information that enable them perform their duties effectively.						
4	Banks with a higher composition of outside directors are better monitored and supervised.						
5	Banks with a higher proportion of outside directors have higher Return on Equity.						
6	Good corporate governance practices are associated with higher outside directors.						
7	A higher proportion of outside directors lead to higher market value.						
8	Boards with a higher number of outsider directors prevent CEOs' overbearing influence.						

Table 30

Section E:

Board Diversity measures the proportion of women on the board to the total number of directors. Kindly respond by selecting one of the alternatives 5, 4, 3, 2, and 1. Comments might be added to give clarity to your chosen response. 5= Strongly Agree (SA), 4= Agree (A), 3= No Idea (NI), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Board Diversity and Financial Performance	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
1	There are more female members than male on the boards of most banks in Nigeria.						
2	Female employees have equal opportunities as their male counterparts to rise to executive levels in the banking sector.						
3	Banks with more female board members have more versatile and critical decision making process.						
4	Banks with more female directors have access to a diverse array of opinion.						
5	Banks with more female directors have access to more resources.						
6	Banks with a higher proportion of female directors tend to be more risk-averse.						
7	Board gender diversity has impact on the Return on Equity of banks.						
8	The proportion of women on the boards of banks have nothing to do with the banks' performance.						
9	Banks with more female representation on the board perform better that those wholly dominated by men.						

Table 31

SECTION F:

Frequent board meetings express the number of times board members meet annually. Kindly respond by selecting one of the alternatives 5, 4, 3, 2, and 1. Comments might be added to give clarity to your chosen response. 5= Strongly Agree (SA), 4= Agree (A), 3= No Idea (NI), 2=Disagree (D), 1=Strongly Disagree (SD).

S/N	Frequent Board and Financial Performance	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
1	Board meetings enable directors perform their monitoring and supervisory functions effectively.						
2	Major strategic decisions are taken during board meetings.						
3	Sound Corporate Governance practices are influenced by Frequent board meetings.						
4	Board meetings present directors with up-to-date information on the activities of the banks.						

5	In addition to the report provided by Management during meetings. Board members have access to other sources of information to aid their decisions.						

S/N	Frequent board and Financial Performance	Respondent's Choice					Comments
		5=SA	4=A	3=NI	2=D	1=SD	
6	Frequent board meetings improves the profitability and performance of the banks.						
7	Most decisions are usually taken before the board meets, as such, board meetings are a mere formality.						
8	Most times board members discuss activities of the bank outside the formal board meetings.						
9	Frequency of board meetings have no impact of the performance of banks.						

Table 32

Please provide answers to the following questions to assist in the analysis of your responses in Sections A-F.

In your opinion, to what extent are the statements in the questionnaire understandable?

6== Very High Extent ☐
5== High Extent ☐
4==Average Extent ☐
3== Low Extent ☐
2== Very Low Extent ☐
1== Not At all ☐

In your opinion, how relevant are the contents of the questionnaire to the issues of Corporate Governance?

6== Very Relevant ☐
5== Reasonably Relevant ☐
4==Averagely Relevant ☐
3== Fairly Relevant ☐
2== Poorly Relevant ☐
1== Not Relevant At All ☐

All things considered, how certain do you feel regarding all the responses you have provided in sections A to F above?.

6== Very Certain ☐   3==Fairly Certain ☐
5==Reasonably Certain ☐   2==Poorly Certain ☐
4==Averagely Certain ☐   1==Not Certain At All ☐

How many minutes did it take you to conclude the survey?

Less Than Five Minutes
Between Five to Ten Minutes
Over Ten Minutes

Thank You For Your Kind Participation In This Survey.

APPENDIX 3.2: INSTRUMENT RATING FORM FOR PRE-TEST SURVEY
School of Business & Entrepreneurship
American University of Nigeria, Yola.
September 12, 2019
Dear Expert Respondent,
<u>Invitation To Participate As An Expert Respondent</u>
I am a post-graduate student at the American University of Nigeria. My research interest is on the impact of Corporate Governance on the financial performance of banks.

You are kindly invited to participate in this survey as an Expert Respondent. Your expertise in the subject area will equally help validate the content of the questionnaire.

Your responses are confidential and cannot be traced back to you. A complimentary report of this research will be made available to you, if you so desire.

For queries, comments, and suggestions, please do not hesitate to contact me via email: anayo.chukwu@aun.edu.ng or Phone: 08126214829.

Thank You.

S/N	Perception of Corporate Governance	Respondent's Choice		
		Essential	Useful But Not Essential	Non-Essential
1	It should be the sole responsibility of the Board of Directors to ensure sound Corporate Governance practices.			
2	Effective Corporate Governance aid the monitoring and supervisory activities of the Board of Directors.			
3	In the last ten years, there have been significant improvement in the Corporate Governance practices in Banks in Nigeria.			
4	The various initiatives by the CBN have helped significantly in improving Corporate Governance practices amongst Nigerian Banks.			
5	Good Corporate Governance practices will improve investors' confidence in the banking sector in Nigeria			
6	Good Corporate Governance practices have led to an increased in the financial performance of banks in Nigeria.			
7	Issues of poor Corporate Governance are still prevalence in the banking industry in Nigeria.			
8	Poor Corporate Governance is a major factor responsible for banks' failure in Nigeria.			
9	The general perception is that Nigerian Banks do no adhere to sound Corporate Governance practices.			
10	The Corporate Governance disclosure by banks in their Annual Financial statements clearly reflects the actual CG practices in those banks.			
11	Board of Directors, at all times, act in the best interest of the shareholders and other stakeholders.			
12	Corporate Governance has not helped in reducing the spate of insider related fraud in the banking sector.			
13	Most banks' failures are caused by top executives of banks.			
14	The CBN and other regulatory agencies are not doing enough to improve Corporate Governance practices in banks in Nigeria.			
15	The general belief is that banks in Nigeria are not honest about the true state of affairs in the banking sector.			
16	With improved corporate governance Nigerian banks will become more competitive.			

Table 33: Instrument Rating Form

SECTION C:

One of the major mechanisms of Corporate Governance is Board Size. Board Size refers to the number of directors that sit on the board of each bank. Kindly respond by selecting one of the alternatives

S/N	Board Size and Financial Performance	Respondent's Choice		
		Essential	Useful But Not Essential	Non-Essential
1	Board size improves the monitoring and supervisory role of the directors			
2	Large board size increases the skills and expertise available to the banks.			
3	Large board size increases the resources available to the banks.			
4	The quality of decision-making is usually enhanced by the board size.			
5	Board size has a positive impact on the profitability of banks.			
6	Large board size increases the operating cost of the bank.			
7	Large board size prevents CEOs from having an over-bearing influence on the banks.			
8	The size of the board does not affect the performance of the bank in any way.			
9	A large board size brings about coordination and control problems.			
10	Small board size limits the amount of resources and expertise that is available to the banks.			

Table 34

SECTION D: Board Composition refers to the proportion of outside directors (non-executive and independent directors) compared to the total number of directors. Kindly respond by selecting one of the alternatives.

S/N	How board composition affects the Financial Performance banks	Respondent's Choice		
		Essential	Useful But Not Essential	Non-Essential
1	Outside directors possess adequate skill, experience, and expertise to ensure effective monitoring and supervision of managers			
2	Managers provide outside directors with adequate information that enable them perform their duties effectively.			
3	Managers provide outside directors with timely information that enable them perform their duties effectively.			
4	Banks with a higher composition of outside directors are better monitored and supervised.			
5	Banks with a higher proportion of outside directors have higher Return on Equity.			
6	Good corporate governance practices are associated with higher outside directors.			
7	A higher proportion of outside directors leads to higher market value.			
8	Boards with a higher number of outsider directors prevent CEOs' overbearing influence.			
9	Large board composition improve the quality of management on the board			
10	Board composition can serve as an effective tool for checking the excesses of management.			

Table 35

SECTION E:

Board (Gender) Diversity measures the proportion of women on the board to the total number of directors. Kindly respond by selecting one of the alternatives.

S/N	How board diversity affects the Financial Performance banks	Respondent's Choice		
		Essential	Useful But Not Essential	Non-Essential
1	There are more female members than male on the boards of most banks in Nigeria.			
2	Female employees have equal opportunities as their male counterparts to rise to executive levels in the banking sector.			
3	Banks with more female board members have more versatile and critical decision making process.			
4	Banks with more female directors have access to a diverse array of opinion.			
5	Banks with more female directors have access to more resources.			
6	Banks with a higher proportion of female directors tend to be more risk-averse.			
7	Board gender diversity has impact on the Return on Equity of banks.			
8	The proportion of women on the boards of banks have nothing to do with the banks' performance.			
9	Banks with more female representation on the board perform better that those wholly dominated by men.			
10	Boards with more female representation are better managed			

Table 36

SECTION F:

Frequent of board meetings express the number of times board members meet annually. Kindly respond by selecting one of the alternatives.

S/N	Board Meetings and Financial Performance	Respondent's Choice		
		Essential	Useful But Not Essential	Non-Essential
1	Board meetings enable directors perform their monitoring and supervisory functions effectively.			
2	Major strategic decisions are taken during board meetings.			
3	Sound Corporate Governance practices are influenced by Frequent board meetings.			
4	Board meetings present directors with up-to-date information on the activities of the banks.			
5	Board members have access to other sources of information to aid their decisions.			
6	Frequent board meetings improves the profitability and performance of the banks.			
7	Frequent board meetings are essential for improving the activities of the bank.			
8	Most decisions are usually taken before the board meets, as such, board meetings are a mere formality.			
9	Most times board members discuss activities of the bank outside the formal board meetings.			
10	Frequency of board meetings have no impact of the performance of banks.			

Table 37

Questionnaire Items	Expert 1	Expert 2	Expert 3	Expert 4	Expert 5	Expert 6	Expert 7		CVR
Item 1	x	X	X	X	x	x	X		1
Item 2	x	x		X	x	x	X		0.714
Item 3	X	X	X	X	X	X	X		1
Item 4	X	X	X	X	X	X			0.714
Item 5	X	X		X	X	X	X		0.714
Item 6	X	X	X	X	X	X	X		1
Item 7		X	X	X		X	X		0.429
Item 8	X		X	X	X		X		0.429
Item 9	X	X	X	X	X	X	X		1
Item 10	X		X		X	X	X		0.429
Item 11	X	X	X	X	X	X	X		1
Item 12		X	X	X	X	X	X		0.714
Item 13	X		X	X		X	X		0.429
Item 14		X	X	X	X	X			0.429
Item 15	X		X	X		X	X		0.429
Item 16	X	X		X	X	X	X		0.714
Item 17	X		X		X	X	X		0.429
Item 18		X	X	X		X	X		0.429
Item 19	X		X		X	X	X		0.429
Item 20	X	X	X	X		X			0.429
Item 21	X		X		X	X	X		0.429
Item 22	X	X		X	X	X			0.429
Item 23	X		X	X		X	X		0.429
Item 24		X	X		X	X			0.143
Item 25	X			X	X		X		0.143
Item 26	x	X	X	X	x	x			0.714
Item 27	x	x			x	x	X		0.429
Item 28	X	X	X	X	X	X	X		1
Item 29	X	X	X	X	X	X			0.714
Item 30	X	X		X	X	X	X		0.714
Item 31	X	X	X	X	X	X	X		1
Item 32		X	X	X		X	X		0.429
Item 33	X		X	X	X	X	X		0.714
Item 34	X	X	X	X	X	X			0.714
Item 35	X		X	X	X	X	X		0.714
Item 36		X	X	X	X	X			0.429
Item 37	X	X		X	X	X	X		0.714
Item 38	X		X	X		X	X		0.429
Item 39		X	X	X	X	X			0.429
Item 40	X		X	X		X	X		0.429
Item 41	X	X		X	X	X	X		0.714
Item 42	X		X	X		X	X		0.429
Item 43	X	X		X	X	X	X		0.714
Item 44		X	X	X	x	x	x		0.714
Item 45	x	x		X	x	x	x		0.714
Item 46	x	x	X		X	x	x		0.714
Item 47	x	X	X	X	X	X	X		1
CVR (Critical) for a panel size (N) of 7 is 1.								CVI	0.617

Table 38: Lawshe (1975) Content Validity Rating (Cvr) Index