CORPORATE GOVERNANCE CHARACTERISTICS AND THE NIGERIA STOCK EXCHANGE: EVIDENCE FROM LISTED BANKS

BY

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APPROVAL

This project titled "**Corporate Governance Characteristics and the Nigeria Stock Exchange: Evidence From Listed Banks**" has been assessed and approved by defense committee of Department of Accountancy, School of Business Studies, Auchi Polytechnic, Auchi.

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CERTIFICATION

We the undersigned hereby certify that this project work was carried out by **MUHAMMED MARIAM with Mat No: NO:** SBS/2012070583 in the department of accountancy, under our supervision and that it is adequate in scope and quality in partial fulfillment of the requirements for the award of Higher National Diploma (HND) in Accountancy.

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DEDICATION

This project work is dedicated to Almighty Allah (God) the giver of knowledge and wisdom and my father, late Mr Dania Alidu Muhammed.

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My profound gratitude is to Almighty Allah (God), who made this project work a success.

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Finally, to all my friend and well-wishers, may Almighty Allah bless you all.

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Abstract

This project work examines Corporate Governance and the Nigeria Stock Exchange: Evidence from Listed Banks. Data where gathered through secondary sources. The objective if the study is to investigate if corporate governance has significant impact on firms quoted on the Nigeria Group Exchange (NGX). The study revealed that there is no significant relationship between corporate governance and financial performance of listed deposit money banks in Nigeria, board size has no positive relationship with profitability of listed deposit money banks in Nigeria and gender diversity has no positive correlation with profitability of deposit money banks in Nigeria. The study recommended that the issues of corporate governance should be considered as important as profit making since it is a key factor in maximizing shareholders and other stakeholders' value. Finally, the result of board gender diversity also suggest that the boards of firm should endeavour to increase the quota of women directors serving on the board as this will help to boost the profitability potency of the companies and ensure operating efficiency, improved quality product and pricing efficiency.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Corporate governance in recent times has attracted a good deal of public interest because of its great importance to the financial and economic growth of corporations and the society in general. The growing need for strong corporate governance has been very crucial with countries around the world drawing up guidelines and codes of practice to strengthen governance (Cadbury, 2018, Corporate Governance Code of Nigeria, 2016). The underlying reason for this growing interest is the increased concerns over the integrity of these securities markets in both developed and developing countries. In the Nigerian scene, the case of Cadbury Nigeria PLC who manipulated their stock position to deceive shareholders, NAMPAK, as well as Wema Bank, Afribank, Finbank, and Spring bank shook the confidence of investors and regulators alike. Corporate governance (CG) is crucial for the survival and performance of firms in Nigeria and its determinants continue to receive much attention from academics and regulators. The last two decades witnessed the failure of many financial and non-financial firms in Nigeria such as Oceanic bank, Intercontinental bank, NITEL and Vodafone. These corporate failures in Nigeria led to increased interest in corporate governance research focusing on Nigerian firms, consequently, much studies have been done on corporate governance in Nigeria. Corporate governance and its relation with firm performance, keep on to be an essential area of empirical and theoretical study in corporate study. Corporate governance has got attention and developed as an important mechanism over the last decades. The fast growth of privatizations, the recent global financial crises, and financial institutions development have reinforced the improvement of corporate governance practices. Well managed corporate governance mechanisms play an important role in improving corporate performance. Good corporate governance is fundamental for a firm in different ways; it improves company image, increases shareholders' confidence, and reduces the risk of fraudulent activities. It is put together on a number of consistent mechanisms; internal control systems and external environments that contribute to the business corporations' increase successfully as a complete to bring about good corporate governance. The basic rationale of corporate governance is to increase the performance of firms by structuring and sustaining initiatives that motivate corporate insiders to maximize firm's operational and market efficiency, and long-term firm growth through limiting insiders' power that can abuse over corporate resources.

1.2 Statement of the Problem

The banking sector has a distinct role in facilitating and stimulating economic development as it plays a vital role in the resource mobilization and allocation of the economy. This is the most important part of the financial system in developing economies as the banks account for the bulk of the financial transactions and assets. Banks are the main pillar of the financial system in most countries as banks provide different opportunity and services to clients. The banking sector is of immense importance in the progress and richness of any state. The economic development and prosperity comes from the well developed and perfect banking system. The failure rate of banks can be attributed to poor corporate governance and this can lead to investors losing confidence in the ability of a bank to properly manage its assets and liabilities, which could in turn trigger liquidity crisis. Recent financial crisis across the world has had banks and other financial intermediaries at the heart of this major crisis. As a result of these, various corporate governance reforms and codes have been introduced to ease governance with the mechanisms of board size, board composition, and audit committee as core amongst others. On the basis of this foregoing, this study examines the effect of corporate governance on the financial performance of listed deposit money banks in Nigeria.

1.3 Objective of the Study

The broad objective of the study is to investigate if corporate governance has significant impact on firms quoted on the Nigeria Group Exchange (NGX)

i. To examined the relationship between corporate governance and financial performance of listed deposit money banks in Nigeria.

ii. To determine if the size of the board of directors has positive relationship with profitability of listed deposit money banks in Nigeria

iii. To examine if board gender diversity has positive correlation with profitability of listed deposit money banks in Nigeria

iv. To test whether board skills and competence have positive relationship with profitability of listed deposit money banks in Nigeria

1.4 Research Questions

i. What is the relationship between corporate governance and financial performance of listed deposit money banks in Nigeria?

ii. How does board size relate with profitability of listed deposit money banks in Nigeria?

iii. To what extend does gender diversity correlate with profitability of listed deposit money banks in Nigeria?

iv. How does board skills and competence affect the profitability of listed deposit money banks in Nigeria?

1.5 Statement of Hypothesis

The following hypotheses stated in their null forms will be tested in this study

Hypothesis One

H_o: There is no significant relationship between corporate governance and financial performance of listed deposit money banks in Nigeria

Hypothesis Two

H_o: Board size has no positive relationship with profitability of listed deposit money banks in Nigeria

Hypothesis Three

H_o: Gender diversity has no positive correlation with profitability of deposit money banks in Nigeria

Hypothesis Four

H_o: Board skills and competence have no positive relationship with profitability of listed deposit money banks in Nigeria

1.6 Significance of the Study

This study is important in Nigeria due to the growing calls for effective corporate governance, particularly for both private and public limited liability companies, and most especially, that firms in Nigeria are transiting from Nigerian GAAP (SASs) to international standards GAAP (IFRSs) and also, in view of the importance of effective governance at both microeconomic and economy-wide levels.

The study is beneficial to managers/directors in instituting proper internal controls, identifying and implementing corporate governance mechanisms. Investors and creditors will also benefit from understanding the usefulness of financial/corporate reporting as required by regulatory bodies such as, the Securities and Exchange Commission (SEC), Nigerian Stock Exchange Group (NGX) and the Central Bank of Nigeria (CBN). This no doubt, will enhance their investment and credit decisions.

Shareholders and government will benefit from the elimination/minimization of opportunistic behavior of managers and directors through the implementation of adequate internal controls and quality financial/corporate reporting. The resultant effect is; enhanced benefits to the shareholders, while revenue accruing to the government through taxation, improves. Also, Employees, customers and the public shall be well informed to assess the value and performance of the company.

It is hoped that the evidence from this study, would serve as important quantitative information into the cauldron of policy as well as, add to the existing body of empirical literature from a developing economy. In addition, this study will serve as a reference point to researchers that may intend to carry out study in this area.

1.7 Scope of the Study

This study ascertains corporate governance and financial performance of deposit money banks in Nigeria. The study was delimited in scope to corporate governance and characteristic such as; board size, gender diversity, board skilled competence and performance measure of return on assets (ROA). For the purpose of the study, period covered is 5 years 2017 to 2021

1.8 Limitations of the Study

The study is limited by the difficulty involved in getting data as a result of the difficulty in ascertaining the level of reliability of dates collected and used for our analysis financial statements in Nigeria. This thus has a tendency of affecting the outcome of the study. Also, the difficulty of gathering relevant literature material is another possible factor that can limit the robustness of the study

1.9 Operational Definition of Term

i. **Financial Statement:** Referred to as overall general purpose entity statements that present the financial position and operating results of an entire business at the end of the annual accounting period or for a shorter period

ii. **Performance:** A performance is an act of staging or presenting a play, concert, or other form of entertainment. It is also defined as the action or process of carrying out or accomplishing an action, task, or function.

iii. **Managers:** Are most often responsible for a particular function or department within the organization. From accounting to marketing, to sales, customer support, engineering, quality, and all other groups, a manager either lead a team directly or leads a group of supervisors who lead the teams.

iv. **Corporation:** A corporation is an organization usually a group of people or a company authorized by the state to act as a single entity and recognized as such in law for certain purposes. Early incorporated entities were established by charter.

Most jurisdictions now allow the creation of new corporations through registration.

v. **Governance:** Governance is the process of interactions through the laws, norms, power or language of an organized society over a social system (family, tribe, formal or informal organization, a territory or across territories). It is done by the government of a state, by a market, or by a network.

vi. **Bank:** A bank is a financial institution that accepts deposits from the public and creates a demand deposit while simultaneously making loans.

vii. **Exchange:** An exchange is a marketplace where securities, commodities, derivatives and other financial instruments are traded. The core function of an exchange is to ensure fair and orderly trading and the efficient dissemination of price information for any securities trading on that exchange. Exchanges give companies, governments, and other groups a platform from which to sell securities to the investing public.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Corporate Governance

The task of defining the concept of corporate governance is enormous, yet a clear definition of the concept is very essential in order to create the needed awareness and to achieve good practice in Nigeria and beyond. Described as a nebulous concept, Wilson (2006) defines corporate governance as the manner in which corporations are directed, controlled and held to account with special concern for effective leadership of the corporations to ensure that they deliver on their promise as the wealth creating organ of the society in a sustainable manner. Jayashree (2006) defines corporate governance as a system of making directors accountable to shareholders for effective management of the companies in the best interest of the company and the shareholders along with concern for ethics and values. It is a management of companies through the board of directors that hinges on complete transparency, integrity and accountability of management. The scholar puts it in another dimension: Corporate governance is concerned with the establishing of a system whereby the directors are entrusted with responsibilities and duties in relation to the direction of corporation affairs.

Wekipedia (2017) defined corporate governance as a system of structuring, operating and controlling a company with a view to achieving long term strategic goals to satisfy the shareholders, creditors, employees, customers and suppliers and complying with the legal and regulatory requirements, apart from meeting environmental and local community needs. Moreover, corporate governance is described as the set of processes, customs, policies, laws and institutions affecting the way a corporation or company is directed, administered or controlled. It also includes the relationship among the many stakeholders involved, the board of directors, employees, customers, creditors, suppliers and the community at large (Wikipedia, 2017). In the view of Isele and Ugoji (2009), corporate governance is the process by which managers provide leadership and direction, create enabling climate and link systematize collaborative efforts to work groups. Corporate governance is the broad term describes the processes, customs, policies, laws and institutions that directs the organizations and corporations in the way they act, administer and control their operations. It works to achieve the goal of the organization and manages the relationship among the stakeholders including the board of directors and the shareholders. It also deals with the accountability of the individuals through a mechanism which reduces the principal-agent problem in the organization. Corporate governance mechanisms are those mechanisms that protect shareholders interests. Country's economic development improves with the help of good corporate governance. According to Core et al. (2019) companies will face higher problems of agency cost when they have week structure of corporate governance and in spite of maximizing firms value managers of such firms overindulge in personal pursuits. The Kenya code of corporate governance was published in year 2004 by the, Central Bank of Kenya, for the purpose of enhancing governance and transparency and to improve the disclosure in financial reporting of companies in order to protect the interests of companies investors.

Corporate governance is a uniquely complex and multi-faceted subject. It is an important concept which has attracted a fairly good deal of public interest because of its great importance for the financial and economic health of corporations and society in general. It has no single accepted definition mainly due to the huge differences in countries corporate governance codes (Solomon, 2010). As such it is essential that a comprehensive framework be codified in the accounting framework of any organization. In any organization, corporate governance is one of the key factors that determine the health of the system and its ability to survive economic shocks. The aim of corporate governance is to ensure that corporations are managed in the best interest of their owners and shareholders. (Ahmed, Alam, Jafar and Zaman, 2018). According to Morck, Shleifer and Vishny (2019), corporate governance along with other factors such as effective marketing discipline, strong prudential regulation and supervision, accurate and reliable accounting financial reporting systems, are the main factors that support the stability of any country's financial system.

2.1.2 Purposes and Objectives of Corporate Governance

The primary objective of sound corporate governance is to improve corporate performance and accountability and creating long-term shareholder value by monitoring those parties within a company which control the resources owned by investors. The supporting purposes are to ensure that there is a suitable balance of power on the board of directors; make the board of directors responsible for monitoring and managing risk; ensure the external auditors are independent; to increase level of confidence and transparency in company activities for all investors and thus promote growth; ensure that the company is run in a legal and ethical manner; and build in control at the top that will "cascade" down the organization. The 2012 UK combined code on corporate governance and FRC (2014) note that the purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company, and to align as nearly as possible the interests of individuals, corporations and society Cadbury (2002). Accordingly, the main purposes of corporate governance include to: ensure that the board, as representatives of shareholders, protects the company's resources and allocates them in a manner to meet the company's goal; ensure that those governing and managing the company properly account to its stakeholders; and ensure that shareholders and other stakeholders can and do hold the board to account for their management and control of the company (Ofo, 2011b; Farreira, 2010; Ajagbe, et al., 2011), and elimination or mitigation of conflicts of interests; and to ensure that the assets of the company are used efficiently and productively in the best interests of its investors and other stakeholders (CFA Institute, 2013). The National Corporate Governance Committee (NCGC) of Thailand provides the purpose of corporate governance is to establish a transparent working environment and enhance the company's competitiveness. According to the report of the SEBI Committee on Corporate Governance (2003), the fundamental objective of corporate governance is to enhance the long-term shareholder value, while at the same time protecting the interests of other stakeholders by improving the corporate performance and accountability. Okereke (2013) and Sharafa (2014) identify objectives and significance of corporate governance to include: to ensure that those responsible for directing and controlling the activities of a company comply with ethical standards and relevant legislation; to restore lack of confidence perceived by the public as regards financial information and reporting; to fight against corruption and promote good labour relationship and safeguard the rights of consumers; to prevent corporate theft and fraud; to ensure sound internal control system. Corporate governance is developed with the primary purpose of promoting a transparent and efficient system that will engender the rule of law and encourage division of responsibility in a professional and objective manner (CBN, 2014).

2.1.3 Core Attributes of an Effective Corporate Governance System

Many scholars have attempted to address the question of "what drives the passion for good corporate governance." According to the work of Roberts and Young (2006), the answer is in a theory about corporate behaviour and behind that a set of beliefs about human behaviour. It is important to understand the core qualities required within the frame of corporate governance system in making it effective and reliable. These attributes are by principle required to be binding on all persons that have explicitly consented to this corporate custom. This corporate norm is as such, may not be contained in any specific legal document. But both in principle and practice, "custom floats in the air as it were. It is there, but it is nowhere." So, that which seems to be corporate custom lies in the corporate conscience. Cadbury committee report (1992), points out three key principles of corporate governance to include openness, integrity and accountability. Mervyn King, the Chairman, King Commission Report of 1994, pointed that good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations. The CFA Institute (2013) identifies five core attributes of an effective corporate governance system to include: rights, responsibilities, accountabilities, fairness and equitability, transparency and accuracy, protection and enforceability, independence and integrity. Aras and Crowther (2008) state that, in practice, there are four principles of good corporate governance, which are: transparency, accountability, responsibility and fairness and ACAG (2010) in Akharayi (2015) added participation and predictability. Corporate governance is about promoting corporate fairness, transparency, accountability and ethical behaviour. Accordingly, the foundation to sound corporate governance is the good action of the individual, which is guided by a person’s moral stance. Characteristics which are important in the development of an appropriate moral standard include: fairness, openness, independence, integrity, transparency, accountability, probity, responsibility, reputation and judgement. Kocourek, Burger and Birchard (2003) emphasised that simply legislating changes will not improve corporate governance, unless the directors possess these qualities. In the light of recent corporate governance crises and corporate scandals around the world, there have been calls to pay more attention to the personality and behaviour of company directors and managers (Baker, 2009; Young, 2009; Clarke, 2010; Kirkpatrick, 2009; and OECD, 2009). The inappropriate behaviour of boards of directors was clearly viewed as a major contributory element to the corporate crisis (Okoye, 2012). Following the 2008 financial crisis, the United Kingdom constituted Walker Review Committee, which provided recommendations on the requisite behaviour of board members, and the findings state that board behaviour cannot be regulated or managed through organizational structures and controls alone. According to Okoye (2012), this is an indication that board members may not be confined to appropriate behaviour merely by the institution of corporate governance structures and processes. It is in this regard that the Walker (2009) UK Review recommended that the assessment of board members should include among others evaluation of behaviour and motivation. In the United Kingdom and United States, even in Nigeria, there has been more focus on corporate governance structures in the recent decades and according to Okoye (2012), it is far less focus on the actual behaviour of the company agents who bring these structures to life. It is in recognition of the need for core personality quality in the board that section 4(4) of the SEC (2011) code of corporate governance provides that the members of the Board should be individuals with upright personal characteristics, relevant core competences and entrepreneurial spirit. Several examples of personality issues have been linked to corporate collapses, and hence White (2013), states that some observers believe that ethically responsible companies design and use governance mechanisms that serve all stakeholders' interests. According to White (2013), importance of maintaining ethical behaviour is seen in the examples of Enron, Arthur Anderson, WorldCom, Health South and Tyco. In recognition of the essence of corporate ethics in developing effective corporate governance, James Joseph, former United States' Ambassador to South Africa said: "Business must harness the power of ethics which is assuming a new level of importance, and power." This power of ethics is wholly required to sustain corporations from collapsing and to keep business entities strong and viable in the course of achieving their objectives and desired performance.

2.1.4 Corporate Governance and Financial Performance

Moses et al (2016) examine the influence of corporate governance on financial reporting quality in listed Nigerian banks. They focus on audit committee characteristics as the main corporate governance variable. They find that audit committee independence has no significant effect on earnings management in listed Nigerian banks. Kantudu and Samaila (2015) examine the impact of Board characteristics and independent audit committee and financial reporting quality for 12 oil companies during 2000 to 2011. They find that power separation, independent directors, managerial shareholdings and independent audit committee significantly improve the quality of finance reporting in

Nigeria. Financial performance assesses the fulfillment of a firms economic goal and this relates to various subjective measure of how well a firm can use its given assets from primary mode of operation to generate profit. Financial performance has long been an issue of interest in managerial discussion. Kothari (2001) defined the value of a firm as the present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. Bank performance is usually measured by ROA, ROE or NIM. Studies conducted on the determinants of banks performance use one or a combination of these ratios as a measure of performance in their analysis. This study examines the most comprehensive accounting measure of a bank's overall performance which is Return on assets (ROA).

2.1.5 An Overview of the Nigerian Banking Industry

Banking started in Nigeria in 1892 with the establishment of the African Banking Corporation. The first legislation on banking did not come until when 1952 when the first ordinance in the industry was made. Then only five banks that were in existence where made up of 3 foreign banks and two indigenous banks. The Central Bank of Nigeria (CBN) which is the apex regulatory authority in the financial industry was set up in 1959. Up to the mid 80's the sector was highly regulated but by the late 80's financial liberalization had taken place to encourage growth and development in the sector. With the liberalisation came a competitive market but alongside came a laxity in the regulatory functions, bad credits, policy somersaults and finally, bank distress. To curtail the distress, the CBN came out with policy measures such as the introduction of the prudential guidelines, moratorium on new bank licenses, and the privatisation of banks to allow for better management. A decree was also put in place to prosecute cases of mismanagement in the sector as the government of the day was a military regime. With the coming in of a democratic government in 1999, there was the urgent need to open up the economy so as to be able to compete in the global economy. Programs that were geared towards economic liberalisation and deregulation were put in place.(Ahunwan, 2002). Such programs directly affected governance and the liberalisation of the capital market. The consolidation exercise in the banking industry of 2006 was part of the reforms put in place to open up the economy and as a result most of the privately owned banks were made to go public as they had to source for fund in the capital market to meet up with the capital requirements.

2.1.6 Corporate Governance Issues in the Nigerian Banking Industry

The importance of corporate governance in a developing and emerging economy like Nigeria cannot be overemphasised. The institutionalization of a good corporate governance policy helps to facilitate and stimulate the performance of corporations by creating and maintaining incentives which motivates insiders to maximise the firms operating efficiency (Sanda, Mukaila and Garba, (2005). This process at the same time has the effect of limiting insiders' abuse of power over corporate, resources as well as providing the means of monitoring managers' behaviour in order to ensure corporate accountability (Ogbechie and Koufopoulos, 2007)

As a result of the recapitalization exercise in 2006, the industry witnessed a tremendous growth but neither the sector nor the regulatory authorities were in the position to maintain and monitor growth in the sector. These culminated in the most recent crisis that affected the banking sector which witnessed the removal of chief executive officers and directors of nine major banks in the country. As a result, 8 factors were identified as the main agents of the crisis that happened after the consolidation exercise (Sanusi 2010). Amongst them is the failure in corporate governance and the inadequate disclosure and transparency about the financial position of the banks. The failure of corporate governance and by extension, the agency problem, was identified to be the major cause of the crisis. The banks, according to the CBN governor were engaged in “unethical and potentially fraudulent business practices”. This led to the enrichment of senior top management executives to the detriment of the shareholders and depositors. Even though the banks grew in size, the boards of the banks did not carry out their responsibilities of monitoring and checking of management of the banks as entrusted upon them by the shareholders. The managing director had overbearing influence on the board which also hindered them in carrying out their functions. This was coupled with the lack of expertise and skill they needed to work. Unethical practice of setting up SPV’s (special purpose vehicles) to siphon the depositors funds were uncovered. Other practices included the acquisition of private jets, properties in choice places both within and outside the country, engagement in acts of nepotism, falsification of banks books to make the regulatory authorities believe the accounts were okay. These practice shows that the agency problem was an issue, as the management were no longer acting in the interest of the agents (i.e. the depositors and the shareholders). Relating to the asymmetric information, the accounts provided by the management of the banks to the public and the regulatory authorities were inaccurate, incomplete, and often times are rendered late. This is clearly against the principle that for an investor to make an informed decision about his investment, information has to be timely and accurate. Other unethical practices involved in, according to the CBN governor includes the manipulation of share prices in order to make the share price of the bank rise and thus causing bubbles in the stock market. These bubbles had earlier burst in the stock market crisis of March 2008. Others practices included the “conversion of non-performing loans to commercial papers and bankers acceptances and the setting up of off balance sheet special purpose vehicles to hide losses”.

2.1.7 Board Size

Small boards were found less powerful and effective as compare to boards that are large in size in a study done by Pearce and Zahra (2016). This result is also supported by Singh and Davidson (2013) by saying that the association between size of the board and asset utilization ratio is positive and statistically significant, furthermore they conclude that agency cost will be lower the greater the asset utilization ratio. In contrast Florackis and Ozkan (2014) in a study during 1999-2003 on a sample of UK public listed companies, found that size of board has a negative influence on agency cost proxy asset turnover, which means that the higher the size of the board the higher will be the agency costs because of less efficiency. Similarly (Beiner et al. 2004; and Eisenberg et al.1998) support the findings of Florackis and Ozkan’s (2014) with evidence that board size is negatively correlated with asset turnover.

2.1.8 Board Gender Diversity

For boards to be effective, there is need for diverse perspectives in the board to confront the thinking of management (Ogbechie and Koufopoulos, 1997:8), and hence the demand for board diversity. By board diversity, it means inclusion of persons with different acceptable characters in the board size. According to Vander, Walt and Ingley (2003), diversity in the context of corporate governance is the composition of the board and the combination of the different qualities, characteristics and expertise of the individual members in relation to decision-making and other processes within the board. Decenzo and Robbins (2005) posit that board diversity depicts the varied personal characteristics that make the workforce heterogeneous. It explains the situation where the board composition is made up of individuals with varied skills and disciplines, culture, age, managerial experience, gender, ethnicity and other diverse characteristics that would make the board a complete reservoir of human resources. Coffey and Wang (1998) include functional background, professional experiences, and education; while Forbes and Milliken (1999) added outside board representation and the number of boards in which directors serve (Marlin and Geiger, 2012). The essence of board diversity is to have a complete set of different traits as a “brain bank” of a company. So, board diversity can be referred to as those varied personal characteristics and physical differences in people who are members of the board that make the board heterogeneous (Ogbechie and Koufopoulos, 1997:8). Diversity has been identified as a fundamental governance issue, which has the capacity to influence corporate performance. Society for Corporate Governance Nigeria, SCGN (2014) observes that corporations are increasingly under pressure to ensure diversity within their boardrooms. It has also been argued that many failures in corporate governance practices which in turn contributed to significant low profitability and investor losses were bolstered by the observation that board composition remains highly homogenous and geared towards “group think” and an inability to effectively rein in management and oversee risk. According to Eisenhardt and Bourgeosis (1998); Kosnik (1990) and Kosnik (1990), the promotion of diverse perspectives in a board can generate a wider range of solutions and decision criteria for strategic decisions.

When the diversity within the company and its management reflects the diversity within the relevant market, a company is better able to serve and retain that market (Carter, et al. 2013; Pfeffer and Salancik, 1978). Zandstra (2002) asserts that the board should be a group of people who are prepared to speak up and ask difficult questions. They should also be prepared to differ, respect other's views and opinions and talk through them (Kakabadse, et al, 2001; Cutting and Kouzmin, 2002; Dixon and Dogan, 2003). Companies with a higher degree of diversity on the board also give an important signal to potential employees of that company; society regards a higher degree of diversity as positive, and the reputation of the company improves (Luckerath – Rover, 2011). Board diversity is, unsurprisingly, a very hot topic in academic research as well (Ferreira, 2010; Broome, et al, 2011; Dobbin and Jung, 2011). Valsan (2013) opines that, in all advanced societies of today, it is unacceptable to doubt the value of diversity, and rightfully so. Because of the unique characteristics of diversity in corporate governance, a number of countries have introduced legislation imposing gender quotas for boards publicly quoted companies. In Nigeria, for instance, the 2011 SEC Corporate Governance Code recommends that the criteria for the selection of directors shall reflect gender composition. Following the recent demand for gender inclusiveness in boardroom in several countries, this research work focuses the measurement of board diversity only on gender diversity among other characteristics of board diversity. This is because gender is the easiest distinguished demographic characteristic compared with age, nationality, education or cultural backgrounds (Luckerath – Rovers, 2011); the most discussed characteristic of board diversity in recent time and has attracted global attention. More so, the choices of gender diversity was formed on submission to the debate that women directors have a greater “other-orientation” and hence are more committed to the development of stakeholder relationships and the long-term firm value (Langervoort, 2011). Women have unique characteristics and resources needed to to improve the board dynamic, positively influence the strategic direction of a corporation and contribute to the growth of firms (Ijas, 2012; SCGN, 2014). Various writers have therefore suggested that having women in top management can result in higher earnings, greater shareholder wealth and better corporate governance and increased competitiveness (SCGN, 2014). Luckerath-Rovers (2011), opines that the presence of women might improve team performance and reach better decisions; which could ultimately lead to higher business value and business performance (Carter, et al. 2003).

2.1.9 Board Skills and Competence

Boards require a high degree of specialized knowledge and skills to function effectively. Of the several characteristics evolved for ensuring good corporate governance, the skills and competences of the board of directors remain prominent in developing corporate conscience and core value. Therefore, board skills and competence is one of the pillars for enhancing board effectiveness. It means the ability to conduct board activities for which a director was trained and inducted as prescribed in the code of corporate governance. According to Ogbechie and Koufopoulos (2010), the knowledge and skills most relevant to boards are in two dimensions: functional area knowledge and skills and firm–specific knowledge and skills. According to them, functional area knowledge and skills include accounting, finance, marketing, and law. In addition to these, administration knowledge is necessary. Board members can either possess these skills or have access to external networks that can provide them. In this view, firm–

specific knowledge and skills refer to detailed information about the firm and an intimate understanding of its operations and internal management issues. Nonaka (1994) posits that boards often need this kind of ‘tacit’ knowledge in order to deal effectively with strategic issues. Issues of corporate governance need corporate skills and knowledge to achieve a result. In this regard, if boards are to perform their service tasks effectively, they must be able to combine their knowledge of various functional areas and apply that knowledge properly to firm–specific issues. A growing interest in board competence is not surprising. In fact, ample evidence of corporate failures strongly suggests a compelling need for it. Failures of corporate entities worldwide have caused organizations to focus a spotlight on boards and the way they carry out their oversight function and prompted a variety of reform and mandates aimed at improving board performance and accountability. Tornyeva and Wereko (2012) have traced several corporate failures to the inability of boards to identify the problems early enough because they lack the requisite skills. According to Coulson –Thomas (2007) if boards are to add more value, make a greater contribution to corporate growth and create a better tomorrow, they may need to challenge conventional thinking and question current practices, and this can only be possible when the board acquired the necessary skills and expertise needed to provide and communicate clear direction, a distinctive vision, compelling purpose, achievable goals and clear objectives. Board is a critical asset for every organization and the need for the governing boards to be informed, engaged, and effective has potentially never been greater; as such, increasing competition for resources, greater complexity and sophistication, and the potential of external regulation drive the need for high quality board members (Brown, 2005)

2.1.10 Financial Performance

Financial performance assesses the fulfillment of a firms economic goal and this relates to various subjective measure of how well a firm can use its given assets from primary mode of operation to generate profit. Financial performance has long been an issue of interest in managerial discussion. Kothari (2001) defined the value of a firm as the present value of the expected future cash flows after adjusting for risk at an appropriate rate of return. Bank performance is usually measured by ROA, ROE or NIM. Studies conducted on the determinants of banks performance use one or a combination of these ratios as a measure of performance in their analysis. This study examines the most comprehensive accounting measure of a bank's overall performance which is Return on assets (ROA).

2.1.11 Measurement of Bank Sector Reforms and Deposit Money Banks Performance

The banking sector reforms is a vital tool in assessing the performance of deposit money banks and this is extremely important because it helps to assess if the policy is well designed and implemented. There is a positive relationship between financial sector reforms and the performance of the deposit money banks as argued by many researchers. This can be measured using specific key indicators and this also applies to the Nigerian deposit money banks. The financial sector indicators are many, but we limited our consideration to the major indicator Returns on Assets (ROA) of deposit money banks.

2.1.12 Consolidation and Corporate Governance of Banks

The banking industry in Nigeria has gone through various stages of restructuring. Consolidation in the banking sector began in 2004 when the CBN mandated all commercial banks to meet the N25 billion minimum paid-up capitals by 31st December, 2005. These directives saw the banks using various mechanisms to comply with the apex bank's mandate. Some of the banks used these methods to comply with the apex bank's directive which includes mergers and acquisition, initial public offerings (IPOs), foreign equity participation, group consolidation etc. (Orji, 2005). Almost all the banks went to the capital market to raise funds in order to meet the new capital base. Al Faki (2006) as sited in Donwa and Odia (2011) puts the figure that was raised from the capital market by the banks to meet the minimum capital requirement of N25billion as over N406.4 billion. Out of the N198.19 billion worth of securities raised in 2004, N128.58 billion was for the banking sector. In 2005, banks' new issues were worth N517.6 billion. This amount represented about 75% of the total new issues value of N692.86 billion. The banking sector reform and its subcomponent, bank consolidation, have resulted from deliberate policy response to correct perceived or impending banking sector crises and subsequent failures. Uchendu (2005) as cited by Abdullahi (2007) opined that banking crisis can be triggered by the dominant influence of weak banks characterized by persistent illiquidity, insolvency, under capitalization, high level of nonperforming loans and weak corporate governance among others, as observed in the Nigeria case.

2.1.13 Recapitalization in Banks

Recapitalization is a major reform objective which has to do with increasing the amount of long term finances used in financing an organization. It entails increasing the debt stock of the company or issuing additional shares through existing shareholders or new shareholders or a combination of the two. Merger and acquisition or foreign direct investment are examples of the forms of recapitalization and the end result is that the long term capital stock of the organization is increased substantially to sustain the current economy trend in the global world not minding whichever form is being used. Soludo (2004) asserts that low capitalization of the banks has made them less able to finance the economy, and more prone to unethical and unprofessional practices.

2.2 Theoretical Framework

The theories underlying this study are the agency theory, resource dependency and stewardship theory

2.2.1 Agency Theory

Agency theory by Jensen and Meckling (1976) Agency theory as propounded by Jensen and Meckling (1976), opened the important research area concerning the separation of ownership and control in the modern corporation and it defines the agency relationship as a contract in which one or more persons usually known as the ‘principal’ engages another person known as the agent to perform some service on their behalf, which involves delegating some decision-making authority to the agent. Haslinder and Benedict (2009) define the agency theory as “the relationship between the principals, such as the shareholder and agents such as the company executives and managers”. This theory seeks to explain the problem that arises from the separation of ownership and control. The conflict of interests between managers and the principals refer to the tendency that the former may become self-interested and opportunistic in the course of doing business. However, the principal can counter such problems by incurring agency costs which include monitoring expenditures such as auditing, budgeting. The share price that shareholders (principal) pay reflects such agency costs. To increase firm value, one must therefore reduce agency costs. This is one way to view the linkage between corporate governance and corporate performance. The agency theory prescribes strong director and shareholder control. It advocates that the fundamental function of the board of directors is to control managerial behavior and ensure that managers act in the interests of shareholders.

2.2.2 Resource Dependency Theory

Resource Dependency Theory by Pfeffer (2017) Whilst the stakeholder theory focuses on relationships with many groups for individual benefits, resource dependency theory by pfeffer (2017), concentrates on the role of board directors in providing access to resources needed by the firm (Abdullah & Valentine, 2019). According to this theory the primary function of the board of directors is to provide resources to the firm. Directors are viewed as an important resource to the firm. When directors are considered as resource providers, various dimensions of director diversity clearly become important such as gender, experience, qualification and the like. According to Abdullah and Valentine (2019), directors bring resources to the firm, such as information, skills, business expertise, access to key constituents such as suppliers, buyers, public policy makers, social groups as well as legitimacy. Boards of directors provide expertise, skills, information and potential linkage with environment for firms. The resource based approach notes that the board of directors could support the management in areas where technical knowledge is limited. Wang (2009) believes that the resource dependence model shows that the board of directors could be used as a mechanism to form links with the external environment in order to support the management in the achievement of organizational goals. While the agency theory concentrates on the monitoring and controlling role of board of directors, there resource dependency theory sheds more light on the advisory and counseling role of directors to a firm management.

2.2.3 Stewardship Theory

Contrary to agency theory's pessimistic assumptions about the self-interested and self-serving motives of executives, stewardship theory suggests the potential for what it calls the "pro-organizational" motives of directors.' Roberts and Young (2006) argue that the key contribution of stewardship theory lies in its questioning of agency theory's pessimistic assumptions about human nature. According to them, what drives performance here is not the aligned greed of an executive but their personal identification with the aims and purposes of the organization. The idea of stewardship theory came from the work of Donaldson and Davis (1991). The theory is based on the assumption that the interest of shareholders and the interest of management are aligned therefore management is motivated to take decisions that would maximize performance and total value of the company (Tornyeva and Wereko, 2012). Unlike agency theory, stewardship theory assumes that managers are stewards whose behaviours are aligned with the objectives of their shareholders. The theory assumes that managers, left on their own, will indeed act as responsible stewards of the assets they control. Davis, et al. (1997), see stewardship theory as psychological and sociological approaches to governance. The stewardship theory argues and looks at a different form of motivation for agents drawn from organizational theory. The concepts of stewardship attempt to resolve the conflict of interest between the shareholders and managers to a certain extent and in doing so promote goal congruence. In this theory, managers are viewed as loyal, discipline and honest to the company and interested in achieving high performance. The dominant motive which directs managers to accomplish their job, is their desire to perform excellently. It reinvigorates the relationship between the principal and agents by looking at it from opposite angle to that of the agency theory. According to Donaldson and Davis (1991), stewardship theory believes the board of Directors as a group of top corporate players will maximize the firm performance, rather than their individual interest, to increase the wealth of shareholders. Htay, et al. (2013), posit that, since the goal of stewards is to maximize the shareholders' wealth through firm performance, it promotes the goal congruence between shareholders and top management. Specifically, "managers are conceived as being motivated by a need to achieve, to gain intrinsic satisfaction through successfully performing inherently challenging work, to exercise responsibility and authority, and thereby to gain recognition from peers and bosses.

Look at the various theory review in this research, the research decided to anchor this research on agency theory because the theory explain the problem that arises from the separation of ownership and control. The conflict of interests between managers and the principals refer to the tendency that the former may become self-interested and opportunistic in the course of doing business. However, the principal can counter such problems by incurring agency costs which include monitoring expenditures such as auditing, budgeting. The share price that shareholders (principal) pay reflects such agency costs. To increase firm value, one must therefore reduce agency costs.

2.3 Empirical Review

2.3.1 Corporate Governance and Financial Performance

Grove, et al., (2011) carried out an empirical study on “Corporate governance and performance in the wake of the financial crisis: Evidence from US commercial banks”. The objective of the study was to examine if corporate governance will explain US bank performance during the period leading up to the financial crisis? They adopted the factor structure by Larcker, Richardson, and Tuna (2007) to measure multiple dimensions of corporate governance for 236 public commercial banks. Research Findings/Insights from their study revealed that corporate governance factors explain financial performance better than loan quality. They also found strong support for negative association between leverage and both financial performance and loan quality. Findings also showed a concave relationship between financial performance and both board size. A study on the Determinants of Financial Performance: An Empirical Study on Ethiopian Commercial Banks was carried out by Abebe (2014). The study examined the determinants of financial performance of commercial banks in Ethiopia using panel data of banks over the period 2002-2013. Under this study, both internal and external factors were included. The internal factors used in this study included capital structure; Income Diversification, operating cost and bank size whereas the external factors are effective tax rate, real GDP growth and inflation. Moreover, ROA and NIM were used as the performance measure. The regression result showed that the bank specific variables except bank size affect performance of the bank significantly but negatively. Also, bank size affects performance significantly and positively. In another linked study, Kent and Stewart (2008) presented a study on corporate governance and disclosures on the transition to International

Financial Reporting Standards using a sample of listed Australian companies. Results from their findings showed that the quality of disclosure was positively related to corporate governance mechanisms such as frequency of board and audit committee meeting. Ahmed and Hamdan (2015) carried out an investigation on the impact of corporate governance on firm performance: evidence from Bahrain stock exchange. The aim of this research was to examine the impact of corporate governance characteristics on firm performance in Bahrain Stock Exchange. Their study sampled 42 Out of 48 Bahrain's financial companies which are listed in Bahrain Stock Exchange during the period 2007-2011. The empirical results from their study indicates that performance measures such as Return on Assets and Return on Equity are significantly related to corporate governance in Bahrain. On the whole, their study found a positive influence of corporate governance mechanisms on performance for the entire firms in Bahrain Stock Exchange.

2.3.2 Board Diversity and Profitability

Rehab, et al., (2021) examining the effect of board composition specially board diversity on firm performance using cross-sectional data from London Stock Exchange (FTSE 350) of non-financial companies with a total observations 3961 companies for the years 2000–2016. To the best of our knowledge, the contribution of this paper is to examine the effect of board diversity (age, gender, education, and Nationality) of FTSE 100 and FTSE 250 on firm performance. Our results indicate that age diversity has a negative effect on firm performance, which means that young board members enhance and increase firm performance. Furthermore, education diversity has a negative effect on firm performance. On the other hand, gender diversity has positive effect on firm performance, so if companies increase the number of females in the board of directors, firm performance will increase. Ultimately, our result reveals that nationality diversity has a positive effect on firm performance.

2.2.4 Board Skill and Competence and Profitability

Anis, (2016) the effect of the board`s capital on the firm value by the intermediation of the board`s functions. We took a sample of 73 Tunisian public limited companies and we tested the direct impact of the boards functions on the firm value and its mediator role on the relationship between board`s capital and firm`s value by using structural equations. Our results show that only the board`s cognitive function has an impact on shareholder and stakeholder value. In fact, the board`s disciplinary function loses its signification by integrating the skills and competencies of directors. Moreover, the board`s cognitive function plays a mediator role between the board`s capital and the firm`s value. Our study aims to stress the new role of the board of directors as a provider of skills and expertise that can ameliorate the value of the firm by assisting the manager in making adequate decisions.

2.3.4 Board Size and Profitability

Firm size has been recognized as an essential variable in explaining organizational profitability and a number of studies have tried to explore the effect of firm size on profitability. However the results of these prior studies have been inconsistent and controversial, thus calling for further investigation. This study examined the effect of firm size on the profitability of Nigerian manufacturing sector. Panel data set over the period of 2005-2012 was obtained from the audited annual reports of the selected manufacturing firms listed in the Stock Exchange. Return on assets (ROA) was used as a proxy for profitability while log of total assets and log of turnover were used as proxies for firm size. Furthermore, liquidity, leverage and the ratio of inventories to total assets were used as the control variables. The results of the study revealed that firm size, both in terms of total assets and in terms of total sales, has a positive effect on the profitability of Nigerian manufacturing companies. Meanwhile, on the control variables, a negative relationship with inventory was obtained while others have positive relationship.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study adopted the ex-post facto research design. Ex-post facto research is a systematic empirical study in which the researcher does not in any way control or manipulates the independent variables because the situation for the study already exists or has taken place.

3.2 Population of the Study

The population consists of all quoted banks on the Nigeria Stock Exchange Group (NGX) as at 31st December 2021. As at this period, there were 25 listed banks in Nigeria. The researcher used all the banks for the study; hence the researcher was able to extract all the relevant data from the listed banks.

3.3 Source of Data Collection

Data were sourced from the content analysis of annual reports and accounts of the selected quoted Nigeria companies for five (5) years from the year 2017 to 2021, both years inclusive. The data were individual data for each of the companies. The use of companies' reports and accounts by prior studies enable greater potential for comparability of results.

3.5 Sample Selection

Sample selection is a key factor in research design and can determine whether research questions will be answered before the study has even begun. A sample consisting of companies listed on the NSE was considered a good representation of quoted companies in Nigeria since the ultimate test of a sample design is how well it represents the characteristics of the population it asserts to represent.

3.6 Method of Data Analysis

Two types of approaches were used in the empirical analysis. The initial method was descriptive and correlation analyses, which were used to characterize the data and determine data relationship. The goal of the first method was to offer background information on the data as well as investigate the pattern of qualitative changes in the data over time and between firms. Similarly, by observing the variability of the data with statistics such as deviation, standard deviation, skweness, kurtosis, and Jarque-Bera, the behavior of the data may be easily evaluated. Because of the nature of the data, which would include both time series and continuous data, the Jarque-Bera test was extremely relevant in this investigation. The correlation analysis would give preliminary indications about the pattern of relationship among the data set. It would also show the possible degree of multicollinearity among the regressors.

Decision

3.6 Model Specification

This study adapts the model of Clatworthy and Peel (2016) which examined non-interest income and financial performance of Jordanian banks. Clatworthy and Peel (2016) model is presented below: Specifically, when the above model is adopted here, equation (10) above can be written as:

$Y_{it} = \beta_o + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \mu_i$ …………………………………….(1)

In order to incorporate the time and panel is expressed as:

$PER = \beta_o + B_1BS + \beta_2 BGD + \beta_3 BSC + \sum_{it}$ ………………………………. (2)

Where:

Performance = (Dependent Variable)

BS= Board size (Independent Variable)

BGD= Board Gender (Independent Variable)

BSC= Board Silks and Competence (Independent Variable)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Descriptive Analysis

Table 1: Shows the descriptive statistics of the dependent and independent variable where minimum, maximum, mean, standard deviation, kurtosis, skewness are reported.

Table 1: Descriptive Statistics

Variables	Mean	Median	SD	Minimum	Maximum
Board size	8.5478	7.0012	2.4365	4.0000	21.000
Board Gender	0.2386	0.1378	0.2781	0.0000	0.7976
Board Silks & Competence	0.1554	0.1865	0.2756	0.0000	1.0000
Performance	0.7938	0.5436	0.5879	0.0004	3.2145

Sources: Computed from various annual reports using E-Views (2022)

In table 1 we have shown descriptive statistics for seven explanatory variables and agency cost proxy asset Board Size . The descriptive statistics include the median, mean, standard deviation, min and max values. The sample consists of 25 listed banks listed in the Nigeria Stock Exchange Group (NGX), during 2017-2021. The data has been taken from company's annual reports, Nigeria Stock Exchange Group (NGX), of Nigeria. The results show that the mean Board Gender is 0.2386, with a standard deviation of 0.2781. As for as corporate governance and firm performance are concerned, the variable independent director has a mean value of0.7938, which indicate that the percentage of independent directors in company board of directors is 15.54%. The mean board size stood at 8 members with a standard deviation of 2.4365, whereas duality has a mean value of 0.1956 which means that sample companies in which CEO is also the chairperson of the board is less than 20%.

4.2 Correlation Matrix

Variables	**Board Size**	**Board Gender**	**Board Silks & Comp**	**Perf**
Board size	-0.265			
Board Gender	0.124	1.0000		
Board Silks & Com	-0.045	0.467	1.0000	
Performance	0.348	-0.123	0.128	1.0000

Sources: Computed from various annual reports using E-Views (2022)

The Pearson's co-efficient of correlation is used in order to examine whether multicollinearity exist among the regressors or not, table 2 presents the results. Technique for detecting multicollinearity is through the use of a correlation matrix. Their will exist the problem of multicollinearity between explanatory variables when a serious correlation is found between them, but researchers do not agree that at what specific point a correlation will be considered as a high correlation. A correlation will be called as a high correlation when it exceeds 0.80 or 0.90 according to Kennedy (2018). According to Brayman and Cramer (2001) when the correlation between any two variables is 0.80 or higher then they will have the problem of multicollinearity whereas 0.70 is used as a bench mark by Anderson et al. (2019) for serious correlation. Data for the whole sample is used to find correlations among explanatory variables using Pearson's co-efficient of correlation which are shown in table. However it can be seen that there is no serious correlation between any two of the independent variables.

After analyzing the Correlations between independent variables we find several observations which are noteworthy. First, it can be seen in table that number of independent directors increases as institutional ownership increases however when managerial and external ownership increases board independence decreases. Similarly the CEO is not the chairperson of the board in companies where board independence and performance is higher; in contrast companies with higher managerial board skill and competence.

4.3 Regression Results

Variables	Coefficient	t-statistic	p-value
Board size	-0.514	-3.092*	0.0060
Board Gender	1.183	0.637	0.0138
Board Silks & Competence	0.019	3.96	0.0001
Performance	0.112	3.41*	0.0007
R-square	0.452		
F-statistic	8.470		
Fixed effect significance	58.254		

Sources: Computed from various annual reports using E-Views (2022)

Table 4.3: shows the statistical tool used the stated hypothesis regression test procedure which uses the individual significance test (t-test) and the overall significance test (F-test). The goodness of fit on the model is tested using the coefficient of determination. The estimation of these statistics is done using the E-Views computer software. The main focus of testing in this study is to examine the significance of effects on the dependent variable by the explanatory variables.

4.4 Hypotheses Testing

The level of significance adopted in this study in testing the stated hypothesis of this study is 5%. This level is usually considered adequate for studies in management and other behavioural sciences

Decision Rule

The critical p-value used in these tests is 0.05. Thus, the research accepts a given alternative hypothesis that there is no significant effect.

Hypothesis One

H_o: There is no significant relationship between corporate governance and financial performance of listed deposit money banks in Nigeria

H_o: There is significant relationship between corporate governance and financial performance of listed deposit money banks in Nigeria

Table 4: Computed Values for Testing Hypothesis 1

Coefficient	0.112
Probability	0.0007

Source: Field Survey, (2022)

Decision

A coefficient 0.112 of corporate governance has a positive influence on financial performance of listed deposit money banks in Nigeria. A probability of 0.0007 shows a significant influence of corporate governance and financial performance of listed deposit money banks in Nigeria because it is more than 0.05 significant. This means that the null hypothesis is accepted at 5% level of significance.

Hypothesis Two

H_o: Board size has no positive relationship with profitability of listed deposit money banks in Nigeria

H_o: Board size no positive relationship with profitability of listed deposit money banks in Nigeria

Table 5: Computed Values for Testing Hypothesis 2

Coefficient	-0.514
Probability	0.0060

Source: Field Survey, (2022)

Decision

A coefficient -0.514 of Board size has a negative influence on profitability of listed deposit money banks in Nigeria. A probability of 0.0060 shows an insignificant influence of Board size and profitability of listed deposit money banks in Nigeria is significant at 5%. This means that the null hypothesis is accepted at 5% level of significance.

Hypothesis Three

H_o: Gender diversity has no positive correlation with profitability of deposit money banks in Nigeria

H_o: Gender diversity has positive correlation with profitability of deposit money banks in Nigeria

Table 4.6 Computed Values for Testing Hypothesis 3

Coefficient	1.183
Probability	0.0138

Source: Field Survey, (2022)

Decision

A coefficient 1.183 of Gender diversity has no positive correlation with profitability of deposit money banks in Nigeria. A probability 0.0138 shows an insignificant influence gender diversity has a positive correction with profitability of deposit money bank is significant at 5%. This means that the null hypothesis is accepted at 5% level of significance.

Hypothesis Four

H_o: Board skills and competence have no positive relationship with profitability of listed deposit money banks in Nigeria

H_o: Board skills and competence have positive relationship with profitability of listed deposit money banks in Nigeria

Table 4.7 Computed Values for Testing Hypothesis 4

Coefficient	0.019
Probability	0.0001

Source: Field Survey, (2022)

Decision

A coefficient 0.019 of Board skills and competence has a positive influence on profitability of listed deposit money banks in Nigeria. A probability 0.0001 shows a negative influence Board skills and competence and profitability of listed deposit money banks in Nigeria is not significant at 5%. This means that the null hypothesis is rejected at 5% level of significance and alternative hypothesis is accepted.

4.5 Discussion of Result

A coefficient 0.112 of corporate governance has a positive influence on financial performance of listed deposit money banks in Nigeria. A probability of 0.0007 shows an insignificance influence of corporate governance and financial performance of listed deposit money banks in Nigeria at 5%. This means that the null hypothesis is accepted at 5% level of significance. A coefficient -0.514 of Board size has a negative influence on profitability of listed deposit money banks in Nigeria. A probability of 0.0060 shows an insignificant influence of Board size and profitability of listed deposit money banks in Nigeria is significant at 5%. This means that the null hypothesis is accepted at 5% level of significance. A coefficient 1.183 of Gender diversity has a positive correlation with profitability of deposit money banks in Nigeria. A probability 0.0138 shows an insignificant influence gender diversity with profitability of deposit money bank is significant at 5%. This means that the null hypothesis is accepted at 5% level of significance.

A coefficient 0.019 of Board skills and competence has a positive influence on profitability of listed deposit money banks in Nigeria. A probability 0.0001 shows a significant influence Board skills and competence and profitability of listed deposit money banks in Nigeria is significant at 5%. This means that the alternative hypothesis is rejected at 5% level of significance and alternative hypothesis is accepted.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

During the research carried out on corporate governance extension and firm performance; the researcher was able to reveal the following findings;

i. There is no significant relationship between corporate governance and financial performance of listed deposit money banks in Nigeria

ii. Board size has no positive relationship with profitability of listed deposit money banks in Nigeria

iii. Gender diversity has no positive correlation with profitability of deposit money banks in Nigeria

iv. Board skills and competence have positive relationship with profitability of listed deposit money banks in Nigeria

5.2 Conclusion

It has been said that, "the cornerstone to corporate governance efforts lies in one basic policy objective: selling the concept to the business community. We have to convince businesses that better corporate governance serves them." Effective and robust corporate governance system is an essential feature of successful companies. Against this background of examining the relationship between corporate governance and firm performance, it is very much the purpose of this study to let in some fresh view on the role of corporate management in firm perormance and to make recommendations to enhance its effectiveness towards raising the bar for superior corporate performance. As a matter of fact, the effectiveness and efficiency of any company is a function of the quality of corporate government adopted in the organization. Adoption of good corporate governance practices enhances transparency of company's operations, ensures accountability, improves risk management and increases firm's profitability. More so, it promotes cooperation among the stakeholders of the firm, and most importantly, aligns the interest of shareholders with that of the managers, and opens the gate for corporate success. From this study, the conceptual and empirical findings hold that on average, corporate governance has positive relationship with profitability of firms in Nigeria. Most of the corporate governance characteristics of board size, board composition and board gender diversity employed in the study reveal positive correlation with the profitability of firms in Nigeria, in exception of the board skill and competence. Despite this result, the findings show that the firms must have large board size with wide range of diversity and gender consideration, and must also be independent from the management of the company as well as galvanized with right skills and competence to bring the desired turn around in the companies. This would help to give the board the strategic control and direction. Also, this research work, "promotes acceptance of corporate governance, no longer as something of 'borrowed' discipline, but as a way of running enterprises that takes sensitive account of the needs and imperatives of corporate practice in Nigeria

5.3 Recommendations

To enhance the corporate government extension and firm performance, so as to achieve an effective and efficient management control, the following should be maintained.

i. This study has confirmed that corporate governance has a linear relationship with firm performance. Therefore, the issues of corporate governance should be considered as important as profit making since it is a key factor in maximizing shareholders and other stakeholders' value. As a matter of fact, nomination and governance committee should be composed of as provided by section 8.12.4 of the 2015 NCCG as well as ensure that as provided by section 8.12.5 of the 2015 NCCG, that a separate section of the annual report should be used to describe the work of the committee, including the process it uses in relation to board appointments.

ii. The result of board gender diversity also suggest that the boards of firm should endeavour to increase the quota of women directors serving on the board as this will help to boost the profitability potency of the companies and ensure operating efficiency, improved quality product and pricing efficiency.

iii. The Financial Reporting Council of Nigeria should provide for the minimum required educational qualifications, skills, knowledge and experience for an individual to be appointed into the board of a company. This will serve as a standard criterion for the appointment and evaluation of a person on the board.

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