EFFECTS OF CORPORATE GOVERNANCE ON THE FINANCIAL PERFORMANCE OF NIGERIA BANKS
(A CASE STUDY OF SOME SELECTED BANKS IN NIGERIA)

By

AWOTUNDE KEHINDE OMOWUNMI
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BEING A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTANCY,
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CERTIFICATION

This is to certify that this study was carried out by **AWOTUNDE KEHINDE OMOWUNMI** with Matriculation Number **HND/23/ACC/FT/0560** titled "Effects Of Corporate Governance On The Financial Performance Of Nigeria Banks: A Case Study Of Some Selected Banks In Nigeria" has been read and approved as meeting part of the requirements for the award of Higher National Diploma (HND) in Accountancy, Institute of Finance and Management Studies (IFMS), Kwara State Polytechnic, Ilorin.

…………………………… **………..……………..**
DR. YUSUF A. S. **DATE**
(Project Supervisor)

…………………………… **…………..………….**
MRS. ADEGBOYE B. B. **DATE**
(Project Coordinator)

………………………… **………………………..**
MR. ELELU M. O. **DATE**
(Head of Department)

…………………………. **……..……………….**
IKHU OMOREGBE SUNDAY (FCA) **DATE**
(External Examiner)

DEDICATION

This project is dedicated to Almighty God, ancient of days for His protection on me and my family throughout my academic pursuit. And for making my dream come true.

ACKNOWLEDGMENT

Every good accomplishment starts by making the choice in the right direction it thus becomes exceedingly necessary in showing gratitude to the personalities who have in one way or the other contributed to the success of this project

Firstly, I would like to thank my supervisor Dr. Yusuf A. S. and other lecturers in the Department for their concerted effort geared towards putting the pieces of this project together and most important for the correction made in the chapters.

I would like to express my profound gratitude to my parents; Mr. and Mrs. Awotunde and Mrs. Huska Husseinat for their support financially, morally and physically. I pray Almighty grant long life in good health and wealth.

I would like to appreciate my siblings and my friends for their continuous support throughout my days in Kwara State Polytechnic.

Lastly, I would also like to thank my family for their prayers. Thank you all and God bless you all.

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CHAPTER ONE
INTRODUCITON

1.1 BACKGOUND OF THE STUDY

Corporate Governance is defined as the process and structure used to direct and manage business affairs of the company towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholder long term value while taking into account the interest of other stakeholder (CMA Act, 2022).

Corporate Governance is the system by which organization are directed and controlled. It's a set of relationships between company directors, shareholder and other stakeholder's as it address the powers of directors and of controlling shareholders over minority interest, the rights of employees, rights of creditors and other stakeholder (Muriithi, 2009).

Corporate Governance is also defined as an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business says, objectivity, accountability and integrity (Mangunyi 2021).

The concept of corporate governance has also been defined as "dealing with the ways in which supplies of finance to corporations assures themselves of getting a return on their investment" (Shielfer and Vishing, 1997). It deals precisely with problems of conflict of interest, design ways to prevent corporate misconduct and aligns the interest of stakeholder using incentive mechanism.

Corporate governance is viewed as ethics and a moral duty of firms. A variety of corporate governance framework have been developed and adopted in different parts of the world. According to Mulili and Wong (2020), countries that followed civil law (such as France, Germany, Italy and Netherlands) developed corporate framework that focused on stakeholder. On the other hand, countries that had tradition of common law (e.g.

Australic, United Kingdom, USA. Canada and New Zealand) developed framework that focused on shareholder return or interest.

1.2 STATEMENT OF THE PROBLEM

It is disheartening to not that no specific study has been undertaken on corporate governance and performance of the bank despite the fact that banks industry is an important player in Kenya's economy. Despite tight regulatory framework. Corporate governance continues to weaken in Kenya (Mang Unyi, 2021). According to Murrithi, (2019), many companies have been characterized by scandals. Directors have acted illegally or in bad faith towards their shareholder. Indeed, bank regulatory authority identified poor corporate governance in bank companies as one of the threats to achieving its strategic plan 2008-2012. It is possible to contribute their collapse to corporate governance practices in the banking industry. Much needs to be done to sort out this mess otherwise we are likely to see more corporate failures and malfunctions.

Whereas there has been renewed interest in corporate governance, relevant data from empirical studies are still few. There are therefore limitations on the depth of our understanding of corporate governance issues. With such an environment in the background, together with the weak judiciary system, the interest of both the minority shareholders and creditors could be compromised. Consequently, performance of such firms might be compromised. This study sought to bridge this huge gap by investigating the effects of corporate governance on the financial performance of listed firms examine to effect of corporate governance on the financial performance of listed bank in Nigeria in an attempt to provide more empirical data in the local arena.

1.3 RESEARCH QUESTIONS

The research question of this study is as follow

i. What are the effects of corporate governance on financial performance of bank in Nigeria?

ii. Does the board size on the financial performance of bank in Nigeria have any effect?

iii. Does the board composition on the financial performance bank in Nigeria have an effect?

1.4 OBJECTIVES OF THE STUDY

The broad objective of the study is to provide empirical evidence on the effect of corporate governance of the financial performance of Nigeria bank. The specific objective include; to:

i. To investigate the effects of corporate governance on financial performance of bank in Nigerian.

ii. To determine the effect of board size on the finance performance of First Bank of Nigeria.

iii. Ascertain the effect of board composition on the financial performance First Bank of Nigeria.

1.5 RESEARCH HYPOTHESIS

In line with the statement of the research question and objectives of the study, the following hypothesis was formulated to guide the study;

1. H_0: Corporate governance has an effect of corporate governance on financial performance of bank in Nigeria.

   H_1: Corporate governance has an effect of corporate governance on financial performance of bank in Nigeria.

2. H_0: The board size on the financial performance of bank in Nigeria does not have any effect.

   H_1: The board size on the financial performance of banks in Nigeria has an effect.

3. H_0: The board composition has no effect on the financial performance First Bank of Nigeria

H_1: The board composition has effect on the financial performance First Bank of Nigeria

1.6 SIGNIFICANCE OF THE STUDY

On completion of this research work the result will add to existing literature on the effect of corporate governance on the financial performance of bank guide future researchers on the topic.

This dissertation will be found useful to banks. In spite of the fact the aim of this study is to analyse the effectiveness of corporate governance on performance of financial banks.

The study would also be useful to banks and made workable for the extent that corporate governance performance will enhance the financial performance of First Bank Plc.

1.7 SCOPE OF THE STUDY

This research study focuss to the effect of corporate governance of the financial performance of banks. It examines the various forms of performance. Specifically, the research works studies all these as the relate to banks in Nigeria.

1.8 LIMITATION OF THE STUDY

Limitation faced by the researcher on this subject poor respondents were suspicious in valuate relevant voluntary their comment. In spite of this limitation the result of this study will be serious impaired as sufficient arrangement is more made to compliment data collected from the first bank plc were also consulted for necessary information.

1.9 OPERATION DEFINITION OF THE STUDY

CORPORRATE GOVERNANCE: These refer to the set up rules, controls polices and resolutions put in place to dictate corporate behaviour to the stakeholder of a firm.

FINANCIAL PERFORMANCE: This is a measure of how well a firm can use asset form its primary mode of business and generates revenue. This term is also used as a general measure of firm’s over all financial health over a given period of time.

RETURNS ON ASSET: This measure of company's profitability equals to a fiscal year's earnings divided by its total asset, expressed as a percentage.

RETURN ON EQUITY: This measure of how well a company used re-invested earning to generate additional earnings equal to fiscal year after-tax income (after preferred stock dividends but before common stock dividends) divided by book value expressed as a percentage.

TOTAL ASSETS: This refers to the final amount of all gross investment, cash and equivalents, receivable and other asset presented on a firm's balance sheet. Total assets are the aggregation of fixed assets and current assets.

NET PROFIT MARGIN: This refers to how much of a company's revenue are kept as net income. The net profit margin is generally expressed as a percentage.

1.10 PLAN OF THE STUDY

The first chapter gives overview of the study by giving background to the study, statement of the problem, research questions, objectives of the study, scope of the study and plan of the study.

The second chapter gives literature review of the study which gives the meaning of corporate governance, the theoretical review, conceptual review and empirical review of the study.

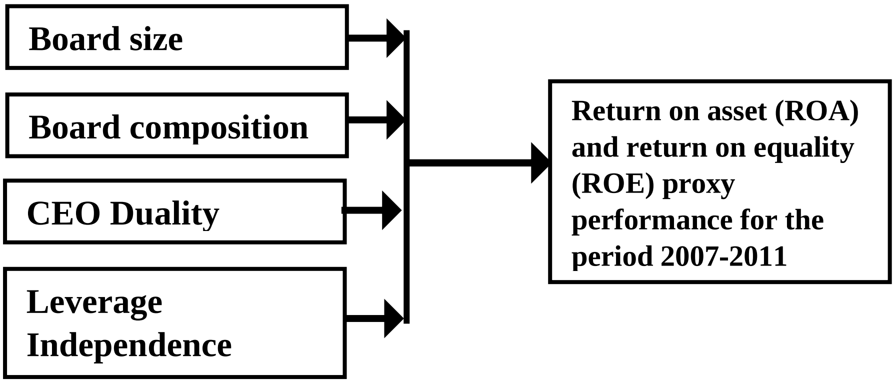
The third chapter aim at accessing to reach population and sampling method, various sources of data, method of data collection, method of data analysis as well as historical profile of the case study.

The fourth chapter deal with presentation and analysis of data, the information through the respondent in the questionnaire as well as the interpretation of data and test of hypothesis. The last chapter explains the summary, conclusion and recommendation of the research work.

CHAPTER TWO

LITERATURE REVIEW

2.1 CONCEPTUAL FRAMEWORK



2.1.1 BOARD SIZE AND FIRM PERFORMANCE

Hamelin and Welsbach (2018) argued the possibility that large board can be less effective than small board when boards consist of too many member agency problem many increase, as some director many tags along as free-riders. They argued that when a board becomes too big, it often moves into a more symbolic role, rather than fulfilling its intended function as part of the management. On the other hand, very small boards lack the advantage of having the spread of expert advice and opinion around the table that is found in large boards. Furthermore, large boards are more likely to be associated with an increase in board diversity in terms of experience, skills, gender and nationality (Daltron and Dalton, 2022). Expropriation of wealth by the CEO or inside directors is relatively easier within smaller boards since small boards are also associated stockholder to themselves (Beasly, 2020).

These finding were similar to those of Adusel (2010) who found no relationship between board composition and bank performance in Ghana, although board composition was found to have positive effect on bank efficiency. At the same time Alonso and Gonzalez

(2020) studied 66 banks. In OECD and countries from 1996 to 2003. They measures of bank performed (Tobin's Q, ROA, the annual market return of a bank shareholder) and board size which they posit justifies a large board but imposing they posit justifies a large board but imposing an efficient limit on size. According to Jensn and Meckling (2021), boards dominated by management. The results of previous studies that investigated the relationship between board composition and firm performance are inconsistent. Dehaena et al (2019). Omar (2017) and Limpaphayom and Connelly (2006), also found a positive relationship between board composition (the proportion of independent directors on the board) and firm performance.

Hasnah (2020) showed that Non-Executive Directors is significantly related to form performance that is measured by ROA. On the other hand, Coles et al. (2021) demonstrated that there is a negative impact of outside directors on firm performance, Erickson et, al (2020) also found a negative relationship between greater board independent and firm value.

However, Bhagat and Black (2019) found no significant relationship between the composition of the board and value of the firm. Based on above discussion and in the light of the agency theory, the following hypothesis can be empirically tested.

2.1.2 BOARD COMPOSITION

Board composition refers to the structure and makeup of a company's board of directors, including the number of members, their qualifications, independence, diversity, and experience. An effective board composition is essential for sound corporate governance and strategic oversight. A well-structured board brings a balanced mix of skills, industry knowledge, and perspectives, which enhances decision-making and organizational performance (Tricker, 2019). The size of the board often varies depending on the complexity and needs of the organization, but it should be large enough to encompass diverse viewpoints without becoming inefficient.

One of the key considerations in board composition is the inclusion of independent directors those who do not have a material relationship with the company. Independent directors help ensure objectivity, reduce the risk of conflicts of interest, and strengthen oversight functions. Studies have shown that companies with a higher proportion of independent board members tend to demonstrate stronger accountability and better financial performance (Fama & Jensen, 2018). Additionally, including individuals with expertise in finance, law, or industry-specific areas can provide strategic advantages and enhance risk management.

2.1.3 CEO DUALITY AND FIRM PERFORMANCE

The chief executive officer (CEO) of an organization can play an important role in creating values for shareholder. The CEO can follow and in corporate government provision as these firms create value for them (Morin and Jarrel, 2020). The decisions of the board about hiring and firing a CEO and their proper remuneration have an important bearing on the value of a firm. The board usually terminates the service of an underperforming CEO who fails to create value for shareholders. The turnover of CEO is negatively associated with firm performance especially in developed market because the shareholders lost confidence in these firms and stop making more investments. It is the responsibility of the board to determine the salary of the CEO and give him proper remunerator for his effort (Monks and Minow, 2020). The board can also align the interests of the CEO and firm by linking the salary of a CEO with the performance of the firm.

The tenure of a CEO is also an important determinant of the firm's performance. CEOs are hired on short-term contracts and are more concerned about the performance of the firm during their won tenure causing them to lay emphasis on short and medium term goals. This tendency of the CEO limits the usefulness of stock price as a proxy for corporate performance (Bligat and Jeffers 2021). The managemtn of a firm can overcome this problem by linking some incentives for the CEO with the long-term performance of the firm (Heinch, 2022), CEO duality plays a role improves the value of a firm as the agency cost between the two is eliminating (Alexander, Fennel and Hapern, 2021). On the negative side, CEO duality lead to worse performance as the board cannot remove an under-performing CEO and can create an agency cost if the CEO pursues his own interest at the cost of the shareholder (White and Infrassia, 2020).

2.1.4 LEVERAGE AND FIRM PERFORMANCE

Significant creditors such as banks have investment materialize. Their power comes in part because of a variety of control righty they receive when firms default or violated debts convents (Smith and Warner, 2018) and in parts because they typically learned short term, so borrowers have to come to bank at regular short intervals for more fund. As a result, bank and other large creditors are in many ways similar to the large shareholders. Diamond (2020) present one of the first models of monitoring by the large credits. Kaphan and Minton (2021) document the higher indene of management turnover in response to poor performance in companies that do not. Delong (2020). Points to a significant government role played by J.P Morgan partners in the companies (2022), report that U.S banks play a major governance role in bankruptries, when they chang managers and directors. Wier, Aing and MC Knight (2018), hypothesis that debt financial is an internal governance mechanism whereby increase debt reduces for free cash flow and so limits managerial discretion. Debt required manager to use any excess funds to service company’s debts rather than engage in negative not present value project.

2.1.5 MEASURING FIRM PERFORMANCE

Firm performance is studied and measured by different research (Shah et al 2021; Motoksy & Wright, 2022: Tasser et al, 2023) using different measure. Motoky& Wright, (2021) measured firm performance by ROA (return on assets = E BIT/average total assets – book value) ROE (return on equity value of equity, change in market value of equity adjusted for dividend and risk). Yasser et al. (2021) used return on equity (ROE) and profit margin (Pm) for the measurement of firm performance.

Market based measures of companies performance were done by Shah et al. (2021) by market and Tobin's (market value of equity + book value dept total of assets in book value), whereas financial reporting perspective was measured by roe and return on investment (net result + interest) / (equity + total debt). Bhagat & Black (2020) measured dependent variable firm performance by Tobin's Q. return on asset (operating income/asset). Turnover ratio (sales/assets). Operating margin (operating income/sales). Sale per employee and also by growth of asset. Sales operating income, employees and cash flow the study was focus on these measurement that the strategically important for the success of the company. In that direction, the study would measure the financial performance of the companies by looking at profitability (return on assets, return on equity and divided yield).

2.1.6 RETRUN ON EQUITY (ROE)

ROE refers to the amount of net income returned as a percentage of shareholder equity return on equity measures a corporation profitability by revealing how much profit a company generates with the money shareholders have invested. Each bank firms ROE has been obtained for its annual reports. ROE is expressed as a percentage and calculated as: Net income/shareholder equity 1000 net income is for the full fiscal year before any dividends are paid to preferred stock. Shareholder's equity does not include preferred shares.

2.1.7 RETURN ON ASSETS (ROA)

ROA refers to the amount of net income retuned as a percentage of total asset. It can be decomposed as followings; return on asset = EBIT/average total assets in book value.

2.2 THEORETICAL REVIEW

Corporate government is defined as the process and structure used to direct and mange business attain of the company towards enhancing prosperity and corporate accounting with the mutilate objective of realizing shareholders long term value while taking into account the interest of other stakeholder (CMA Act, 2022). Various theories have been put forward to help us understand the concept of corporate governance. Neuman (2020) defines a theory as a system of interconnected ideas that condense organize knowledge about the world. The agency theory and the stakeholder theory are the man theories underlying the concept or corporate governance (Muld and Wong 2020). However, other theories were also discussed.

2.2.1 AGENCY THEORY

Agency theory is defined as the relationship between the principals such as shareholders and agents such as the company executive and managers.

In this theory, shareholders who are the owners of principal of the company, hires the agents to business to the directors or managers, who are the shareholder's agent (Clark, 2023). Agency theory suggests that employees or mangers in organizations can be self-interested.

The agency theory shareholder expect the agents to act and make decision in the principal's interest on the contrary. The agent may not necessarily make decision in the best interests of the principals (Padilla, 2028). The agent may be succumbed to self-interest, opportunistic behaviour and falling short of congruence between the aspiration of the principal and the agent's pursuits.

Although with such set books agency theory was introduced basically as a separation of ownership and control (Blumani, 2021). The agent are controlled by principal-made rules, with the aim of maximizing shareholder value. Hence a more individualistic view is applied in theory (Clarke, 2021).

2.2.2 STEWARDSHIP THEORY

A steward is defined by Davis, School Man & Donaldson (2023) as one who protects and maximizes shareholders wealth through firm performance because by so doing, the steward's utility functions are maximized. In this perspective, stewards are company executive and managers working for the shareholder, protect and make profit for the part of the organization. The stewardship perspective suggests that are satisfied and motivated when organization success is attained. It stress on the position of employees or executive to act more autonomously so that the shareholders' return are maximized. Indeed, this can minimize the cost aimed at monitoring the controlling behaviour (Daly et al., 2021). On the other end, Daly et al (2023) argued that in order to protect their reputatives and directors are inclined to operate the firm to maximize financial performance, it is believed that the firm's performance can directly impact perceptions of their individual performance. Moreover, stewardship theory suggest unifying the role the CEO and to have greater role as stewards in the organization. It was evident that there would be better safeguarding of the interest of the shareholder.

2.2.3 STAKEHOLDER THEORY

Wheeler et al (2022) argued that stakeholder's theory was derived from a combination of the sociological and organizational disciplines stakeholders' theory can be defined as any group or individual who can affect or is affected by the achievement of the organizations objectives. Stakeholder theorist suggest that mangers in organizations have a networks of relationships to serve this include the suppliers, employees and business partners. And it was argued that this group of network is important other than owner-manager employee relationship as in agency theory on the other end, Sundarm&Inkpen (2023) content that stakeholder theory attempt to address the group of stakeholder deserving and recurring management attention.

2.3 EMPIRICAL REVIEW

Sani A. B. et al., (2020); studied the corporate governance and firm valuation by using a board corporate governance index and additional variable related to ownership structure board characteristics, and leverage to provide a comprehensible description of firm level corporate governance for a board sample of Swiss firms. The study used Tobin's Q for growth and found a positive relationship between corporate governance index by one point caused an increase of the market capitalization by roughly 8.6% on average of a company is book asset value.

Udemeobong M. et al., (2019); studied the effect corporate governance on performance by constricting and overall index of corporate and show that a one point increase in the index results in around 0.4% - 1.9% increase in performance in company's performance in company's performance using data on company in many Africa Kenya, Gbadebo Adeloye, (2021) show that better governance practices are associated with higher valuations and better operating performance.

Gbadebo A., (2018) using a unique data set form Alliance Beristteing on international asset management company with monthly firm. Level and country- level governance rating for 2 emerging market countries over a five years period, report a significantly positive relation between firm –level land country level corporate governance rating and quitter for better governed firms.

Ahmad et al., (2019) carried out a study to establish the corporate governance practices of firm and its relationship with stock exchange securities market using a casual communication, leadership and technology application. The studies found a positive unlearn dependence of growth and corporate governance.

CHAPTER THREE
METHODOLOGY

3.1 INTRODUCTION

This section provides information on the type of research design that was adopted for the study. It gives the population and sample selected for the study. It also show which sample was used in the current research, furthermore it discusses the data collection, analysis and presentation techniques that were used in the study.

3.2 RESEARCH DESIGN

Ranjit Kumar, (2019) defined a research design as a procedural plan that is adopted by the researcher to answer questions validly, objectively, accurately, and economically. A research design helps a researcher to conceptualize an operational plan to undertake the various procedures and task required to complete the study and to ensure that these procedures are adequate to obtain valid, objective and accurate answer to the research questions.

This study adopted a descriptive research design. According to Mugenda and Mugenda (2020), descriptive research is a process of collecting data in order to test hypotheses or to answer questions concerning the current status of the subject in the study. A descriptive study determines and reports the way things are the choice of the descriptive study. A descriptive study determines and reports the way things are, the choice of the descriptive study design was based on the factthat the research design was interested on the state of affairis already existing in the field and no variable was manipulated. This study therefore was able to generalize the findings to a large population. The main focus of this study was quantitative. However, order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study.

3.3 POPULATION OF THE STUDY

A population refers to a entire group of individuals event or objects having common observable characteristics (Mungenda and Mugenda, (2021). Target population is individuals’ cases of objects with characteristics of a particular nature.

According to Ngechu (2020), population is a well- defined or set of people, services elements and events group of things or households that are being investigated. This definition ensures that population of interest is homogenous. For this study, the population consisted of 48 banks registered under CBN.

3.4 SAMPLING TECHNIQUES/ SAMPLE SIZE

The sample size for this study is Forty Eight (48) banks. This was determined using Taro Vamane, (2021) statistical method of choosing sample size. The researcher employed sample random sampling in choosing the final sample of the study. Numbers were written in pieces of paper, put in a tin, and chosen without replacement. The formular goes thus:

$$S = \frac{N}{1+N(e)2}$$

Where:

S = Sample size

N = Total population

E = error terms = 5% sig. level

S = 48

1 + 48 (0.05)2

= 48

1 + 48 (0.0025)

= 48

1 + 0.0325

= 48

1.0325

= 47.5324

= Approximately 48

3.5 DATA COLLECTION METHOD

The study used both primary and secondary data sources in gathering data for analysis. The primary data source was the use of a semi-structured (Matrix) questionnaire consist of both open and close –ended questions.

Secondary data was collected form published annual report and websites of the selected companies. Specifically the data was collected from the portion expounding on corporate information governance as well as the directors profile data on financial performance was collected form final statements such as statement of financial positions statement of cash data was easy to collect owning to ease of availability.

3.6 DATA ANALYSIS TECHNIQUES

Descriptive statistics regression analysis normality test and also make use of Likert types scale in questionnaire. According to Mugenda and Mugenda (2021), Likert scales are often used with matrix questions.

The items that are used in Likert scales are usually declarative in form. Kumar (2022) claims that Liken Scales are the easiest to construct and are based upon the assumption that each statement/items on the scale has equal attitudinal value, importance or weight in terms of reflective a attitude towards the issue in question. The numbers in a Likert scales are ordered such that they indicate the presence or absence of characteristic being measured.

Data collected was mostly quantitative in nature and was analysed by descriptive analysis techniques using tool such as statistical package for social sciences (SPSS). Qualitative data was analysed descriptively.

Below is a description of the key characteristics and terms of measurement for each variable. This study focused on corporate governance characteristics namely board size, board composition, CEO duality and leverage and how they affect performance.

Dependent and independent variables were grouped into component; namely, independent variable which consist of board size board composition, CEO duality and valuable which consist of performance indicators namely, Return on Asset and Return on Equity. The terms of measurement to be used are described as in table below.

SUMMARY FOR TERMS OF MEASUREMENT

Variables	**Terms of measurement**
BOS (Board Size)	Total number of directors on the board
BOD COMD (Board composition	Ratio of outside directors to total number of directors.
CEO DUAL (CEO Duality)	Dummy variable I if CEO and chairman are same person; O if CEO and chairman are different persons
LEVERAGE %	Ratio of total liabilities to total asset
(Return on Asset	Assets/Earnings before tax divided by total asset of the company
ROE (Return on Equity)	Amount of net income as a percentage of total amounts of net income as a percentage of shareholders' equity

The above terms of measurement were useful in computing the descriptive statistics of the variable of the study which show the mean, median, standard deviation, minimum and maximum.

3.7 MODEL SPECIFICATION

The study employed the following model;

Y_{it} = B_0 + B_1+BOS +B_2BODCOMP +B_3

(EODUAL +B_4LEVERAGE +e_t where;

Y_{it} represent firm performance variable which are;

Return on Assets and Return on Equity for bank's firms at time t.

BOS represent Board Size

BODCOMP represent Board

Composition, (EODUAL

Represent CEO Duality

LEVERAGE represents leverage as a corporate Governance variable and et, the error term which account for other possible factors that could influence Y_t that are not captured in the model.

Based on the fact that different financial performance proxies were employed, the above was therefore modified as below to determine the relationship between firm in Nigeria.

Equation 3.1

ROA_{it} = f (BOS_{it}, $BODCOMP_t$, $CEODUAL_t$, $LEVERAGE_t$)…………(1)

$ROAT_{it}$ = B_0 + B_1BOSt +B_2BODCOMP + B_3(EODUAL$_t$ +B_4LEVERAGE$_t$ +e_t……………………………………..(2)

Equation 3.2

$ROEE_{it}$=f(BOS_{it},$BODCCOMP_t$,$CEODUAL_t$, $LEVERAGE_t$)………………..(3)

ROE_{it} = B_0 +$B_1$$BOS_t$ + $B_2$$BODCOMP_t$ + $CEODUAL_t$ +B4$LEVERAGE_t$ +e_t………(4)

Where; ROA and ROE represent firm performance variables which are;

Return on asset and Return on equity for Bank firms at time.

CHAPTER FOUR

4.1 ANALYSIS AND DISCUSSION

The study sought to establish the background information of the respondents including respondent's gender, duration of work in the organization, position in the organization and number of employees in the organization. From the finding, the study revealed that respondents held various positions namely; quality compliance officer, claims staff, Administ5rators, Human resource managers, premium Administrators, corporate Business Administrators unit leaders, Actuarial Managers, Accountant, Staff, Financial manager, company secretary and unit leader finance.

Personal Data	Frequency	Percentage
Female	19	40.6%
Male	29	59.4%
Total	48	100%

The study also found that both gender were involved. In data collection and this the findings could not suffer from gender biasness. On the company the respondents had worked in the company between 2 to 11years, this is an indication that respondent had worked in their organisation long enough to give credible information. The study sough to determine the number of employees in this organisation, the study revealed that those employed in permanent terms range between 9 and 115, those employed on casual range between 5 to 50 and those employed on contract ranged between 500 to 700 agents.

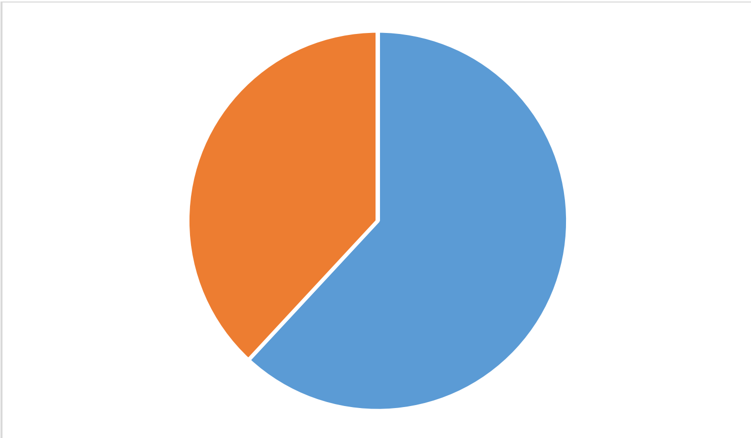
EFFECTS OF BOARD SIE ON THE FINANCIAL PERFORMANCE OF BANK

		Small extent	Moderate extent	Large extent	Very large extent	Mean	Standard deviation

Size of the board that affect the financial performance of bank	6	6	6	12	2	2.94	1.29
The board meet regularly during the year to review financial performance and operation of the country	0	0	4	4	24	4.63	0.78
The board consider strategies matters and other issue that impact on the company performance	0	2	0	4	26	4.69	0.78
Dialogue and meeting between the board and other issue that impact on the company performance	2	2	14	14	0	3.25	0.85
The board is effective on senior management	0	4	6	12	10	3.86	1.02
The board undertaken self-evaluation and review of its performance	0	0	10	16	6	3.87	0.71

Source: Research survey, 2025

The study found that majority of the respondent rated the following to a very great extent; the board considers strategic matters and other issues that impact on the company's performance as shown by mean of 4.63 etc.



EFFECT OF BOARD SIZE ON THE FINANCIAL PEFORMANCE OF BANKS

	Not all all	Small extent	Moderate extent	Large extent	Very large extent	Mean	Standard deviation
It affect the financial performance of bank	4	4	8	12	4	3.25	1.24
It affect the way the board communication with other shareholder	0	2	4	16	10	4.06	0.85
The number of non-executive directors on the board affect the performance of bank	2	3.5	10	16	2	3.5	0.85
Outside directors are better able to challenge and	0	2	2	12	16	4.3	0.5

discipline the CEO and management							
Board composition of directors with good mix of skills, experience and competence can take the business to greater height	0	0	2	8	22	4.6	0.62
The board should be responsible for selecting top management staffs	0	4	10	6	12	3.8	0.10
Board perform letter where expatiates sit on them	4	6	12	8	2	2.94	1.12
The work of the board include active monitoring of the activities of management are resolution of internal conflicts	4	8	6	10	4	3.06	1.29

Source: Research survey, 2025

From the findings, most of the respondent rated boards compose of directors with goods mix of skills experience and competence can take business to greater heights to a very great extent as shown by means of 4.6250 respondent rated the following to great extent: outside directors are better able to challenge and discipline the CEO and management as shown by means of 4.3125 board composition affects the way the board communicates with other stakeholders as shown by means of 4.0625, The board should be responsible for selecting top management staff as shown by mean of 3.8125 and the number of non-executive directors on the board affect the performance of the banks companies as shown by mean of 3.5, these rated as affecting performance to moderate extent where board composition affect financial performance of a firm as shown by mean 3.25, the work of the board includes active monitoring of the activities of management and resolution of internal conflict as shown by mean of 3.0625 and boards performance better where expatriates sit on them as shown by mean of 2.9375. on the item that an expatriates CEO has superior knowledge and is likely to improve the performance of bank firm, the respondents rated it to small extent as affecting performance as shown by mean 2.3

The findings of the study concur with findings of Dalto-et al; (1998) who states that independent directors are important because inside or dependent directors are important because inside or dependent director may have no access to external information and resources that are enjoyed by the firm's outside or independent directors. Stalkouras et al, (2007) found that board composition does not affect firm performance was found to be positive.

Aduse: (2010) also found that board composition h ad a positive effect on bank efficiency.

EFFECT OF LEVERAGE ON THE FINANCIAL PERFORMANCE OF BANK

	Not all all	**Small extent**	**Large extent**	**Very large extent**	**Mean**	**Standard deviation**
Debts affect the effective of the banks	4	4	8	12	4	3.25
Banks with huge debt many performs better	0	2	4	16	10	4.06

than banks with little or no debt						
Large creditors should be represented on the board of directors	2	3.5	10	16	2	3.5

Source: Research survey, 2025

From the finding on respondent rating, it was revealed that majority of the respondent rated that debt affect the performance of a firm to great extent as shown by mean of4.0625, those rated as affecting performance to mode rate extent were, firms with huge debt may perform better than firm with little or no debts as shown by mean of 2.6250 and large creditors such as bank should be represented on the board of directors as shown by mean of 2.5625. Sheleifer and Vishing (2020) argue that debt owed to large creditors such as banks is believed to be a useful tool for reducing the agency problem. Empirical evidence seems to be in support of this assertion. Shleifer and Vishing (2020) inane view article, cites the work of Kaplan and Minton (2020) and Kang and Shvidasani (2021). Who found higher incidence of management turnover in Japan in response to poor performance in companies that have a principal banking relationship relative to companies that do not.

	Frequency	**Percentage%**
10-20%	4	12.5
21-30%	10	31.3
41-50%	8	25.0
More than 50%	10	31.3
Total	**32**	**100.0**

Source: Research survey, 2025

From the finding on the proportion of annual gross profit attribute to corporate governance practices, the study found that those who indicated more than 50% and 21 to 30% were shown by 31.3% in each case, 25% of the respondent indicated to 41 to 50% where as 12.5% of the respondent indicated 10 to 20% this is an indication that more than 20% of annual gross profit could be attributed to corporate Governance practices.

CORPORATE GOVERNANCE CONTRIBUTION TO OVERALL GOAL

	Frequency	**Percentage %**
21-30%	12	37.5
41-50%	6	18.8
More than 50%	14	43.8
Total	**32**	**100.0**

Source: Research survey, 2025

From the finding on the proportion of overall goals achieved attributed to corporate governance practices, the study found that most of the responds as shown by 43.5% and 21 to 30% were shown by 31.3% in each case, 25% of the respondent indicated to 41 to 50% whereas 12.5% of the respondent indicated 10 to 20%, this is an indication that move than 20% of annual gross profit could be attributed to corporate governance practices.

CORPORATE GOVERNANCE CONTRIBUTION TO OVERALL GOALS

	Frequency	**Percentage %**
21-30%	12	37.5
41-50%	6	18.8
More than 50%	14	48.8
Total	**32**	**100.0**

From the finding on the proportion of overall goals achieved attributed to corporate governance practices, the study found that most of the responds as shown by 43.5% indicated more than 50%, 37.5% of the respondent indicated 21 to 30 whereas 18% of the respondent indicated 41 to 50%, this is an indication that more than 40% of overall goals achieved in the bank firms could be attributed to corporate governance practices.

4.2 TESTING OF HYPOTHESIS

Ho: Corporate governance has no effect on the financial performance of Nigerian bank.

Hi: Corporate governance has effect on the financial performance of Nigerian bank.

In testing for this hypothesis, the questioning is using descriptive analysis.

4.3 STATISTICAL RESULT

	Year	Board size	Board composition	CEO Duality	Leverage	ROA	ROE
JUB	2014	8	0.50	0	0.78	0.037	0.184
	2015	8	0.38	0	0.84	0.035	0.248
	2016	8	0.38	0	0.84	0.038	0.270
	2017	8	0.25	0	0.82	0.060	0.360
	2018	8	0.38	0	0.82	0.046	0.285
PAN	2019	7	0.57	0	0.76	0.034	1.650
	2020	7	0.71	0	0.81	0.016	0.532
	2021	7	0.67	0	0.82	0.018	0.395

	2022	7	0.57	0	0.83	0.055	1.191
	2023	7	0.71	0	0.84	0.068	1.238

Source: Research survey, 2023

Secondary data was collected from the firm's financial statement and report for the years between 2019 and 2023. The study collected data on return on equity which was measured as amount of net income return as a percentage of shareholder equity. The various independent variables were board size which was measured by the number of directors, CEO duality which was measured as dummy variable 1 if CEO and chairman are the same person 1 0 if CEO and chairman are the different person and leverage which was measured as ratio of total liabilities to total assets. In order to test for multi co linearity the research conducted a person product moment correlation.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

According to the research, corporate governance has effects on the financial performance of Nigerians Banks (First Bank Plc). The board size of bank has an effect on the financial performance of bank because it is an independent variable and the board meets regularly during the year to review the financial performance and operation of the banks. The board also considers strategic matters and other issues that impact on the company performance.

Board compositions leverages the CEO Duality also contribute highly in the financial performance of some banks mostly First Bank Plc. Board composition effect on how the board communicate to other stakeholders and the number of non-executive director on the board effect the performance to very large extent. So also debts effect the banks performance because from findings banks with huge debts many performs better than banks with little or no debts.

Therefore, the banking industry cannot eliminate corporate governance in their transaction so as to increase the financial performance of the banks.

5.2 CONCLUSIONS

From the findings on the effect Board size on the financial performance of listed Banks firms, the study found that various aspect of board size affect the financial performance of bank to a great extent. From the regression analysis, board size was found to negatively affect the financial performance of bank companies listed at the NSE. On the effects of board composition on the financial performance of listed banks firms, the study established that various aspects of composition of the board affect the financial performance to a great extent. From the finding an effect of CEO duality on the financial performance of listed bank firms. The study found that various aspects of CEO duality positively influenced the financial performance of bank firm listed ot great extent. Thus the study concludes that separation of the role of CEO and Chairman positively influenced the financial performance of bank firms listed to great extent. From the findings on effect of leverage on the financial performance of listed bank firms, the study established that leverage of the firm positively influence the financial performance of bank (First Bank Plc).

5.3 RECOMMENDATIONS

Base on the research done the following recommendation are given so as to improve the usefulness of corporate governance in the financial performance in the banking industry and to also make it perform very well.

i. The board should be responsible for selecting top management.

ii. The number of non-executive directors on board should minimize.

iii. Director with good mix skills, experience and competence should be appointed among board composition.

iv. An expatiated CEO should not be invited because it does not make any improvement tin the banking sector.

v. Roles of chairman of board and CEO should be clearly obtained and not vested in the same ways because the monitory role of board is weaker when the CEO is also the chairman.

vi. CEO tenure should not be fixed; it should depend on their improvement to the financial performance of the bank.

vii. Bank should require huge debt to perform better.

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APPENDIX 1

Department of Accountancy,
Institute of Finance and
Management Studies,
Kwara State Polytechnic,
Ilorin.

Dear Respondents,

This questionnaire is sent to your company for academic research purpose by a student of Kwara State Polytechnic.

This questionnaire is purposely designed to investigate the project topic effect of corporate governance on the financial performance of Nigerian banks.

The research is in partial fulfilment for the Award of Higher National Diploma (HND) in Accounting hence, the questionnaire is strictly meant for the research purpose and you are implore to be factual if possible in your response. Please any information given shall be treated as confidential.

Yours faithfully,

Awotunde Kehinde Omowunmi

APPENDIX II

QUESTIONNAIRE

SECTION A

This questionnaire will be used for academic research purpose, please give relevant information that will assist in finding.

Please tick the appropriate option

1. Sex: (a) Male ( ) (b) Female ( )
2. Education Qualification: (a) OND ( ) (b) HND ( ) (c) University ( )
3. Years of Experience: (a) 5-10years ( ) (b) 11-15years ( ) (c) 16 and above ( )
4. Do you think there is any effect of board size on the financial performance of bank? Yes ( ) No ( )
5. Do you think Corporate Governance has an impact on financial performance of bank in Nigeria? Yes ( ) No ( )
6. Is the service of Corporate Governance more needed in some selected banks in Nigeria? Yes ( ) No ( )
7. Can Corporate Governance help in detecting and preventing fraud on the financial performance? Yes ( )No ( )
8. Do you think the corporate governance help to dictate corporate behaviour to the Stakeholder? Yes ( ) No ( )
9. To what extent does corporate governance being an expert in financial performance matters with special skills has helped to improve some banks in Nigeria? Yes ( ) No ( )

10. Do the application of corporate governance and the management of organization maintain adequate proper financial record? Yes (   ) No ( )