

Corporate Governance and Performance of Deposit Money Banks in Lagos State

**Peremoboere Clinton LULU
LCU/PG/002947**

**Being a MSc Viva Presentation to the Department of Management & Accounting,
Faculty of Management & Social Sciences, Lead City University, Ibadan, Oyo State,
Nigeria**

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(MSc) in Accounting**

Certification

This is to certify that this thesis was carried out by **Peremoboere Clinton LULU** with Matriculation number **LCU/PG/002947**, in the Department of Management & Accounting under my thorough supervision in the Faculty of Management and Social Sciences, Lead City University, Ibadan, Nigeria and that this work had not been previously submitted.

Dr. J.O. Olaleye
Supervisor

Date

Dr. T.M. Akinbo
Head of Department

Date

Dedication

This thesis is dedicated to the Almighty God for His grace, guidance and provision throughout this program.

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Abstract

This study examined the effect of corporate governance on performance of selected Deposit Money Banks (DMBs) in Lagos State, Nigeria, with specific objectives to determine the effects of corporate governance dimensions (risk management, ethical practice, and transparency) on profitability, market share, and bank efficiency of selected DMBs. The study addressed the gap in literature regarding how corporate governance dimensions affect banks' profitability, market share, and efficiency in the post-COVID-19 pandemic and Russia-Ukraine war era, and was anchored on Agency Theory and Stakeholder Theory. A cross-sectional survey research design was adopted with a population of 354 management staff from selected DMBs (Fidelity Bank, Wema Bank, First City Monument Bank, and Polaris Bank) in Lagos State, Nigeria. A sample size of 240 management staff was determined using Raosoft online calculator and stratified random sampling technique, with 244 usable questionnaires returned, representing an 88% response rate. Data were collected using a validated questionnaire with Cronbach's alpha reliability coefficients ranging from 0.72 to 0.87, and analysed using descriptive statistics and multiple regression analysis. Corporate governance had a positive and significant effect on performance ($R^2 = 0.452$, $F(1,277) = 228.570$, $p = 0.000$), with dimensions showing significant effects on profitability (Adj $R^2 = 0.485$, $F(3,275) = 88.317$, $p = 0.016$), market share (Adj $R^2 = 0.469$, $F(3,275) = 82.902$, $p = 0.000$), and bank efficiency (Adj $R^2 = 0.563$, $F(3,275) = 120.383$, $p = 0.000$). The study concluded that corporate governance significantly affects performance of selected DMBs in Lagos State, Nigeria, with transparency emerging as the most influential dimension across all performance measures. The study recommended that management should strengthen corporate governance mechanisms, particularly risk management and ethical practices, to enhance organizational performance and ensure sustainable competitive advantage.

Keywords: Corporate Governance, Bank Performance, Risk Management, Ethical Practice, Transparency

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Chapter One

Introduction

1.1 Background to the Study

The need to consistently achieve improvement in corporate performance measured by market share growth and profitability continue to be a critical global phenomenon for corporate organisation because these measures are vital for organisational sustainability. Given the high operating cost and risk associated with banks operational efficiency and sustainability it is imperative for banks to have governance structure that can create a strategic path that will consistently drive the banks towards its envisioned goal.

The performance of the banking industry globally showed that there are differences in organizational performance among the banks in Europe, North America, Asia-Pacific, Latin America and the Middle East and Africa. This performance variation can be explained by the bank size which is represented by total assets. The European banks demonstrated that large banks can take advantage of the economies of scale and offer differentiated products and services¹. European banks also show that asset quality ratio (ASSQ) is another issue surrounding bank performance in Europe but its impact is negative². On the contrary, the effect of deposit ratio (DEP) on Return on Equity (ROE) is positive and significant. The capital strength, measured by equity to total assets (CAP), is a significant issue also surrounding the performance of European banks. Well capitalized banks reduce costs of external financing and such an advantage can be turned into higher profitability.

The performance of Banks in Africa, is affected by factors such as, banks characteristic, competitive environment, economic indicator, regulation and legal environment, country

risk were major issues surrounding the performance of banks in Africa³. Understanding the issues surrounding the performance of commercial banks is critical not only to the management of these commercial banks but also to other stakeholders and interest groups such as the country's Central Bank, the government as a whole, the banker's association as well as other financial authorities in the region.

These have undoubtedly been tougher times for many Nigerian banks as the domestic economy has faltered. But the extent to which their performance in the year 2018-2023 can be linked to the naira's devaluation against the dollar is significant which could have been mitigated through the use of corporate governance frameworks. The corporate governance frameworks of European banks have been acknowledged as a vital tool which aided its capital recovery⁴.

Moreover, the ripple effect of the financial crisis, economic recession and economy recovery policies both from the Federal government and the CBN have created tougher times for many Nigerian business including banks and this has negatively affected the performance of the banking sector in the country. For example between "2014-2023" the sector have experienced about five bank failures (Skye bank, Diamond Bank, Oceanic bank, Intercontinental bank, Mainstreet banks) which led to a further merger and acquisition⁵.

In addition, proshare economy report stressed that Deposit money banks (DMBs) continue to grapple with significant Non-Performing Loans (NPLs), regulatory hurdles and unstable economic environment. The huge non-performing loan portfolios have eroded the ability of banks to effectively and efficiently function as credit institutions. Empirical evidence suggested that nonperforming loans have adverse effects on firm growth, bank profitability, efficiency, and often lead to bank failures⁶. Profitability is an indicator of a

bank's capacity to carry risks and / or to increase its capital. According to the CBN's economic report, asset quality of the banking industry, measured by the ratio of non-performing loans to total loans (NPL ratio) fell to 12.45% at the end of June 2018, compared with 14.80% and 15.02% at the end of December 2017 and the end of June 2017, respectively ⁷. At this level, the ratio, remained above the regulatory threshold of 5.0%. Above-average NPL ratios were reported at several of the Fitch-rated banks, and these will be difficult to resolve swiftly. More so, data from the National Bureau of Statistics, revealed that the value of Non-Performing Loans (NPLs) in the third quarter of 2018, Q3'18, increased by NGN400 billion or 21% to NGN2.3 trillion from NGN1.9 trillion in the second quarter of same year⁸. This corroborates the most recent report of global rating agency, Moody's which warned that losses to bad loans remain high in Nigeria's banking industry with the potential negative consequences for bank performance⁹.

Majority of the issues identified above especially that of NPL, bank failures with respect to liquidity thresholds and slow growth have been attributed to the inability of the bank corporate parent to put in place a mechanism to conduct comprehensive risk management for loan applications, engaging in unethical practices which cloud due process (fairness and transparency) in the administration of banking financial activities in loan application and board structure irregularities^{10,11}. To address these issues in the Nigeria's banking sector for the better, both the industry regulator and banking experts suggested that the banks governance structure can be used as a frame to address the many challenges. This is because code of corporate governance put the overall management of the banking activities at the footstep of the leadership structure. More so, corporate governance mechanisms ensure the comprehensive risk assessment of financial activities and operational compliance following ethical practice, ensuring transparency and establishing

a board structure that can deliver sound banking service and maximise shareholders' wealth.

It is widely acknowledged that a good corporate governance framework instituted via the board of directors is essential to sustain and promote the interest of stakeholders and hence position the banking sector into a vibrant financial system that enhance growth and economic prosperity for Nigerians ¹². This is because corporate governance will ensure that ethical compliance by banking organizations is not an option or a luxury but a necessity for the smooth functioning of any organization or industry. There are laid down principles or operational requirements and prohibitions¹³. Fairness is also imperative to a successful management team in which should be governed by corporate governance. Employees should be challenged to reach their goals, but goals should be realistic and attainable. It is therefore widely acknowledged that good corporate governance which is instituted via the board of directors is essential to sustain & promote the interest of stakeholders.

Organisational Transparency is one of the key indicators of a good corporate governance as it guarantees the disclosures of important and accurate financial and operational information. The information is given regularly¹⁴. Also, it will guaranty proper risk assessment-Risk management is about discovering risks, evaluating their effects, choosing a series of processes, and assessing the results. It is the determination, grouping, and prioritization of risks followed by unified and efficient utilisation of resources to lessen, monitor, and manipulate the quantity and/or effect of disastrous events. Risks can arise from uncertainty in business markets, projection flops, statutory liabilities, credit risk, accidents, physical causes and disasters as well as wilful attacks from an antagonist. Risk management helps to assure that an organization identifies and understands the risks to

which it is unprotected and ensures that the cost of an unpleasant situation can be minimized, or its consequences greatly reduced.

Scholarly work have been done to substantiate the functional relationship between corporate governance and organisational performance in divers sectors likewise empirical submission have been made about corporate governance and internal control relevance for business survival and sustainability however scholars have recommended the need for more studies on the performance effect of corporate governance mechanism in the banking sector especially after the disruptions caused by the rampaging COVID-19 pandemic and the Russia-Ukraine war^{15,16,17}. It is important to stress that the sector is battling with problems ranging from inefficient service delivery, people's distrust for the banking sector, rising bad loans, and extreme poverty which makes it difficult for the average Nigerian to deposit money in banks. It is against this backdrop of events that this study intends to investigate the effect of corporate governance mechanism on the deposit money banks performance in Nigeria.

1.2 Statement of the Problem

Achieving significant financial performance for organisations in an environment characterized by uncertainties and intense competition warrants those organisations' corporate parent to formulate and execute strategies to contend with these business realities. Despite the relevance of corporate parent otherwise called corporate governance, events happening in the financial system in Nigeria warrant urgent governance intervention. First Nigerian banks have a lot of non-performing loans (NPL), which stood at ₦1.4 trillion, according to the last National Bureau of Statistics (NBS) report in June 2019. As much as 9 of all loans in the economy, against the CBN, prescribed a 5 threshold for NPLs. Given that a bank's core business activity is advancing loans and earning

interest on them, Nigerian banks' failure to do so is worrisome and has impacted real profitability negatively. As much as 40 (₦577 billion) of these NPLs can be traced to the oil & gas sector, which Nigerian banks have historically favoured but have suffered since the 2014 oil price crash. Nevertheless, high NPLs do not just hurt banks; the whole economy suffers¹⁸. Borrowers struggle to get additional funding because banks become risk-averse and conscious of their poor asset quality, leading them to focus more on debt recovery. Many individuals and small businesses in Nigeria struggle to get decently priced loans, and their plight is not helped when a bank is risk-averse because it already has lots of bad loans on its books. While Nigerian banks appear to be posting profit growth year on year, this is primarily due to the exchange rate of the Nigerian Naira. In real terms and dollar terms, bank's real profitability has been declining. In addition, the recent CBN stress test revealed that banks are carrying a lot of bad restructured loans, which will further erode profitability and capital if the prudential guideline is not strictly applied.

Between 2010 and 2022, the number of commercial bank's branches per 100,000 adults have been on a consistent decline from 6.6 in 2010, 5.8 in 2012, 5.6 in 2014, 4.7 in 2016, 4.3 in 2018. Likewise, between 2019 and 2020, the number of bank employees has been on a consistent decline. The total population of commercial bank employees stood at 100,560 as of December 2019, while as of June 2020, the number had been reduced to under 96,000. While commercial banks were unilaterally responsible for financial intermediation in Nigeria, the entrance of Fintech organisations into the financial service industry is responsible for taking a sizable chunk of market size and consequently hurting firm growth of the traditional financial institution in Nigeria. In addition, the number of unbanked adults (financial exclusion) attributable to the severe case of poverty and unemployment is another cause for concern for bank growth and this begs the question -

what is the governance structure doing to address the firm growth of Selected DMBs in Lagos State Nigeria?

Moreover, poor governance and board room politics are often identified as potential culpable factors in virtually all instances of financial sector distress. To buttress this narrative, NBS's 2020 data on banking sector credit to private sector sectoral share as a % of total credit for the Oil & gas and the power & energy sector suggest a decline in credit extension to these sectors. In addition, CBN Quarterly Report on Bank Survey 2018 revealed that the big banks in Nigeria had recorded an increase in Non-performing Loans (NPL). This has resulted in bank operational inefficiency to extend credit to major investors or customers for investment. Also, the ripple effect of brain drains resulting from employee attrition and bank employees getting involved in insider related fraud activities could be responsible for the overall bank efficiency. This development raises the question; how does corporate governance structure address this development?

Extant literature has emphasized the critical role of governance structure in sustaining customer value, improving market offering, enhancing a firm's growth, and sustaining the going-concern status of many organisations. Consequently, issue of corporate governance has become critical for organizational sustainability and has received increasing attention from business leaders, regulators, shareholders and governments around the world. Empirical studies have been done on how corporate governance influenced organisational performance in different research contexts. Although, some scholars had recorded significant effect of corporate governance dimensions on firm sustainability, nevertheless others recorded insignificant effects, causing a disharmony on the position of corporate governance dimensions on business sustainability^{19,20}. Moreover, evidence of prior studies

reviewed suggested that the corporate governance measures to be considered in this study have not been comprehensively covered, much more their impact on banks sustainability. Therefore, this study intends to examine the effect of corporate governance mechanisms on Deposit Money Banks sustainability in Lagos State, Nigeria.

1.3 Aim and Objectives of the Study

The aim of this study is to evaluate the effect of corporate governance on performance of deposit money banks in Lagos State, Nigeria. The specific objectives are to:

- i. determine the effects of corporate governance dimensions on profitability of selected deposit money banks in Lagos State, Nigeria;
- ii. evaluate the relationship between corporate governance dimensions and market share of selected deposit money banks in Lagos State, Nigeria;
- iii. analyse the effects of corporate governance dimensions on bank efficiency of selected deposit money banks in Lagos State, Nigeria;
- iv. determine the combined effect of corporate governance on performance of selected deposit money banks in Lagos State, Nigeria.

1.4 Research Questions

- i. How does corporate governance dimensions affect profitability of selected deposit money banks?
- ii. What effect does corporate governance dimensions have on market share of selected deposit money banks?

- iii. What is the effect of corporate governance dimensions on Banks efficiency of selected deposit money banks?
- iv. What is the combined effect of corporate governance dimensions on organisational performance of selected deposit money banks?

1.5 Hypotheses

In line with the research objectives and research questions, the hypotheses are postulated as follows:

- H₀₁: Corporate governance dimensions have no significant effect on profitability of selected deposit money banks in Lagos State, Nigeria
- H₀₂: Corporate governance dimensions have no significant effect on market share of selected deposit money banks in Lagos State, Nigeria
- H₀₃: Corporate governance dimensions have no significant effect on Bank efficiency of selected deposit money bank in Lagos State, Nigeria
- H₀₄: Corporate governance have no significant effect on performance of selected deposit money bank in Lagos State, Nigeria.

1.6 Significance of the Study

The study will be particularly significant to the following stakeholders when completed:

This study will provide strategic information to the bank leadership on how well corporate governance can enhance the maximization of shareholders wealth. Specifically, it will

show how corporate governance dimensions: risk management, fairness, transparency, board structure, and ethical practice can enhance organisational performance.

Also, this study considers the macro environment and knowing that the Government largely control the environment in which banks operate through policies, this study, will provide Government with empirical information to validate the effect, macro environment has on organisational performance of DMBs in Lagos State Nigeria. Thus, it will help the government to strengthen or enact policies that will help in ensuring that corporate governance practices are carried out towards the improvement of deposit money banks performance.

Furthermore, to the body of knowledge, this study, intends to address some gaps in the existing literature on corporate governance and bank performance. More specifically, it will test the conceptual model that evaluate the effect of corporate governance on the performance of MDBs in Lagos State, Nigeria. Thus contributing to recent research in this regard. It would serve as reference material for students to learn and will create the platform for further studies in the field of strategic management.

The society will become a better place if these banks focus on the improvement of performance through careful and devoted efforts towards the employment of effective risk management, fairness, transparency, board structure, ethical practice as tools for proper improvement of organizational performance.

1.7 Scope of the Study

This study intends to ascertain the effect of corporate governance dimensions (ethical practice, risk management, and transparency) on performance measures (profitability, market share, bank efficiency) of selected MDBs in Lagos State, Nigeria. The study will

cover three hundred and fifty-four (354) employees of the selected deposit money banks in Lagos State (Fidelity Bank, Wema Bank, First City Monument Bank and Polaris Bank). The choice of conducting this research in Lagos State is because all the selected banks have their head office in Lagos State. In addition, Lagos State is considered the hub of banking activities in Nigeria because the city alone accounted for 50% of banking activities in Nigeria²¹.

1.8 Limitation of the Study

This study, while providing valuable insights into the effects of corporate governance on the performance of deposit money banks in Lagos State, Nigeria, has several limitations.

Firstly, the study's geographical focus is limited to Lagos State, which may not provide a comprehensive representation of the entire Nigerian banking sector. The unique economic and regulatory environment in Lagos might not fully reflect the conditions in other regions of Nigeria. Therefore, the findings may have limited generalizability to banks operating outside Lagos State.

Secondly, the study primarily relies on secondary data sources, such as reports from the Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), and various economic reports. While these sources provide valuable information, the reliance on secondary data might not capture the most current and dynamic aspects of the banks' performance and governance practices. Additionally, the accuracy and completeness of secondary data could pose challenges, potentially impacting the study's conclusions.

Thirdly, the study's timeframe, focusing on the period from 2018 to 2023, may not adequately account for long-term trends and developments in the banking sector. This relatively short period might overlook historical factors and long-term governance

practices that could influence the banks' performance. Extending the study period could provide a more comprehensive understanding of the governance-performance relationship.

Moreover, the study does not deeply explore the potential influence of external factors, such as global economic conditions, technological advancements, and political stability, on the banks' performance. These external variables can significantly impact the effectiveness of corporate governance mechanisms and the overall performance of banks. A more holistic approach considering these factors could enhance the robustness of the findings.

Lastly, the study acknowledges the need for more empirical research on the performance effect of corporate governance mechanisms, particularly in the context of disruptions like the COVID-19 pandemic and the Russia-Ukraine war. However, the current study does not fully address these contemporary issues, which have profoundly impacted the global and Nigerian banking sectors. Future research could benefit from a more detailed examination of how such crises influence corporate governance and bank performance.

In conclusion, while this study provides important insights into corporate governance and bank performance in Lagos State, its findings should be interpreted with caution due to the limitations in geographic focus, data sources, timeframe, consideration of external factors, and contemporary issues. Addressing these limitations in future research could provide a more comprehensive and nuanced understanding of the topic. Despite these limitations, this research does present important conceptual, empirical, theoretical, and practical implications for the management of the deposit money banks in Lagos State, Nigeria.

1.9 Operationalization of Research Variables

The study variables of corporate governance determinants and organizational performance are the independent and dependent variables respectively. These variables are operationalised as follows:

$$Y = f(X)$$

Where:

Y = Dependent Variable

X = Independent Variable

Y = Organisational Performance (OP)

The sub-variables used to measure Organisation Performance are:

y_1 = Profitability (P)

y_2 = Market Share (MS)

y_3 = Bank Efficiency (BE)

The sub-variables utilized in measuring Corporate Governance are:

x_1 = Risk Management (RM)

x_2 = Ethical Practice (EP)

x_3 = Transparency (TP)

Hence:

$$X = (x_1, x_2, x_3)$$

$$Y = (y_1, y_2, y_3)$$

$$Y = f(X)$$

The functional equations of the study are thus:

$$y_1 = f(x_1, x_2, x_3) \dots\dots\dots \text{Equation 1}$$

$$y_2 = f(x_1, x_2, x_3) \dots\dots\dots \text{Equation 2}$$

$$y_3 = f(x_1, x_2, x_3) \dots\dots\dots \text{Equation 3}$$

$$Y = f(X) \dots\dots\dots \text{Equation 4}$$

The econometric equations of the study are thus:

$$y_1 = a_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e_i \dots\dots\dots \text{Equation 1}$$

$$y_2 = a_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e_i \dots\dots\dots \text{Equation 2}$$

$$y_3 = a_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e_i \dots\dots\dots \text{Equation 3}$$

$$Y = a_0 + \beta_1 X + e_i \dots\dots\dots \text{Equation 4}$$

1.10 Operational Definition of Terms

Bank Efficiency: This reflect how bank are minimizing operational cost to enhance profitability

Corporate Governance: This is the procedures, customs, policies, regulations and institutions that regulate organisations and corporations in the manner in which they operate, manage and regulate their activities.

Ethical Practice: Ethical practice is defined as systematic rules or principles governing right conduct within the organization.

Market Share: This is the portion of a market controlled by a particular company.

Organisational Performance: This is the actual results of an organization as measured against its intended outputs.

Profitability: This is the degree to which the organization is able to record profit or financial gain from its activities over time.

Risk Management: Risk management is defined as the identification, assessment, and prioritization of risks pertaining to the organization and its stakeholders.

Transparency: Transparency is defined as public insights into important and accurate financial and operational information.

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Chapter Two

Literature Review

This chapter provides a detailed explanation of the concepts used in this study, the theories and the empirical findings of past research works. The chapter is classified into three main sections, namely; conceptual, theoretical and empirical review of literature. It went further to explain the summary and gaps in the literature reviewed.

2.1 Conceptual Review

This section focused on the definitions, characteristics, advantages and disadvantages and other aspects of the concepts under study by different authors and scholars in the field of performance (profitability, market share, and bank efficiency) and corporate governance dimensions (risk management, ethical practice, and transparency).

2.1.1 Organizational Performance

Organizational performance is understood to be an outcome of plans carried out by managers and workers and also a broad concept and its meaning changes in accordance with user's perspective and needs¹. Organizational performance is the voluntary association of productive resources, including human, physical and capital resources for the aim of achieving a shared purpose. Performance is viewed as the result of modified successful management practice¹. The concept of performance can also be defined as a capability to evaluate the standard and success of a company be it big or small. Organisational performance is defined as a set of processes for establishing shared understanding about what is to be achieved and managing and developing people in a way which increases the probability that will be achieved in the short and long term. A recurring theme from these definitions is that organisation is about resources and purpose.

Organisational performance is one of the major indicators that explain the level of development of any organization and the challenges of the global business environment have re-echoed the need for corporate organisations to have more concerns about the success of business firms². Organizational performance is one of the most important variables that attracted the attention of researchers in both finance and management literature. Organizational performance is a concept that explains the extent to which an organization achieves objectives. It indicates how organisations have been performing overtime. Organizational performance is an indicator that helps to evaluate and measure how an organization succeeds in realizing business objectives to all its stakeholders. Firm performance refers to firms' ability to achieve its goal through the application of available resources in an efficient and effective manner.

Organizational performance is central to corporate governance research. Research in this field builds on the assumption that quality corporate governance structures influences Organizational Performance. Also, the conceptual sphere of organizational performance can be quantified only by connecting this construct to the wider construct of organizational effectiveness. Organizational effectiveness is well-defined as “the degree to which organizations are attaining all the purposes they are supposed to”³. Organizations acquire diverse effectiveness assessments founded on diverse areas. Consequently, organizational effectiveness includes organizational performance and other performance concepts (i.e., corporate environmental or social performance), which are pertinent for practice and research. In management literature, researchers focus on operational performance and organizational performance³.

Operational performance refers to the completion of operational goals within diverse value chain undertakings that may result to succeeding organizational performance. Common

performance pointers, such as growth in market share, product quality, or marketing effectiveness, measure separate magnitudes of operational performance. In dissimilarity, OP is defined as “the economic outcomes resulting from the interplay among an organization’s attributes, actions, and environment”.

The definition of Organizational Performance agrees to measurement practices in governance research since the bulk of investigators measure organizational performance founded on economic pointers⁴. Consequently, Organizational Performance is identical with the models of financial performance or corporate economic performance. organizational performance applies to both research and practice since in the legal system (i.e., bankruptcy law or commercial law) and in economic theory, organisational performance (i.e., economic outcomes) establishes the concluding purpose of economic undertakings. A reliable Organizational Performance framework with three proportions was suggested: “accounting returns, stock market performance, and growth”⁵. Accounting returns are understood as the chronological performance of establishments that is measured through the use of financial accounting figures as circulated in yearly reports. A scholar contended for a distinct accounting returns element, while other studies recognise numerous proportions that are resulting from accounting returns indicators⁶. Nevertheless, at least two distinct proportions to be replicated by accounting returns indicators. Majorly, a liquidity measurement, which is defined as a firm’s ability to fulfil its financial commitments founded on cash flows produced from its existing operations, is projected.

Second, a profitability aspect, defined as an establishment’s efficiency in exploiting production factors to produce earnings, is projected. Accounting research highpoints the variance between incomes (e.g., net profit) and cash flows that is traced to income and expenditure accruals. Accruals moderate timing and corresponding difficulties related with

the distribution of cash flows to solitary periods but are reliant on misrepresentations produced by optional accounting selections (e.g., a depreciation method or the useful life of assets). Moreover, there was an affirmation on the discrepancy between the accounting-founded return on investment and the cash flow rate of return. Stock market performance reproduces the insights of venture capitalist concerning organizations' upcoming performance⁷. This aspect is evaluated using capital market pointers, such as total shareholder return (TSR).

Nevertheless, capital market pointers are similarly prejudiced by the thrust and instability of capital markets, the economy, and emotional effects. Stock market performance reproduces imminent organizational performance, in dissimilarity with accounting returns, which involve a chronological viewpoint. Organizational growth is defined as a "change in an organization's size over time". Organizational growth is a dynamic construct that is usually appraised founded on three models of size: sales, employees, and assets⁸.

2.1.1.1 Profitability

Profitability refers to money that a firm can produce with the resources it has. The goal of most organization is profit maximization. Profitability involves the capacity to make benefits from all the business operations of an organization, firm or company. Profit usually acts as the entrepreneur's reward for his/her investment. Profit is the main motivator of an entrepreneur for doing business. Profit is also used as an index for performance measuring of a business. Profit is the difference between revenue received from sales and total costs which includes material costs, labor and so on. Profitability can be expressed either accounting profits or economic profits and it is the main goal of a business venture⁹.

Profitability portrays the efficiency of the management in converting the firm's resources to profits. Thus, firms are likely to gain a lot of benefits related increased profitability. One important precondition for any long-term survival and success of a firm is profitability. It is profitability that attracts investors and the business is likely to survive for a long period of time. Many firms strive to improve their profitability and they do spend countless hours on meetings trying to come up with a way of reducing operating costs as well as on how to increase their sales⁹.

Profitability shows the surplus of profit over expense for a specified duration that represent earning of commercial banks from the various activities they perform in a growing economy. The profitability of a banking institution can thus be defined as net profit of the bank. A commercial bank is profitable if it has accrued more gains in financial perspective from invested capital. Thus, the bank's success is determined from the profits it has made in a given financial year.

Profitability also shows the association between the absolute amount of income that indicates the capability of the bank to advance loans to its customers and enhance its profit. In today's competitive environment, profitability is a key factor for smooth the running of the business and has a significant effect on performance of the bank and economic development as well. Profitability is also crucial for a banking institution to maintain its ongoing activities and for shareholders to generate fair returns.

Profitability is one of main aspects of financial reporting for many firms¹⁰. Profitability is vital to the firm's manager as well as the owners and other stakeholders that are involved or associated to the firm since profitability gives a clear indication of business performance. Profitability ratios are normally used to measure earnings generated by a firm for a certain period of time based on the firm's sales level, capital employed, assets

and earnings per share (EPS). Profitability ratios are also used to measure the firm's earning capacity and considered as a firm's growth and success indicator.

Profitability is generally measured using accounting ratios with the commonly used profitability ratio being ROA. ROA determines the amount of the profit earned per shilling of assets. This reflects the efficiency with which the bank's managers use bank's investment resources or assets in generation of income. ROA simply connotes the management efficiency and depicts how effective and efficiently the bank management operate as they employ the organization's assets into the earnings. A high ROA ratio is a clear indicator a good performance or profitability of a banking entity.

Factors that influence commercial bank's profitability are divided into internal and external. Internal factors are those factors which bank's managers can control whereas external factors are those outside or beyond bank's management control. External factors that influence profitability of commercial banks are related to legal and economic environment and comprises of factors like interest rates, inflation, recession, boom, regulations, market growth and market structure. The internal factors reflect the management policies of the banks and decisions made about the sources of funds, expenses and liquidity management. Information on bank specific factors that influence commercial banks profitability can be obtained from financial statements hence study will emphasises on bank's size, capital adequacy, liquidity, credit risk and efficiency in the bank's operations¹⁰.

Profitability reflects the ratio of management effectiveness based on the result of returned sold investment. Probability ratio consists of margin profit, basic earning power, return on asset, and return on equity. This study measures profitability by Return on Assets (ROA). Return on Assets is a ratio showing the ability of a company in gaining net profit by using

its assets to return stock holder equity. ROA is a financial ratio that is used to measure asset's profitability. The greater result of ROA, the greater is the company's performance (profitability).

The improved ratio shows the improvement of management performance especially to manage the effective funding operational for having net profit (improved profitability), thus it can be said that instead of concerning management effectiveness in managing investment owned by the company, investors also can see the effective management performance to create net profit. This is the positive sight the investor can have, thus it creates investor's trust and the company's management will get easier to attract modal in the form of stock. If there is increased stock demand in a company, the stock value will be increased.

2.1.1.2 Market Share

Market share is the share of product or revenue held by a firm in a relevant market. Furthermore, market share was look into as that share of the market commanded by a firm's product (or brand). Market share as a business and market orientation which focuses company efforts on identifying and satisfying customer needs¹¹.

Market shares are used as market performance indices and it is desirable for the individuals concerned to have thorough knowledge of the processes which generate market-share figures and be able to analyze the impact of their own actions on market shares as well as their profit implications.

Market share is "the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity". The academics and consultants have been advised to understand market share as a quota of how well a business has been able to foretell market

subtleties and the necessities of the directed clienteles¹². It is significant to highlight that market share ought to be carefully supervised for marks of variation in the competitive backdrop; this deputation regularly pushes planned or calculated arrangements, ever since it is evaluated compared to the challengers' "share of customer's wallet". Nevertheless, regardless of several means of outlining market share and instituting this metric as a permissible quota of marketing performance, the existing state of the literature discloses certain theoretical drawbacks that cannot be overlooked and they posture latent danger to cogency and operationalization of the market share concept. Specifically, it remains rather indistinct which market is the most pertinent for the single-mindedness of evaluating company performance. In other words, market can be defined in numerous ways and the dimension of market share relative to each market demarcated can produce diverse outcomes. The risk of picking a market share benchmark without adequate deliberation on recognising the "right" market as the principal difficulty of market share concept. Certainly, a little decade far along, there still appears to be a lot of disagreement concerning this subject: first, when speaking about market share, directors assume they comprehend what market their business is in; second, it is not at all times stress-free to evaluate a company's market share comparative to specified consideration.

Except a business establishment beseeches customer response and recognizes what buyers honour as substitute adoptions to the company's product (it might extend beyond the direct competition), there is a real danger of expressing an ambiguous marketing approach and intentions founded on the unclear benchmark recognised as market share. The competition (purchasers' substitute varieties proficient of marinating a specific need correspondingly or more than the business's product) supposed by clienteles describes the confines of the market worked. For example, if a corporation is in the market of marketing banking services, the market share can hypothetically mirror the banking industry if the directed

clients recognize banking services as a substitute choice for pleasing their need of saving money. Consequently, it is vital to recognise candid customer requirements and to retain association with the clienteles since buyer opinion simplifies to recognise substitute products clienteles perceive may satisfy their needs.

Consequently, prior to choosing market share benchmark as a deputation for business performance, academics and consultants ought to integrate customers' opinions in the decision-making practises directed at recognising the competition and outlining the market margins. Certain profound comprehensions and improved understanding of fundamental practises that stimulate an upsurge in a share of the market compared to market challengers was delivered¹³. The central principle of attaining a comparatively apparent product quality over rivals so as to achieve a greater share of the market sanctions the establishment to distinguish itself from the competition and take benefit of economies of scale, consequently attaining low cost dissimilarity. Such rationality is severely dissimilar from the coventional "BCG" experience curve method from a cause-and effect stance.

In alignment with the experience curve model, the cost reduction is the key motive for following share building approach; the company might or may not have suitable service and quality. Academics and consultants were advised to clasp the marketing model by determining market position compared to the competition by integrating perceived product quality into their decision making procedures¹⁴. This is regular with the customer-focused approach stated in the erstwhile segment; the consumer views of competition and substitute selections ought to be adopted for outlining the purview or the precincts of the market served, i.e. the market in which the establishment essentially functions. Comparable to the way patrons explain the market sphere by recognising apparent competition, product quality valuation on behalf of the customers sanctions the

establishment to realise justifiable competitive gain (in the manner of a better share of customer's wallet) that will result to higher performance and effectiveness relative to its challengers. Consequently, it is suggested that both "market" and "share" in the market share paradigm as a measure of organizational performance are well-defined and propelled by client desires and their opinions.

2.1.1.5 Bank Efficiency

Efficiency signifies a level of performance that describes using the least amount of input to achieve the highest amount of output. Efficiency requires reducing the number of unnecessary resources used to produce a given output including personal time and energy. It is a measurable concept that can be determined using the ratio of useful output to total input. It minimizes the waste of resources such as physical materials, energy, and time while accomplishing the desired output. Efficiency relates to the relationship between inputs and outputs or how productively the inputs have been converted into outputs¹⁵. To make best use of the output Porter's Total Productive Maintenance system proposes the purging of six losses, which are: (1) abridged yield – from start up to steady production; (2) process faults; (3) abridged speed; (4) wasting and slight interruptions; (5) set-up and adjustment; and (6) equipment failure.

The littler the inputs utilized to produce outputs, the better the efficiency. There is a dissimilarity between business efficiency and organizational efficiency¹⁵. Business efficiency discloses the performance of input and output proportion, while organizational efficiency reproduces the enhancement of in-house procedures of the organization, such as administrative arrangement, culture and community. Outstanding organizational efficiency could enhance person's performance in terms of organisation, output, quality and profitability. Seven measurements were presented for the extent of organizational

efficiency: Organizational strategy; Corporate structure design; Management and business system building; Development of corporate and employee styles; Motivation of staff commitment; Development of employee's skills; Subordinate goals¹⁶.

Effectiveness and efficiency are limited, yet, at the equivalent time, they sway each other; consequently, it is vital for management to guarantee victory in both zones. ROA is a proper measure of inclusive company performance, as it divulges how profitable establishment's assets are in producing revenues. Organizational performance = effectiveness x efficiency¹⁶. Total asset turnover ratio measures the capability of a business to utilize its assets to competently spawn sales; for that reason, it can be understood as efficiency. Profit margin ratio is a pointer of a business's pricing approaches and how well it controls the expenditures, similarly it is a good measure for benchmarking determinations; consequently, it could be understood as effectiveness. As a consequence, inclusive performance can be measured by computing the efficiency and the effectiveness.

Efficiency is about resource distribution across substitute uses¹⁷. It is vital to comprehend that efficiency doesn't imply that the organization is realising outstanding performance in the market, even though it discloses its operational brilliance in the source of utilization process.

Effectiveness based companies focus on output, transactions, excellence, creation of value added, novelty, cost lessening. It evaluates the gradation to which a firm attains its objectives or the manner in which outputs interrelate with the fiscal and communal background. Typically, effectiveness regulates the policy intentions of the business or the gradation to which a business apprehends its own aims ¹⁸.

2.1.2 Corporate Governance

The word, Governance is a term derived from Greek-Latin word “gubernare”, which translates as the act of steering that was first used in a metaphorical by Plato. The steering is an institution of the state through the creation of enabling conditions for the enforcement of the rule of law and collective decision making¹⁹. Initially, governance was synonymous with the management of political/social units, specifically government institutions. This notion has now transcended from the state focus into a market-based application with emphasis on the management of corporations, also known as corporate governance. The introduction of governance in the management of corporations was designed to mitigate unethical practices through the promotion of corporate transparency and accountability.

Corporate governance had been defined in many ways by different researchers, authors, institutions, and industries. The concept of corporate governance itself has undergone a series of transformations. Corporate governance refers to the processes, customs, policies, laws and institutions that regulates the organizations and corporations in the way they act, administer and control their operations. It is required to accomplish the organization’s goals and manage the stakeholders’ relationship including the shareholders and board of directors. It as well works with the individuals’ accountability via a mechanism which decreases the principal-agent issue in the organization¹⁹.

Corporate governance is a concept that represents the entire system by which companies are directed and controlled by a board²⁰. Therefore, in finance and management terminology, corporate governance is to solve what is called the problem of the agency which exists between stockholders or shareholders and managers. Therefore, that is what corporate governance is intended to resolve in making sure investors get their investment

back, given that somebody else (managers or agents) will make ensure that all the decisions making process about how their investment or their money have utilized.

Good corporate governance promotes the efficient and effective use of the capital within the company or firms and their return on their capital or resources. Corporate governance mechanisms have been identifying as method or techniques used in determining the success and outcome of every firm performance ²¹. Hence, this section reviews the prior relationship between the following; corporate transparency and accountability and firm performance; corporate behavior and firm performance and shareholder rights and firm performance.

Corporate governance as the structures and processes for the direction and control of companies. Corporate governance concerns the relationships among the management, board of directors, controlling shareholders, minority shareholders and other stakeholders. Corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organization. Corporate governance is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. It was further opined that; corporate governance is about how to build trust and sustain confidence among the various groups that make up an organization.

Corporate governance as the system by which companies are directed and controlled²¹. The nature of corporate governance, therefore, going by this definition consists of two dimensions: direction and control. The direction dimension of corporate governance emphasizes the responsibility of the board to attend to strategic positioning and planning in order to enhance the performance and sustainability of the company; while on the other

hand, emphasizes the responsibility of the board to oversee the executive management of the company in the execution of the plans and strategies.

The aim of corporate governance is to ensure that corporations are managed in the best interests of their owners and shareholders²². This applies specifically to listed companies where the majority of the shareholders are not in participatory everyday management positions; although, it can also apply to other forms of corporations such as companies with few principal owners and a large group of smaller shareholders, public corporations (where all citizens are stakeholders) partner-owned companies and privately owned companies where the ownership has been divided through inheritance in one or several generations.

Effective corporate governance has improved organizational performance. It was discovered that strong shareholder rights are an auxiliary product of good corporate governance and businesses that had made 8.5 percent more annual returns than those that did not²². They also detected that organizations which had a democratic dispensation got better valuations, greater profits, higher sales growth, and lesser capital expenditures. On the contrary, organizations with poor corporate governance culture were less profitable and more susceptible to insolvency risks as they got poor assessments and gave out petty dividends to their shareholders.

Good corporate governance arrangement gives great advantage to corporations in the form of more favourable dealings with all stakeholders, better performance, lesser cost of capital, and larger access to financing. Thus, it is a recognized fact that frail corporate governance results in pitiable organizational performance and risky financial outcomes, such as the financial imbroglios of East Africa in 1997. Sound corporate governance is a key element to increase investor guarantee and market liquidity²³.

Corporate governance assures transparency, investor protection, full disclosure of executive actions and corporate activities to stakeholders, environmental impact assessment of corporate activities, assurance of performance related to executive compensation and full disclosure of executive compensation²³.

2.1.2.1 Risk Management

Risk management involves discovering risks, assessing their effects, selecting a series of processes, and evaluating the results. It is the determination, classification, and prioritization of risks followed by unified and efficient utilisation of resources to lessen, monitor, and manipulate the quantity and/or effect of disastrous events²⁴. Risks can arise from uncertainty in business markets, projection flops, statutory liabilities, credit risk, accidents, physical causes and disasters as well as wilful attacks from an antagonist. Risk management helps to assure that an organization identifies and understands the risks to which it is unprotected. It introduces the thought of the probability of how an unpleasant situation can be minimized, or its consequences greatly reduced. Efficient risk management seeks to increase the benefits related with a venture commonly a reduction in the period or outlay while decreasing the risk itself.

Risk management is the central part of an organization's strategic management and it is the process whereby organizations methodically address the risks attaching to their activities with the goal of achieving sustained benefits within each activity and across the portfolio of all activities. Risks may include operational risk, decision risks, supplier base reduction, Globalization, acquisition mergers and alliances, inertia and just in time relationship risks. Risk management may be done into risk management process that implies risk identification, risk estimation, risk analysis/assessment, risk evaluation, risk reporting and communication and then risk monitoring /control and review²⁵.

Whereas a risk in simple terms can be measured using standard deviation, some risks may be difficult to measure requiring more complex methods of risk measurement. Good risk management is not only a defensive mechanism, but also an offensive weapon for manufacturing firms and this is heavily dependent on the quality of leadership and governance. A recognized risk is less “risky” than the unidentified risk. Risk is highly multifaceted, complex and often interlinked making it necessary to manage, rather than fear. Risk is not only avoidable but manageable²⁵.

Risk management can also be done throughout sourcing, stock piling, insurance, supplier development, contractual obligation, collaborative initiatives and careful supplier selection. Risk management involves risk identification, estimation, analysis, evaluation and control. Understand the nature of the risk ascertaining the impact and profitability of the potential risks on the supply chain. When risk analysis process has been completed, it is necessary to compare the estimated risk against risk criteria which the organization has established so as to have a corrective mechanism to improve the firm’s profitability levels.

Assessing risks is an ongoing process. It typically involves an organization engaging in a rigorous analytical process to identify risks and, where possible, to quantify them and the board of directors or senior management to determine the risk tolerance, based on an assessment of the losses of the organization. Effective risk assessment allows the organizations to better understand its risk profile and most effectively target risk management resources that will help the banking firms avoid or reduce risks hence improving their performance²⁶.

Effective risk management requires a reporting and review structure to ensure that risks are effectively identified and assessed and appropriate controls and responses are in place. Regular audits of policy and standards compliance should be carried out and standards

performance reviewed to identify opportunities for improvement. The monitoring process should provide an assurance that there are appropriate controls in place for organization's activities and procedures are understood and followed. Outcome of risk management are increased confidence through quality assurance, allocation of resources to risk management, disaster recovery and business continuity plans, increased reputation and coordination with service and delivery patterns, hence customer attraction leading to more sales volumes and market share as a measure of profitability²⁷.

Risk management has various types which are liquidity risk, credit risk and operational risk. Liquidity risk occurs when the probability of a bank lacking cash when needed to operational activities and settle the credit request of customers evident. Inability to have access to cash timely may lead to loss of customers and reduced earnings. If the cash crunch perseveres, the company may end in ultimate collapse. Credit risk occurs due to customers' failure to service bank borrowed fund as well as interest charged on the loan. When customers are unable to settle their debts, these defaults result in losses that can ultimately eat into the bank's capital²⁷.

Operational risk is explained as the risk of loss resulting from inadequate or failed internal systems or from external events. This operational risk refers to as operational expenses that reduce the profitability of banks. The justification for the used liquidity risk, credit risk and operational risk is due challenges face by deposit money banks in Nigeria in terms shortage of liquidity in the banks due to operation of treasury single account (TSA) by Federal Government of Nigeria which has also reduce the credit limit of banks to their customer²⁸.

2.1.2.2 Ethical Practice

Ethical behaviour of every firm and likely potential effects of malfeasance on company, society and firm performance have in recent time attracted the interest of many researchers. Hence, business ethics has redirected the thought of recent studies that called for renewed attention due to corporate scandals in both developed and emerging economies like those of Enron, Arthur Andersen, Adelphia, Tyco International, and Worldcom. Corporate governance is described as a set of behaviours that induce the company to maximize shareholder worth or value²⁹.

However, the influence of any firm in shaping their corporate behaviour stems or stalks from the collective energy and power of opinion that is wielded by capital markets, especially in this new era of information technology. Capital markets are seen strongly that shape corporate behaviour with natural definite real effects³⁰. Ethical compliance by business organizations is not an option or a luxury but a necessity for the smooth functioning of any organization. For every organization in any industry, there are laid down principles or operational requirements and prohibitions. This comprises organizational values, legal compliance, guidelines and codes, risk management and individual and group behaviour within the workplace. The understanding, internalization and application of this in and by any organization represent compliance.

These deals with the way an individual responds to issues in the workplace and these are determined by two major cognitive processes -categorization and particularization, based on the individual's values³¹. These responses was classified into eight namely -ethical neutrality, ethical awareness, ethical convention, ethical puzzle, ethical problems, ethical dilemma, ethical cynicism and caprice, and ethical negotiation.

In addition, the growing importance and called for governmental regulations and agencies, the amplified scrutiny of the many industries like media as well as increases worries and

pressure from numerous stakeholders have put and placed the corporate business ethics challenge, particularly in the virtually all areas of firms improvement. Corporate behavior or reputation has, in recent time, been recognized within the CG literature by a proliferation of conceptual and empirical study.

Hence, the recent literature has paid particular attention to the relationships between both corporate governance, reputation and financial performance³². The study and practice over the last decade have increased stepped up interest in studying how behavior fits in the outline or framework of traditional approaches to CG and its impact or effect on firm performance. In the academic arena, the proliferation of specialized journals like Journal of Business Ethics and Business Ethics Quarterly are testaments to growing interest in the subject. Hence, several attempts have resulted in mixed, inconclusive, argued in the previous researchers that do not provide sufficient understanding or answer to the mechanisms that will facilitate the processes of performance, learning and behavior change. However, there is still many numbers of unresolved and unanswered academic issues in the area of business ethics and firm performance.

Furthermore, the knowledge about existing literature and linkages between a company's ethical stance and posture and its firm performance remains limited. Hence, from a theoretical perspective point of view, there is still controversy over the impact and effect of business ethics and good corporate behaviour on a firm's performance³². Some research scholars contended that good ethics are a good business because it brings about or generates positive externalities such as trust, commitment, and performance improvements^{32,33}. These have been furthermore validated in North-America where some scholars contended that any firm with ethical behaviour is of critical importance in guiding or safe guiding its smooth relationships with its stakeholders³⁴. Therefore, ethical behaviour has a

strong ability to improve and add significantly to the firm and the value of the company's brand or image.

2.1.2.3 Transparency

Transparency and accountability are key and fundamental corporate governance principles. Transparency is one of the key indicators of a good corporate governance as it guarantees the disclosures of important and accurate financial and operational information³⁵. The information is given regularly and in a timely manner to aid the company in making optimal decisions. Accountability and transparency therefore affect the stakeholder directly as well as the company's business performance as a management standpoint. Throughout the performance evaluation scheme, every regulation scheme can therefore be readily mismanaged and managed by the officer or executives.

Transparency and accountability constitute an understanding of how and how decision making, execution, monitoring stages and results is improving, using clear, visible and foreseeable processes, operations and instructions for. The United Nation defines the openness, responsibility and transparency of the government and private sector choices and their results as suitable, clear and reliable access to data³⁵. However, the owners, investors and stakeholders concerned have a duty and right to know what their officer or officials do.

At certain times,' a party has the right to learn' whereas the other party's right to privacy was held on the other hand by the conclusion that,' transparency and responsibility are at the crossroads between the right to understand and the right to privacy of companies.' We review the argument and make hypotheses based on theoretical arguments and empirical proof in the following paragraph. Every country's development and growth obviously depend on accountability and transparency and has a beneficial impact. They argued that

increasing the level of growth of any company leads to increased responsibility and transparency³⁶.

Transparency “means having nothing to hide” that allows its processes and transactions observable to outsiders. It also makes necessary disclosures, informs everyone affected about its decisions. Transparency is a critical component of corporate governance because it ensures that all of entity’s actions can be checked at any given time by an outside observer. This makes its processes and transactions verifiable, so if a question does come up about a step, the company can provide a clear answer.

Transparency means that information should be provided in easily understandable forms and media; that it should be freely available and directly accessible to those who will be affected by governance policies and practices, as well as the outcomes resulting therefrom; and that any decisions taken and their enforcement are in compliance with established rules and regulations.

2.2 Theoretical Review

This section covers theories reviewed for the study, theoretical framework, identification and measures of variables, and the theoretical model of the study.

This section covers the review of Agency Theory, Stewardship Theory, and Stakeholders. The review covers the assumptions, critics, supporters and researcher’s perspectives of theory relationship to the study.

2.2.1 Agency Theory

This theory was developed by a scholar and expounded by another scholar. Agency theory serves as an insightful way to comprehend the interactions between agents and principals. The agent signifies the principal in a business deal, and as a direct consequence, he is supposed to safeguard the best interests of the principal without considering himself or his interest as more important. There are times when what the principal wants becomes different from what the agent desires and this may begin to manifest as a source of conflict^{93,94}. The direct consequence of this conflict is that the agents may refuse to act in a way that safeguards the interest of the principal. The subsequent difference may outcome in several difficulties and disharmony within businesses. Mismatched cravings and longings may cause a rift between each stakeholder leading to inadequacies and financial losses. Mismatched desires and objectives result in a principal-agent problem. This is where corporate governance comes in through policies that help manage the principal-agent relationship.

Agency theory assumes that both the principal and the agent have self-interest as the major motivating force guiding their performance in the relationship. This assumption of self-interest implies that conflict becomes inherent in the relationship. This is so because if both parties are driven by self-centeredness, agents are would pursue self-interested purposes that diverge and even clash with the objectives of the principal. Yet, agents are thought to function in the sole interest of their principals. Nevertheless, we have seen numerous situations where the chief executive officers of banking firms have grossly mismanaged the funds of the shareholders by diverting it for personal use. Others have gone ahead to participate in businesses that are outside the scope of the intentions of the principal. Furthermore, agency theory assumes that the corporation is a “nexus of contracts” between these individuals (the principals) and managers (the agents), to eventually restrain or guide conflicting interests. There are numerous differing clusters

within a business that contribute to agency theory, but the most prominent conflicts are typically between managers and owners. Managers can occasionally act in ways that will personally make them profitable by selecting accounting approaches that will upsurge income and therefore upsurge their reparation.

The flaws of agency theory in explaining corporate governance mechanisms, in general, are noted when it was argued against the analysis that claims that private bargaining or contract sufficiently restraints management misbehavior. Another strong criticism offered against agency theory is that it depends on a supposition of self-interested agents who focus on enriching their personal coffers. The challenge is consequently, to find a way that agents can set aside their self-interest. Another alternative is for agents to be able to maximize the principal's wealth and personal wealth at the same time. Thus, a standard of agency duty and action is needed, not because agents are generally self-centered, but for the reason that the likelihood for variances between the principal's and the agent's interests occurs. In agency relationships, the agent has moral accountability for her actions, which she cannot ignore merely because she functions as an agent for another⁹⁵.

Agency theory has in recent time continue to gain the support of recent studies that were acknowledged as the major and dominant theory as against numerous other theories in corporate governance research.

Agency theory is supported because it does not ignore the possibility of differences in the interest of the agent and the principal. Instead, the agency theory acknowledges the possibility for conflict of interest between agent and principal and consequently seeks to find ways through which this conflict can be mediated. The agency also enjoys supports because it explains the different levels of obedience. It also enjoys support because with the identification of potential conflicts comes the opportunity to enforce laws that are able

to prevent such from happening. When agents are found guilty, they can always plead that they were following the mandates of the principal.

This theory is relevant to the present study because corporate governance is the bridge between managing the conflict between the agent and the principal. The corporate governance framework is able to check and regulate the activities of the agents by creating laws backed up with management authority that places the agent in a position that makes conflict of interest more difficult for the agent. This can be done by modifying the guidelines under which the agent discharges the principal's duties. The principal, by engaging the agent to represent the principal's interests, must transcend a lack of data about the agent's discharge of his duties. Corporate governance ensures that agents have access to inducements that can motivate the agent function in alignment with the principal's interests. Agency theory is relevant to this study because it is highly useful in designing inducements suitable for inspiring the agent to act in alignment with the principal. This study is also relevant because, through corporate governance, the organizational incentives boosting the wrong behavior can be eradicated while guidelines depressing moral hazard implemented. Agency theory is relevant to this study because it aids the identification of the issue that can cause a conflict of interest between and the principal and the agent.

Agency theory offers a theoretical framework that is beneficial for this research in the function of corporate governance and performance variables. Research on agency theory shows that agency loss is minimized when two particular statements are true. The first is that the principal and the agent share common interests. Essentially, this means that both the principal and the agent desire the same outcome. The second is that the principal is knowledgeable about the consequences of the agent's activities⁹⁶. In other words, the

principal knows whether their agent's actions serve in the principal's best interest. If either of these statements is false, it follows that agency loss is, therefore, likely to arise.

2.2.2 Stakeholders Theory

The stakeholder theory attributed to Freeman in 1984 who hypothesizes a firm as an interrelationship of various stakeholders whose effect on the firm's activities is inclined by diverse environmental features. The notion of stakeholder as a dynamic element in corporate governance is quite fresh. The typical norm for business firms especially in the Nigeria context has been to make money for its investors.

Nevertheless, in the year 1963, some researchers at Stanford in California started to teach and publicize the idea that the business firm is not only accountable to its investors and shareholders but also to some other stakeholders such as employees, customers, suppliers, creditors and even the wider community and competitors⁹⁷.

How is the stakeholder best understood, the stakeholder is best understood as someone who has a stake in the future of the organization? The summary and core of the stakeholder approach is the maximization of the economic benefit of the business's operations. However, the difference between shareholder theory and stakeholder theory is that the stakeholder theory takes a different view on how profit maximization is achieved.

Initially, there is a possible lessening in external expenditures levied on stakeholders by the corporation. As an alternative to the corporation handling and seeing most of its expenditures as externalities and as a result denying obligation for them, which results in a disagreement between stakeholders. This disagreement between the organization and its stakeholders can be seen in the form of strike action, litigations, and government levied controls and directive. Stakeholder theory submits that instead of seeing employee salary

for instance as an externality it should be seen by the management as an expenditure that can be managed through internal negotiation with its stakeholders. Furthermore, the stakeholder theory emboldens improved dissemination of information between the several components of the corporation.

Repeatedly the competitiveness of a business corporation will be influenced by whether stakeholders (such as banks, sub-suppliers, or labor force) can come to a timely consensus with managers which entail information sharing and the reciprocated commitment. Corporate governance comes into the foregoing picture because governance structure can be designed to embolden information sharing and disclosure since this is apparently vital in producing robust relationships between stakeholders.

Stakeholder theory assumes that values are unavoidably and overtly a part of the business process. It assumes that business firms have value creation as one of the reasons for being in business and that every business firm would favor a working relationship with stakeholders⁹⁸. Stakeholder theory assumes that managers are clear about how they want to do business and unambiguously know the kinds of relationships they desire and need to create with their stakeholders to deliver on their purpose. Stakeholder theory also assumes that management will treat stakeholders the way they treat stockholders.

A conspicuous critic of stakeholder theory is a scholar, who is of the view that stakeholder theory is weak by assuming that the management would approach the treatment of investors and stakeholders similarly⁹⁹. He seeks to draw a sharp contrast ethically in the relationship between management and stockholders and the relationship between management and other parties (like employees, suppliers, customers, and government.)”. The critiques of stakeholders fault the theory on the principle that the management of a company has certain rights and privileges that must be given to the stockholder rights and

privileges that are recognized and sanctioned by the law. On the other hand, the company does not owe its stakeholders any fiduciary duty.

Also, the stakeholder theory is criticized for not offering a firm normative foundation for identifying who should be considered as a stakeholder of companies as a result of this, the concept of stakeholders is numerous, which implies that stakeholders may not merely take account of human beings but also non-persons¹⁰⁰.

An additional critique of the stakeholder theory is that it fails to guide directors to define which collection of stakeholders is more significant than others¹⁰¹. While “there is no stress-free way to define those who belong to the category of stakeholders company managers need to understand the said issue since it has compact interconnection in promoting stakeholders as a whole. Nevertheless, because there is no clear direction provided by the stakeholder theory, it is vague and unclear to management. The implication of this is that it becomes difficult to make the right decision that recognizes which stakeholders are more significant than others. Therefore, a mix-up of the abovementioned problem may ruin corporations’ business.

Another criticism of the stakeholder theory is that while it is easy to conclude that the stockholder requires financial returns from the company it becomes difficult to ascertain what it is exactly that the stakeholders require from the business because different stakeholders contribute different things to the company. This ambiguity and vagueness are one of the criticisms levied against the stakeholder theory. In conclusion, critics are of the view that the stakeholder theory fails to clarify this ambiguity as there is no provision of what stakeholders should expect¹⁰².

Stakeholder theory has huge supporters because they are of the opinion that the theory helps to solve the dilemma of the objectives of an organization. The stakeholder theory

enjoys support because it affirms that profit maximization is the goal of the corporation; nevertheless it also affirms that ethical issues of the business necessitate social responsibilities. It goes on to stress that business has to be fair to all stakeholders, with the consequence that managers will run corporations for advancing all stakeholders. Consequently, the theory is supported by researchers, scholars, and practitioners because it is a good amalgamation between economy and ethics that empowers the businesses to grow while promoting social wealth as a whole.

Stakeholder theory also stresses that a corporation should not expect to endure or survive in the long run if all contributions and efforts are only coming from the stockholders. The stakeholder theory is also supported because it emphasizes that the stockholder are not adequate or enough to sustain a company in the long run, but that input from other stakeholders such as employees, creditors, suppliers, and customers is equally needed. Therefore, it is essential for corporations to consider stakeholders' interests as their input influences the businesses' performance and wealth significantly. Stakeholder theory enjoys support because it asserts that if the interests of stakeholders is a major source of concern for management, not only will stakeholders' upsurge but the same thing will happen to the social wealth of the company.

Other researchers also support the moral legality of the prerogative that stockholders have definite privileges and prerogatives because of their monetary investment, but supporters of stakeholder theory uphold that similar claim should be applicable to all those who have invested one way or the other in the corporation. This take account of staffs (particularly those who toiled for business for numerous years and devotedly); the public (to the degree of which special investments are made that unambiguously benefit that business); creditors (specifically large, long-term ones); and, under some circumstances, patrons.

This theory is applicable to this study because it looks at the interrelationship between shareholders and banks activities towards organizational performance. Finally, there are other advantages of the stakeholder theory. The theory presents a strong moral basis for valuing human privileges and stimulating effectiveness. Management who interconnects with stakeholders are stimulated to take care of the interests of stakeholders because of the principles of the stakeholder theory.

In doing this, stakeholders offer their expectation and admiration to management, because their privileges and welfares are sheltered. For the time being, stakeholders will likewise their best to reward businesses by working more professionally. Besides, the theory is consistent and in alignment with reality. In the real business environment, there are vital stakeholder's issues regarding environmental concern and welfare policy. The stakeholders in charge of environment and welfare must be respected for the business to thrive and flourish. There are numerous factors that need to be addressed other than maximizing shareholders' interests such as concern for persons who are shareholders¹⁰³. The stakeholder theory is highly relevant because it intends to balance economics and ethics issues connected with corporations' operations, and this is why strong and robust corporate governance framework is needed to implement the practical aspect of the stakeholder theory.

2.2.3 Stewardship Theory

Stewardship Theory was developed by ¹⁰⁴ and states that managers are motivated by a desire to achieve and gain intrinsic satisfaction by performing challenging tasks; hence, their motivation transcends mere monetary considerations. Stewardship theory is a theory that managers, left on their own, will act as responsible stewards of the assets they control. Stewardship theory recognizes the need for executives to act more autonomously to

maximize the shareholders returns. Here, the managers are more concerned with the interest of the shareholders than their own personal interest, hence, eradicating the problem of sub-optimization, because this relationship is based on trust. Consequently, managers require authority and desire recognition from fellow colleagues and superiors to effectively perform their tasks. Hence, shareholders must authorize the appropriate empowering governance structure, tools, authority and information to facilitate managers' dependency, built on trust, to take decisions that would minimize their liability while achieving firm's objectives ¹⁰⁴. Unlike agency theory, stewardship theory emphasizes the role of top management as stewards because they are expected to integrate their goals as part of the organization.

This theory postulates that managers in organizations have a network of relationships to serve; this include employees, shareholders, suppliers, business partners and contractors. The theory was developed by ¹⁰⁵. This theory is set to protect the interest of stakeholders. Stakeholder theory proposes the representation of various interest groups on the organization's board to ensure consensus building, avoid conflicts, and harmonize efforts to achieve organizational objectives.

The shareholder model of corporate governance relies on the assumption that shareholders are morally and legally entitled to direct the corporation since their ownership investment is an extension of their natural right to own private property.

The notion the shareholders govern the corporation is largely a fiction: Typically, executives have the greatest power. A scholar questions whether "executives can and should be made more accountable and responsive to some groups other than themselves, and which groups this should include¹⁰⁶.

The stakeholder view was supported by another scholar ¹⁰⁷. He accepts the moral legitimacy of the claim that shareholders have certain rights and entitlements because of their investment, but he maintains that “the same basic claim should be extended to all those who invest in the corporation.” This includes employees (especially those who worked for a corporation for many years and loyally); the community (to the extent special investments are made that specifically benefit that corporation); creditors (especially large, long-term ones); and, under some conditions, clients.

A prominent critic of stakeholder theory is a scholar who argues that a multi-fiduciary stakeholder approach fails to recognize that the “relationship between management and stockholders is ethically different from the relationship between management and other parties (like employees, suppliers, customers, and so on.) Good paster contends that managers have many non-fiduciary duties to various stakeholders but their fiduciary duties are only to shareholders.

It was suggested that the shareholder-management relation is not ethically different and there is no reason in principle to adopt the distinction between fiduciary and non-fiduciary duties and the distinction between shareholders and other constituencies ¹⁰⁸. He states that: “Many of the fiduciary duties of officers and directors are owed not to shareholders but to the corporation as an entity with interests of its own, which can, on occasion, conflict with those of shareholders.

Agency theory and stakeholder theory serve as the theoretical framework for this study. Agency theory is relevant to the present study and used as the theoretical framework because corporate governance is the bridge between managing possible conflict of interest between the agent and the principal¹⁰⁹.

The corporate governance framework is able to check and regulate the activities of the agents by creating laws backed up with management authority that places the agent in a position that makes conflict of interest more difficult for the agent. This can be done by modifying the guidelines under which the agent discharges the principal's duties. The agency theory of corporate governance ensures that agents which in this case are the bank directors and managers have access to inducements that can motivate them to function in alignment with the principal's interests. Agency theory is used as the theoretical framework because it is highly useful in designing inducements suitable for inspiring managers and bank directors to act in alignment with the interests of the shareholders. Agency theory is also used in this study because through corporate governance, the organizational incentives boosting the wrong behavior in the banking industry can be eradicated while guidelines depressing moral hazard implemented. Agency theory is utilized as the theoretical framework of this study because it aids in the identification of the issue that can cause a conflict of interest between and the principal and the agent in the banking industry¹⁰⁹.

Agency theory is relevant to this study and superior to other theories because it does not ignore the possibility of differences in the interest of the agent and the principal. Instead, the agency theory acknowledges the possibility for conflict of interest between agent and principal and consequently seeks to find ways through which this conflict can be mediated. The agency theory is also in this study on the determinants of corporate governance because it explains the different levels of obedience. It is also relevant to corporate governance because with the identification of potential conflicts comes the opportunity to enforce laws that are able to prevent such from happening ¹¹⁰.

Stakeholder theory is also used in this study, and it also serves as the theoretical framework for the study. The stakeholder theory is used as a theoretical framework because it provides an alternative to the corporation handling and seeing most of its expenditures as externalities and as a result denying obligation for them, which results in a disagreement between stakeholders. Stakeholder theory has inbuilt principles and measures that can be used to manage possible disagreements between the organization and its stakeholders. These disagreements manifest in the form of strike action, litigations, and government-levied controls and directives. While the Agency theory handles and manages possible conflict that can arise from the company agents such as its managers and directors, the stakeholder theory focuses on challenges that can arise from the stakeholders of the company such as suppliers, labor unions, workforce, pressure groups, community, and the government.

Stakeholder theory supplements the understanding of the determinants of corporate governance by submitting that instead of seeing employee salary for instance as an externality it should be seen by the management of the banking industry as an expenditure that can be managed through internal negotiation with its stakeholders. Furthermore, the stakeholder theory emboldens improved dissemination of information between the several components of the banking corporation. Repeatedly the competitiveness of a business corporation will be influenced by whether stakeholders (such as banks, sub-suppliers, or labor force) can come to a timely consensus with managers which entail information sharing and the reciprocated commitment. Corporate governance comes into the foregoing picture because stakeholder theory entails governance structure can be designed to embolden information sharing and disclosure since this is apparently vital in producing robust relationships between stakeholders.

This section integrated the econometric models developed along the constructs, to test the linearity in effect of X in relation to Y towards deepening knowledge in terms of prediction and relative effect of each of the constructs to the Y . The regression models of the study were pillared on the assumptions that a significant relationship exists between the sub-components of X ($x_1, \dots, x_7$) to each principal factor of Y . While this appears robust in mathematical form, the theoretical aspect upon which the models were built rested on Agency theory and expounded stakeholder theory¹¹⁰. Corporate governance is the bridge between managing the conflict between the agent and the principal. The corporate governance framework is able to check and regulate the activities of the agents by creating laws backed up with management authority that places the agent in a position that makes conflict of interest more difficult for the agent.

Corporate governance ensures that agents have access to inducements that can motivate the agent function in alignment with the principal's interests. This thesis sees/identified corporate governance determinates as useful in designing inducements suitable for inspiring the agent to act in alignment with the principal which constitutes x_1 and x_2 , agency (transparency, fairness, board structure) x_3, x_4, x_5 . Each of these elements affects Y differently, and its sub-variables (y_1, y_2, y_3) within the purview of direction and level of significance. The work further assumed that the summation of y_1, y_2, y_3 to form Y provided a deeper scientific information relative and vis-à-vis Y . As such, both prediction and explanation of organizational performance in light of y_1, y_2, y_3 and Y benefit corporate governance.

Hence, the equations as expressed mathematically:

$$PR = \beta_0 + \beta_1 RM_i + \beta_2 EP_i + \beta_3 F_i + \beta_4 TP_i + \beta_5 BS_i + \varepsilon_i \text{----- i}$$

$$MS = \beta_0 + \beta_1 RM_i + \beta_2 EP_i + \beta_3 F_i + \beta_4 TP_i + \beta_5 BS_i + \varepsilon_i \text{----- ii}$$

$$BE = \beta_0 + \beta_1 RM_i + \beta_2 EP_i + \beta_3 F_i + \beta_4 TP_i + \beta_5 BS_i + \varepsilon_i \text{----- iii}$$

$$OP = \beta_0 + \beta_1 CG_i + \varepsilon_i \text{----- vi}$$

2.3 Empirical Review

This section of the research work presents the findings review.

2.3.1 Corporate Governance Dimension and Organisational Performance

A study titled structural aspects of corporate governance and family firm performance was carried out: a systematic review³⁷. The purpose of this paper is to systematically review and examine extant knowledge on corporate governance structures (CGS) and performance relation within family firm and set the agenda for future research. The study analyses the content of 159 empirical articles retrieved mainly from Google Scholar and published between 2000 and 2016 in 61 highly ranked journals across different disciplines. The review reveals a fixation on quantitative approach and its associated techniques in examining CGS and performance nexus. The results from the review demonstrate a heterogeneous relation between measures of CGS and performance. Suggestions for further studies include: measurement of non-economic performance of the family firm and incorporation of moderators and mediators from the organizations' environment through the adoption of multilevel research. The limitations of this review include first, issues relating to key/search terms and journals used for the study; this may not be exhaustive and hence likely to lead to omission of key publications. Second, scholarly attention in terms of empirical studies on family governance, including family council, family assembly and family constitution, has been scarce; hence family governance is outside the scope of this review. In sum, future work may explore other keywords and publications not used in this review and consider review of family governance³⁸. The authors offer a

multidisciplinary conceptual framework that synthesizes and integrates the existing literature on CGS across different disciplines within family firms. This provides researchers across different disciplines a common platform for interdisciplinary discourse.

A study to find out if corporate governance beget firm performance in Fortune Global 500 companies was carried out³⁹. This paper aims to determine the impact of corporate governance practices on the financial outcomes of Fortune Global 500 Companies, thus covering impact of geographical differences (USA and non-USA) as well. The study is a quantitative research based on a positivist paradigm using deductive reasoning and secondary data collection. Data collection has been done from secondary sources (annual reports, Edgar submissions, and financial statistics from renowned financial databases such as Finance, Bloomberg, Ycharts statistics, and Morningstar. Data were collected for 8 years 2005-2012. The study found a strong positive relationship between corporate governance and firm performance. Smaller board sizes are found to generate better firm performance in Fortune Global 500 Companies. Frequency of board meetings have also been found to have an inverse relationship with firm performance. The study supports board independence to improve transparency in board decision-making process. CEO compensation has been found to have an inverse relationship with firm performance. The robustness of our results has been measured with the usage of three dependent variables, and we have found same results with varying significance level. Due to selection of globally broad sample set qualitative aspects of corporate governance could not be covered. Nevertheless, there is a need to go beyond the quantitative techniques (secondary data) of measuring corporate governance mechanisms. The population set is unique combination of big players and global diversification. Hence, the corporate governance practices of these firms as understood from the results of this study can be bench-marked for emerging corporates of varying global context. The research is original and unique as it

significant and globally diverse population of Fortune Global 500 Companies over a period of 8 years for 11 variables of interest. Results are helpful in bench marking for the rest of market players.

A scholar examined corporate events' performance and corporate governance: the Brazilian evidence⁴⁰. The purpose of this paper is to investigate the relation between corporate governance and corporate events' performance. Firms that engage in corporate events seem to perform at least as bad as similar firms that did not. Based on agency theory, the authors hypothesize that lower corporate performance is associated to differences in governance levels.

During the evaluation of the performance of corporate events, it was expanded by considering unique corporate governance features from Brazilian stock market⁴¹. The results suggest that after controlling for governance levels, event rms and control rms have similar performance. A number of analyses were performed to rule out alternative explanations. The results call attention for the role of agency costs in evaluating corporate events' performance.

Corporate governance was examined: evidence from Islamic banks⁴². This paper aims to examine the impact of Shari'ah supervisory boards (SSBs) on the performance of Islamic banks (IBs). It also tests whether SSBs' attributes affect the performance of IBs. Based on a sample of 1,803 Islamic bank-year observations from 82 banks in 15 countries over the period 1993-2014 and controlling for factors known to affect bank performance, this study reveals a robust and significant positive relationship between SSBs and Islamic bank performance. This study also shows that the characteristics of SSBs affect the performance of IBs. This research reveals how SSBs influence the performance of IBs, as well as the processes and roles SSBs use to ensure Shari'ah compliance in business transactions.

The purpose of this study design is to relate SSB presence, size and diversity to financial performance using three techniques. The first technique is a multivariate data analysis that analyzes data arising from more than one variable. The second technique is a clustered regression (clustering by bank), which corrects for serial correlation and produces unbiased t-statistics. Because this sample is drawn from panel data, it is expected serial autocorrelation of the independent variables and error term within banks. In cases where within-company correlation exists, t-statistics based on average regression coefficients from year-by-year regression are upwardly biased and potentially severe⁴³. Therefore, this study uses a technique that agrees with⁴⁴, who show that the standard method of calculating heteroskedasticity-robust standard errors for the fixed-effects estimator generates inconsistent variance estimates. Thus, using the clustered regression is consistent with the fixed-effects estimator. The third technique is a two-stage least-squares regression that helps build an instrumental variable for robustness tests purposes.

The findings suggest that large corporate boards and large SSBs are more efficient in dealing with different monitoring and advisory roles than small SSBs. Consequently, this suggests that increasing the size of corporate boards and SSBs should improve monitoring and advisory functions, management behavior and organizational performance.

It is possible that there is an upper limit to this benefit, however; we do not explore this limit, which therefore provides opportunities for additional research. Because Shari'ah compliance relates only to a rational legal framework of negative screening relegated to interest prohibition and limiting uncertainty. The interest prohibition and limiting uncertainty have not been investigated between the two samples due to data unavailability. In addition, limited accounting-based measures of financial performance may not accurately portray IB performance; hence, an additional market measure is implemented,

which is Tobin's Q. Ultimately, these findings could help IBs improve their financial results by enhancing their internal and external governance mechanisms⁴⁵. They provide a basis for developing larger, more diverse SSBs that are more focused on complying with Shari'ah and corporate governance. The results also have significant policy implications for improving firm-level corporate governance versus improving country-level institutional factors. Both views have their advocates. However, it is very difficult to reform the legal system in a short time. Still, this study shows that struggling IBs have a way to improve their corporate governance and simultaneously improve their financing environment. This research contributes to the literature on the effects of SSBs on IBs' organizational financial performance, processes and roles. It is the first to examine empirically the underpinnings of how SSBs affect organizational financial performance via agency theory and contingency theory.

An examination was done to know if corporate governance shape the relationship between corporate social responsibility and financial performance⁴⁶. The theoretical and empirical relationships between corporate social responsibility (CSR) and corporate financial performance are not without controversy. Yet, CSR activities are increasingly undertaken by a large number of firms, not only in developed countries but also in emerging countries. This paper aims to investigate the moderating effect of different aspects of corporate governance, which are foreign and state ownership, board size and board independence, on the relationship between CSR and financial performance. A sample of Vietnamese listed firms is analyzed. Robust regression analysis is performed using ordinary least squares as well as fixed-effects and two-stage least squares model. Ordinary least squares regression results show that CSR activities affect the financial performance of firms positively. Furthermore, corporate governance features like foreign ownership, board size and board independence strengthen the positive relationship between CSR and financial performance,

but there is no such impact of state ownership. Previous studies mostly investigate the direct effect of CSR on financial performance. A few studies examine the moderating effect of corporate governance, which is ownership concentration and board gender diversity. As an emerging country, Vietnam has some specific characteristics on corporate governance. This paper contributes by investigating the moderating effect of few major aspects of corporate governance, which are foreign and state ownership, board size and board independence.

A study was carried out on corporate governance, globalization and firm performance in emerging economies: Evidence from India⁴⁷. Purpose The purpose of this paper is to examine relationship between corporate governance (CG) and firm performance for a set of 255 foreign-funded firms in the form of foreign direct investment (FDI) and private equity (PE). The authors employ a wide range of CG measures including board size, meetings, board gender and foreign ownership which are used as the proxy of globalisation and control variables like firm age, leverage, firm size and capital expenditure to arrive at a conclusion.

Panel data set of 255 (187 companies funded by foreign capital in the form of FDI, and 68 companies having foreign capital in the form PE) companies listed on Bombay Stock Exchange, for the period of eight years (2008–2015) are analysed by using static (fixed and random effects) and dynamic (generalised method of moments (GMM)) panel data specifications to examine the relationship among CG, globalisation and firm performance.

The empirical results of static model indicate the relationship between CG and performance of foreign firms, which are not very strong in India. This is due to the fact that most of the firms are not following the guidelines and regulations strictly in the initial period of sample years. Diversity in board is found as an important variable in accessing

firm performance. And the authors also found that foreign firms are very particular about the implementation of CG norms. The results of GMM model highlight the interaction term of foreign ownership with governance indicators. CG is having a positive and significant impact over performance, inferring that higher foreign ownership (in the form of FDI and PE) in firm leading to positive effect on profitability.

The investor's preference of financing a unit is guided by the performance of a firm. Investors are more inclined towards high-performing firms, and hence higher profitability leads to higher inflow of capital. The result indicates that higher accounting and market performance may be achieved by good governance practices, in turn, leading to reduced agency costs. Countries with high governance scores attract more of foreign capital. Similar to the best governed countries, the companies having good governance practices attract more foreign inflows in the form of capital. While previous literature considered a single measurement framework in the form of a CG index, the authors tried to incorporate a range of CG indicators to study the effect of globalisation and CG on firm performance. The authors segregated foreign-owned funds into two parts, especially FDI and PE. This paper examined heterogeneity in the form of FDI-funded and PE-funded firms, as no prior literature is available which has evaluated different sets of foreign funds simultaneously on CG.

An examination was conducted on corporate governance and firm performance in Latin America: a meta-analysis⁴⁸. The relationship between the role played by corporate governance (CG) mechanisms and shareholder wealth is an important and mature topic in some countries and regions. However, despite the considerable number of studies, the results are still inconclusive. The purpose of this paper is to contribute to the debate around the theme in Latin America through a meta-analysis.

The study used meta-analytic procedures to review 42 articles produced by researchers from Latin American countries, whose samples were composed of Latin American firms. The results suggest that CG best practices are associated with better Latin American firm performance. The evidence also suggests that results are moderated by the characteristics of boards of directors, the ownership, and control structure and various simultaneous CG mechanisms, through broad indices and special CG trading segments. The relationship between GC and firm performance possesses certain peculiarities in the case of Latin American countries and the literature on the region is certainly not as abundant and mature. As most of the articles reviewed were written in Portuguese and Spanish and published in local journals, the consolidation produced should also be useful for researchers throughout the world by enabling them to access their ideas.

Corporate governance and corporate performance was examined: financial crisis⁴⁹. This paper aims to investigate the impact of corporate governance, as measured by the Corporate Governance Index, on firm performance and dividend payouts during the financial crisis of 2008. The empirical approach followed in the study involved constructing a comprehensive measure of corporate governance for 298 non-financial companies listed on the Warsaw Stock Exchange in the years 2006-2010. The results show that prior to the crisis, there was a positive association between corporate governance and performance as measured by Tobin's q. Moreover, the study presents evidence that higher corporate governance leads to an increase in cash dividends. Amid the financial crisis, corporate governance was positively associated with a higher return on assets, yet this was not observed when measured by Tobin's q. Additionally, during this period, better-governed companies paid dividends less generously than firms with lower corporate governance standards did. The study provides new evidence on the impact of corporate governance on firm performance and valuation in an emerging market during the financial

crisis. Moreover, the study shows that governance mechanisms operate differently in crisis and non-crisis periods.

A scholar examined corporate governance provisions and firm financial performance: The moderating effect of deviation from optimal franchising⁵⁰. Borrowing from arguments of agency theory, the present study aims to investigate the moderating effect of the deviation from optimal franchising on the relationship between corporate governance provisions and firm financial performance.

The sample consists of 35 publicly listed US restaurant firms for the 1990-2008 period. The study uses a hierarchical regression with cross-sectional time-series fixed effects. The results show that the deviation from optimal franchising worsens the negative relationship between corporate governance provisions and firm performance. The availability of governance data restricts our sample to large publicly listed firms in the US restaurant industry, limiting the ability to generalize results for small and privately held restaurant firms. Firm executives should not only pay attention to which corporate governance provisions they adopt but also strive to maintain an optimal level of franchising. The key contribution of this study to governance literature is that this study demonstrates how the presence of multiple governance mechanisms influences firm performance.

Business strategy, enterprise risk management and organizational performance was examined⁵¹. This paper aims to identify the influence of business strategy on enterprise risk management (ERM) adoption and organizational performance (OP). In addition, the mediation effect of ERM on the relationship between business strategy and OP is assessed. A cross-sectional analysis of primary data gathered from 174 public listed companies in Malaysian Bourse through survey was conducted. Companies with cost leadership business strategy are more eager to implement ERM compared to companies with

differentiation strategy. The results also indicate that ERM implementation has a significant positive impact on OP. Though ERM is a partial mediator of the relationship between cost leadership strategy and OP, it does not mediate the relationship between differentiation strategy and OP. One of the limitations of this study was the small number of respondents, comprising only 174 public listed companies. In addition, the manifest variables adopted from previous studies may not be the best indicators to measure latent variables. Nonetheless, this study fills the gaps in ERM studies by determining the impact of different kinds of strategy on ERM adoption and investigating the mediating effect of ERM on the relationship between business strategy and OP. Although the trend in Malaysia seems to move toward ERM adoption, evidence shows that it is not widely practiced among Malaysian firms. Directors of Malaysian companies can understand better the impact of enterprise business strategy on the adoption of risk management and how ERM influences OP. The results of this study also provide valuable insights for the corporate governance regulatory authorities. This paper is among the few to assess the impact of firm's strategy on ERM adoption and to determine the mediation effect of ERM on the relationship between business strategy and OP.

A study was carried out on Does corporate governance spillover firm performance? A study of valuation of MENA companies⁵². The aim of the paper is to examine the association of corporate governance (CG), the firms' characteristics and the financial performance of firms operating in the Middle East and North Africa (MENA) region after Arab Spring. The study focuses on CG, exemplified by boards' composition and ownership structure. It also explores the possible moderating effects of environmental social and governance characteristics (ESG), leverage and size on the relationship between CG and the company's performance. Using Thomson-Reuters database, a sample of 67 firms was extracted in the MENA region to measure CG and financial performance post-

Arab Spring from 2012 to 2016. Panel GLS regression random effects are used to quantify the relationship; robustness is checked by using several alternative regressions and specifications to the performance measure.

The results reveal that board independence (BI) is negatively correlated with firm profitability but ownership concentration and board gender diversification contribute to profits. When firms that voluntarily form a governance committee are examined, ownership is less concentrated. We obtain a stronger impact of good governance on performance in these firms: board composition, in general, and workers' satisfaction generate more profits; and undertaking ESG activities become a more dispensable activity. The effect of board size (BS) and forming a governance committee are studied and ensuing recommendations are drawn. In addition, relevant internal control of firms' characteristics that strongly predict firms' market values are discussed in the context of agency and stewardship theories. Despite the fact that governance-performance nexus has been extensively discussed and examined, the focus of this volume of research is on western developed countries. The growing economies of the MENA countries, and the limited governance-performance literature in the MENA context have created a demand to understand the governance environment in these countries and its influence on firm's performance. In this region where firms' owners are mainly family members, governments and/or institutions, governance is typically weak; moreover, ownership concentration is expected to guarantee good performance, as the role of independent directors becomes ineffective. For firms where ownership is more diluted, a sound governance system should be established to replace ownership concentration, and to more efficiently monitor management, and consequently improve firm performance. Therefore, this study not only contributes a summary of the prevailing corporate structure in MENA. Moreover, it explains the settings where both the stewardship and agency theories apply in MENA

firms. Some recommendation on the importance of changes to the existing governance rules are highlighted in terms of more rules requiring board independence, board gender diversity, limits on board size and establishing governance committees.

A scholar examined the Dynamic study of corporate governance structure and firm performance in China: Evidence from 2001-2015⁵³. The paper aims to provide a comprehensive investigation of the relationship between corporate governance (CG) structure and firm performance in Chinese listed firms from 2001 to 2015. The authors' motivation derives from the fact that the CG system in China is different from those in the US, the UK, Germany, Japan and other countries. A large unbalanced sample, covering more than 22,700 observations in Chinese listed firms, was used to explore, by means of a system-generalized method-of-moments (GMM) estimator, the relationship between CG structure and firm performance to remove potential sources of endogeneity. Results show that Chinese CG structure is endogenously determined by the CG mechanisms investigated: there is no relationship between board size (including independent directors) and firm performance; CEO duality has a significantly negative effect on firm performance; concentration of ownership has a significantly positive influence on firm performance; managerial ownership is negatively correlated with firm performance; state ownership has a significantly positive effect on firm performance; and a supervisory board is positively correlated with firm performance. The findings provide policymakers and firm managers with useful empirical guidance concerning CG in China. Few integrative studies have examined the impact of CG structure on firm performance in China. This study adds new empirical evidence that the relation between CG structure and performance in China is endogenous and dynamic when controlling for unobserved heterogeneity, simultaneity, and dynamic endogeneity.

Corporate governance, financial crises and bank performance was examined: lessons from top Russian banks⁵⁴. The purpose of this paper is to investigate the impact of different dimensions of corporate governance practices such as board characteristics, ownership structure, corporate disclosure and CEO education on the operating performance of Russian banks before, during and after financial crises. Based on the findings, it proposes some policy measures for improved governance practices to protect banks from future financial crisis or economic downturns. The study comprises data from the largest publicly traded Russian banks listed on the Russian Stock Exchange RST for the period. Operating performance data were collected from financial statements, while corporate governance mechanisms were collected from annual reports available on the banks' websites. Because panel data were used, the panel regression model was used to control unobserved time-constant heterogeneity. The findings revealed a positive impact of corporate governance on bank performance before and after the financial crisis. The financial crisis enforced Russian banks to improve their corporate governance practices, resulting in better operating performance after the crisis. Surprisingly, the results for the during-crisis period show that better governance did not yield higher operating performance in Russian banks. This is one of the first studies to provide empirical results regarding the relationship between corporate governance practices and bank performance in Russia across different financial crisis periods. The findings revealed the uniqueness of corporate governance scenarios of Russia which could provide important guidelines for other transition economies and emerging markets.

The complementary/substitution effects of post-privatization corporate governance mechanisms on firm performance in selected MENA countries was examined⁵⁵. The purpose of this paper is to expand understanding of the determinants of performance in newly privatized firms by empirically examining the interaction effect of internal

corporate governance and Big Four auditors in Middle Eastern and North African countries. Specifically, the paper contributes to the existing literature by identifying whether there is a substitute or complementary relation between internal corporate governance mechanisms and Big Four auditors. A data set of 88 NPFs of MENA countries over the period 1987-2010 is used. The methodology is based on two-stage least squares regression analysis.

Results show that government ownership and the proportion of outside directors can substitute for Big Four auditors. However, foreign ownership and the CEO duality reinforce each other to improve performance of NPFs. Overall, these findings suggest that in the presence of agency problems within privatization process, different combinations of internal corporate governance and Big Four auditors can serve as a monitoring response in NPFs and should yield a superior performance. This study gives insights to policy makers' managers and regulators who are interested in investing in MENA region. The authors argue that information regarding who is auditing the firm is very value relevant for investors investing in the MENA region. Firms with Big Four auditor as external auditors are likely to disclose better information than those that are audited by non-Big Four auditors. This paper extends the understanding of the determinants of the post-privatization performance in MENA region. It fills the privatization literature void by introducing Big Four auditors as an external governance mechanism. To the authors' knowledge, the authors' work is the first study that investigates whether Big Four auditors play an important role and interact with internal corporate governance mechanisms to address the dominant/minority shareholders post-privatization agency problems.

Family involvement in publicly traded firms and firm performance was studied: a meta-analysis⁵⁶. This study aims to investigate the effects of family involvement in corporations

on firm performance. It remains unclear whether family-owned companies, or companies with other forms of family involvement in the corporate governance, perform better than firms with no family involvement. Furthermore, the study focuses on family involvement in publicly traded firms, which are different from private family firms. Hence, knowledge about family firms will be enriched through a closer look at the publicly traded family firms and shed further light onto the heterogeneity among family firms. The present study uses a meta-analysis of the extant research on family involvement and publicly traded family firm performance. The authors synthesize past research, identify and reconcile mixed findings and expand the understanding of the phenomenon.

Involvement of the founding family members in firm governance tends to improve firm performance, albeit the effect is rather weak. However, the effect varies greatly depending on the type of family involvement and the measure of performance. The authors also identify regional differences, as well as variations by the firm size and study design. Furthermore, under-researched areas are identified for future research. The results of the study would be useful in guiding organizational design and investment decisions. By using the meta-analytic approach, the present study provides a comprehensive review of the empirical evidence available on the issue so far. Most importantly, the authors were able to conduct a series of tests to assess the moderating effects of a number of factors that could not be evaluated in any individual study in the meta-analytic database.

Corporate governance and performance of Italian gambling SMEs during recession was examined ⁵⁷. This study aims to explore how the economic recession and some corporate governance (CG) provisions can affect the performance of Italian gambling small and medium-sized enterprises (SMEs) across different business segments. This study uses a panel sample of 2,135 observations before and during the global financial crisis.

Specifically, the roles of ownership, boards of directors, chief executive officer gender and gambling business segments are investigated in the Italian gambling market. Ownership concentration has a negative relationship with the performance of foreigner- and financial-owned firms, while boards exert a positive role on performance. Interestingly, the financial crisis does not impact the performance of Italian gambling SMEs and some business segments, such as bingo, perform even better during the crisis. Further investigations should analyze the role of single games on firm performance. The consumer- and firm-level examinations offer very different perspectives and scholars should be aware of this when investigating the gambling industry. This study might help both policymakers and other gambling firms, such as casinos, to better understand which appropriate CG model should be adopted and how it can positively influence performance, especially in recessionary times. This study contributes to studies on hospitality and tourism by focusing on the complementary role of gambling SMEs with respect to casinos. It also increases knowledge on the role of CG in privately owned gambling firms, which thus far has been scantily investigated by scholars.

The relationship between women's presence in corporate positions and firm performance was examined: The case of Colombia⁵⁸. The purpose of this paper is to analyze, in the Colombian developing context, the relationship between the presence of women in corporate positions and the financial performance of the company and to know if there are differences between family and non-family firms. Building on the contingency theory of leadership, which emphasizes that leader's personality and the situation in which that leader operates influences corporate decision-making, the authors use panel data models on a sample of 54 Colombian public businesses for the period 2008-2015 to test the proposed hypotheses on the relationship between women's presence in corporate governance positions and financial performance, as well as the difference between family

and non-family firms. The results support that women's presence in corporate governance positions is positively associated with firm performance. More concretely, the authors find a relationship between women at the top corporate governance structure (as part of the board of directors, top management team and chief executive officer) and firm profitability. Results also indicate that family business, as a type of organization, (negatively) moderates the positive relationship between female participation in top executive positions (board and top executive team) and firm performance. First, this study is limited to women in corporate positions in large companies listed on the Colombia Stock Exchange, and thus, generalizability for smaller entities may be limited. Second, data limitations do not allow us to investigate ways in which women's presence in corporate governance structures contributes to improve firm goals. The authors provide support to the hypothesis that positively relates women's presence in corporate governance positions and firm performance for the case of Colombia. This serves as a guidance to Colombian regulators, corporate decision-makers and policy-makers to promote the inclusion of women in top hierarchical structures through either mandatory laws or recommendation. Few studies have addressed the women's presence in corporate governance positions and contribution to firm performance in developing economies. This study contributes to better understand how women impact performance in contexts where women are underrepresented in corporate governance structure and where there are no laws that pressure firms to appoint women in corporate governance positions.

A scholar studied the relationship between ownership structure and firm financial performance: Evidence from Jordan⁵⁹. Previous studies that dealt with corporate governance have witnessed gradually significant growth that created some new trends. The purpose of this paper is to be involved in such trends through examining the link between ownership structure as one of the important corporate governance mechanisms

and firm performance in Jordan as one of emerging economies. The current study used the multiple regression method to analyze available data for non-financial firms listed in the Amman Stock Exchange for the fiscal year 2012. The findings revealed that managerial ownership has a positive impact on performance. On the other hand, the findings surprisingly showed no evidence to support the impact of foreign ownership on performance. Moreover, there is a significant evidence to support the fact that company size has no impact on firm performance. The findings also revealed that industry type has no impact on firm performance. The practical implications of the current study demonstrated that good corporate governance is imperative to all organizations and must be encouraged for the interest of all stakeholders. Unlike the majority of the previous studies, the current study unexpectedly found that foreign ownership is not significantly contributing to the firm performance. Thus, Jordanian Government and other related/responsible parties should formulate policies for the foreign investors. Interestingly, from developed and developing countries perspective, the study is the first of its kind that exclusively chose the mechanisms of ownership structure in its relationship with firm performance represented by market share, where no previous study has tested foreign ownership in such relationship. In that, this study is the first study in emerging economies to investigate such a link. Such new insights on this relationship by current study provide helpful information that is of great value to the government, academics, policy makers, and other stakeholders.

A study titled does board demographic diversity influence firm performance? Evidence from Indian-knowledge intensive firms was carried out⁶⁰. In the wake of inconsistent findings between board diversity and firm performance, the purpose of this paper is to advance the research by examining the linear and non-linear nature of the relationship between board demographic diversity (gender, age, tenure, and education) and firm

performance in Indian knowledge-intensive firms (KIFs). This study uses a panel data set of top KIFs in India that is listed in National Stock Exchange's Top-200 list for the period 2010-2014. Results indicate that there exists a positive linear relationship between the overall board demographic diversity index (board gender, age, tenure, and education) and firm performance. Among the effects of individual board diversity variables, the authors have found that board age diversity positively whereas education diversity negatively influences firm performance. Furthermore, gender diversity and tenure diversity do not significantly influence the firm performance. This study is based on the following demographic factors: gender, age, tenure, and level of education. The authors did not include other demographic variables such as nationality and language. This research would help knowledge-intensive companies in designing their corporate boards. The results indicate that companies should have more diverse boards to enhance firm performance. To the best of the authors' knowledge, this is the first research to examine the effect of the overall board diversity index and individual board demographic diversity indices (gender, age, education, and tenure) on firm performance in the context of KIFs in India.

Corporate governance and performance of REITs was carried out: A combined study of Singapore and Malaysia⁶¹. This study aims to investigate the relationship between corporate governance (CG) and performance of Real Estate Investment Trust (REITs) in Singapore and Malaysia. The CG attributes that contribute best toward R-Index scores are tested followed by analysis of whether R-Index scores contribute toward better performance of the REITs when controlled for growth, firm size and leverage. Regression analysis using structured equation modeling (SEM) is instituted. All attributes in the R-Index except management ownership are significantly correlated to R-Index. Regression analysis using SEM reveals that all the three measures of performance are significant.

When controlled for growth and firm size, CG mechanisms reduce the impact of losses. However, highly levered firms could be risky for investors despite strong CG mechanisms. All S-REITs and M-REIT sampled were grouped as one regardless of the country differences, which may have limited the results and findings. The R-Index used to score the CG practices for Asia is still very new. Findings of the study will help REIT policymakers to update scorecards frequently. Loss-making REITs must emphasize on specific CG attributes to enhance their overall CG scores to gain market confidence and procure financial assistance through better disclosure. Due to research scarcity on CG effectiveness associated with performance of Asian REITs after the global financial crisis, this study comes as a timely contribution in understanding the relationship between CG and performance of REITs.

The of corporate governance disclosure was examined: the case of Nifty 500 Index⁶². Based on agency theory, the purpose of this paper is to investigate the determinants on the dissemination level of corporate governance disclosure (CGD). The sample of the study incorporates listed companies in Nifty 500 Index for the period 2009-2014. The Governance Disclosure Score calculated by Bloomberg is used as a proxy for the dissemination level of corporate governance information. In total, eight explanatory variables are used, namely, board's size, number of board meetings, CEO duality, presence of women on the board, company's size, financial performance, Tobin's Q ratio and financial leverage. The results of study suggest a need for improvement in CGDs by Indian companies, as they fail to comply the majority of the proposed disclosure items. Furthermore, it is revealed that the number of board director, the value of company, the financial leverage and the presence of women affect negatively the dissemination level of corporate governance information. While, the size of company is the only determinant that positively affects the extent of CGD. The results are valuable because they reveal the

attributes that determines which companies needs less or extra monitoring by shareholders and investors regarding the applied corporate governance practices. In addition, the study can be valuable to policy makers responsible for the regulation of company's accountability in relation to corporate governance practices. The study extends previous studies by incorporating for the first time Bloomberg's rating approach regarding the dissemination level of CGD in Indian context.

Product market competition, state-ownership, corporate governance and firm performance was studied⁶³. The purpose of this paper is to examine the association between firm performance and product market competition (PMC), and then examine the mitigation effect of corporate governance and/or state-ownership (SOEs) in the association between PMC and firm performance using Chinese listed firms.

The authors consider three determinants of the PMC that affect the nature of competition, and use market concentration, product substitutability and market size as proxies for PMC. The authors construct a corporate governance index which measures the extent of board independence, monitoring strength of supervisory board over board of directors, and monitoring strength of board of directors over CEO. The authors use Tobin's Q as a proxy for firm performance. The authors use a sample of 20,706 firm-year observations listed on the Chinese stock market between 2001 and 2016 to empirically investigate the research questions proposed in the paper. The authors find that higher PMC is associated with lower firm performance. The authors find that good corporate governance practices moderate the negative effect of higher PMC on firm performance. The association between higher PMC and lower performance is weaker for firms controlled by SOEs compared to non-SOEs. Further, the moderation effect of SOEs on the association between higher PMC and lower performance is more pronounced for firms with good

corporate governance practices compared to firms with weak corporate governance practices. Extant studies investigating the relationship between PMC and corporate governance suggest an either complementary or substitution relationship in developed economies. Our study highlights the interactive role played by SOEs and good corporate governance practices in firm performance in highly competitive product markets in an emerging economy. The findings provide insightful information to regulators of other emerging countries that SOEs with good corporate governance practices can play an important role in the economy by mitigating the negative effect of higher PMC on firm performance.

Corporate governance and corporate social responsibility disclosures in insurance companies was examined⁶⁴. The purpose of this study is to empirically examine the association between corporate governance and the extent of corporate social responsibility (CSR) disclosures in insurance companies, using archival data. The data set comprises 277 listed insurance company-years in Bangladesh for the period of 2008 to 2014. The authors have used a checklist to measure the extent of CSR disclosures. The checklist was developed based on the previous CSR literature. The study uses a multiple regression analysis technique to investigate the association between different governance variables, particularly managerial ownership, institutional ownership, board independence and the proportion of female directors, and the extent of CSR disclosures in Bangladeshi insurance companies. The authors find that board independence and the proportion of female directors have positive associations with the extent of CSR disclosures. However, the results indicate that managerial ownership is negatively associated with the extent of CSR disclosures. Unlike most of the prior research that explored CSR disclosures in non-financial companies, the authors focus on financial companies, namely, insurance businesses. The authors provide empirical evidence using archival data that suggests that

some governance mechanisms are important determinants of CSR disclosures in the insurance industry.

Corporate governance risk and the agency problem was examined⁶⁵. This study aims to investigate the relationship between corporate governance risk and agency costs across different countries. Corporate governance risk indicators were obtained from the Institutional Shareholder Services Europe (S.A.) for 4,135 firms across 27 countries. Agency costs and other control variables were derived from companies' annual financial reports using the DataStream database. Ordinary least squares multiple regression analysis model was used to test the study hypothesis. Agency costs have a significant negative impact on corporate governance risk across countries. The extent of corporate governance mechanisms used, however, varies across geographic regions and industry types. The relationship between corporate governance risk and agency costs is more obvious in the non-financial than financial sector. These results were robust after several statistical checks. The findings will help stakeholders, including corporate management, regulators and investors to improve corporate governance mechanisms and capital allocation decisions across countries. Evidence is provided on the role of agency costs in corporate governance risk across geographic regions for financial and non-financial companies. The paper also overcomes common problems in corporate governance research such as construct validity, limited data and endogeneity.

A scholar studied dividend policy determinants of Sri Lankan firms: a triangulation approach⁶⁶. The purpose of this paper is to identify the dividend policy determinants of Sri Lankan firms and why they pay dividends. The study uses several quantitative approaches to investigate dividend determinants using market (secondary) data of 190 Sri Lankan firms and 1,330 firm-year observations. Dividend determinants are also identified using

survey (primary) data from 141 of the 190 firms. Triangulation is then used to facilitate validation of the data through cross-verification from two data sources. Analysis of the market data reveals that firm size, industry impact, corporate governance, free cash flow, earnings, past dividends, profitability, investment opportunities, net working capital, concentrated ownership structure and investor preference represent the most important dividend determinants. Survey data confirm these findings. The evidence supports the pecking order, signaling, free cash flow, catering and outcome theories using both secondary and primary data and the bird-in-the-hand theory using survey data. The findings are useful not only for corporate decision makers in establishing an appropriate dividend policy but also for shareholders in making investment decisions. Because the current study is limited to Sri Lanka, future researchers should study the same phenomenon in other countries using the triangulation approach. This study provides a hybrid approach to dividend policy research by using both primary and secondary data in a single study. It is the first dividend study in Sri Lanka to use a triangulation approach.

Corporate governance and firm risk were studied⁶⁷. This study aims to explore the relationship between board governance structure and firm risk. In particular, this study develops a “governance index” based on four aspects of the board: board composition, board leadership structure, board member characteristics and board processes, and it examines how the overall index relates to firm risk. The study is conducted using a sample of 268 UK firms from the FTSE 350 index over the period from 2005 to 2010. An index is constructed to capture the overall governance structure of the firm. Regressions of the index on three risk measures are examined. This study finds that the governance index that aggregates the four sets of board attributes is significantly and negatively related to firm risk. Robustness tests confirm this result. A large number of studies have explored the relationship between the attributes of corporate boards and firm performance with mixed

results. A much smaller number of studies have looked at board attributes and firm risk, but these have either focused on financial sector firms alone or have included only a single or a limited number of attributes. This study, using a broad agency framework, seeks to extend the work on firm risk and board attributes by both expanding industry sectors examined and using a comprehensive set of board attributes. The findings have policy and practical implications for investors, regulators and chairmen of boards of governors to the extent that they inform these constituencies about the set of board attributes that are associated with firm risk. This study is the first to use a comprehensive measure of governance and relate it to firm Risk.

A scholar examined the dynamic interactions among ownership structure, corporate governance, risk management, and Banks performance⁶⁸. A scholar discovered from the empirical analysis that without interacting ownership structure with corporate governance and bank risk behavior, corporate governance has a positive and significant effect on bank performance, but bank risk behavior has a negative but insignificant effect on bank performance⁶⁹. Ownership structure has a positive and significant effect like corporate governance. The study concluded that good risk management policies and proper ownership structure enhance improved corporate performance. Further studies are encouraged to investigate the relationship between risk management, fairness, ethics, and trustworthiness, and corporate performance as well as organization profitability in Nigerian quoted banks and looking at periods from 2012 to 2017.

A scholar carried out a study on corporate governance practices and financial performance: The mediating effect of the risk management committee at manufacturing firms⁷⁰. A scholar discovered from the empirical analysis that risk management committee affects firm performance, and that risk management committee acts as the intervening variable in

the relationship between corporate governance, firm size, and financial reporting risk on firm performance⁷¹. It was concluded that the existence of RMC would facilitate the company to control better the quality of financial reporting risks. The impact of the adoption of enterprise risk management on industrial, financial performance was examined. The scholar could not find any possible impact of ERM on performance. Internal environment, objective setting, communication failed to have any positive impact on industrial, financial performance of the studied firms. These findings are contradictory with the theoretical expectation that the adoption of ERM practices has a positive impact on firm performance as confirmed by the prior researchers.

Corporate governance and performance of firms listed on the Nairobi securities exchange was studied⁷². A substantial relationship exists between corporate governance and non-financial performance of the studied firms was empirically ascertained. It was concluded that organizations could enhance their performance by implementing good corporate governance, unambiguously those attributes of good corporate governance that matter.

Corporate governance on firm competitiveness and performance of SMEs was studied⁷³. It was discovered that the board of directors quantity, a fraction of inside ownership, number of board meetings are clearly correlated to enhanced organizational performance. The study can be used for further research in other emerging contexts and can also be used in teaching, as well as influences public policies on SMEs and corporate governance risk management.

A scholar examined the board structure and bank performance: evidence for the Greek banking industry during the crisis period⁷⁴. Empirical findings support an inverted U-shaped relation between board size and bank performance and between the proportion of independent board members and the performance of Greek banks. Overall, our results

document the positive contribution of the implemented corporate governance regulatory framework on the Greek bank value.

A scholar examined the relationship between the board of director mechanisms and Perceived performance of listed firms in Nigeria. Board of director composition and accountability were positively related to the perceived performance of the studied business firms. While the board of director responsibility had no significant relationship⁷⁵. The scholar is one of the very first studies in the Nigeria context that utilized primary data to investigate the empirical study of the relationship between the board of director mechanisms and perceived performance of listed firms in Nigeria.

The effect of corporate governance on the financial performance of the bank in Nepal was examined⁷⁶. The study empirically ascertained that profit margin and return on assets of firms are positively related with age, market to book ratio and overall corporate governance index which implies that higher age, market to book ratio and corporate governance increase financial performance of Nepalese firms. It was concluded that corporate governance, market to book value ratio, age, size of assets and debt ratio have strong explaining power of financial performance of Nepalese firms.

The role of corporate governance practices on firm performance of medium-sized Enterprises in Kilifi County, Kenya was examined. It was discovered that board size had a significant effect on the firm performance of MSEs in Kilifi County, Kenya. It was confirmed that board composition made the structure-function to maintain corporate integrity, reputation and responsibility. It was concluded that CEO duality properly indicated the separation of roles and had an increase in overall control.

Corporate governance and financial performance of selected manufacturing companies in Nigeria was examined⁷⁷. It was confirmed that the board structure index had a significant

positive relationship with performance (ROA) of the sampled manufacturing companies. It was confirmed that the performance indicator (ROA) related to each component of the Corporate Governance Index in a peculiar manner.

A scholar studied the effects of board globalizing on the financial performance of banks in Nigeria⁷⁸. It was discovered that foreign board membership, asset growth, and institutional ownership correlated positively with the financial performance of banks.

A scholar studied the effect of corporate governance mechanism on the financial performance of banks in Nigeria⁷⁹. It was discovered that the board audit committee and directors' equity interest have a positive and significant effect on the financial performance of banks. It was concluded that the existence of the board audit committee enhances banks' financial performance.

A scholar studied financial reporting and ethical compliance: the role of regulatory bodies in Nigeria and the researchers confirmed that there was significant ethical compliance among professional accountants in Nigeria⁸⁰. It was concluded that there is a significant impact of accounting ethics on the quality of financial reporting.

Corporate governance practices: a comparative study of selected public corporations in Nigeria was examined⁸¹. Factors like political influence, level of monitoring and evaluation and ethical issues were found to have effects on corporate governance practices in these corporations.

The effect of good corporate governance, transparency and earnings management to corporate social responsibility disclosure was examined⁸². The scholar confirmed the existence of a positive correlation between managerial ownership, state ownership while audit committee was found to have significant positive effects on the disclosure of

corporate social responsibility in state-owned companies in Indonesia⁸². Other researchers interested in studying the subject area are encouraged to include other independent variables such as social responsibility, transparency, community ownership, institutional ownership, independence of the audit committee and the number of audit committee's meeting to proxy good corporate governance.

Corporate financial disclosure in Nigerian deposit money banks was examined⁸³. It was revealed that corporate financial disclosure has a significant influence on the banks' stability and performance in the Nigerian financial sector⁸⁴. Therefore, the study concludes that the corporate disclosure of financial reporting practices by banks, in general, will enable them to work towards improving and managing their non-performing loans effectively and efficiently for stability and hence better performance. It was encouraged that other researchers to examine corporate reporting, transparency, and auditing, as well as social responsibility, should be researched on performance and shareholders.

The impact of corporate governance on the financial performance of Pakistan's cement manufacturing firms was studied⁸⁵. CEO duality has an impact on firm performance was also studied⁸⁵. It was revealed that cement firms owned by families show more profitability than those owned by non-families.

Corporate social responsibility (CSR) and firms' financial performance was examined⁸⁶. Study findings revealed a positive and significant impact of CSR on return on assets, return on equity and earnings per share. This premise holds that CSR has a positive and significant impact on FP of selected commercial banks of Pakistan.

The impact of corporate governance on related party transactions (RTP) in family-owned firms in Pakistan was studied⁸⁷. The study concludes the negative relationship between

corporate governance and the concentration of major shareholder exploit the interest of minority shareholders in Pakistani family-owned firms.

The impact of environmental, Social and governance Determinants of corporate responsibility on Economic performance was examined: Austrian evidence⁸⁷. The results show that corporate size is shown to be a significant background factor (as slack resources proxy). Social, environmental and governance responsibility (to all stakeholders) appear to be important as a competitive factor of the modern firm.

A scholar studied firm size, firm age, and firm growth on corporate social responsibility in real estate companies⁸⁸. The findings, in line with the stakeholder theory, indicate that CSR has a positive impact on CFP in Nigeria. However, there is no statistically significant relationship between CSR and CFP in Turkey. The results also reveal a significant relationship between bank size and CFP in Turkey. This study adds to the growing body of knowledge on CSR, especially as it relates to emerging economies, and provide some insights into commercial banks operating in Turkey and Nigeria.

The impact of corporate governance regulation in the Nigeria banking sector was studied⁸⁹. It was discovered that Nigeria's institutional arrangement has contributed to its weak system of corporate governance regulation with adverse effects on the banking sector. The research mainly impacts on current global corporate governance literature in sub-Saharan Africa by contributing to knowledge of the peculiarities of corporate governance regulation in different institutional jurisdictions.

Corporate governance and organizational performance: an empirical analysis was examined⁹⁰. The findings show that large board size, board skill, management skill, longer serving CEOs, size of the audit committee, audit committee independence, foreign

ownership, institutional ownership, dividend policy, and annual general meeting are positively associated with the performance of organizations.

The relationship between board remuneration and financial performance in the Kenyan financial services industry was studied⁹¹. The results disclose significant variations in the level of board remuneration across the companies and a significant relationship between board remuneration and DY, but not ROA, ROE, and EPS. When disaggregated to financial market segments, the results confirmed a statistically significant relationship between board remuneration and with a dividend yield in the banking sector. The same was not reported for ROA, ROE, and EPS. In the insurance segment, there was a statistical significance between board remuneration and ROA only, while in the investment sector, there was no significant relationship between board remuneration and financial performance measures.

The effectiveness of board governance and dividend policy as alignment mechanisms for firm performance and CEO compensation was examined⁹². The empirical results indicate that CEO compensation is positively associated with operating performance and market performance. The evidence also provides partial support to agency perspective that board independence and optimal board size could positively, while CEO duality negative moderates the relationship between operating performance and CEO compensation. However, none of these mechanisms are proved to be effective in aligning market performance to CEO compensation. In fact, dividend policy negatively moderates the association between firm performance (operating and market) and CEO compensation. Future research is required to offer a further in-depth body of knowledge into the determinants of CEO compensation along with various other moderators.

2.4 Conceptual Framework

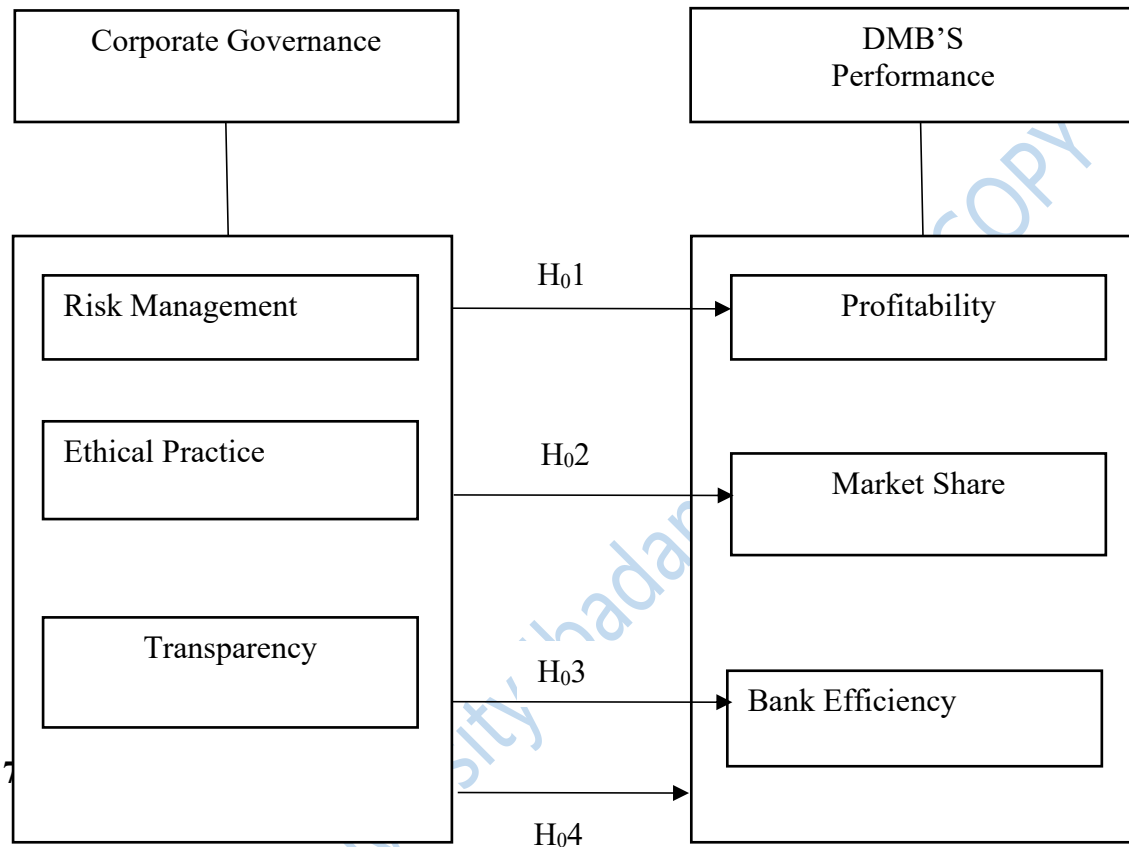


Figure 2.1 Conceptual Model, 2023

Source: Researcher's Conceptual Model

The conceptual model in Figure 2.1 shows the interactions between corporate governance (dependent), and organizational performance (independent).

The model reflects the interaction between corporate governance dimensions (risk management, ethical practice, & transparency) on profitability of selected deposit money

banks in Lagos State, Nigeria. This implies that in the conceptual model, corporate governance determinants (risk management, ethical practice, & transparency) may affect profitability. It also shows the interaction between corporate governance dimensions (risk management, ethical practice, & transparency) on market share of selected deposit money banks in Lagos State, Nigeria. This indicates that in the conceptual model, corporate governance dimensions (risk management, ethical practice, fairness, transparency, board structure) may affects market share. Furthermore, it implies the interaction between corporate governance dimensions (risk management, ethical practice, & transparency) on bank efficiency of selected deposit money banks in Lagos State, Nigeria. This reflects that in the conceptual model, corporate governance determinants (risk management, ethical practice, fairness, transparency, board structure) may affects bank efficiency.

Lastly, it reveals the interaction between corporate governance dimensions as a whole on organisational performance of selected deposit money banks in Lagos State, Nigeria. This denotes that in the conceptual model, corporate governance determinants (risk management, ethical practice, fairness, transparency, board structure) may affects organisational performance.

2.5 Summary of Gaps in Literature Reviewed

Several studies such as have focused on corporate governance practices in the banking sector: do they really matter?, determinants of financial performance of a firm, risk management and financial performance of deposit money banks in Nigeria, influence of internal and external governance mechanisms on corporate governance disclosure among Islamic and conventional banks, The association between corporate governance and firm performance – a meta-analysis^{22,23,27,30,31}. However, these studies have not focused on how corporate governance determinants (risk management, ethical practice, and transparency)

affects banks profitability as even scholars such as scholars identified the need to fill this gap^{36,38,40}. In addition, studies such as have focused on management structure and bank performance: evidence for the Greek banking industry during crisis period; The mutual impacts of corporate governance Determinants and legal protection systems on the performance of European banks: a post-crisis study; Impact of corporate governance on intellectual capital efficiency and financial performance; Corporate governance and financial performance of selected manufacturing companies in Nigeria; Effects of board globalising on financial performance of banks in Nigeria^{41,49,51,67}. However, these studies have not focused on corporate governance determinants (ethical practice, risk management and transparency) affects banks market share, profitability, and bank efficiency as even scholars such as have identified the need to fill this gap^{23,38}.

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Chapter Three

Methodology

This chapter involves the methodology of the study was focused on the research design, population of the study, sampling unit, sampling frame, sample size determination, sampling technique, method of data collection, research instrument, pilot study, validity and reliability, and methods of data analysis.

3.1 Research Design

A cross-sectional survey research design was used for this study to empirically evaluate the interactions of corporate governance determinants on organisational performance of selected money deposit banks in Lagos State, Nigeria. The design enables the researcher to collect data from respondents at a point in time to establish effect relationship. More so, it is less cumbersome than a longitudinal survey design and several scholars have found it appropriate for studies of similar nature ¹.

3.2 Population of the Study

The population of this study is three hundred and fifty-four (354) employees of selected deposit money banks (Fidelity Bank, Wema Bank, First City Monument Bank and Polaris Bank) headquarters in Lagos State. Lagos state is chosen because it houses the selected banks head offices as well as being the commercial hub of the country. The choice of the four banks is based on the fact that their performance relative to the industry average is weak. Thus, Table 3.1 shows the criterion for selecting the banks.

Table 3.1: Population of the Selected Banks

S/n	Banks Selected Based on Highest Profitability	Target Management Staff Population
1	Fidelity Bank Plc	103
2	First City Monument Bank Plc	97
3	Wema Bank Plc	83
4	Polaris Bank Ltd	71
	Total	354

Source: Central Bank of Nigeria Publication, 2018

3.3 Sample and Sampling Technique

The sampling unit of this study involves executive and senior management staff of the selected banks. This group of people are preferred because executive management staff are saddled with policy making and are responsible for controlling and overseeing the entire organization while the senior management staff assist see to the policy adherence in the day to day running of company's policies and the objectives of the top management. This cadre of management staff served as unit of analysis in the selected banks include: Group Managing Directors/Chief Executive Officers, Chief Operating Officers, Deputy Managing Directors, Executive Directors, Chief Compliance Officers, Deputy Compliance Officers, Chief Risk Officers, Company Secretaries, Legal Advisers, Chief Financial Officers, General Managers, Assistant General Managers and Department Managers.

The sample frame of this study comprises the distribution of the selected management levels investigated. These have been divided into two cadres which are the senior management and executive management. The staff numbers were provided by the human resources department of the selected banks as April, 2023 of the respective banks. Thus, Table 3.2 shows the categorization of the two cadres.

Table 3.2: Sampling Frame

S/N	Banks	Executive Management	Senior Management	Total
1	Fidelity Bank	31	72	103
2	First City Monument Bank	28	69	97
3	Wema Bank	21	62	83
4	Polaris Bank	19	52	71
				354

Source: Human Resources Department of the selected banks, 2019

The sample size drawn from the sampling frame was computed using Raosoft online sample size determination calculator. According to the data base, the appropriate sample size from a population of 354 is 185 given 95% confidence level.

In other to accommodate anticipated non-response from the unit of analysis who are top managers, 30% of the initial sample size which is 55 was added to the sample size making it 240. Hence, 240 copies of questionnaire were administered to the selected bank executives.

The sampling technique used for this study is stratified and random as suggested by a scholar³. Initially the sample size was proportioned to know the exact number to draw from each company based on their population, which was followed by a stratified sampling technique. This is because the technique enables researchers to capture key characteristics in the sample that appropriately reflect the unit of analysis under study. Lastly, the simple random technique was employed to pick from each Strata (Executives and Senior managers) in each selected bank on the proportion calculated. Thus, to determine the proportion for each of the selected bank, the following formula is adopted:

$$H = \frac{y}{N} * (n)$$

Where:

H = Proportionate sample Size;

y = Total number of element for each stratum;

N = Total population size of the study;

n = Sample size derived for the study.

Table 3.3 Proportionate Research Sampling

S/n	Banks	Population Size per Bank	Proporti onate sample size	Executive Managem ent 35%	Senior Manage ment 65%
1	Fidelity Bank Plc	103	70	24	46
2	First City Monument Bank Plc	97	66	23	43
3	Wema Bank Plc	83	56	19	37
4	Polaris Bank Plc	71	48	16	32

Source: Researcher's computation, 2019.

3.4 Description of Research Instrument

The adapted questionnaire allows for adjustment of question items utilized in other studies to enable an objective measurement and numerical analysis of data collected through surveys and confirmed suitable as utilised by a scholar⁴. The use of a structured questionnaire for this study is because, the questionnaire allows the researcher to collect

personal views of respondents on current issues and it can reach a large pool of respondents within a short period. The items in the questionnaire were adapted. For the adapted scale, the questionnaire is a standardized scale that has been used by authors on similar subject matter of this research in different contexts. The questionnaire comprises two sections A and B. Section A comprised demographic variables of the respondents, while section B comprised question items for both corporate governance determinants and organisational performance constructs targeted at addressing the research objectives. Furthermore, a six-point Likert-type scale was used for the questionnaire items in line with a study, with response options ranging from: very high extent (6) to very low extent (1)⁵. The advantage of the six-point Likert-scale type is that, it allows for better expression of the extent of respondent's views with no room for ambiguity.

3.5 Pilot Study

The pilot study to spot research errors, anomalies as well as to ensure consistency, relevance and proper understanding of the research instrument was carried out on the research instrument. It was targeted at 10% of respondents who corresponded to the study sample as recommended by a scholar⁶. Hence, the pilot study was carried out on some executive and senior management staff of Keystone Bank, Unity Bank, Eco Bank, and Stanbic Chartered Bank in Ibadan. The selection of these banks is because they share similar characteristics with the banks selected for the study.

The researcher realized that the research instrument was too long and somewhat cumbersome for respondents that participated, as it took an average of 10 minutes per respondent. Also, the response options were modified to reflect choices that revealed the extent to which respondents reacted to each question, as such Very High Extent, High Extent, Moderately High Extent, Moderately Low Extent, Low Extent, and Very Low

Extent was preferred. Upon completion of the pilot study, the validity and reliability of the research instrument was confirmed after a series of statistical tests were administered on the data collected.

3.5.1 Validity of the Research Instrument

Face, content and construct validity test were carried out on this study to help confirm the validity of the research instrument. For face and content validity, the research instrument was certified by the researcher's supervisor and experts in the field of corporate governance to ensure validity of the questionnaire. Afterwards, irrelevant questions were deleted, leaving only questions that were directly relevant and improving the administration time to make for willingness to participate in the study.

For content validity, the Kaiser Meyer Olkin (KMO) and Bartlett test of sphericity was used to confirm that each question could elicit the required data within the Nigerian environment after the adaptation of the questions. Table 3.6 confirmed validity of the construct as the variable items had a threshold higher than 0.5 for KMO and lower than 0.05 for the Bartlett outputs.

Table 3.4: Construct Validity of Instrument

Variables	KMO	Bartlett Test	AVE	No of Items	Composite Reliability
Corporate Governance					
Ethical Practice	0.627	0.000	0.753	7	0.873
Risk management	0.642	0.000	0.684	7	0.865
Transparency	0.667	0.000	0.641	7	0.812
Organisational Performance					
Profitability	0.628	0.038	0.761	7	0.856
Market Share	0.681	0.007	0.859	8	0.812
Bank Efficiency	0.638	0.000	0.816	6	0.912

Source: Researcher's Computation (2023)

From Table 3.6, it can be seen that the Kaiser Meyer Olkin validity values are above 0.5 which is adjudged to be a good measure of the sampling adequacy. The closer they are to 1 the better but they are good and acceptable since they are above 0.6. With this, we can accept that the measures support the validity of the constructs. Bartlett's test is valid when the level of significance is less than 0.05⁷. The analysis of validity of the instruments showed a high level of significance at 0.000, which is less than 0.05.

3.5.2 Reliability of the Research Instrument

The reliability of the instrument was further ascertained by subjecting the data from the pilot study to the internal test of consistency. This was done by confirming that the Cronbach Alpha's coefficient above 0.7⁸. The research instrument is reliable for the study because the Cronbach's alpha coefficient for the variables ranges from 0.713 to 0.877, and are above the threshold of 0.7⁹. The results are as reflected in Table 3.7.

Table 3.5: Cronbach's Alpha Co-efficient Values of the Study Variables

Variables	Cronbach's efficient	Alpha Co-	No of Items	Interpretation
Risk management	0.729		7	Reliable
Ethical practice	0.801		7	Reliable
Transparency	0.737		7	Reliable
Profitability	0.873		7	Reliable
Market share	0.750		7	Reliable
Bank efficiency	0.771		8	Reliable

Source: Researcher's Computation (2023)

3.6 Administration of Research Instrument and Method of Data Collection

The questionnaire was administered to 240 executives and senior managers from the selected banks at the business premise in Lagos State. The copies of questionnaire were distributed both in person and by trained research assistants, with specific instructions on the administration process which involved, administering copies of questionnaires to regular staff and retrieving of the questionnaires from the respondents. Each respondent was met in their offices, in order to be briefed about the study and the questionnaire were administered.

Primary data collection sources were utilized for this study. The advantage of using a primary data source is because it allows the researcher to collect accurate data from the appropriate sources, and it provides the opportunity to understand the respondents better ³. The primary data was collected using a well-structured questionnaire adapted from existing literature. A letter of introduction was received from the department in an effort to seek permission from each respective bank representatives, in order to intimate the management of nature and significance of the study to their business and to seek clearance to conduct the study at a stipulated time. The essence of this procedure is because the approval of the human resource manager facilitated the questionnaire administration and retrieval within reasonable time.

3.7 Methods of Data Analyses

Descriptive and inferential statistics were used to analyse the data when collected. The rationale for using descriptive and inferential statistics was to give account of the respondents' position in a meaningful way by adequately presenting the research outcome to make scientific and empirical generalisation of the research problems investigated ¹⁰. Descriptive statistics was used to analyse all the variables in the study and to provide

answers to the research question. It was presented in terms of percentages, mean and standard deviation. On the other hand, the inferential statistics was used to analyse the hypotheses of the study using multiple regression for hypotheses one to five as adopted by ¹¹ and hierarchical regression for hypotheses six and seven as utilized by ¹². The various regression analytical tools are preferred because they allow for two or more independent variables to be measured against one dependent variable and also measure the combined and moderating effects of all independent variables, and moderators on the dependents. The analysis was run on Statistical Product for Science Solutions (SPSS) version 21.0. Thus, Table 3.8 shows the method of data analysis adopted to analyse the stated objectives.

To eliminate possible statistical errors in the findings of corporate governance dimensions (Risk Management -RM, Ethical Practice- EP, Fairness -F, Transparency-TP, Board Structure- BS) and organizational performance constructs (Profitability-P, Market Share-MS, Firm Growth -FG, Shareholder dividend-SD, Bank Efficiency-BE) as well as the moderating variables (Bank Age-BA, Environmental Turbulence- ET) the variables of the study was subjected to the assumptions of regression which are: normality test, linearity test, multicollinearity test, homoscedasticity test shown in Table 3.9.

Normality is the assumption that the error term is normally distributed with a mean of zero and a constant variance. Normality is important in knowing the shape of the distribution and helps to predict dependent variables scores. To test for normality, Shapiro–Wilk test was used, which had power to detect departure from normality due to skewness or kurtosis or both. Its statistic ranges from -0.1 to +1.0 and figures higher than 0.05 indicate that data is normal ¹³. Shapiro-Wilk test assessed whether data was normally distributed against null hypothesis, such that the sample did not follow a normal distribution.

The Pearson's correlation coefficient was used to test the linearity of the relationship between the variables in the study as recommended by ¹⁴. The correlation coefficient indicates the strength and direction of linear relationship. A negative coefficient indicates an inverse relationship where an increase in one variable caused a decrease in the other, whereas a positive correlation indicates a direct influence, where an increase in one variable causes an increase in the other variable.

The assumption for homoscedasticity requires that the variance of the disturbance term be constant for all observations and a violation of this assumption gave rise to the problem of Heteroscedasticity. Presence of heteroscedasticity rendered the estimates inefficient.

Multicollinearity occurred when two or more predictors in the model were highly correlated and provided redundant information about a response. The assumption of non-multicollinearity required that none of the explanatory variables in the model was correlated with any other explanatory variable or with any linear combination of those explanatory variables. Presence of explanatory variables meant that it was difficult to separate the impact of one independent variable on the dependent variable from that of other independent variable, which made the regression results misleading. To test for multicollinearity, Variance Inflation Factor (VIF) and Tolerance value was used. Variance inflation factor (VIF) quantifies the severity of multicollinearity in a regression analysis and it provided an index that measured how much the variance of an estimated regression coefficient increased because of multicollinearity. A value of VIF for all the independent and dependent variables less than 3 ($VIF \leq 3$) indicated no multicollinearity. Furthermore, It was suggested that if the variance inflation factors (VIFs) are more than 10, then, there is a cause for concern about multicollinearity. It was also suggested that a Tolerance value of ≥ 0.1 indicated no multicollinearity. Multicollinearity usually poses a problem for

multiple regression models, and if collinearity increases, the standard error of coefficients also increases, making them less trustworthy.

Table 3.6: Data Treatment Test

S/N	Diagnostic Test	Assumptions
1	Normality	This was done using histogram (normal probability plot) in order to determine the distribution curve.
2	Linearity	This was carried out using the correlation matrix plot
3	Multicollinearity	This was carried out to check the variance inflating factor (VIF) whether it less than 10 and tolerance level greater than 0.1 for adequacy.
4	Homoscedasticity	This was determined using the scatterplot and assumes that the variation in the residuals is similar at point across the model.

Source: Researcher's views (2023)

Endnotes

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Chapter Four

Results and Discussion of Findings

This chapter offers the empirical results from the data analysis conducted, interpretation of the findings, and discussions of the study results. The aim of this study is to examine the effect of corporate governance and innovation capability on performance of selected DMBs in Lagos State, Nigeria. To achieve the objective of the study, the research was conducted through questionnaire which was used to obtain the required information. Information regarding respondents' demographic, response rate, response to each variable and test of hypotheses are presented in this chapter. Data analysis was conducted using the Statistical Product and Service Solutions (SPSS version 25.0). The chapter ends with the discussion of findings.

4.1 Demographic Data Analysis

Two hundred and seventy-seven (277) copies of questionnaire were administered, and two hundred and fifty-eight (258) copies were returned. After sorting the questionnaires 244 copies were certified as duly filled and considered usable while 14 questionnaires are not properly filled hence unused. The useable questionnaire represented 88% response rate. The high response rate was recorded as the researcher administered the instruments with the help of research assistants who put concerted efforts to regularly visit the respondents to prompt the respondents to fill the questionnaire. The response results are presented in Table 4.1 and the demographic data for the respondents are presented in Table 4.2.

Table 4.1: Response Rate

Response Rate: Employee of Money Deposit Banks	Frequency	Per cent (%)
Returned and used	244	88%
Questionnaire not used	33	12%
No of distributed Questionnaire	277	100%

Source: Field Survey Results (2024)

Table 4.1 presents the information concern the response rate after data collection.

Table 4.2: Demographic Characteristics of Respondents

Variables	Category	Frequency	Percentage
Gender	Male	121	49.6%
	Female	123	50.4%
Age	20-30yrs	38	15.6%
	31-40yrs	99	40.6%
	41-50yrs	72	29.5%
	51-60yrs	28	11.5%
	61 and above	7	2.9%
Educational Level	Bsc/HND	131	53.7%
	MA/MBA/Msc	87	35.7%
	M.Phil/PhD	24	9.8%
Year of Experience	Below 10yrs	86	35.2%
	11-20yrs	91	37.3%
	21-30yrs	44	18.0%

	31-40yrs	23	9.4%
Job level	Top management	50	20.5%
	Middle	101	41.4%
	management		
	Lower	92	37.7%
	Management		

Source: Field Survey Results (2024)

This section consists of background and respondent's information that describes basic characteristics such as age of the respondent, gender of the respondent, marital status, experience, level of education, highest educational level, and current management level. To this effect, the results are presented in Table 4.2. Table 4.2 presents the demographic and personal profile of respondents used for this study. Profile of gender indicated that 121 respondents representing 49.6% were male while 123 respondents representing 50.4% were females, indicating that most of the respondents were female. The age profile revealed that 38 respondents representing 15.6% were between ages 20-30 years, 99 respondents representing 40.6%, were between 31-40 years, 72 respondents representing 29.5%, were between 41-50 years, 28 respondents representing 11.5% were between 51-60 years and 7 respondents representing 2.9% were 61 and above.

Furthermore, 131 respondents representing 53.7% indicated to have had B.Sc./HND, 87 representing 35.7% had MA/MBA/MSc and 24 respondents representing 9.8% had M.Phil./PhD. As regards years of experience, 86 respondents representing 35.2% were below 10 years, 91 respondents representing 37.3% were between 11-20 years, 44 respondents representing 18.0% were between 21-30 years and 23 respondents representing 9.4% were between 31-40 years. Finally, with Job level; 50 respondents

representing 20.5% were top management, 101 respondents representing 41.4% were middle management and 92 respondents representing 37.7% were lower management.

4.2 Presentation of Data

This section involves presenting data collected for each of the variable of this study in terms of the descriptive statistics

Table 4.3: Descriptive Analysis of Responses on Risk Management

Risk Management	Level of Agreement (n=244)						Average
	VHE	HE	MHE	MLE	LE	VLE	Mean
Risk Assessment	45.5%	37.3%	9.4%	3.7%	1.2%	1.2%	5.12
Understands its risks	37.3%	46.7%	11.5%	1.6%	0.4%	0.8%	5.10
Minimization of risk	30.7%	48.4%	14.3%	3.7%	0.4%	0.8%	4.96
Mitigate Risk	26.6%	47.5%	17.6%	4.9%	1.2%	0.4%	4.86
Avoid Risk	40.6%	38.9%	10.2%	5.3%	2.0%	1.2%	5.00
Grand Mean							5.008

Source: Field Survey Results (2024)

Table 4.3, shows that 45.5% of the respondents rated the risk assessment of the organization at a very high extent, 37.3% indicated high extent, 9.4% moderately high extent, 3.7% indicated moderately low extent, 1.2% indicated low extent while 1.2% indicated very low extent. On average, the respondents indicated that the risk assessment of the organization is high with a mean of 5.12. The results also indicated that 37.3% of

the respondents' organization understands its risk at a very high extent, 46.7% indicated high extent, 11.5% moderately high extent, 1.6% indicated moderately low extent, 0.4% indicated low extent while 0.8% indicated very low extent. On average, the respondents indicated that the organization understand its risk with a high mean of 5.10. Also 30.7% of the respondents' organization minimize risks at a very high extent, 48.4% indicated high extent, 14.3% moderately high extent, 3.7% indicated moderately low extent, 0.4% indicated low extent while 0.8% indicated very low extent. On average, the respondents indicated that the organization minimize risk with a high mean of 4.96.

The results also indicated that 26.6% of the respondents' organization mitigate risk at a very high extent, 47.5% indicated high extent, 17.6% moderately high extent, 4.9% indicated moderately low extent, 1.2% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that the organization mitigate risk is high with a mean of 4.86. Last on the results table, 40.6% of the respondents' organization avoid risk at a very high extent, 38.9% indicated high extent, 10.2% moderately high extent, 5.3% indicated moderately low extent, 2.0% indicated low extent while 1.2% indicated very low extent. On average, the respondents indicated that they understand its risk is high with a mean of 5.00. The grand mean for risk management is 5.008 which indicates that on average, respondents agreed with most of the statements on the as it relates to how the organization manages risk.

Table 4.4: Descriptive Analysis of Responses on Ethical Practices

Ethical Practices	Level of Agreement (n=244)						Average
	VHE	HE	MHE	MLE	LE	VLE	Mean
Legal Compliance	43.9%	45.9%	6.1%	1.6%	0.4%	0.4%	5.23
Sanction Unethical practice	31.1%	55.7%	9.0%	1.6%	0.4%	0.4%	5.08
Ethical Awareness	30.7%	48.4%	14.8%	2.9%	1.2%	0.4%	4.97
Reward for Professional conduct	27.9%	45.5%	19.3%	3.3%	1.6%	0.8%	4.86
Display of Professionalism	32.4%	51.6%	10.7%	2.5%	0.8%	0.4%	5.05
Grand Mean							5.038

Source: Field Survey Results (2024)

Table 4.4, shows that 43.9% of the respondents rated the legal compliance of the organization at a very high extent, 45.9% indicated high extent, 6.1% moderately high extent, 1.6% indicated moderately low extent, 0.4% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that the legal compliance of the organization is high with a mean of 5.23. The results also indicated that 31.1% of the respondents' organization sanction unethical practice at a very high extent, 55.7% indicated high extent, 9.0% moderately high extent, 1.6% indicated moderately

low extent, 0.4% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that the organization sanctions unethical practice with a high mean of 5.08. Also 30.7% of the respondents' organization's ethical awareness at a very high extent, 48.4% indicated high extent, 14.8% moderately high extent, 2.9% indicated moderately low extent, 1.2% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that the organization's ethical awareness is high with a mean of 4.97.

The results also indicated that 27.9% of the respondents' organization reward for professional conduct at a very high extent, 45.5% indicated high extent, 19.3% moderately high extent, 3.3% indicated moderately low extent, 1.6% indicated low extent while 0.8% indicated very low extent. On average, the respondents indicated that the organization reward professional conduct is high with a mean of 4.86. Last on the results table, 32.4% of the respondents' organization display professionalism at a very high extent, 51.6% indicated high extent, 10.7% moderately high extent, 2.5% indicated moderately low extent, 0.8% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that their organization's display professionalism is high with a mean of 5.05.

The grand mean for ethical practices is 5.038 which indicates that on average, respondents agreed with most of the statements on the scale as it relates to the ethical practices of their organization.

Table 4.5: Descriptive Analysis of Responses on Transparency

Transparency	Level of Agreement (n=244)						Average
	VHE	HE	MHE	MLE	LE	VLE	Mean
Establishes due Process	39.8%	48.0%	8.6%	1.6%	0.4%	0%	5.18
Adhere to Regulation	34.0%	54.9%	7.8%	1.2%	0%	0.4%	5.14
Open organizational system	26.2%	48.8%	19.7%	3.3%	0.4%	0%	4.91
Performance appraisal	35.7%	43.9%	13.5%	4.9%	0.4%	0%	5.03
Reward-Objective alignment	22.1%	51.2%	19.3%	4.9%	0.4%	0.4%	4.82
Grand Mean							5.016

Source: Field Survey Results (2024)

Table 4.5, shows that 39.8% of the respondents rated that the organization establishes due process at a very high extent, 48.0% indicated high extent, 8.6% moderately high extent, 1.6% indicated moderately low extent very and 0.4% indicated low extent. On average, the respondents indicated that organization establishes due process is high with a mean of 5.18. The results also indicated that 34.0% of the respondents' organization adhere to regulation at a very high extent, 54.9% indicated high extent, 7.8% moderately high extent, 1.2% indicated moderately low extent and 0.4% indicated very low extent. On average, the respondents indicated that the organization adhere to regulation with a high mean of 5.14. Also 26.2% of the respondents' organization's open system at a very high extent, 48.8% indicated high extent, 19.7% moderately high extent, 3.3% indicated moderately low extent and 0.4% indicated low extent. On average, the respondents indicated that the organization's open system is high with a mean of 4.91.

The results also indicated that 35,7% of the respondents' organization performance appraisal at a very high extent, 43.9% indicated high extent, 13.5% moderately high

extent, 4.9% indicated moderately low extent and 0.4% indicated low extent. On average, the respondents indicated that the organization performance appraisal is high with a mean of 5.03. Last on the results table, 22.1% of the respondents' organizations reward-objective alignment at a very high extent, 51.2% indicated high extent, 19.3% moderately high extent, 4.9% indicated moderately low extent, 0.4% indicated low extent while 0.4% indicated very low extent. On average, the respondents indicated that their organization's reward-objective alignment is high with a mean of 4.82. The grand mean for transparency is 5.016 which indicates that on average, respondents agreed with most of the statements on the high scale as it relates to the transparency of their organization.

Table 4.6: Descriptive Analysis of Responses on Profitability

Profitability	Level of Agreement (n=244)						Average
	VHE	HE	MHE	MLE	LE	VLE	Mean
Increase between 2015 and 2016	26.6%	51.2%	18.0%	2.9%	0.4%	0%	4.98
Increase between 2016 and 2017	17.6%	55.3%	21.7%	2.9%	0.8%	0.8%	4.80
Increase between 2017 and 2018	17.2%	42.6%	33.6%	4.5%	0.8%	0.4%	4.66
Increase between 2018 and 2019	23.4%	43.0%	25.8%	3.7%	1.6%	1.6%	4.75
Increase between 2019 and 2020	18.9%	44.3%	25.0%	4.1%	2.9%	3.7%	4.56
Grand Mean							4.750

Source: Field Survey Results (2024)

Table 4.6, shows that 26.6% of the respondents agreed that profit increased between 2015 and 2016 at a very high extent, 51.2% indicated high extent, 18.0% moderately high

extent, 2.9% indicated moderately low extent and 0.4% indicated low extent. On average, the respondents agreed that profit increased between 2015 and 2016 is high with a mean of 4.98. The results also indicated that 17.6% of the respondents agreed that profit increased between 2016 and 2017 at a very high extent, 55.3% indicated high extent, 21.7% moderately high extent, 2.9% indicated moderately low extent, 0.8% indicated low extent and 0.8% indicated very low extent. On average, the respondents agreed that profit increased between 2016 and 2017 with a high mean of 4.80. Also 17.2% of the respondents agreed that profit increased between 2017 and 2018 at a very high extent, 42.6% indicated high extent, 33.6% moderately high extent, 4.5% indicated moderately low extent, 0.8% indicated low extent while 0.4% indicated very low extent. On average, the respondents agreed that profit increased between 2017 and 2018 is high with a mean of 4.66.

The results also indicated that 23.4% of the respondents agreed that profit increased between 2018 and 2019 at a very high extent, 43.0% indicated high extent, 25.8% moderately high extent, 3.7% indicated moderately low extent, 1.6% indicated low extent while 1.6% indicated very low extent. On average, the respondents agreed that profit increased between 2018 and 2019 is high with a mean of 4.75. Last on the results table, 18.9% of the respondents agreed that profit increased between 2019 and 2020 at a very high extent, 44.3% indicated high extent, 25.0% moderately high extent, 4.1% indicated moderately low extent, 2.9% indicated low extent while 3.7% indicated very low extent. On average, the respondents agreed that profit increased between 2019 and 2020 is high with a mean of 4.56. The grand mean for profitability is 4.750 which indicates that on average, respondents agreed with most of the statements on the high scale as it relates to the profitability of their organization.

Table 4.7: Descriptive Analysis of Responses on Market Share

Market Share	Level of Agreement (n=244)						Average
	VHE	HE	MHE	MLE	LE	VLE	Mean
Increase in Customer base	29.9%	55.7%	10.2%	2.0%	0.4%	0.8%	5.07
Acquire new customers	20.9%	55.7%	18.9%	1.2%	2.5%	0%	4.88
Branch Expansion	18.4%	41.4%	23.0%	12.3%	0.4%	3.7%	4.51
Increase customer service usage	16.4%	50.0%	26.2%	4.1%	1.6%	0.8%	4.70
New product development	18.4%	48.0%	22.1%	7.4%	2.5%	0.8%	4.67
Grand Mean							4.766

Source: Field Survey Results (2024)

Table 4.7, shows that 29.9% of the respondents agreed that the firm had an increase in customer base at a very high extent, 55.7% indicated high extent, 10.2% moderately high extent, 2.0% indicated moderately low extent, 0.4% indicated low extent and 0.8% indicated very low extent. On average, the respondents agreed that the firm had an increase in customer base is high with a mean of 5.07. The results also indicated that

20.9% of the respondents agreed that the firm had acquired new customers at a very high extent, 55.7% indicated high extent, 18.9% moderately high extent, 1.2% indicated moderately low extent and 2.5% indicated low extent. On average, the respondents agreed that the firm had acquired new customers is high with a mean of 4.88. Also 18.4% of the respondents agreed that the firm had branch expansion at a very high extent, 41.4% indicated high extent, 23.0% moderately high extent, 12.3% indicated moderately low extent, 0.4% indicated low extent while 3.7% indicated very low extent. On average, the respondents agreed that the firm had branch expansion is high with a mean of 4.51.

The results also indicated that 16.4% of the respondents agreed that the firm had an increase in customer service usage at a very high extent, 50.0% indicated high extent, 26.2% moderately high extent, 4.1% indicated moderately low extent, 1.6% indicated low extent while 0.8% indicated very low extent. On average, the respondents agreed that the firm had an increase in customer service usage is high with a mean of 4.70. Last on the results table, 18.4% of the respondents agreed that the firm had a new product development at a very high extent, 48.0% indicated high extent, 22.1% moderately high extent, 7.4% indicated moderately low extent, 2.5% indicated low extent while 0.8% indicated very low extent. On average, the respondents agreed that the firm had a new product development is high with a mean of 4.67. The grand mean for firm growth is 4.766 which indicates that on average, respondents agreed with most of the statements on the high scale as it relates to the firm growth of their organization.

Table 4.8: Descriptive Analysis of Responses on Bank Efficiency

Bank Efficiency	VHE	HE	PHE	PLE	LE	VLE	Mean
Address customer compliant swiftly	(21.7 %)	(42.9 %)	(28.3 %)	(7.1%)	-	-	4.79
Guaranty customer feedback assurance	(17.9 %)	(57.3 %)	(21.2 %)	(3.5%)	-	-	4.90
Offer unique value proposition for all customers	(18.1 %)	(46.2 %)	(25.0 %)	(10.6 %)	-	-	4.72
Delivering excellence banking experience	(17.9 %)	(35.8 %)	(46.2 %)	-	-	-	4.72
Prioritize customer satisfaction	(21.7 %)	(28.5 %)	(31.9 %)	(14.4 %)	(3.5%)	-	4.50
Provide seamless virtual banking service	(50.0 %)	(25.2 %)	(21.2 %)	(3.5%)	-	-	5.22
Grand Mean							4.69

Source: Field Survey Data (2024)

According to results in Table 4.8, 25.2% of respondents rated very high extent that there is product differentiation, 46.2% rated high extent, 7.3% rated partially high extent, and

21.2% rated partially low extent. On average, the respondents indicated that there is product differentiation has a mean of 4.75 and standard deviation is 1.057. Results also indicated that 10.8% of respondents rated very high extent that there is product features, 42.9% high extent, 17.7% partially high extent, 10.8% partially low extent, 10.6% low extent, and 7.1% very low extent. On average, the respondents indicated that there is product features has a mean of 4.11 and standard deviation is 1.423. Results also indicated that 21.9% of the respondents rated very high extent that there perception of equity and fairness, 21.2% high extent, 42.7% partially high extent, and 14.2% partially low extent. On average, the respondents indicated that there is perception of equity and fairness has a mean of 4.51 and standard deviation is 0.987.

Results also indicated that 21.7% of the respondents rated very high extent that there is product/service quality, 42.9% high extent, 28.3% partially high extent, and 7.1% partially low extent. On average, the respondents indicated that there is product/service quality has a mean of 4.79 and standard deviation is 0.861. Results also indicated that 17.9% of the respondents rated very high extent that there is product customization, 57.3% high extent, 21.2% partially high extent, and 3.5% partially low extent. On average, the respondents indicated that there is product customization has a mean of 4.90 and standard deviation is 0.724. Results also indicated that 18.1% of respondents rated very high extent that there is product reliability, 46.2% high extent, 25.0% partially high extent, and 10.6% partially low extent. On average, respondents indicated that there is product reliability has a mean of 4.72 and standard deviation is 0.883. Results also indicated that 17.9% of the respondents rated very high extent that there is customer complaint response, 35.8% high extent, and 46.2% partially high extent. On average, the respondents indicated that there is customer complaint response has a mean of 4.72 and standard deviation is 0.750.

Results also indicated that 21.7% of respondents rated very high extent that there is customer feedback assurance, 28.5% high extent, 31.9% partially high extent, 14.4% partially low extent, and 3.5% low extent. On average, respondents indicated that there is customer feedback assurance has a mean of 4.50 and standard deviation is 1.089. Results also indicated that 50.0% of the respondents rated very high extent that there is customer empathy, 25.2% high extent, 21.2% partially high extent, and 3.5% partially low extent. On average, the respondents indicated that there is customer empathy has a mean of 5.22 and standard deviation is 0.899. The grand mean for customer satisfaction is 4.69 which indicates that on average, respondents agreed with most of the statements on the high scale as it relates to how customer satisfaction is an appropriate measure of Organisational performance with the overall standard deviation of 0.964. This implies that the responses were clustered around the mean.

4.2.1 Hypotheses

Restatement of Hypothesis One

H₀₁: Corporate governance dimensions have no significant effect on profitability of selected deposit money banks in Lagos State, Nigeria.

In order to test null hypothesis one, multiple regression analysis was used. In the analysis, the values of profitability were regressed on the values of each of the values of corporate governance. The data for corporate governance (independent variable) was generated by summing responses of all items for ethical practice, risk management, and transparency while that of profitability (dependent) was generated by adding responses of all items used to measure the variable. The regression test results are presented in Tables 4.9.

Table 4.9: Summary of Regression Analysis for the Effect of Corporate Governance on Profitability of Selected Deposit Money Banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig.	F(df)
				0.700 ^a	0.491	0.485	0.000 ^b	88.317(3,275)
(Constant)	1.726	8.692	.000					
Risk management	.061	1.164	.246					
Ethical practice	.308	6.976	.000					
Transparency	.302	5.397	.000					

Source: Field Survey Data (2024)

Table 4.9 presents the results of multiple regression analysis for the effect of corporate governance on profitability of DMBs in Lagos State, Nigeria. Table 4.9 presents a model summary which establishes how the model equation fits into the data. The Adj. R² was used to establish the predictive power of the study's model. From the results, corporate governance (ethical practice, risk management, and transparency) have a strong positive statistically significant relationship with profitability of DMBs ($R = 0.700$, $p < 0.05$).

The Adjusted coefficient of determination (Adj. R²) of 0.485 shows that corporate governance dimensions explained 48.5% of the variation in profitability of DMBs under study while the remaining 41.5% variation in profitability is explained by other exogenous variable different from corporate governance dimensions examined. This result suggests that corporate governance dimensions influence 48.5% of profitability of DMBs in Lagos State, Nigeria. Table 4.9 presents the results of ANOVA (overall model significance) of regression test which revealed that the combined corporate governance dimensions have a significant effect on profitability of DMBS in Lagos State, Nigeria.

This can be explained by the F-value (88.317) and low p-value (0.016) which is statistically significant at 95% confidence interval. Hence, the result posited that corporate governance adopted by DMBs in Lagos State influenced their profitability. Furthermore, the results of regression coefficients which revealed that a positive significant relative effect was reported for ethical practice and transparency while risk management showed an insignificant relative effect.

Further, the results reveal that at 95% confidence level, ethical practice ($\beta = 0.308$, $p = 0.000$) and Transparency ($\beta = 0.302$, $p = 0.000$) of the DMBs in Lagos State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. The result also indicates that taking all other independent variables at zero, a unit change in ethical practice will lead to a 0.308 increase in profitability for DMBs given that all other factors are held constant. Similarly, the result also indicates that taking all other independent variables at zero, a unit change in transparency will lead to a 0.302 increase in profitability for DMBs given that all other factors are held constant. Based on these results, this study can conclude that corporate governance dimensions significantly influence the profitability of DMBs in Lagos State, Nigeria. On the strength of this result ($Adj R^2 = 0.485$, $F(3,275) 88.317$, $p = 0.016$), this study rejects the null hypothesis one (H_{01}) which states that corporate governance have no significant effects on profitability of DMBs in Lagos State, Nigeria.

Restatement of Hypothesis Two

H_{02} : Corporate governance dimensions have no significant effect on market share of selected deposit money banks in Lagos State, Nigeria.

In order to test null hypothesis one, multiple regression analysis was used. In the analysis, the values of market share were regressed on the values of each of the values of corporate governance. The data for corporate governance (independent variable) was generated by

summing responses of all items for ethical practice, risk management, and transparency while that of market share (dependent) was generated by adding responses of all items used to measure the variable. The regression test results are presented in Tables 4.9.

Table 4.10: Summary of Regression Analysis for the Effect of Corporate Governance on Market Share of Selected Deposit Money Banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig.	F(df)
				0.689	0.475	0.469	0.000 ^b	82.902(3,275)
(Constant)	0.814	3.137	0.002					
Risk management	0.263	3.851	0.000					
Ethical practice	0.039	0.681	0.496					
Transparency	0.521	7.126	0.000					

Source: Field Survey Data (2024)

Table 4.10 presents the results of multiple regression analysis for the effect of corporate governance on market share of DMBs in Lagos State, Nigeria. Table 4.10 presents a model summary, which establishes how the model equation fits into the data. The Adj. R² was used to establish the predictive power of the study's model. From the results, corporate governance (ethical practice, risk management, and transparency) have a strong positive statistically significant relationship with market share of DMBs ($R = 0.689^a$, $p < 0.05$).

The Adjusted coefficient of determination (Adj. R²) of 0.469 shows that corporate governance dimensions explained 46.9% of the variation in market share of DMBs under study while the remaining 43.1% changes in market share is explained by other exogenous variable different from corporate governance dimensions examined. This

result suggests that corporate governance dimensions influence 46.9% of market share of DMBs in Lagos State, Nigeria. Table 4.10 presents the results of ANOVA (overall model significance) of regression test which revealed that the combined corporate governance dimensions have a significant effect on market share of DMBS in Lagos State, Nigeria. This can be explained by the F-value (82.902) and low p-value (0.016) which is statistically significant at 95% confidence interval. Hence, the result posited that corporate governance adopted by DMBs in Lagos State influenced their market share. Furthermore, the results of regression coefficients which revealed that a positive significant relative effect was reported for risk management and transparency while ethical practice showed an insignificant relative effect.

Further, the results reveal that at 95% confidence level, risk management ($\beta = 0.263$, $p = 0.000$) and Transparency ($\beta = 0.521$, $p = 0.000$) of the DMBs in Lagos State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. The result also indicates that taking all other independent variables at zero, a unit change in risk management will lead to a 0.263 increase in market share for DMBs given that all other factors are held constant. Similarly, the result also indicates that taking all other independent variables at zero, a unit change in transparency will lead to a 0.521 increase in market share for DMBs given that all other factors are held constant. Of the dimensions of corporate governance examined, transparency ($\beta = 0.521$, $p = 0.000$) has the highest relative influence on market share followed by risk management ($\beta = 0.263$, $p = 0.000$). Based on these results, this study can conclude that corporate governance dimensions significantly influence the market share of DMBs in Lagos State, Nigeria. On the strength of this result ($Adj R^2 = 0.469$, $F(3,275) 82.902$, $p = 0.016$), this study rejects the null hypothesis two (H_02) which states that corporate governance have no significant effects on market share of DMBs in Lagos State, Nigeria.

Restatement of Hypothesis Three

H₀₃: Corporate governance dimensions have no significant effect on bank efficiency of selected deposit money banks in Lagos State, Nigeria.

In order to test null hypothesis one, multiple regression analysis was used. In the analysis, the values of bank efficiency were regressed on the values of each of the values of corporate governance. The data for corporate governance (independent variable) was generated by summing responses of all items for ethical practice, risk management, and transparency while that of bank efficiency (dependent) was generated by adding responses of all items used to measure the variable. The regression test results are presented in Tables 4.11.

Table 4.11: Summary of Regression Analysis for the Effect of Corporate Governance on Bank Efficiency of Selected Deposit Money Banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova	F(df)
							Sig.	
				0.753 ^a	0.568	0.563	0.000 ^b	120.383 (3,275)
(Constant)	-	-	0.103					
	0.396	1.636						
Risk management	0.190	2.977	0.003					
Ethical practice	0.309	5.738	0.000					
Transparency	0.472	6.920	0.000					

Source: Field Survey Data (2024)

Table 4.11 presents the results of multiple regression analysis for the effect of corporate governance on bank efficiency of DMBs in Lagos State, Nigeria. Table 4.11 presents a

model summary, which establishes how the model equation fits into the data. The Adj. R^2 was used to establish the predictive power of the study's model. From the results, corporate governance (ethical practice, risk management, and transparency) have a strong positive statistically significant relationship with bank efficiency of DMBs ($R = 0.753^a$, $p < 0.05$).

The Adjusted coefficient of determination (Adj. R^2) of 0.563 shows that corporate governance dimensions explained 46.9% of the variation in bank efficiency of DMBs under study while the remaining 56.3% changes in bank efficiency is explained by other exogenous variable different from corporate governance dimensions examined. This result suggests that corporate governance dimensions influence 56.3% of bank efficiency of DMBs in Lagos State, Nigeria. Table 4.11 presents the results of ANOVA (overall model significance) of regression test which revealed that the combined corporate governance dimensions have a significant effect on bank efficiency of DMBS in Lagos State, Nigeria. This can be explained by the F-value (120.383) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that corporate governance adopted by DMBs in Lagos State influenced their bank efficiency. Furthermore, the results of regression coefficients that revealed that a positive significant relative effect was reported for risk management and transparency while ethical practice showed an insignificant relative effect. Further, the results reveal that at 95% confidence level, risk management ($\beta = 0.190$, $p = 0.003$), Ethical practice ($\beta = 0.309$, $p = 0.000$) and Transparency ($\beta = 0.472$, $p = 0.000$) of the DMBs in Lagos State were statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. The result also indicates that taking all other independent variables at zero, a unit change in risk management will lead to a 0.190 increase in bank efficiency for DMBs given that all other factors are held constant.

The result also indicates that taking all other independent variables at zero, a unit change in ethical practice will lead to a 0.309 increase in bank efficiency for DMBs given that all other factors are held constant. Similarly, the result also indicates that taking all other independent variables at zero, a unit change in transparency will lead to a 0.472 increase in bank efficiency for DMBs given that all other factors are held constant. Of the dimensions of corporate governance examined, transparency ($\beta = 0.472$, $t = 6.920$, $p = 0.000$) has the highest relative influence on bank efficiency followed by ethical practice ($\beta = 0.309$, $t = 5.738$, $p = 0.000$) while risk management $\beta = 0.190$, $t = 2.977$, $p = 0.000$) offered the least contribution to bank efficiency. Based on these results, this study can conclude that corporate governance dimensions significantly influence the bank efficiency of DMBs in Lagos State, Nigeria. On the strength of this result ($Adj R^2 = 0.563$, $F(3,275) = 120.383$, $p = 0.000$), this study rejects the null hypothesis three (H_{03}) which states that corporate governance have no significant effects on bank efficiency of DMBs in Lagos State, Nigeria.

Restatement of Hypothesis Four

H_{04} : Corporate governance dimensions have no significant effect on DMBs performance of selected deposit money banks in Lagos State, Nigeria.

In order to test null hypothesis one, multiple regression analysis was used. In the analysis, the values of DMBs performance were regressed on the values of corporate governance. The data for corporate governance (independent variable) was generated by summing responses of all items for ethical practice, risk management, and transparency while that of DMBs performance (dependent) was generated by adding responses of all items used to measure the variable. The regression test results are presented in Tables 4.12.

Table 4.12: Summary of Regression Analysis for the Effect of Corporate Governance on DMBs Performance of Selected Deposit Money Banks in Lagos State

Model	Beta	t	Sig.	R	R ²	Adj. R ²	Anova Sig.	F(df)
				0.672	0.452	0.450	0.000 ^b	228.570 (1,277)
(Constant)	1.840	9.574	0.000					
Corporate governance	0.658	15.119	0.000					

Source: Field Survey Data (2024)

Table 4.12 presents the results of the simple regression analysis for the effect of corporate governance on DMBs performance of DMBs in Lagos State, Nigeria. Table 4.9 presents a model summary, which establishes how the model equation fits into the data. The R² was used to establish the predictive power of the study's model. From the results, corporate governance have a strong positive statistically significant relationship with DMBs performance of DMBs (R = 0.672^a, p<0.05).

The coefficient of determination (R²) of 0.452 shows that corporate governance explained 45.2% of the variation in DMBs performance of DMBs under study while the remaining 54.8% changes in DMBs performance is explained by other exogenous variable different from corporate governance dimensions examined. This result suggests that corporate governance dimensions influence 45.2% of DMBs performance of DMBs in Lagos State, Nigeria. Table 4.12 presents the results of ANOVA (overall model significance) of regression test which revealed that the combined corporate governance have a significant

effect on DMBs performance of DMBS in Lagos State, Nigeria. This can be explained by the F-value (228.570) and low p-value (0.000) which is statistically significant at 95% confidence interval. Hence, the result posited that corporate governance mechanism operational within the selected DMBs in Lagos State influenced their DMBs performance.

In addition, the results of regression coefficients that revealed that a positive significant relative effect was reported for corporate governance. Further, the results reveal that at 95% confidence level, corporate governance ($\beta = 0.658$, $p = 0.000$) of the DMBs in Lagos State was statistically significant as the p-values were less than 0.05 and the t-values greater than 1.96. The result also indicates that taking all other factor at zero, a unit change in corporate governance will lead to a 0.658 increase in DMBs performance for DMBs given that all other factors are held constant. Based on these results, this study can conclude that corporate governance significantly influence the DMBs performance of DMBs in Lagos State, Nigeria. On the strength of this result ($R^2 = 0.452$, $F(1,277)$ 228.570, $p = 0.000$), this study rejects the null hypothesis four (H_04) which states that corporate governance have no significant effects on DMBs performance of DMBs in Lagos State, Nigeria.

4.3 Discussion of Findings

The results of regression analysis for the effect of corporate governance on performance of DMBs in Lagos State, Nigeria revealed that corporate governance has a positive and significant effect performance of DMBs under investigation. Conceptually, the relevance of corporate governance is to ensure that the going-concern status of the organisation is guaranteed. The implication this narrative suggest that corporate governance are set of internal factors that can enhance the performance of organisation. Corporate governance, the system by which companies are directed and controlled, plays a pivotal role in

shaping organizational performance. A robust governance framework ensures that the interests of shareholders and other stakeholders are aligned with the strategic goals of the company, thereby enhancing overall performance. Recent empirical studies provide substantial evidence supporting the positive and significant effect of corporate governance on organizational performance.

One key study explored the impact of corporate governance on the performance of firms listed on the Ghana Stock Exchange. The research demonstrated that firms with effective governance mechanisms, such as independent boards, audit committees, and clear ownership structures, showed improved financial performance indicators, including return on assets (ROA) and return on equity (ROE). The study attributed this improvement to enhanced decision-making processes, reduced agency costs, and increased transparency, which collectively contribute to better resource allocation and risk management. Similarly, a study examined Chinese firms and found that good corporate governance practices, particularly those involving board diversity and independence, are strongly correlated with enhanced firm performance. This research highlighted that diverse boards bring a variety of perspectives, which can improve strategic decisions and foster innovation. Moreover, independent directors often serve as effective monitors, ensuring that management acts in the best interests of shareholders, thus leading to higher profitability and growth. In the context of developed markets, a study analyzed the relationship between governance quality and firm performance in U.S. companies. The findings indicated that firms with higher governance scores, including factors like CEO duality (separation of CEO and board chair roles), board size, and ownership concentration, tend to exhibit better performance metrics. This suggests that well-governed firms are better positioned to navigate complex business environments, mitigate risks, and capitalize on growth opportunities.

Empirically, the finding of the study found support in extant literature. For example, a study conducted to establish the relationship between innovation capability and corporate governance in commercial banks in Kenya posited that most of the banks had incorporated the various parameters that are used for gauging innovation capabilities and corporate governance. Hence, both internal organisational factors were strongly related and their combined multiplier effect of organisational performance was significant¹. Fazli et al.² found that corporate governance as a positive effect on the shareholders dividend for family-owned businesses Fazli et al.² findings corroborated ^{3, 4}. The study established that corporate governance explained the positive significant variation in shareholder return and the overall performance of mid-sized enterprises in Nigeria. The results indicated that corporate governance has a statistically significant influence on the performance of financial institutions. Also, Rao and Desta⁶ examined corporate governance and financial performance: A study with reference to commercial banks in Ethiopia. As with many studies on governance Krishnan and Amin⁷ equally revealed that there is positive relationship between corporate governance and firm performance.

However, contrary finding was observed in extant literature. For example, Bhattra et al. showed a contrary result compared to scholar findings^{2,3,4,5}. According to the scholars who examined the effect of corporate governance on financial performance of bank in Nepal. The study showed that the board size and shareholder dividend have negative impacts the financial performance of commercial banks in Nepal. Similar some scholars evaluated the interactions of corporate governance dimensions board size and risk management on performance of listed deposit money banks in Nigeria. Their findings revealed that liquidity risk is negative and has insignificant effect on ROE and EPS of the study banks in Nigeria. The results indicate that board structure; size, gender diversity

and ownership type have no significant impact on financial performance of Ethiopian commercial banks^{11,12}.

In addition, not all studies are unanimous in their conclusions. A dissenting view is presented by scholars, who examined the impact of corporate governance reforms in Brazilian companies. Their study found no significant improvement in firm performance post-implementation of governance changes. They argued that the local context, including regulatory environment and market dynamics, might moderate the effectiveness of governance practices. This suggests that the positive effects of corporate governance may not be universally applicable and could vary depending on specific contextual factors.

Moreover, the research by some scholars on South African firms revealed mixed results. While certain governance practices, such as enhanced board oversight and rigorous audit procedures, positively influenced financial performance, other aspects like rigid compliance requirements sometimes led to increased operational costs and stifled managerial flexibility. This highlights a potential trade-off between governance rigor and operational efficiency, indicating that the design of governance frameworks should be carefully tailored to the firm's operational context and strategic objectives. From the theoretical standpoint, the Agency theory was strengthened. Agency theory established that an effective principal-agent relationship has the potential to enhance the overall organisational performance given the agent's responsibility to the principal. Therefore, on the strength of the support found in conceptual, empirical and theoretical submissions in extant literature with this present study's result, the study posits that corporate governance have positive and statistically significant effect on performance of DMBs in Lagos State, Nigeria.

Endnotes

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Chapter Five

Conclusion

This chapter discusses the summary of the study, conclusions, recommendations of the study and suggestion for future studies.

5.1 Summary of Findings

The aim objective of the study is to evaluate the effect of corporate governance on performance of selected deposit money banks in Lagos State, Nigeria. The study has five chapters to in an effort to achieve its main objective. The introductory chapter presented a detailed background to the study which widely acknowledged that good corporate governance framework instituted in organisation is essential to sustain and promote the interest of stakeholders and hence position the banking sector into a vibrant financial system that enhance growth and economic prosperity for Nigerians. Scholarly work has been done to substantiate the functional relationship between corporate governance and performance in divers' sectors. Likewise empirical submission has been made about corporate governance relevance for business survival and sustainability however scholars have recommended the need for more studies on the performance effect of corporate governance the banking sector especially after the disruptions caused by the rampaging COVID-19 pandemic and raising operating cost caused by global supply disruption.

It is important to stress that the sector is battling with problems ranging from inefficient service delivery, people's distrust for the banking sector, rising bad loans, and extreme poverty which makes it difficult for the average Nigerian to deposit money in banks. It is against this backdrop of events that this study intends to evaluate the effect of corporate governance on the performance of selected banks in Lagos State, Nigeria.

In the second chapter, literature review of previous relevant studies to the concept of corporate governance and performance were reviewed. Corporate governance dimension in this study included risk management, ethical practices transparency. Organisational performance was measured using profitability, market share and bank efficiency. The empirical review was done to capture the interaction between corporate governance and organisational performance. The theoretical review considered the agency theory, which is of specific relevance to this study.

On the methodology chapter, a cross-sectional survey research design was used for this study to empirically evaluate the interactions between corporate governance and performance of selected deposit money banks in Lagos State, Nigeria. The study employed the use of an adapted questionnaires to collected data from the respondents after they were scientifically certified to be valid and reliable for the intended purpose through the conduct of a pilot study. Both the descriptive and inferential statistics were adopted. Specifically, the descriptive enhanced the analysis for all the study variables and it provided answer to the specific research questions of the study. On the other hand, the inferential statistics enabled the test of the four null hypotheses formulated in the introductory chapter.

The data analysis established the analytical technique adopted, interpretation of results and discussion of the research findings. In all, four research questions, objectives and hypotheses were formulated and tested. The data analysis was out carried in line with the study's specific objectives and hypotheses from which the patterns were investigated, interpreted, and conclusions drawn. Both descriptive and inferential statistics were adopted to analyze the data. The descriptive aspect of analysis was used to interpret the respondents' opinion to the three research questions. Frequency distribution tables and

percentage presentation approaches were employed in the analysis and interpretation of data collected using the Statistical Product and Service Solutions (SPSS) version 24.0 versions for the analysis. In addition, the research objectives one, two, and three, were analysed through multiple regression analysis to substantiate the effects of corporate governance dimension on performance in selected DMBs in Lagos State, Nigeria. Simple regression analysis was used to substantiate the fourth hypothesis.

The data generated were sorted, coded, and analysed to establish the statistical significance of corporate governance on performance in selected DMBs in Lagos State, Nigeria, and final acceptance or rejection of the hypotheses were made. From the interpretation of analyses of data collected and findings of the study, the following can be summed up as the main empirical findings of this study:

1. Corporate governance (risk management, ethical practices and transparency) have significant effect on profitability of selected DMBs in Lagos State, Nigeria ($Adj R^2 = 0.485$, $F(3,275) 88.317$, $p = 0.016$).
2. Corporate governance dimension have positive and significant effect on market share of selected DMBs in Lagos State, Nigeria ($Adj R^2 = 0.563$, $F(3,275) 120.383$, $p = 0.000$).
3. Corporate governance dimension have positive and significant effect on efficiency of selected DMBs in Lagos State, Nigeria ($Adj R^2 = 0.563$, $F(3,275) 120.383$, $p = 0.000$).
4. Corporate governance have positive and significant effect on performance of selected DMBs in Lagos State, Nigeria ($R^2 = 0.452$, $F(1,277) 228.570$, $p = 0.000$).

5.2 Conclusion

This study examined the effect of corporate governance on the performance of selected Deposit Money Banks (DMBs) in Lagos State, Nigeria. The investigation was

necessitated by the declining performance of Nigerian banks attributable to financial crises, economic recession, rising non-performing loans, liquidity challenges, and governance-related issues that have plagued the banking sector. Despite the acknowledged importance of corporate governance in sustaining organizational performance and stakeholder interests, empirical evidence on how specific governance dimensions affect bank performance in the Nigerian context, particularly in the post-pandemic era, remained limited. Against this backdrop, the study specifically examined how corporate governance dimensions (risk management, ethical practice, and transparency) affect profitability, market share, and bank efficiency of selected DMBs in Lagos State, Nigeria.

The study adopted a cross-sectional survey research design and collected primary data from 244 management staff across four selected DMBs using a validated and reliable questionnaire. Data analysis was conducted using both descriptive and inferential statistics, specifically multiple regression and simple regression analyses. The findings revealed that corporate governance has a positive and significant effect on the overall performance of selected DMBs ($R^2 = 0.452$, $F(1,277) = 228.570$, $p = 0.000$), explaining 45.2% of the variation in organizational performance. Furthermore, corporate governance dimensions demonstrated significant effects on all three performance measures examined: profitability (Adj $R^2 = 0.485$), market share (Adj $R^2 = 0.469$), and bank efficiency (Adj $R^2 = 0.563$). These results provide empirical support for the theoretical propositions of Agency Theory and Stakeholder Theory, which emphasize the critical role of governance mechanisms in aligning the interests of principals and agents while satisfying diverse stakeholder expectations.

However, the study findings also revealed important nuances in how different governance dimensions influence specific performance outcomes. While ethical practice and transparency significantly influenced profitability, risk management showed an insignificant contribution to this performance measure. Similarly, in the case of market share, risk management and transparency were significant predictors, while ethical practice demonstrated an insignificant effect. Conversely, all three governance dimensions—risk management, ethical practice, and transparency—significantly contributed to bank efficiency, with transparency emerging as the most influential factor ($\beta = 0.472$, $p = 0.000$). These mixed results suggest that while corporate governance as a composite construct enhances performance, the relative importance of individual governance dimensions varies depending on the specific performance outcome being measured. This finding underscores the need for banks to adopt a balanced and comprehensive approach to corporate governance rather than focusing on isolated governance mechanisms.

The study's findings have important implications for banking practice, policy formulation, and academic discourse. From a practical standpoint, bank management must recognize that effective corporate governance is not merely a regulatory compliance requirement but a strategic tool for enhancing competitive advantage and ensuring long-term sustainability. The particularly strong influence of transparency on all performance measures suggests that banks should prioritize openness, information disclosure, adherence to regulations, and establishment of fair performance appraisal systems. For policymakers and regulatory authorities such as the Central Bank of Nigeria, these findings validate the importance of stringent corporate governance regulations while highlighting the need for differentiated governance frameworks that recognize the varying impacts of different governance mechanisms. For the academic community, this study

contributes to the growing body of knowledge on corporate governance in emerging markets by providing empirical evidence from the Nigerian banking sector and demonstrating the applicability of Agency Theory and Stakeholder Theory in explaining governance-performance relationships.

In conclusion, this study establishes that corporate governance significantly affects the performance of Deposit Money Banks in Lagos State, Nigeria, thereby validating the central research hypothesis. The findings demonstrate that banks with robust corporate governance frameworks characterized by effective risk management, ethical practices, and transparency are better positioned to achieve superior profitability, expand market share, and operate efficiently. However, the study also reveals that not all governance dimensions contribute equally to all performance outcomes, suggesting the need for context-specific governance strategies. Based on these findings, the study recommends that bank management should strengthen all corporate governance mechanisms investigated, with particular emphasis on enhancing risk management capabilities to improve profitability, promoting ethical practices to expand market share, and maintaining high levels of transparency across all operations. Additionally, regulatory authorities should continue to enforce and update corporate governance codes to reflect emerging challenges and opportunities in the banking sector. Future research should consider longitudinal studies to examine the long-term effects of corporate governance on bank performance and explore additional governance mechanisms and performance measures to provide a more comprehensive understanding of this critical relationship.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made;

1. The contribution of corporate governance to profitability is appreciable however, risk management present an insignificant contribution to profitability. Hence, it is imperative for the corporate parent of the selected DMBs in Lagos State to pay attention to risk management activities to ensure that it helps improve profitability for the DMBs under investigation.
2. Given the insignificant relative effect of ethical practice on market share, it imperative for the corporate parent of the selected DMBs in Lagos State to uphold tenet of ethical practices to ensure that it helps improve market share for the DMBs under investigation.
3. There is a need to for the management of the selected DMBs in Lagos State to re-examine it risk management activities so it can contribute to their operational efficiency at the same level as transparency and ethical practice dimension of corporate governance.
4. The study established that corporate governance was able to explain moderate significant variation in performance of selected DMBs in Lagos State, Nigeria. Hence, the study recommends the need to strengthened corporate governance mechanism investigated in the study so that it can enhance the performance of the DMBs investigated.

5.4 Contributions to Knowledge

The findings of this made important contributions to knowledge in the following ways.

1. This study identified and filled conceptual gaps in literature regarding corporate governance dimension and performance of DMBs.
2. The conceptual model developed for the study suggest another area in which this study has contributed to the body of knowledge conceptually because no known similar studies,

both theoretical and empirical, have utilised the model in their studies. Hence, adding to models that can explain the link between corporate governance dimension and performance selected money deposit banks in Lagos State, Nigeria.

3. From the theoretical stand point Agency theory were strengthened as they provided a theoretical underpinning for this study. More so, because the findings of this study unhelp the tenets of the theory.
4. The findings of this study concerning the effect of corporate governance on performance of DMBs in Lagos State, Nigeria revealed that corporate governance have a positive and significant effect performance of DMBs under investigation. The empirical outcome of this study contributes to the recent empirical findings in the area of corporate governance and DMBs performance and equally served as a reference material for future researchers.

5.5 Suggested Area of Further Research Studies

Future studies may consider the following suggestions

- i. Future studies may consider a longitudinal study to confirm and provide explanation of causality for the interaction between corporate governance and DMBs performance over many years.
- ii. Given that this study focused solely on banking in Lagos State, future study may expand the scope by incorporating more States in Nigeria and other corporate governance mechanisms to enhance the generalization of the findings of this study.
- iii. Other factors besides corporate governance and it dimension can equally influence organisational performance; Hence, future studies may consider these factors to establish their effects on performance.

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Unpublished Thesis/Dissertation

Billah, M.M. "Corporate governance and bank performance: Conventional vs Islamic banks in Malaysia." PhD diss., UTAR, 2019.

Appendix I
Questionnaire
Lead City University, Ibadan
Faculty of Management & Social Sciences
Department of Management & Accounting

Dear Respondent,

As part of the requirement for MSc. Insurance and Risk Management a, I am carrying out a on Corporate governance and organizational performance in selected deposit money banks in Lagos, State. This is necessary to determine the appropriateness of the research questionnaire provided below. Feel free to make corrections to any statement you find inappropriate and please tick the option that best express your personal views. This research is purely for academic purpose and all information provided would be treated with utmost confidentiality. In any case you fill uncomfortable to proceed you may withdraw your consent at no cost.

Thank you

Instructions:

- i. Kindly read the questions very well before responding.
- ii. In section A, you are expected to tick (✓) in the space provided for your response

Section A: Demographic of Respondents

1. Gender: Male () Female ()
2. Respondents Age: 20-30years (), 31-40 (), 41-50 (), 51-60 (), 61 above(),
3. What is your highest educational qualification: B.Sc./HND (), MA/MBA/M.Sc. (), M.Phil/Ph.D. () Others, (please specify).....
4. Length of Service: Below 10 years (), 11-20 years (), 21-30 years (), 31-40 years (), 41-50 years ().
5. Job Level: Top management () Middle management () Lower management ()

Section B:**Corporate Governance: Risk Management, Ethical Practice, and Transparency**

Please tick appropriate box according to the following keys: VHE= Very High Extent (6),

H= High Extent (5), MHE= Moderately High Extent (4), MLE= Moderately Low Extent

(3), LE= Low Extent (2) VLE= Very Low Extent (1).

A	Risk Management To what extent, does your Organization do the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
1	Risk Assessment	6	5	4	3	2	1
2	The risk appetite	6	5	4	3	2	1
3	Understands its risks	6	5	4	3	2	1
4	Minimization of risk	6	5	4	3	2	1
5	Risk control	6	5	4	3	2	1
6	Mitigate Risk	6	5	4	3	2	1
7	Avast Risk	6	5	4	3	2	1
	Ethical Practice To what extent, does your Organization observe the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
8	Legal Compliance	6	5	4	3	2	1
9	Sanction on Unethical practice	6	5	4	3	2	1
10	Ethical Awareness	6	5	4	3	2	1
11	Code of conduct	6	5	4	3	2	1
12	Reward for Professional conduct	6	5	4	3	2	1
13	Display of Professionalism	6	5	4	3	2	1
14	Confidentiality of Customers	6	5	4	3	2	1

	Transparency To what extent, does your Organization do the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
22	Our bank's integrity	6	5	4	3	2	1
23	Information disclosure	6	5	4	3	2	1
24	Process integration	6	5	4	3	2	1
25	Adhere to Regulation	6	5	4	3	2	1
26	Open organizational system	6	5	4	3	2	1
27	Performance appraisal	6	5	4	3	2	1
28	Reward-Objective alignment	6	5	4	3	2	1

Section C

Organizational Performance: Profitability, market share, Firm Growth, Shareholder Dividend, Bank Efficiency

Please tick appropriate box according to the following keys: VHE= Very High Extent (6), H= High Extent (5), MHE= Moderately High Extent (4), MLE= Moderately Low Extent (3), LE= Low Extent (2) VLE= Very Low Extent (1).

	Profitability To what extent can you rate the Profit based on the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
33	Increase between 2011 and 2012	6	5	4	3	2	1
34	Increase between 2012 and 2013	6	5	4	3	2	1
35	Increase between 2013 and 2014	6	5	4	3	2	1
36	Increase between 2014 and 2015	6	5	4	3	2	1
37	Increase between 2015 and 2016	6	5	4	3	2	1
38	Increase between 2016 and	6	5	4	3	2	1

	2017						
39	Increase between 2017 and 2018	6	5	4	3	2	1
	Market Share To what extent can you rate your organization based on the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
40	Increase between 2011 and 2012	6	5	4	3	2	1
41	Increase between 2012 and 2013	6	5	4	3	2	1
42	Increase between 2013 and 2014	6	5	4	3	2	1
43	Increase between 2014 and 2015	6	5	4	3	2	1
44	Increase between 2015 and 2016	6	5	4	3	2	1
45	Increase between 2016 and 2017	6	5	4	3	2	1
46	Increase between 2017 and 2018	6	5	4	3	2	1
	Bank Efficiency To what extent can you rate the efficiency of your bank based on the following	6 VHE	5 HE	4 MHE	3 MLE	2 LE	1 VLE
62	Innovation methods	6	5	4	3	2	1
63	Information management	6	5	4	3	2	1
64	Competence in Handling Customers	6	5	4	3	2	1
65	Expansion	6	5	4	3	2	1
66	Product creativity	6	5	4	3	2	1
67	Responsive to Customers	6	5	4	3	2	1
68	Customer feed back	6	5	4	3	2	1

69	Appear friendly to customers	6	5	4	3	2	1
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SPSS Regression Output

Hypothesis One

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.491	.485	.52560

a. Predictors: (Constant), Risk management, Ethical practice, Transparency

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.193	3	24.398	88.317	.000 ^b
	Residual	75.969	275	.276		
	Total	149.162	278			

a. Dependent Variable: FinancialSustainability

b. Predictors: (Constant), Risk management, Ethical practice, Transparency

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.726	.199		8.692	.000
	Risk management	.061	.052	.069	1.164	.246
	Ethical practice	.308	.044	.373	6.976	.000

Transparency	.302	.056	.361	5.397	.000
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a. Dependent Variable: Profitability

Hypothesis Two

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.689 ^a	.475	.469	.68621

a. Predictors: (Constant), Risk management, Ethical practice,

Transparency

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	117.112	3	39.037	82.902	.000 ^b
	Residual	129.494	275	.471		
	Total	246.606	278			

a. Dependent Variable: Market share

b. Predictors: (Constant), Risk management, Ethical practice, Transparency

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.814	.259		3.137	.002
	Risk management	.263	.068	.233	3.851	.000

Ethical practice	.039	.058	.037	.681	.496
Transparency	.521	.073	.484	7.126	.000

a. Dependent Variable: Market share

Hypothesis Three

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753 ^a	.568	.563	.64069

a. Predictors: (Constant), Risk management, Ethical practice, Transparency

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.244	3	49.415	120.383	.000 ^b
	Residual	112.882	275	.410		
	Total	261.126	278			

a. Dependent Variable: Bank efficiency

b. Predictors: (Constant), Risk management, Ethical practice, Transparency



Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.396	.242		-1.636	.103
	Risk management	.190	.064	.164	2.977	.003
	Ethical practice	.309	.054	.283	5.738	.000
	Transparency	.472	.068	.426	6.920	.000

a. Dependent Variable: Bank efficiency

Hypothesis Four

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672 ^a	.452	.450	.54317

a. Predictors: (Constant), Corporate Governance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.437	1	67.437	228.570	.000 ^b
	Residual	81.726	277	.295		
	Total	149.162	278			

a. Dependent Variable: DMB's performance

b. Predictors: (Constant), BCMFs

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.840	.192		9.574	.000
Corporate Governance	.658	.044	.672	15.119	.000

a. Dependent Variable: DMB's performance

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Bio-data

A. Personal Data

1. Name: Lulu Peremoboere Clinton
2. Email: peremoclinton@gmail.com
3. Phone No: 09060004487
4. Address: No. 56 akpabio's crescent shelter afrique, uyo,
akwaibom State.
5. Date of Birth: 25/01/94
6. Nationality: Nigerian
7. Name of next of kin: Prince Lulu
8. Address of next of kin: Brass road Etegwe, yengoa, Bayelsa state

B. Educational institutions:

- Niger Delta University, Wilberforce Island, Bayelsa state.

Qualifications: Oct 2012- July 2017. Bsc, Bachelor of science in Insurance

C. Academic qualifications:

- 2001-2006, first school leaving certificate.

Community primary school, okigbene.

- June 2010, WAEC

Community secondary school, Agorogbene.

- Lead City University, Ibadan, Oyo State.

Qualification: march 2022-2023. M.SC, Master of science in Insurance.

The University Compliance Certification

This is to certify that this thesis “**Corporate Governance and Performance of Deposit Money Banks in Lagos State**” was written by **Peremoboere Clinton LULU**, with matriculation number **LCU/PG/002947** in the Department of Management & Accounting, Faculty of Management & Social Sciences, Lead City University, Ibadan, Oyo State, in full compliance with approved University format and style.

Signature

Date